

## How to Setup Mortgage Bot for Temporary Buydowns

Note – The example in the below screen shots is for a 3/2/1 Buydown. In addition, it is VERY important to note that in this example the seller is contributing ALL the buydown points, and the borrower is buying down the initial final note rate.

### Step #1:

First, set up your loan like a normal 30-year fixed product (CF30, FHA30, VA30, USDA30). Do NOT setup your LE discount points and do NOT register or lock the loan until you have finished the remaining steps. In addition, please know that we are in the process of establishing new product codes for Buydowns later once rates are tied to those products (Buydown-Conv30, Buydown-FHA30, Buydown-VA30, Buydown-USDA30).

### Step #2:

Once you have setup your loan completely ready for disclosures, please go to the “Other Data tab” within the URLA. A Screen shot is below. You may want to keep a screen shot of this page on each loan.

The screenshot displays the 'Additional Data' section of a mortgage system. The left sidebar contains a navigation menu with the following items: Forms & Docs, Lending Portal - URLA (highlighted), Borrowers (with a sub-menu for Mickey D Test321Buydown and Minnie Test321Buydown), Loan Details, Property, Employment & Income, Assets, Liabilities, REO, Cost Summary, Other Data (highlighted with a red arrow), Doc Packages, Closing Docs, and Services.

The main content area is titled 'Additional Data' and is divided into several sections:

- Other Data:** Contains fields for Offering Identifier (dropdown), Housing Finance Agency Identifier (text input: Hnnnnnn), Product Description (dropdown), Total Annual Household Income (text input), Trust Information (dropdown), Indian Country Land Tenure (dropdown), and Property Status (dropdown).
- Appraisal Information:** Contains fields for Sales Agreement Date (text input), Appraiser Company (text input: A & E Appraisals (Tempe, AZ) with Edit and Hide Dropdown List buttons), Appraiser Name (text input: Ronald E Stalzer with Edit and Hide Dropdown List buttons), License No. (text input: 20841), License State (text input: AZ), Supervisory Appraiser's License Number (text input), Fieldwork Obtained (dropdown), and Appraisal Method Type (dropdown).
- For Buydown Loans Only:** Contains fields for Buydown Loan? (radio buttons: Yes selected, No), Buydown Type (dropdown: 3-2-1-0), Buydown Change Frequency (months) (text input: 12), Buydown Duration (months) (text input: 36), Contributor (dropdown: Seller), First Year Buydown Rate (text input: 3.125), Lender Funded (dropdown: No), and Next Increase Rate (text input: 4.125). It also includes Buydown Start Date (dropdown), Buydown Term (dropdown: Temporary), and First Payment Date (dropdown).
- Community Lending:** Contains fields for MSA Code (text input), Metropolitan Statistical Area or County (dropdown), and Community Lending Product (dropdown).

### Step #3:

Please complete the buydown setup. The example above is to help you.

Note - Please make sure that you do NOT go back to the borrower summary screen after you have marked the "Yes" field above on this page within the URLA. If you do, it will default back to "No".

### Step #4:

Once you have setup the basic terms of the buydown, then go to the Closing Docs "Docs Specifics" page within MBOT. This page creates a nice table for the loan officer to see the total required buydown funds required for each transaction. See screen shot below. Remember, FSB does not allow for any Borrower buy-down funds, only seller and lender funded buydowns.

NOTE – Before you exist this page, please make sure to copy the total amount of the buydown to make the next step easier for you.

Doc Packages: No

Property Tax ID: 11-11-11-11-11

Abbreviated Legal Description: [Empty]

Complete Legal Description for Deed of Trust/Mortgage: [Empty] [Copy Default](#)

New Construction: No

|              | Rate    | Payments | Borrower P&I | Monthly Amount | Buydown Fund      |
|--------------|---------|----------|--------------|----------------|-------------------|
| 1            | 4.5000% | 12       | \$1,013.37   | \$385.06       | \$4,620.72        |
| 2            | 5.5000% | 12       | \$1,135.58   | \$262.85       | \$3,154.20        |
| 3            | 6.5000% | 12       | \$1,264.14   | \$134.29       | \$1,611.48        |
| 4            | 7.5000% | 324      | \$1,398.43   | \$0.00         | \$0.00            |
| <b>Total</b> |         |          |              |                | <b>\$9,386.40</b> |

Seller Pays: \$7,386.40

Borrower Pays: \$

Originator Pays: \$0.00

Lender Pays: \$2,000.00

POC Pays: \$

Unassigned: \$0.00

**Step #5:**

Now it is time to setup your total buydown funds on the Loan Estimate.

