

## Buyer/Seller Credits

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Often, after the Purchase Agreement has been signed and escrow is opened, an agreement is made between the buyer and seller for repairs and/or other credits that is then submitted to Escrow.

When the buyer is paying all cash, there is generally no issue with a credit or repair request. However, when the buyer is getting a new loan, this can be problematic depending on what the lender will allow.

### **Here are some things to consider before agreeing to an addendum for seller credits or a request for repairs:**

- » Check with the buyer's lender to see if credits will affect the loan. Many times the lender will have a maximum cap on the amount a seller may credit a buyer. You may experience a delay in the loan process if the credits aren't cleared with the lender first.
- » If the buyer is submitting a request for repairs, this also needs to be provided to the buyer's lender and possibly even to the appraiser. There are many reasons why this can affect the loan, and you cannot assume that a lender will allow it. ***This is especially true if the seller will be making a monetary concession through the escrow for the specified repairs.*** To avoid delays, check on this before amending the contract.
- » You may need a "Plan B" if the lender does not approve the concession or credit.

Your Escrow Officer can be a wealth of help and information when your clients are trying to structure credits through escrow – ***don't hesitate to ask!***

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