



BUYDOWN AGREEMENT

Borrower: _____

Seller / Builder: _____

Property Address: _____

Loan Amount: \$ _____ Note Interest Rate: _____ %

The purpose of this agreement is to explain certain aspects of the Buydown Mortgage Loan for which you, as Borrower have applied.

This agreement between **HOMESTAR FINANCIAL CORPORATION** and/or its assigns and the below acknowledged parties, set forth the terms of the Buydown Plan in connection with the mortgage loan secured by the property listed above.

BUYDOWN SCHEDULE

Number of Payments	Borrower's Portion of Principal and Interest	Buydown Amount	Total Principal and Interest Payment
12	\$ _____	\$ _____	\$ _____
12	\$ _____	\$ _____	\$ _____
	\$ _____	\$ _____	\$ _____

Total Buydown Fund: \$ _____

In order to comply with Federal Regulations and protect the availability of the buydown, these funds shall be held in an escrow account with a financial institution which is not the original or servicing mortgagee and is supervised by a Federal or State agency. The escrow shall pay the buydown funds as required by agreement to **HOMESTAR FINANCIAL CORPORATION** and/or its assigns. However, if, for some unforeseen reason, the escrow payments are not forthcoming, it is the Borrower's responsibility to make the total payment set forth in the mortgage note.

The buydown funds may not be used to pay past due payments of the Borrower.

If the property is sold by the Borrower and the mortgage is prepaid in full during the buydown period, the non-disbursed buydown funds shall be credited to the unpaid principal balance of the mortgage.

If the ownership of the property securing this buydown mortgage is sold or transferred during the buydown period and the terms of the buydown mortgage are assumed by the purchaser, any remaining buydown funds are to be used to reduce the mortgage payments of the purchase in accordance with the buydown schedule.



In the event of a foreclosure of the mortgage, the balance of the buydown funds remaining on deposit with escrow shall be paid to the mortgagee acquiring title to the property and the claim for mortgage insurance benefits must be reduced by the amount in the buydown escrow account.

Except as otherwise provided in this agreement, the buydown funds are not refundable. The Borrower's only interest in the buydown funds is to have them paid over and applied to payments due under the Note along with payments made by Borrower. The Builder/Seller specifically agrees that no repayment of the buydown funds is required.

The sole responsibility of **HOMESTAR FINANCIAL CORPORATION** and/or its assigns and escrow under this agreement, shall be limited to the holding and application of the buydown funds as set forth in this agreement. Such responsibility will terminate upon the depletion of such funds or the application of the funds to the unpaid principal balance of the mortgage as provided for in this agreement.

The parties hereby acknowledge that they have read, undersigned and agree to the above:

LENDER: HOMESTAR FINANCIAL CORPORATION

By: _____

Seller:

Borrower:

Seller:

Borrower:

Seller:

Borrower:

Seller:

Borrower:
