

M. Interest Rates

1. Determination - On the first business day of the week, the interest rate will be determined for that week, transmitted to Seller/Servicers participating in the program and made available on AHFC's web site at [www.ahfc.us](http://www.ahfc.us). The determination will be based on the treasury rate with a margin adjustment by AHFC.

**Note:** The interest rate determination for a commitment increase request may involve a blended rate. (Refer to [Form MF-UND-11](#) for direction in calculating a blended rate.)

2. Rate Statement - Mortgage interest rates must be stated in the note and mortgage decimally in increments of one-eighth of one percent (x .125%).
3. Adjustable Rates - If a Seller/Servicer participates in a loan and uses an adjustable rate, it may not adjust its rate during the life of the loan more than five percentage points above the initial rate. The rate may not be increased more than one percent per year. Adjustable rates are not allowed for loans using a 30-year amortization with a seven- or 10-year maturity.
4. AHFC permits interest rate discounts or buydowns up to a maximum of 1.00%, subject to the following fee schedule. An interest rate buydown is not allowed with a balloon feature loan.

Interest Rate Buydown Amount	Buydown Fee	
	15 Year	30 Year
0.125%	0.875%	1.000%
0.250%	1.750%	2.000%
0.375%	2.675%	3.000%
0.500%	3.500%	4.000%
0.625%	4.500%	5.000%
0.750%	5.500%	6.000%
0.875%	6.500%	7.000%
1.000%	7.500%	8.000%

5. Lenders should indicate the discounted rate on the Loan Summary Memorandum ([Form MFUND-5](#)) at the time of loan submission or on the Purchase Voucher ([Form MFPUR-1](#)) at the time of loan purchase.