First, add the buydown fee from the drop-down within MBOT.

Second, Paste the total amount of the buydown funds from the “Doc Specifics” page into the total buydown fee field by hitting the pencil. See the two screen shots below.

## Loan Estimate

**Loan Estimate** | **Fees**

Fee View | Tolerance View | Audit View | Recalculate Fees

The Disclose button is disabled. Before you can mark this loan disclosed you must provide the disclosure date and delivery method. For the Loan Estimate, these fields are on the Loan Estimate tab. For the Closing Disclosure these fields are on the Important Dates page.

| Fee Name               | Current    | Paid By  | Paid To | Details |
|------------------------|------------|----------|---------|---------|
| Buydown Fee (optional) | \$9,386.40 | Multiple | Lender  | ✓       |
| Commitment Fee         | \$14.00    | Borrower | Lender  | ✓       |
| <b>Discount Points</b> | \$5,000.00 | Borrower | Lender  | ? ✓     |
| Processing Fee         | \$150.00   | Borrower | Lender  | ✓       |
| Select a Fee to Add    |            |          |         |         |

**Fee Change**

Amount:

Change Event Date:  Reason for Change:  Notes:

Override Tolerance Basis

Cancel Submit

**Step #6:**

In this example there are two parties contributing to the buydown fee, the seller and the lender. For proper ATR calculations, you must change the "Paid By" drop-down to "Multiple" and enter the correct amounts accordingly. Please see the screen Shot below.

| Unassigned | Borrower | Seller     | Broker | Lender     | Other | POC |
|------------|----------|------------|--------|------------|-------|-----|
| \$0.00     | \$       | \$7,386.40 | \$     | \$2,000.00 | \$    | \$  |

Cancel Save And Close

**Step #7:**

Now remember to "Register" or "Lock" your loan. However, make sure on the registration or lock screen to hit the button that says "Buydown" Yes or No. A Screen Shot is below. In addition, please make sure to make a note at the bottom of this page on the type of buydown as a double check. This step will go away eventually once the new product codes are activated.

| Loan Information           |                          |                      |
|----------------------------|--------------------------|----------------------|
| Base Loan Amount 1st Mtg * | Amort/Maturity Term      | Purpose of Loan      |
| \$423,600.00               | 360/360                  | Purchase             |
| Financed PMI/MIP/VAFF      | Escrow Waiver            | Purpose of Refinance |
| \$0.00                     | No                       |                      |
| Loan Amount 1st Mtg *      | Escrow Waiver Type       | Doc Type             |
| \$423,600.00               |                          | Full Documentation   |
| Loan Amount 2nd Mtg *      | HELOC Piggyback          | Buydown              |
| \$0.00                     | No                       | Yes                  |
| Undrawn HELOC              | Estimated Closing Date * | Buydown Plan         |
| \$0.00                     | 1/12/2023                | 3/2/1                |
|                            |                          | Contributor          |
|                            |                          | Seller               |

**Additional Information**

Comments

3/2/1 Buydown

Lock Confirmed Yes

**Step #8:**

Please fill out the Adobe "Buydown" agreement and upload to Image on your loan. Please make sure to NOT filled out any of the date fields. The agreement will be signed at time of closing always by the borrowers, and by all parties that are contributing to the buydown.

**Step #9:**

Now you simply complete your normal steps in order to disclose each loan.

PLEASE REMEMBER TO CHECK ALL THE TEMPORATY BUYDOWN OVERLAYS AT TIME OF DISCLOSURE!