IMPORTANT REMINDER

BULLETIN 39 10072025

Issued to: **All Channels**

Date: **October 7, 2025**

Subject: **Temporary Buydown Options Now Available**

Effective: **Immediately**

Temporary Buydown Options Now Available

Effective Immediately, FCM TPO is excited to announce expanded **Temporary Buydown** options across multiple programs.

Prior to this deployment, Encompass workarounds were utilized to support temporary buydowns. This will no longer be required.

Eligible Loan Programs

FHA & VA Loans
- 1/0 Buydown
- 1/1 Buydown
- 2/1 Buydown
- 3/2/1 Buydown

USDA Loans
- 1/0 Buydown
- 1/1 Buydown
- 2/1 Buydown

Fannie Mae and Freddie Mac Conforming and High Balance Loans
- 1/0 Buydown
- 1/1 Buydown
- 2/1 Buydown
- 3/2/1 Buydown

What is a Temporary Buydown?

A Temporary Buydown allows the borrower to reduce their interest rate for an initial period, lowering monthly payments at the start of the loan. The difference between the actual note rate and the reduced rate is funded upfront and held in a buydown escrow account, applied monthly to subsidize the borrower's payment.

Example: Calculating the Buydown Fee

Scenario:

- Loan Amount: $300,000
- Note Rate: 6.50%
- 2/1 Buydown

Step 1: Determine Year 1 and Year 2 Reduced Rates

- Year 1 = 4.50% (Note rate – 2.00%)
- Year 2 = 5.50% (Note rate – 1.00%)
- Year 3+ = 6.50% (Full note rate)

Step 2: Calculate Monthly Payments (P&I only)

- Year 1 Payment @ 4.50% = $1,520
- Year 2 Payment @ 5.50% = $1,703
- Standard Payment @ 6.50% = $1,896

Step 3: Determine Monthly Subsidy

- Year 1 Subsidy: $1,896 – $1,520 = $376
- Year 2 Subsidy: $1,896 – $1,703 = $193

Step 4: Multiply by Months

- Year 1: $376 × 12 = $4,512
- Year 2: $193 × 12 = $2,316

Total Buydown Fee = $4,512 + $2,316 = $6,828

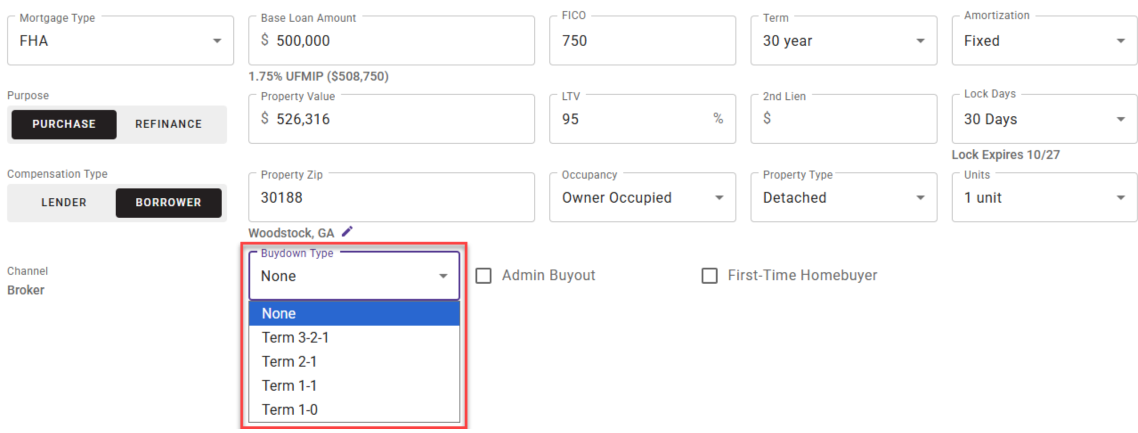
This fee is collected upfront (from seller, builder, or lender credits) and deposited into the buydown escrow account.

Key Highlights

- Available on FHA, VA, and USDA loan programs.
- Lower initial monthly payments for borrowers.
- Buydown fee may be paid by seller, builder, or lender credits (per program rules).
- Fully amortizing loans – no negative amortization.

Pricing and Locking – FUEL

Temporary Buydown types are available in the dropdown field in pricing.



Please contact your Account Executive should you have any questions.

We appreciate your business!