SHANE YOUR MORTGAGE GUY · OPEN HOUSE RESOURCE CENTER

Seller Concessions Education Sheet

A short, sourced summary of credits versus price reductions and common program limits.



Shane Thomas, Senior Loan Officer I Ease Mortgage · NMLS #444451 · Company NMLS #2273319

Last reviewed November 10, 2026

A seller concession is a credit the seller agrees to pay toward a buyer's eligible costs or, when the program allows, certain financing options. A price reduction lowers the contract price. They are not the same, and one is not automatically the better path. This sheet summarizes the full educational guide at https://shaneyourmortgageguy.com/realtor-partners/seller-concessions/.

Why the distinction matters

- A credit can reduce cash to close if it is eligible, within program limits, and applied to actual allowed costs. It generally cannot fund the down payment.
- A lower price can reduce the loan amount and the principal-and-interest payment, and it can change price-based seller costs such as a percentage commission and Michigan transfer tax.
- Do not assume the seller nets the same amount under both structures. Confirm figures in the purchase agreement.
- The credit must be written into the purchase agreement and shown on the Closing Disclosure.

Appraisal reminder

The appraisal has to support the written contract price. If it comes in lower, the parties may need to renegotiate the price or the credit, or the buyer may need more cash.

Illustrative program limits

Limits change and overlays may be tighter. Confirm the current source and the lender who will underwrite the file.

Loan type	Common interested-party / concession limit
Conventional (Fannie Mae B3-4.1-02; Freddie 5501.5 comparable bands)	Generally 3% of the lesser of sales price or appraised value when LTV/CLTV is greater than 90% on a principal residence or second home; 6% from 75.01% through 90%; 9% at 75% or less; generally 2% for investment property.
FHA	Generally 6% of the sales price (HUD Handbook 4000.1).
USDA	Generally 6% of the sales price (7 CFR 3555.102(h)).
VA	Seller concessions generally limited to 4% of reasonable value; normal closing costs and market-appropriate discount points are excluded from that cap (VA Lender's Handbook, Chapter 8).

Full guide, including an interactive comparison: **https://shaneyourmortgageguy.com/realtor-partners/seller-concessions/**

Educational only. Unused credit that exceeds eligible costs or the program cap generally must be reduced, refunded, or treated in the way the investor requires. This page does not recommend a structure.



Shane Thomas Senior Loan Officer I Ease Mortgage
NMLS #444451 · Ease Mortgage, NMLS #2273319
586-260-2289 · sthomas@easemortgage.com
1050 Wilshire Dr, Suite 300, Troy, MI 48084

Equal Housing Opportunity

Educational resource only; not a loan offer, rate quote, rate lock, Loan Estimate, preapproval, approval, or commitment to lend, and not tax, legal, or commission advice. Actual eligibility, pricing, and terms depend on the buyer, the property, the loan program, investor or agency guidelines, lender overlays, and underwriting. Licensed in Michigan and Indiana. Equal Housing Opportunity. Last reviewed November 10, 2026. nmlsconsumeraccess.org