



**FIRST COAST NEW HOME
BUYING EXPO**

What you need to know before you buy or sell a Home

New
Homes
IOI



Financing Incentives for the Seller



**FIRST COAST NEW HOME
BUYING EXPO**

What you need to know before you buy or sell a Home



Financing Incentives for the Seller

In today's market, offering an incentive can help lead to an even faster sale.

What can I offer financially to make my home more attractive to a potential buyer and sell more quickly?

- I. Seller paid closing costs — also known as seller contributions**
 - A. Must be included in the purchase and sale agreement**
 - B. Has limits, based on loan-to-value (LTV) and occupancy. Calculated on the purchase price:**



**FIRST COAST NEW HOME
BUYING EXPO**

What you need to know before you buy or sell a Home



Financing Incentives for the Seller

Occupancy Status and LTV Restrictions	Contribution Limit
Conventional Conforming and Nonconforming Loan Products (first liens only)	
Nonowner-occupied investment property	2%
Owner-occupied primary residence or second home, LTVs greater than 90%	3%
Owner-occupied primary residence or second home, 90% LTV or less	6%
Conventional Conforming Loan Products (first liens only)	
Owner-occupied primary residence or second home, 75% LTV or less	9%
Second Lien Mortgage Products (excluding Home Equity Line of Credit [HELOCs])	
Owner-occupied single-family primary residence or second home, combined loan-to-value (CLTV) greater than 90%.	3%
Owner-occupied single-family primary residence or second home, 90% CLTV or less	6%
Two- to four- unit properties	2%



**FIRST COAST NEW HOME
BUYING EXPO**

What you need to know before you buy or sell a Home

New
Homes
IOI



Financing Incentives for the Seller

C. Allowable contributions include:

- ◆ Funds for a temporary rate buy down, i.e., a 2/1 buy down
- ◆ Origination fee and discount points
- ◆ Normal buyer closing costs
- ◆ Pre-paid interest up to 30 days
- ◆ Commitment Fee
- ◆ Hazard Insurance up to 14 months
- ◆ Title transfer taxes and stamps
- ◆ Commitment fee
- ◆ Attorney 's fees
- ◆ Title insurance premiums
- ◆ Taxes of no more than 12 months – escrow required
- ◆ Seller paid up front private mortgage insurance, also known as PMI



**FIRST COAST NEW HOME
BUYING EXPO**

What you need to know before you buy or sell a Home

New
Homes
IOI



Financing Incentives for the Seller

D. Cash back to the buyer is not allowed

E. Anything over the established limits, or other inducement, is consider a sales concession.

- **Must reduce the purchase price by that amount**
- **Loan-to-value is then established off the reduced amount**
- **The appraisal must address all concessions**
- **Can lower your net proceeds**



**FIRST COAST NEW HOME
BUYING EXPO**

What you need to know before you buy or sell a Home

New
Homes
IOI



Financing Incentives for the Seller

F. Sales concessions include, but are not limited to the following:

- ◆ Prepaid interest over 30 days
- ◆ Home Owner's Association Dues
- ◆ Payment of condo, POD, coop fees or assessments
- ◆ Pre-paid interest up to 30 days
- ◆ Refunds or credit of any of the buyer's expenses outside of closing costs
- ◆ Assignment of rent payments/leaseback – more than 30 days, considered investment property
- ◆ Inclusion of non-titled golf or country club memberships
- ◆ Reduced or delayed PITI payments
- ◆ Personal property items (furniture, lawnmowers, boats, etc.)
- ◆ Decorator allowances
- ◆ Automobiles
- ◆ Moving Expenses
- ◆ Undisclosed side agreements, i.e. silent second mortgage or incentives not in the contract or settlement statement (HUD-1) – not eligible for financing.



**FIRST COAST NEW HOME
BUYING EXPO**

What you need to know before you buy or sell a Home

New
Homes

IOI

Financing Incentives for the Seller

- G. All contribution and sales concessions must be disclosed in the contract, factored into the appraisal, and documented on the HUD-1 settlement statement.**



**FIRST COAST NEW HOME
BUYING EXPO**

What you need to know before you buy or sell a Home



Financing Incentives for the Seller

II. Offering allowances — carpet, furniture

- ◆ **Considered cash and will reduce the purchase price.**
- ◆ **Better off simply lowering the purchase price**

III. Offering a buy down

- ◆ **considered a contribution and subject to limits**
- ◆ **Creates a lower payment stream for the buyer during the buy down period**



**FIRST COAST NEW HOME
BUYING EXPO**

What you need to know before you buy or sell a Home



Financing Incentives for the Seller

IV. Lender paid closing costs

- ◆ **Ask if your listing broker participates with a lender that offers a lender paid closing cost contribution**
- ◆ **Provides additional savings to the buyer, no cost to you.**



**FIRST COAST NEW HOME
BUYING EXPO**

What you need to know before you buy or sell a Home



Financing Incentives for the Seller

V. Rent credits

- ◆ If you have a current tenant, can create an inducement for them to purchase your investment property from you.
- ◆ Takes the difference in an appraisal's fair market rent value and the actual 12 mo. rent payment

VI. Sign Riders on your "For Sale Sign"

- ◆ If your home is considered affordable, many lenders offer loan programs that offer zero or little money down for qualified buyers, earning less than 80% of the median income for the area