

Temporary Buydown Agreement

THIS AGREEMENT is made between _____ hereinafter called "Mortgagee" and _____ hereafter called "Borrowers."

The Borrowers have obtained a residential mortgage loan from Mortgagee, and a sum of money, called the "buydown deposit" has been paid to and received by Mortgagee to hold and administer in accordance with this Agreement. In consideration of said loan, and the mutual agreements and undertakings recited in all of the loan documents, and set forth herein, the parties agree as follows:

1. The total sum of money paid to Mortgagee as a buydown deposit is \$ _____
 - Cost Paid by Seller: \$ _____
 - Cost Paid by Buyer: \$ _____
 - Cost Paid by Other: \$ _____

The buyer, seller, lender, builder or other allowable contributor, herein referred to as the "Contributor". This money is to be applied and paid by Mortgagee, on a periodic basis, toward monthly payments under the mortgage for the first ___ months of the mortgage loan. Each monthly payment from the buydown deposit will pay only a part of the interest portion of the total mortgage payment, and Borrowers will be required to pay the balance of each mortgage payment as it comes due. A schedule showing the application of the buydown deposit is attached as "Exhibit A" to this Agreement.

2. Mortgagee agrees that it will apply to the buydown deposit according to the Schedule, as and when Borrowers pay their portion of each scheduled monthly payment, or as otherwise set forth in this Agreement. Payments will be made from the buydown deposit fund directly to the holder of the mortgage, or to its servicing agent.
3. Mortgagee agrees to hold the buydown deposit funds in an escrow account with a financial institution which is supervised by a Federal or State Agency.
4. Borrowers agree that their only interest in the buydown deposit funds is to have them applied as shown on the Schedule to periodic monthly payments, or to the unpaid loan balance as otherwise set forth herein.
5. In the event of foreclosure of the mortgage, any unexpended funds left in the buydown deposit shall be paid to the holder of the mortgage to apply against the unpaid mortgage debt.
6. If the Borrowers sell the mortgaged property and the mortgage loan is assumed, any balance of funds in the buydown deposit may be applied in accordance with this Agreement for the benefit of the new owners and mortgagors.
7. In the event that the mortgage loan is prepaid in full prior to exhaustion of the buydown deposit funds, any remaining and undistributed sums in the buydown deposit fund will be credited to the unpaid mortgage balance.
8. THE FUNDS IN THE BUYDOWN DEPOSIT MAY NOT BE USED TO PAY PAST DUE PAYMENTS ON THE MORTGAGE LOAN.
9. If payments are not made to the holder of the mortgage from the buydown deposit for any reason whatever, Borrower will be responsible for making the total monthly mortgage payment called for under the documents. Borrowers further agree and understand that after the buydown deposit has been fully expended, Borrowers will be responsible for and obligated to pay the full monthly mortgage payments, as set forth in the loan documents, as they fall due thereafter. Mortgagee has advised Borrowers that full monthly mortgage payments will be due commencing with the payment due on the ___ day of _____, _____, and the parties agree that the holder of the mortgage is under no obligation to give any further notice or reminder to Borrowers.
10. The funds in the buydown escrow account will be transferred by the Mortgagee or its servicing agent in the event a subsequent transfer of servicing occurs.
11. Nothing herein shall be construed to contradict the Note or Mortgage, and in the event of any conflict, the Note or Mortgage shall prevail.
12. The parties have entered into this agreement at the request of the Borrowers, and it is not required by Mortgagee nor is it a condition of the extension of credit by Mortgagee.
13. None of the funds representing the buydown escrow account shall be pledged or otherwise set aside for the benefit of the Borrowers or the successors in interest and, except or set forth above, Borrower does hereby relinquish any right or interest in the buydown escrow account.
14. Borrowers expressly agree that the sole responsibility of Mortgagee hereunder, or of any investor who subsequently shall hold the buydown deposit funds, consists of the holding and application of the buydown funds and to apply them to mortgage payments due under the note along with payments made by the Borrowers; and all responsibility of Mortgagee, or any subsequent investor/holder, will terminate upon depletion of the buydown deposit, or application of it to the unpaid principal balance of the mortgage as provided in this Agreement.

Accordingly, the parties have executed this Agreement this ___ day of _____, _____.

Mortgagee _____ By _____

By signing below, the parties understand and accept the terms of this Agreement.

Borrower	Date	Provider of Buydown Funds (if other than Lender)	Date
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Borrower	Date	Provider of Buydown Funds (if other than Lender)	Date
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