

Penny Mac

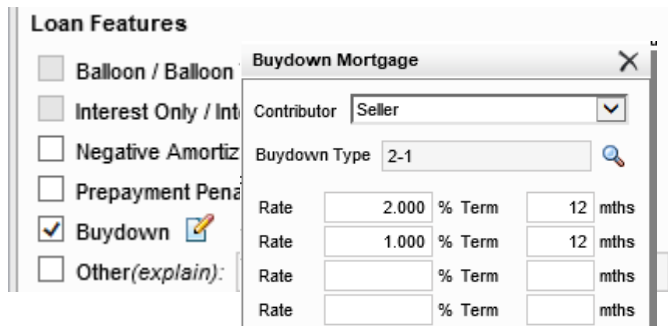
Temporary Buydown

Loan team members can now select a buydown type from the new Buydown Type field that is provided in the Buydown Mortgage section of the 1003 URLA -Lender input form.

The Buydown Type field includes a lookup ability that users can utilize to select a Temporary Buydown type that is created using the Temporary Buydown setting.

To Apply a Buydown Type to a Loan:

1. On the 1003 URLA – Lender form, select the Buydown check box in the Buydown Mortgage section.



The screenshot shows the 'Loan Features' section of a form. On the left, there are several checkboxes: 'Balloon / Balloon', 'Interest Only / Int', 'Negative Amortiz', 'Prepayment Pena', 'Buydown' (which is checked), and 'Other(explain)'. To the right, there is a 'Buydown Mortgage' section with a dropdown menu for 'Contributor' set to 'Seller', a 'Buydown Type' field set to '2-1', and a table with four rows of 'Rate' and 'Term' fields. The first row has '2.000' and '12 mths', the second row has '1.000' and '12 mths', and the last two rows are empty.

2. Select the Contributor to the buydown (the individual contributing payments to the buydown). A contributor must be selected prior to the Buydown Type field being enabled.
3. Click the Lookup icon (magnifying glass).
4. Select a buydown type from the list, and then click OK.

- Default buydown types that are stored in the Temporary Buydown setting, including 3-2-1, 2-1, and 1-0 buydown types are available to select and apply to the loan here.
- The rate and term of the buydown is applied to the loan. The Buydown Type, Rate and Term information will be cleared when the user updates the Contributor field from Borrower to a non-borrower Contributor option OR from a non-borrower to a Borrower contributed buydown.
- The Buydown Type, Rate and Term information will not be cleared if the user updates the Contributor field from a non-borrower to a different non-borrower option.

The Temporary Buydown Disclosure in Encompass Custom Forms must be executed by the buyer and the contributor. Currently we only have a 2 – 1 – Buydown set up but can request a custom form to be built by Encompass.

Disclosure requirements

LOAN ESTIMATE

B. Services You Cannot Shop For	\$574
Appraisal Fee	\$479
Credit Report	\$80
Flood Certification	\$15

G. Initial Escrow Payment at Closing	\$600
Homeowner's Insurance	\$90.00 per month for 2 mo. \$180
Mortgage Insurance	per month for mo.
Property Taxes	\$139.94 per month for 3 mo. \$420

H. Other	\$7,769
Temporary Buydown Funds	\$7,769

I. TOTAL OTHER COSTS (E + F + G + H)	\$9,583
---------------------------------------------	----------------

C. Services You Can Shop For	\$1,568
Title, Closing Fee	\$150

J. TOTAL CLOSING COSTS	\$13,120
-------------------------------	-----------------

03	Property taxes	\$139.94 per month for 3 mo.	\$419.82			
04						
05						
06	CLOSING DISCLOSURE					
07						
08	Aggregate Adjustment		\$0.00			
	H. Other					
01	Temporary Buydown Funds	to		\$7,769.40		
02						
03						
04						
05						
06						
07						
08						
	I. TOTAL OTHER COSTS (Borrower-Paid)		\$2,248.07			
	Other Costs Subtotals (E + F + G + H)		\$2,248.07			
	J. TOTAL CLOSING COSTS (Borrower-Paid)		\$5,784.57			
	Closing Costs Subtotals (D + I)		\$5,784.57	\$7,769.40		