



IMPORTANT UPDATE

BULLETIN 61-12052022

Issued to: All Channels
Date: December 5, 2022
Subject: Introducing Temporary Buydowns
Effective: Immediately

GHMC is pleased to announce we will offer 3-2-1 and 2-1 Temporary Interest Rate Buydowns on Fixed-Rate **Conventional loan purchases** beginning with new submissions as of 12/05/2022. By allowing Temporary Buydowns, GHMC will be able to assist additional borrowers achieve the dream of home ownership.

What is a Temporary Interest Rate Buydown?

A Temporary Buydown is a mortgage financing option in which a lump sum of money is paid up front and used to temporarily reduce the effective interest rate, thus reducing the borrowers monthly mortgage payment. A Temporary Buydown's main purpose is to ease the burden on the borrower during the first years of homeownership with a more affordable payment.

How does a loan with a Temporary Interest Rate Buydown work?

In a 3-2-1 buydown, the interest rate is bought down for the first three years of the loan.

For example: Note rate= 7%.

Year 1, the P & I payment is based on a temporary rate of 4%

Year 2- the P & I payment is based on a temporary rate of 5%

Year 3- the P & I payment is based on a temporary rate of 6%

Year 4- the P & I will be based on the actual note rate of 7% for the remaining term of the loan

The borrower must be qualified using the actual note rate, without consideration of the bought-down rate.

If reserves are required, the reserves must be calculated using the note rate.

The Buydown funds must be provided by an interested party to the transaction and are subject to standard IPC limits. **Borrower and Lender funded Buydowns are not permitted at this time.**

When is a temporary buydown allowed?

- Conventional loans including Home Possible and HomeReady
- Purchase
- Primary Residence
- Second Home

CONVENTIONAL LOANS ONLY - Fixed Rate						
Purchase Only						
Occupancy Type	Units	Min FICO	Reserves	Maximum LTV/CLTV/HCLTV	Max DTI	Underwrite Method
Primary Residence	1	620	As Per AUS	95% / 97% ^{1,2}	As Per AUS	DU Approve/Eligible or LPA Accept/Eligible only
	2			85%		
	3-4			75%		
Second Home	1			90%		

¹97% rate and term refinances are limited to the payoff of an existing Fannie Mae loan or Freddie Mac Loan
Loans with temporary interest rate buy downs are not permitted on Texas 50(a)(6) loans.

Home Possible / HomeReady Eligibility Matrix						
Primary Residence Only						
Transactions	Units	Min FICO	Max LTV/CLTV/HCLTV ^{1,2,3}	Max DTI	Reserves	Underwrite Method
Purchase	1	620	97%	Per LP/ DU	Per LP / DU	LP Accept/Accept Required. DU Approve/Eligible Required

¹ CLTV up to 105% with eligible Affordable Second
²Max LTV is 95% when Non-Occupant Co-Borrower is present.
³Max HCLTV is 105% for mortgages with Affordable Seconds

How do I select a temporary buydown in GConnect?

In GConnect, you will lock the loan as normal. Once you have a loan number, please email the Lock Desk at rates@ghmc.com to request the buydown.

Please contact your Account Executive for assistance.

We appreciate your business!