USDA GUARANTEED RURAL HOUSING (GRH) PROGRAM
INTEREST RATE BUYDOWN PROGRAM

An interest rate buydown is being requested for the Applicant(s) _____. The USDA buydown will be for a period of _____years. The total loan amount requested is $_____ and will have a note interest rate of _____percent. The starting interest rate will be _____percent and the start principal and interest payments will be $_____. We understand that USDA allows qualifying the applicant at the start rate. We are requesting USDA's concurrence in allowing the USDA buydown and we further certify that the following conditions will be met:

1. **USDA concurrence is being requested.**
2. **The applicant(s) fully meet USDA's credit history criteria and instances of unacceptable credit history are not being waived by the lender or USDA.**
3. **The applicant(s) meet USDA's repayment ratios for years 1, 2, and 3. No waiver of the ratios is being requested.**
4. **A third party is fully funding the buydown.**
5. **The buydown is no being funded by the applicant(s).**
6. **The funds will be placed in an escrow account (with a State or Federally supervised lender) with monthly releases scheduled to be made to the lender, which will reduce the applicant(s) monthly payments for the term of the buydown.**
7. **The Promissory note will reflect a fixed rate of interest over the life of the loan.**
8. **The maximum reduction will not exceed 2 percent.**
9. **The interest rate will not increase by more than one percent per year.**
10. **The borrower will not be required to repay escrowed buydown funds.**
11. **The interest rate buydown account will be fully funded for the buydown period.**
12. **The buydown period is for at least 12 months for each one percent of the buydown.**
13. **The lender is not funding the buydown by charging the applicant a higher interest rate and the applicant is receiving the same interest rate as if they were not getting a buydown.**
14. **The lender is not funding the buydown by charging the applicant(s) additional points.**
15. **The applicant(s) have a high likelihood of remaining in their home without experiencing a default; and, the lender is not using this program to qualify a borrower who would not otherwise be able to qualify for the loan.**
16. **The lender has counseled the applicant(s) and are comfortable that they have the ability to manage the payment increases that will occur under the terms of the buydown.**
17. **The lender certifies that there are compensating factors that the applicant has the ability to meet the expected increase in the loan payment.**

The undersigned USDA approved lender hereby agrees to meet and comply with all of the above requirements and conditions in connection with the proposed Guaranteed Rural Housing Loan.

_____ _____
Approved Lender Name, Signature & Title **Date**

_____

CLOSING CERTIFICATION

The lender certified that this loan closed with a buydown and the funds for the buydown period have been deposited in an approved ecrow account. The amount of funds is $_____. We further certify that all USDA conditions listed in the above agreement and USDA Instructions have been met.

_____ _____
Approved Lender Name, Signature & Title **Date**