

Interest Rate Buy-Down Agreement

(Discount Point(s))

Discount points are a form of prepaid interest. In return for paying a lower rate of interest over the term of the loan, a borrower agrees to pay discount points at closing. A discount point is equivalent to one-percent of the original principal loan balance and is disclosed on line 802 of the HUD-1 Settlement Statement.

I understand that discount points are optional. I am electing to pay \$_____ for _____ bona fide discount point(s) for the sole purpose of reducing the interest rate of my mortgage loan. Should I choose not to pay discount point(s), I understand the interest rate on my loan will be _____%. This interest rate reduction will be reasonably consistent with the established industry norms and practices for secondary mortgage market transactions.

If I choose to pay up to two bona fide discount points, the interest rate of my loan will be discounted and not exceed by more than 1% the required net yield for a 90-day standard mandatory delivery commitment for a reasonably comparable loan from either Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC). If I choose to pay up to one bona fide discount point, the interest rate of my loan will not exceed by more than 2% the required net yield for a 90-day standard mandatory delivery commitment.

Borrower

Date

Borrower

Date