



Financed Permanent Buydown Mortgages

Offer lower monthly payments with no additional cash at closing

This mortgage lowers borrowers monthly payments without requiring additional cash at closing. With this offering, your borrowers can permanently reduce their interest rate by financing up to three discount points into the loan amount. By financing the discount points up front, the interest rate can be approximately 75 basis points lower than prevailing market rates.

> Borrower Profile

- Financially savvy borrowers seeking additional financing options
- Borrowers who want to refinance from high interest rate loans to below market interest rates

> Key Features

- Allows financing up to three discount points into the loan amount with no additional cash at closing
- Purchase, no cash-out, and cash-out refinance transactions
- 1- to 4-unit primary residences, 1- to 4-unit investment properties, and second homes

> Borrower Benefits

- Lower monthly payments with no additional cash at closing
- Obtain a lower interest rate, while increasing their purchasing power
- Move out of ARMs into a product with payment stability

ORIGINATION & UNDERWRITING REQUIREMENTS	
Eligible Property Types	<ul style="list-style-type: none"> ▪ 1- to 4-unit primary residences, including condos, Planned Unit Developments (PUDs), and manufactured homes ▪ 1- to 4-unit investment property ▪ Second home
Eligible Mortgages	<ul style="list-style-type: none"> ▪ 15-, 20-, 30-year fixed-rate mortgages ▪ 5/1, 7/1, and 10/1 CMT- or LIBOR-indexed ARMs ▪ 5/6-month, 7/6-month, or 10/6-month LIBOR indexed ARMs ▪ Initial Interest[®] fixed-rate mortgages and Initial Interest ARMs ▪ Alt 97[®] Mortgages ▪ LTV, TLTV, and HTLTV ratios per Section 23.4 of the Guide, using the gross LTV. For Alt 97 Mortgages, use the gross LTV, TLTV, and HTLTV ratios per Guide Chapter D33
Ineligible Mortgages	<ul style="list-style-type: none"> ▪ Home Possible[®] Mortgages ▪ Balloon/reset mortgages ▪ Prepayment Penalty Mortgages ▪ A-minus Mortgages ▪ Affordable Merit Rate[®] Mortgages ▪ FHA/VA, Mortgages ▪ Section 502 GRH Mortgages ▪ Section 184 Native American mortgages ▪ Temporary subsidy buydowns are not permitted
Borrower Eligibility Requirements	<ul style="list-style-type: none"> ▪ Loan Prospector[®] and Non-Loan Prospector mortgages ▪ Borrower qualification is based on the monthly housing expense-to-income ratio calculated using the monthly payment at the permanent bought-down note rate
Special Underwriting Requirements	<ul style="list-style-type: none"> ▪ The maximum amount a borrower can finance for a permanent buydown is three discount points, calculated based on the base mortgage amount. ▪ Minimum Indicator Score of 620 unless otherwise specified in the Guide. ▪ All mortgages must meet the risk class and/or minimum Indicator Score requirements in Exhibit 25A, where applicable. ▪ Maximum debt-to-income ratio of 45 percent for manually underwritten mortgages except Streamlined Refinance Mortgages. ▪ For ARMs, the permanent buydown is in effect for the initial note rate and each note rate adjustment for the entire term of the mortgage. The lifetime ceiling will be calculated using the permanent bought-down initial note rate. The permanent buydown does not affect the margin, initial cap, or periodic cap. ▪ Mortgage insurance coverage is required per Guide Section 27.1 based on the gross LTV. ▪ Financed discount points count toward the HOEPA 8% limits. Freddie Mac does not purchase HOEPA loans. ▪ Freddie Mac approval is required for annual and monthly premium lender-paid mortgage insurance.
DELIVERY REQUIREMENTS	
Eligible Executions	<ul style="list-style-type: none"> ▪ Servicing-retained Cash ▪ WAC ARM Cash ▪ Fixed-rate Guarantor ▪ WAC ARM Guarantor ▪ MultiLender Swap
Delivery Requirements	<ul style="list-style-type: none"> ▪ See Guide Chapter 17 for complete delivery instructions, including delivery of the following on Form 11 or 13SF as applicable: <ul style="list-style-type: none"> ○ Note Interest Rate: the note coupon rate ○ LTV Ratio: the gross LTV ratio (calculated by the system) ▪ Mortgages with delivery or settlement dates more than 120 days after the note date require an appraisal update meeting Chapter 44 requirements with an effective date no more than 60 days prior to the delivery or settlement date. If the property value has declined since the effective date of the original appraisal, the mortgage is eligible only for negotiated sale through our bulk sales path.
Delivery Fees	<ul style="list-style-type: none"> ▪ Postsettlement delivery fees apply based on the unpaid principal balance of the mortgage (including the financed discount points) and the gross LTV ratio. Visit Guide Exhibit 19, <i>Postsettlement Delivery Fees</i>, online at www.FreddieMac.com/singlefamily/pdf/ex19.pdf.

Learn more about Freddie Mac Financed Permanent Buydown Mortgages:

- Refer to Chapter F33 of the *Single-Family Seller/Servicer Guide*
- Call (800) FREDDIE
- Visit www.FreddieMac.com