

BUYDOWN ESCROW AGREEMENT

This Buydown Escrow Agreement (the "Agreement") is made this _____ day of _____, _____ by and among

(the "Borrower")

(the "Lender")

and any Provider of Funds identified below.

1. The Borrower has executed or will execute a Note dated on or about date hereof payable to Lender and secured by a Mortgage, deed of Trust, or Deed to Secure Debt (the "Security Instrument") on residential real property owned by the Borrower. Lender acknowledges the receipt of Buydown Funds in the total amount described below pledged by or on behalf of Borrower to assist Borrower in paying the principal and interest obligation set forth in said Note. Lender and Borrower acknowledge that this Agreement does not constitute an amendment to Borrower's obligation under the Note, but rather provides only for the administration of the Buydown Funds according to the terms of this Agreement.
2. The Buydown funds will be applied by the Lender to the monthly installments due under the terms of the Note. The period of time during which portions of the Borrower's payments are to be made from the Buydown Funds is referred to as the "Buydown Period", and the Buydown Funds shall be applied during the Buydown Period as follows:

Buydown Schedule

Installments	Monthly Principal and Interest Payments to be Made by Borrower**	Monthly Payments to be Made from the Buydown Funds	Total Monthly Principal and Interest Payments**
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	TOTAL BUYDOWN FUNDS	\$ _____	

**The total principal and interest payments due will be calculated in accordance with the terms of the Note and may vary from the estimate above if the loan is an adjustable rate mortgage (ARM) loan. Likewise, principal and interest payments to be made by Borrower will reflect the total principal and interest payments due in accordance with the terms of the Note, less any applicable payments to be made from the Buydown Funds. For example, for an FHA ARM loan that provides for an annual interest rate adjustment cap of 1%, the application of Buydown Funds according to the schedule described above may result in a payment increase that reflects an effective interest rate increase in a year of up to 2%, since the contribution from the Buydown Funds may be reduced or eliminated at or about the same time the interest rate on the ARM loan increases. If the loan is an ARM loan and the Buydown Period is more than one year, the payment schedule shown above is based on the assumption that the interest rate will increase at the maximum amount permissible under the Note.

3. The Borrower and any Provider of Funds acknowledge that they have no right, title or interest in the Buydown Funds, except as expressly provided for herein, and that the sole purpose of the Buydown Funds is to induce the Lender to agree to make the loan to the Borrower and to enter into this Agreement.
4. In the event the Borrower prepays the principal amount outstanding in its entirety at any time before the expiration of the Buydown Period, any remaining Buydown Funds are to be applied to the outstanding principal balance due under the terms of the Note. Interest due upon prepayment will be calculated at the interest rate applicable under the terms of the Note on the outstanding principal balance before the application of the remaining Buydown Funds.

5. Upon the occurrence of a default under the terms of the Note and/or Security Instrument, the Lender shall be entitled to exercise all rights to which it is entitled under the terms of said agreements. Borrower shall not be entitled to apply any remaining Buydown Funds to satisfy any past due payments under the terms of the Note and Security Instrument; nor shall these funds be used to reinstate the loan or otherwise cure any default of Borrower. If the mortgage is foreclosed upon, the outstanding Buydown Funds will be applied to the outstanding principal balance due under the terms of the Note.
6. The loan evidenced by the Note and Security Instrument is assumable only in accordance with the terms provided for in the Security Instrument. In the event of any such approved assumption, the new purchaser of the secured property shall be entitled to have the remaining Buydown Funds applied as provided for in this Agreement.
7. The entire monthly payment as provided in the Note must be paid by the Borrower beginning with the first month after the expiration of the Buydown Period.
8. The Lender shall cause the Buydown Funds to be held in a federally insured account. The Lender may assign its rights and obligations as Lender under this Agreement to any successor loan servicer, in which case any remaining Buydown Funds will be transferred to the new Lender.

Accepted and Agreed:

Borrower

Borrower

Originating Lender: _____

By: _____

Authorized Signature

Name and Title

Provider of Funds: _____
 (Identify and person or entity that provided Buydown Funds)

By: _____

Authorized Signature

Name and Title