

Temporary Buydowns *FAQ*

Q	What type of Temporary Buydowns does GMFS offer?
A	GMFS offers both Seller Paid and Lender Paid Buydowns. Seller Paid are available on Conventional and Government and Lender Paid are available on Conventional Only. See GMFS guide for full set of guidelines on each. Options include: 3/2/1; 2/1; 1/1 or 1/0.
Q	Does the payment stream on the LE/CD reflect the reduced payment?
A	No, the payment stream on the LE and CD should reflect a fixed payment. The principal and interest in the Projected Payments section should match the principal and interest reflected on the Note.
Q	Should the principal and interest on the payment letter to the borrower reflect the principal and interest on the Note?
A	No, the principal and interest reflected on the Payment Letter to the borrower should reflect the payment the Borrower is expected to pay. It should match the Monthly Payment paid by the Borrower as indicated on the Temporary Buydown Agreement.
Q	In what section of the LE and CD should the Buydown fee be disclosed?
A	For a Seller paid buydown, the subsidy would be considered part of total Seller Paid Closing Costs and should be disclosed in Section H of the LE. On the Closing Disclosure, the buydown subsidy would be disclosed in the Paid By Seller column. For a Lender paid buydown, the subsidy would be considered part of the total Lender Credit and should be disclosed in Section H of the LE. On the Closing Disclosure, the buydown subsidy would be disclosed in the Paid by Other column.
Q	What interest rate do you qualify the Borrower at?
A	The Borrower is qualified at the Note rate.
Q	If a loan is paid off during the temporary buydown period, what happens to the remaining funds?
A	The funds will be disbursed as determined by the Temporary Buydown Agreement.
Q	If the borrower becomes delinquent, can the loan be brought current using the buydown subsidy?
A	No portion of the Buydown Subsidy shall be disbursed to pay any delinquency or other amount under the Note or Mortgage.

