



# A GUIDE TO SELLER CONCESSIONS

Seller concessions are a strategic arrangement in a real estate transaction where the seller covers certain costs or fees associated with purchasing a home. These concessions can make home ownership more accessible for buyers by reducing upfront expenses.

## What Closing Costs Do Seller Concessions Cover?

The seller may be able to cover part or all of these closing costs:

- Property tax or Homeowner’s Insurance
- Homeowner association fees
- Loan origination fees
- Inspection fees
- Title & Recording fees
- Appraisal fee
- Settlement Agent Fees
- Mortgage points or Discount points

## Are There Limits To Seller Concessions?

The seller can’t give you more than your total closing costs. Depending on your loan program, there are other limits to the amount a seller can offer. These limits may be related to the amount of your down payment or a percentage of your home’s appraisal value. Typically, the seller can provide a credit between 3% and 6% of the purchase price, but this will vary by program. Below is a Seller Concessions Cheat Sheet for your reference.

## Seller Concessions Cheat Sheet

Loan Type	Property Type(s)	Contribution Type (s)	Down Payment	Max Seller Contribution
Conventional	Primary & Secondary Homes	Closing costs, Prepaid items & Discount points	Less than 10% → 3% 10–24.9% → 6% 25% or more → 9%	
Conventional	Investment	Closing Costs, Prepaid items, & Discount Points	15% or more	2%
FHA	Primary	Closing Costs, Prepaid items, & Discount Points	3.5% or more	6%
VA	Primary	Closing costs, prepaids, and up to 2 discount points VA Funding fee, add'l discount points, prepaid taxes & insurance, debt payoff	0% or more*	→ Unlimited → Up to 4%
USDA	Primary	Closing Costs, Prepaid items, & Discount Points	0% or more**	Up to 6%

\* A down payment is required if the borrower does not have full VA entitlement or when the loan amount exceeds the VA county limits. VA loans subject to individual VA Entitlement amounts and eligibility, qualifying factors such as income and credit guidelines, and property limits. \*\* USDA Guaranteed Rural Housing loans subject to USDA-specific requirements and applicable state income and property limits. Information deemed reliable but not guaranteed. Always consult with your legal professionals before making any decisions. Source: <https://www.nar.realtor/closing/seller-concession>.

## Bottom Line

Seller concessions are closing costs the seller agrees to pay. They can make a home more affordable for the buyer, and they can help the seller close the deal.