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The Seller Credit Playbook

How Buyers Can Negotiate More Than Just the Price of a Home

A plain-English guide from EZ Fundings.



Look at the whole offer, not only the price, so you know what to ask for, what to ask your Realtor and Loan Officer, and what a seller credit can and cannot do.

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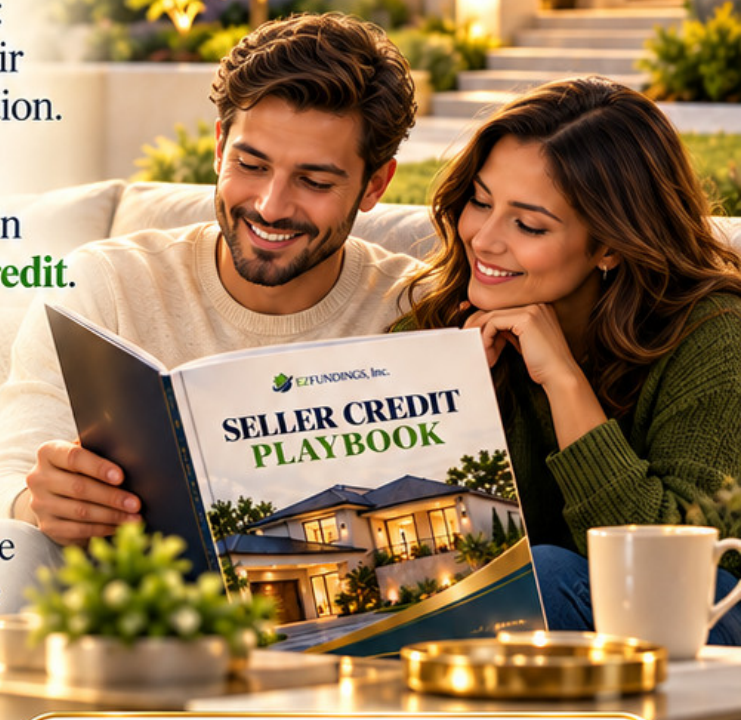
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Before You Begin

When most people think about negotiating a home purchase, they think about one thing: asking the seller for a lower price. That is a fair place to start. But it may not be your only option.

Depending on your loan and the transaction, a seller may agree to contribute toward certain costs of your purchase. That is called a **seller credit**. A good offer looks at the whole transaction, not only the price.

This playbook explains what seller credits are, what they may help with, how a temporary 2-1 buydown works, and what to ask before you write an offer. *It is for education only. It is not advice to make any offer.*



How to Use This Playbook

Read sections in order. Use the worksheets on the compare-your-options and buydown pages. Bring the questions page to your Realtor and Loan Officer.

Not Guaranteed

Seller credits are negotiated. Some sellers will say no, and limits depend on your loan program. This playbook helps you ask the right questions either way.

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What Is a Seller Credit?

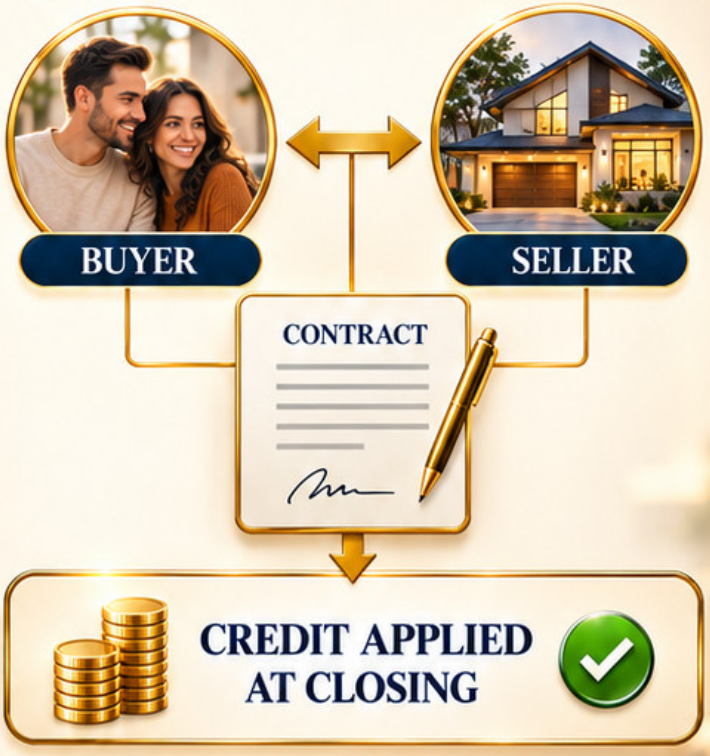
A seller credit, sometimes called a **seller concession,** is money the seller agrees to contribute toward certain costs of your purchase. It is negotiated as part of the offer and written into the purchase contract.

Three Things to Know

1. **It is negotiated.**
   It is not automatic, and the seller can say no.

2. **It is applied toward eligible costs at closing.**
   It is generally not paid to you as cash.

3. **Limits can apply, and they depend on your loan program,** your down payment and how you will use the home. Your Loan Officer can tell you the limit for your loan.



Keep in Mind

A seller credit is one tool.
It does not make a home more affordable on its own. The full payment still has to work for you.

