A SIGNATURE RESOURCE FOR MICHIGAN REALTORS

The Dual-Preapproval Strategy: A Realtor's Guide

Evaluate more than one purchase and financing structure for an eligible buyer before the offer. Not a quote, a preapproval, or a finding that both paths are eligible.



EASE MORTGAGE

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What it is

The Dual-Preapproval Strategy is Shane's process of reviewing more than one purchase and financing structure for an eligible buyer before the offer is written, so the agent has a clear picture of each path. It is not an automatic pair of preapproval letters. Each structure is reviewed against lender guidelines, pricing, and the buyer's documentation. Any letter reflects Shane's review of that structure and is not an approval, a commitment, or a rate lock.

How to use it with buyers and listing agents

- Start with documents and the listing, not with a preferred verdict.
- Sketch a traditional price and financing structure next to a higher price with a negotiated credit toward eligible costs or an eligible buydown.
- Ask Shane to review each structure on its own terms before you write.
- Put only a reviewed credit and price into the purchase agreement, and send amendments to the lender and title promptly.
- Do not tell the listing side, or the buyer, that both paths are eligible or that the seller will net the same amount.

How to communicate it in an offer

Write the credit, the price, and what the credit may be applied to in the purchase agreement or a signed amendment. Tell the listing agent that the credit is part of the financing structure and will appear on the Closing Disclosure. Do not describe it as cash back or as a down-payment source. If you are also discussing a price cut, say so clearly; a price cut and a credit are not the same thing.

Appraisal and concession-limit reminders

The appraisal must support the written price. If Option B is $309,000 and the appraisal is lower, the parties may need to renegotiate or the buyer may need more cash. $9,000 is 2.91% of $309,000, under Fannie Mae's general 3% financing-concession cap at LTV/CLTV above 90% if the appraisal supports the price (B3-4.1-02, lesser of price or value). FHA and USDA generally use a 6% cap of sales price; VA uses a 4% concession cap of reasonable value, excluding normal closing costs and market-appropriate points. Credits cannot exceed eligible costs or fund the down payment.

Hypothetical A / B table

HYPOTHETICAL AND EDUCATIONAL — NOT A QUOTE, PREAPPROVAL, OR APPROVAL

Conventional 5% down, 6.5% note rate (example only), 30-year term, $8,000 closing costs + $4,000 prepaids, 6% commission example, $200,000 payoff, $1,500 other seller costs, Michigan transfer tax included at $3.75 + $0.55 per $500 or fraction.

	Option A	Option B
Contract price	$300,000.00	$309,000.00 with a $9,000 seller credit
Down payment	$15,000.00	$15,450.00
Loan amount (95% LTV)	$285,000.00	$293,550.00
Principal and interest	$1,801.39	$1,855.44
Cash to close (before earnest money)	$27,000.00	$18,450.00 if the full credit is eligible
Transfer tax (illustrative)	$2,580.00	$2,657.40
Seller net (illustrative)	$77,920.00	$77,302.60
Lifetime interest (illustrative)	$363,500.40	$374,408.40

Option A nets $617.40 more in this illustration; Option B's cash to close is $8,550.00 lower and the payment is $54.05 higher. Neither result is a recommendation, and seller net is not the same.

Tradeoff checklist

- Higher contract price and larger loan when the down payment is a percentage
- Credit vs. program cap vs. actual eligible costs
- Appraisal support for the written price
- Seller net after price-based costs and the credit — do not assume they match
- Cash today vs. interest and payment over the hold period
- Whether a buydown is actually priced and eligible

Questions to bring to Shane

1. Can both of these structures be reviewed on this buyer's documentation and today's pricing?
2. Is the proposed credit within this program's interested-party limit, and what costs are eligible?
3. If we use the credit for points, what is today's actual pricing?
4. What happens if the appraisal is below the Option B price?
5. What should be written into the purchase agreement, and when do you need the amendment?

Sources

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5. Seller concessions vs. price reductions (this site): https://shaneyourmortgageguy.com/realtor-partners/seller-concessions/
6. Mortgage rate buydowns (this site): https://shaneyourmortgageguy.com/realtor-partners/rate-buydowns/



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Let's Evaluate Two Strategies for Your Next Offer.

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