

DATE:
 BORROWER:
 CASE NO:
 LOAN NO:
 PROPERTY:

BUYDOWN ESCROW AGREEMENT FHA LOAN

This Agreement sets out the terms for the buydown feature of your loan. The Lender will provide or receive an amount of money sufficient to buydown the Borrower's interest rate and reduce your monthly loan payments for a limited period of time. If the Lender sells the loan to an investor, the investor will be subject to the terms of this Agreement. In this Agreement, the Lender and investor are collectively referred to as the "Note Holder" and the Borrower is referred to as "you" and "your."

The buydown funds will be held in an escrow account with a Federal- or State-supervised financial institution. No interest obligation will accrue on the buydown funds. The Note Holder will credit your monthly loan payments in accordance with the terms of this Agreement.

BUYDOWN SCHEDULE

Number of Payments	Buydown Rate	Total Monthly Payments	Buydown Portion of Monthly Payment	Your Portion of Monthly Payment	Annual Buydown Portion of Payments
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____
TOTAL BUYDOWN:					\$ _____

The Buydown Rate will not be more than _____ percentage points below the interest rate on your note.

The buydown funds are not refundable. Your only interest in the buydown funds is to have them applied to payments due under the note, along with payments made by you.

The buydown plan will be cancelled upon the occurrence of any one of the following: (1) your loan is paid in full, (2) the Property is foreclosed upon or transferred to the Note Holder by a deed-in-lieu, or (3) for any reason the buydown funds cannot be obtained from the escrow account.

If the buydown plan is cancelled due to the reason stated in 1 above, any unused portion of buydown funds will be applied to reduce your debt. If cancelled due to the reason stated in 2 above, any unused portion of the buydown funds will be applied to reduce the mortgage insurance claim. If cancelled due to the reason stated in 3 above, you will be responsible for full loan payments.

You are responsible for the portion of the loan payments not covered by the buydown funds. You are responsible for full loan payments once the buydown funds are fully disbursed or the buydown plan is cancelled. If you sell the property to an individual who qualifies for an assumption and assumes your loan debt, the buydown plan will transfer to that individual.

You are responsible for payments of taxes, insurance, and other property assessments, during and after the buydown term. You are also responsible for any past due loan payments. The buydown funds will not be used to pay any past due loan payments or taxes, insurance, or other property assessments.

The Note Holder's sole responsibility under this Agreement is to apply the buydown funds as set forth in this Agreement. This responsibility terminates upon the earlier of two events: (1) when the buydown funds are depleted, or (2) when the buydown plan is cancelled.

Loan Number:

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

By: _____
Name:

Provider of Buydown Funds (if other than Lender)

Its: _____

Provider of Buydown Funds (if other than Lender)

Borrower Date

Date