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What Can Seller Credits Potentially Pay For?

Depending on your loan program and the transaction, a seller credit may potentially help with eligible costs such as:

Cost	What it means
Closing costs	Fees to complete the purchase, such as lender, title, escrow and appraisal fees.
Prepaid expenses	Costs paid up front, such as the first year of homeowners insurance and some property taxes and interest.
Discount points	Money paid up front to lower your interest rate for the life of the loan.
A temporary rate buydown	Money paid up front to lower your payment for the first years of the loan.
Certain other eligible costs	Depends on your loan program.

Credits generally cannot be used for your required down payment. What is allowed depends on the loan program, so ask your Loan Officer before you write the offer.

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Seller Credit vs. Price Reduction

The same negotiated dollars can affect a transaction in different ways, depending on how they are applied.

Question	Lower price	Seller credit
Does the purchase price change?	Yes. You agree to pay less for the home.	No. The price stays the same.
What does it help with?	It lowers what you pay for the home, and may lower the loan amount.	It may help with eligible costs, such as closing costs or a buydown.
What can limit it?	What the seller will accept and what the home appraises for.	What the seller will accept and the limits for your loan program.

Neither option is better in every case. The right choice depends on your goals, your loan and the seller.

Compare Your Options

	Option A: lower price	Option B: seller credit	Option C: credit toward a temporary buydown
Price	*add your numbers here*	*add your numbers here*	*add your numbers here*
Seller credit	*add your numbers here*	*add your numbers here*	*add your numbers here*
Cash needed at closing	*add your numbers here*	*add your numbers here*	*add your numbers here*
Payment in the first year	*add your numbers here*	*add your numbers here*	*add your numbers here*
Payment after any buydown ends (the full payment)	*add your numbers here*	*add your numbers here*	*add your numbers here*
Notes	*add your numbers here*	*add your numbers here*	*add your numbers here*

Ask your Loan Officer to help you fill this in.



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How a 2-1 Buydown Works

A 2-1 buydown is a temporary buydown. It lowers your payment for the first two years of the loan, and then the payment rises to the full payment.



1 — Year 1

Based on a rate 2 percentage points below your note rate.

2 — Year 2

Based on a rate 1 percentage point below your note rate.

3+ — Year 3 onward

The full payment, based on your note rate.

The note rate is the rate on your loan. A temporary buydown does not change it. The up-front money lowers your payment for the first two years only.

Things to Know

- Lenders qualify you at the full note rate, not the lower early rate.
- Money from the seller counts toward the limit on what a seller can contribute.
- Temporary buydowns are not available on every loan program or property use.
- Be comfortable with the full payment before you choose a buydown, because that is the payment you will have from year three.

Payment by Year

Year 1 payment	
Year 2 payment	
Year 3 onward (full payment)	

Ask your Loan Officer to show these side by side.

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Why Would a Seller Agree?

Every seller is different, and some will say no. Reasons a seller may be open to a credit include:

- The home has been on the market for a while
- There are fewer buyers competing for it
- The seller wants to close
- The buyer asks for a credit as part of the offer
- The seller prefers to offer a credit rather than lower the price



Your Realtor can tell you what is happening with the home and the neighborhood you are considering.

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Your Realtor + Loan Officer = Better Strategy

Talk with both before the offer is submitted. Your Realtor knows the home, the seller and the local market. Your Loan Officer knows what your loan allows and how each option changes your payment.

Together they can help you compare:

- The asking price with no credit
- A lower purchase price
- A seller credit toward eligible costs
- A seller-funded temporary buydown, where available



The goal is to build an offer that works for you, not only to get the lowest price. A seller credit has to fit your loan program and be written into the contract.

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Questions to Ask Before Writing the Offer

Ask Your Loan Officer

- [ ] What can the seller legally contribute?
- [ ] What does my loan program allow?
- [ ] Is a credit worth more to me than a price reduction?
- [ ] What would my payment look like?
- [ ] What happens when a temporary buydown ends?
- [ ] How much cash will I need to close?

Ask Your Realtor

- [ ] Is the seller open to credits?
- [ ] How long has the home been on the market?
- [ ] What did similar homes sell for, and on what terms?
- [ ] What offer terms are working in this area right now?

Notes:



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Plain-English Glossary

TERM	DEFINITION
Seller credit (seller concession)	Money the seller agrees to put toward certain costs of your purchase.
Closing costs	The fees you pay to complete the purchase of a home.
Prepaid expenses	Costs paid up front, such as insurance and some taxes.
Discount points	Money paid up front to lower your interest rate.
Note rate	The interest rate on your loan.
Temporary buydown	Money paid up front to lower your payment for the first years of the loan.
2-1 buydown	A temporary buydown with a lower payment in year one and year two, then the full payment.
Preapproval	A lender's review of your finances that shows how much you may be able to borrow. It is not a loan commitment.

Have a Home in Mind?

Ask your EZ Fundings Loan Officer to run the numbers before your Realtor submits the offer.

Bring this playbook and the questions page, and we will walk through your options together.

Talk with an EZ Fundings Loan Officer ›

Ready to start? Begin an application ›



This playbook is for general education only. It is not a loan offer, commitment or financial advice. Seller credits are negotiated and not guaranteed. Programs, terms and eligibility vary.

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