

Understanding “Subject-To” Offers

What Sellers Need to Know

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UTR-TEXAS, REALTORS® DOES NOT ADVISE SELLERS TO ACCEPT SUBJECT-TO OFFERS. IF A SELLER IS CONSIDERING THIS TYPE OF TRANSACTION, UTR-TEXAS, REALTORS® STRONGLY RECOMMENDS SELLERS CONSULT WITH A LICENSED REAL ESTATE ATTORNEY BEFORE PROCEEDING.

What Is a Subject-To Offer?

A subject-to offer is when a buyer purchases your home subject to your existing mortgage remaining in place.

- The deed transfers to the buyer
- The loan stays in your name
- The buyer agrees to make the mortgage payments
- The loan is not paid off or refinanced at closing
- This type of offer is most commonly used by real estate investors

Why Buyers Use Subject-To

Investor-buyers often use subject-to offers when:

- The existing loan has a low interest rate
- The seller needs quick relief from payments
- Traditional financing is not ideal or not possible

Potential Immediate Benefits for the Seller

- Immediate payment relief
- Faster closing
- Can be a solution for sellers facing financial hardship.
- Possible cash at closing depending on equity, you may receive funds upfront.

Important Risks & Considerations

⚠ The loan remains in the your name.
Even after the sale, the mortgage will still appear on your credit.

⚠ Credit risk
If the buyer misses payments, your credit may be negatively affected.

⚠ Due-on-Sale Clause
Most mortgages allow the lender to demand full payoff when ownership transfers. While rarely enforced, this is a real risk that must be understood.

⚠ Limited control after closing
Once the deed transfers, you no longer own the property.

⚠ Future home purchases may be impacted
The existing loan may affect your ability to qualify for another mortgage.

