

TDHCA Permanent Buydown Guidelines (For Lenders)

Program Eligibility

- **My Choice:** Permanent interest rate buydowns are allowed **only** under the My Choice program.
- **My First Home:** Buydowns are **not** allowed on My First Home options.
- **DPA Funds:** TDHCA DPA funds and TDHCA HFC gift funds cannot be used to pay any buydown costs or fees. (Seller concessions, borrower funds, etc., are allowed)
- **Buydown Costs should be shown as a separate line item on the Closing Disclosure sourcing where funds are drawn from** (ie: Seller Concessions, Builder Concessions, Gift Funds outside of any TDHCA HFC Partnership Gift Funds.)

How to Request a Permanent Buydown

- **When: Immediately after reservation of the loan** in the TDHCA Lender Portal
- **How:** Complete the **Buydown Request Form** (Lender Portal -->Search Borrower->Click on PDF Docs Icon) and email it to TDHCABuydown@HilltopSecurities.com.
- **Deadline:** The buydown must be requested and accepted by 3:00 p.m. CST on the second business day after the loan reservation date to avoid late fees. (Business days; excluding weekends and federal holidays.)

Timing & Quote Expectations

- **Quote window:** 9:00 a.m. - 3:00 p.m. CST, Monday–Friday (excluding federal holidays).
- **Delivery:** Quotes are emailed to the address listed on the request form and are **time sensitive**.
- **Pricing basis:** Pricing is based on the **date/time the loan was reserved/locked** in the TDHCA Lender Portal.

Two-Day Requirement & Late Fees

- **Request & accept by 3:00 p.m. CST on Day 2** (business days) from **reservation date**.
- **Late = 1.00% fee:** Requesting/Accepting the buydown or cancelling an accepted buydown **after 3:00 p.m. CST on Day 2 triggers a 1.00% fee of the total first-lien loan amount, in addition** to buydown costs. **No exceptions.**
- **Expired Quotes:** Accepting a buydown after **3:00 p.m. CST on Day 2 invalidates prior pricing**, and the process must restart with a **new Buydown Request Form** (and new pricing).
- Requesting another buydown for the same loan after a buydown has been accepted restarts the process and may result in an additional 1% late fee if the two-day requirement is not met.

Buydown Cancellations

- **No Fee:** Lender can cancel the accepted buydown by 3:00 p.m. CST on the second business day of loan reservation date without incurring a 1% fee.
- **1.00% Late Fee:** If a an accepted buydown is cancelled after the two-day window, a late fee of 1.00% of the total loan amount in addition to applicable buydown costs for additional quotes. There are no exceptions.

Program Changes After a Buydown Is Accepted

- **Original buydown becomes invalid** when the lender changes the program after accepting/requesting a buydown.
- **New 2-day window:** A new two-business day window (respond by **3:00 p.m. CST on Day 2**) applies **only if the loan previously requested/accepted a buydown.**
 - Any prior 1.00% late fee still applies.
 - If the lender misses the new window, an additional 1.00% late fee applies.
- **No prior buydown on original program:** There is no new window. Any first-time buydown requested after the program change is measured against the original reservation date for late-fee purposes (i.e., 1.00% fee if more than two business days have passed).

How Buydown Costs Are Calculated

- Quotes are provided as a buydown percentage related to the requested interest rate. As a courtesy, Hilltop will provide a range of buydown rate options (multiple rate/percentage combinations).
- Pricing quotes are based on the date the loan was reserved/locked in the TDHCA Lender Portal.
- A courtesy estimated dollar amount will be provided for each option based on the original loan amount; however, this estimate will change when the loan amount changes.
- The final buydown cost is the lender's responsibility and must be calculated using the buydown percentage applied to the final total first-lien loan amount at purchase.

Collection of Buydown Fees

- All buydown costs and applicable fees (including 1.00% late fees) are netted out by the Master Servicer at loan purchase.