

Seller-Paid Closing Costs

UPDATED 4/16/14 (call us to make sure you have the most recent update)

Sellers can pay for the Buyer's closing costs, but only up to a certain amount. The maximum amount is determined by the type of loan (conventional, FHA, or VA), the occupancy type (primary residence, second home, or investment property), and the size of the down payment.

Here are the maximum allowable amounts that the Seller can pay towards the Buyer's closing costs:

Type of Loan	Occupancy Type	Down Payment	Maximum Seller-Paid Closing Costs
Conventional	Primary Residence	Less than 10%	3%
		10% - 24.99%	6%
		25% or more	9%
	Second Home	Less than 10%	3%
		10% - 24.99%	6%
		25% or more	9%
	Investment Property	Does not matter	2%
FHA	Primary Residence Only	Does not matter	6%
VA	Primary Residence Only	Does not matter	See NOTE below

NOTE: For VA loans, seller concessions and seller-paid closing costs are defined differently. The most common seller concessions are: payment of the buyer's VA funding fee, prepayment of the buyer's property taxes and insurance, and excessive points to buy down the interest rate (more points than is normal for the local market). Seller **concessions** are limited to 4%. However, seller-paid **closing costs** are NOT limited to any percentage. In effect, the Seller will always be able to pay for all of the Buyer's "closing costs and pre-pays".

IMPORTANT: *If the amount that the Seller agrees to pay towards the Buyer's closing costs exceeds the limits in the table above, the limits in the table apply. It does not matter what is stated in the contract.*

Also, if the amount that the Seller agrees to pay exceeds the actual Buyer's closing costs, the Buyer does not get the excess money at closing. The Seller keeps the excess amount.

ALWAYS call us before submitting an offer to get an accurate estimate of the closing costs. You do not want to ask for too much or too little.

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To check the license status of your mortgage loan originator, visit:
<http://www.dora.state.co.us/real-estate/index.htm>

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