



## Temporary Buydowns FAQ

<i>Topic</i>	<i>Question</i>	<i>Answer</i>
<b>Products</b>	What products are eligible for a temporary buydown?	Fannie Mae, Freddie Mac, FHA, VA, and USDA transactions. See PennyMac product profiles for complete details. Delegated transactions only.
<b>Eligibility</b>	What is the effective date of the temporary buydown program?	The effective date for eligible products is for locks on or after 10/22/2018.
	Will PennyMac allow a temporary buydown on a refinance?	PennyMac will only allow a temporary buydown on a purchase transaction.
	Can a temporary buydown be done on a 2nd home or non-owner occupied property?	PennyMac will only allow a temporary buydown on a principal/primary residence.
	Is the borrower qualified on the temporary buydown payment amount or the full payment amount?	PennyMac requires the borrower to be qualified on the final Note amount. The temporary lower payment amount should not be used in qualification.
	Is there a minimum FICO Score?	PennyMac's minimum credit score is 680 when the borrower is using a temporary buydown.
<b>Documentation</b>	Does PennyMac require a separate temporary buydown agreement?	PennyMac requires a written executed agreement between the parties.
	Does PennyMac require specific language in a temporary buydown agreement?	PennyMac requires the agreement to contain all of the terms of the agreement between the parties. Additionally, we require the agreement to include any and all agency required language.
	Should the Note reflect the temporary buydown payment amount?	For all loans with a temporary buydown, the Note must reflect the permanent payment terms rather than the terms of the buydown plan. If a temporary buydown is reflected in the Note, the loan is ineligible for origination or purchase.
<b>Contributors/ Contributions</b>	Who can contribute to a temporary buydown?	A seller, builder, or a lender can contribute to a temporary buydown.
	Can a temporary buydown be paid by multiple parties?	Yes, a temporary buydown contribution could be split between a seller, builder, and lender.
	Can a borrower contribute to a temporary buydown?	PennyMac will not allow a borrower to contribute directly or indirectly towards a temporary buydown. An example of a non-allowable indirect borrower contribution would be the use of premium pricing towards the temporary buydown.
	If a temporary buydown is seller paid, does that count towards the seller contributions or interested party contributions?	Yes, a seller paid temporary buydown must be included in the seller contribution limits.
<b>TRID Disclosures</b>	Where would a temporary buydown appear on the LE and CD?	A temporary buydown would be considered either a lender or seller credit and should be listed on the LE/CD, as such.

The purpose of this announcement is to help Correspondents understand PennyMac's requirements related to temporary buydowns. This announcement is not legal advice and PennyMac does not represent that following this guidance will ensure compliance with any regulatory requirements. This document is not intended to provide a comprehensive account or description of regulatory requirements; Correspondents must consult with their external and internal legal counsel and compliance departments to determine what steps are necessary to ensure compliance with all applicable legal and regulatory requirements. Nothing in this document should be construed as a modification or waiver of the terms of the Loan Purchase Agreement, including any representations and warranties made therein.