

PA | NJ | NY | CT Seller Assistance for Mortgage Closing Costs

Seller Assistance is an option every home buyer can consider when purchasing a home. Some buyers have enough of their own money to cover the down payment and closing costs. Many, especially first time home buyers, often struggle to save enough money of their own. Whether you have enough money or could use some help in this area, the following are possible sources of money:



1. **Seller assistance**
2. Gift from relatives
3. Contribution from Realtor (illegal in some states)
4. Contribution from Mortgage Lender (increase rate to get \$ back to you)
5. Borrow from a retirement account (and pay yourself back)
6. Sell some personal property (jewelry, car, etc)
7. Get married and get wedding gifts in cash (just kidding, but, it happens)
8. Grants (usually for first time buyers and affordable housing)

Seller Assistance is the subject I am addressing here. Seller assistance is something you may ask the seller to do at the time of presenting your offer to purchase a home. Let's use an example. Seller is asking \$400,000 for his house. You offer to purchase the property for \$385,000 if and only if the seller contributes at closing, 2.00% of the purchase price, or, \$7,700 to be used towards your closing costs (can not be used for anything else, not, for example, towards the down payment).

Here is what happens:

1. If you offered \$377,300, the seller would clear the same amount of money as when you offered \$385,000 and seller gave back \$7,700.
2. You get \$7,700 towards your closing costs. That is \$7,700 less of your own money needed.
3. Will the seller accept? Maybe, maybe not
4. Maybe seller will counteroffer \$390,000 and contribute back \$7,700.
5. If you accept, your mortgage went up a little and you get \$7,700 at closing toward costs
6. Like anything else it is a negotiation.

Seller Assistance may or may not be an option. You will never know until you ask. The seller may accept because he needs and wants to sell, likes your offer, and does not want to take the chance that he may never get another offer. The seller may accept as long he clears enough money to keep him happy after closing.

Seller Assistance CAUTION: Do not keep raising the offer too high just to get the Seller Assistance. The house needs an appraised value high enough to cover your offer price. If the appraisal is lower than your offer price, you will need a larger down payment and that would be counterproductive.

Seller Assistance is limited by the type of mortgage you are seeking and by the amount of your down payment.

1. Regular mortgages allow 3% of the purchase price with your 5% down payment
2. Regular mortgages allow 6% of the purchase price with your 10% or more down payment
3. FHA mortgages allow up to 6% of the purchase price no matter what size down payment (There is talk this may be reduced to 3% in mid-2010)

Seller Assistance Double Benefit !!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!

If you get a Seller Assistance to pay points on the mortgage, you get a double benefit:

1. Lower mortgage rate and lower monthly payments for the life of the loan
2. Points are tax deductible. Even though seller paid them, you get to deduct them!!!!

PREQUALIFICATION and MORTGAGE INFORMATION is ALWAYS FREE

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Born and raised in NJ; grad Eastern Christian High School 1966; grad West Point 1970; Infantry Officer, Airborne and Ranger Schools Ft Benning, Ga; 5 years West Berlin, Germany; residential mortgage business since 1983; 4 daughters; Now live in lake community Green wood Lake, NJ