



## Seller Concession: Owner Occupied example (1).

	Fannie/ Freddie	FHA 6%	VA 4%	USDA Unlimited*
<b>Loan-to-Value:</b>				
90.01%=>	3%			
75.01 or 90.00%	6%			
75.00% <=	9%			
<b>Non-O.O.</b>	2% Max.	N/A	N/A	N/A

**(1) - Seller concessions = cash paid by the seller to the buyer to make the cash to close for the buyer far less.**

**\* - Unlimited means that all closing costs, prepaids, inspections, appraisals may be paid by the seller.**

## Simple Seller Concession Example:

Purchase Price is \$100k. Seller provides 3% seller concessions. Buyer receives \$3,000 credit towards closing costs and prepaids (escrows) at time of closing/purchase. If the property appraises for the purchase price, the buyer and seller have a deal.

Why would a seller want to pay for buyer costs? Answer: Seller should net the same sales price - so the seller is providing a liquidity (cash savings) incentive to the buyer - and makes the sale more attractive.

Why would a buyer want to have the seller pay closing costs? Answer:

Saves cash for the buyer. In the USDA example, buyers may move into the home with no cash out of pocket.