Seller's Sweeteners

How They Work & When To Use Them

You've put the home in fine **condition.** You've set a competitive **price** and are flexible about it. Is there anything else you can do to speed things up? Offer **terms** that will help move or close a contract. We often call these terms "sweeteners" because of their attractiveness to both buyers and sellers. Buyer and seller may negotiate details, but the strategy to select the best terms is in the seller's control.

Not all properties, of course, nor all sellers or neighborhoods, require sweeteners — and very few would need to use every strategy. Smart sellers understand their most effective options, then after all terms are considered, select the strategies that suit their circumstances. As a seller, you may want to pick selectively from this sampler of sweeteners.

Loan strategies help the buyer reduce monthly payments, which may be the stumbling block for the person who wants your home. **Settlement sweeteners** are options designed to help reduce buyers' out-of-pocket costs such as down payment and closing costs, so they can swing the purchase. **Accommodations** are small favors you can grant to overcome logistic obstacles.

Loan Strategies

Buyers usually are not as concerned about price as they are about their monthly payment. If you can find a way to reduce monthly payments, you have the best chance of getting your top sales price. We can work together to find a strategy that helps both you and the buyer achieve your goals.

- **Buydown.** Consider buying down the initial interest rate of the serious purchaser so he or she can qualify for a loan. One of the many available buy-down plans might help your buyer and still let you come out with the net proceeds you want.
- **Assumption.** If you have an assumable loan with a below-market interest rate, consider making it available to a solid purchaser. Check your lender's assumption requirements.
- **Take Back.** You might even be in a position to offer the buyer a second mortgage by taking back some of the purchase price in a note.
- **Seller Financing.** If you don't need immediate cash and your home is free and clear, you could think about holding the first mortgage, especially when interest rates are very high and this is an opportunity to invest your proceeds at above-market rates. Be sure the buyer is able to carry monthly payments and housing costs.
- **Lease/Purchase.** Another option, if you don't need your funds immediately, is to let the buyer rent with a delayed settlement, provided you are sure the purchaser will eventually qualify for the loan. Part of the rental could apply toward the down payment, if the buyer is short of cash.

Settlement Sweeteners

- **Points.** If you pay some or all of the buyer's points, you sweeten the purchase two ways. First, you reduce the amount of cash the buyer needs at settlement. Second, you may provide a sizable tax write-off, as most buyers now can deduct as a Schedule A mortgage expense the points you pay for them at closing. When the seller pays points, the buyer is better able to finance the agreed-upon sales price.
- **Closing Costs.** You could offer, instead, to pay part of the closing costs (title search, attorney's services, appraisal, recording, etc.) that the purchaser would ordinarily pay.
- **Furnishings.** Include with the purchase price household furnishings the buyer would have to buy later, such as the children's outgrown swing and sandbox, the tractor-mower you won't need, the draperies tailored to specific windows. This may be treated as a separate addendum.