

HOME FINANCING, SIMPLIFIED

Seller Concessions Explained

How negotiated seller credits can help reduce a buyer's cash needed at closing.

What a seller concession can do

- A seller may agree to pay eligible buyer closing costs, prepaid items, discount points, or other permitted expenses.
- The credit is negotiated in the purchase contract and generally cannot exceed eligible costs or applicable program limits.

Limits vary

- The maximum permitted contribution depends on the loan program and can also depend on occupancy, loan-to-value, and transaction structure.
- FHA, VA, USDA, and conventional programs do not all treat seller contributions the same way.

Use the credit strategically

- A credit may be used to reduce cash to close, pay eligible costs, or potentially buy down the interest rate when permitted.
- The best use depends on how long you expect to own the home, the available cash, and the pricing choices on the loan.

Writing an offer with seller credits?

Have the loan structure reviewed before finalizing the amount so the credit is useful and permitted.

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