

Funding, Finance and Credit

What are the benefits of seller financing?

Seller financing offers tax breaks for sellers and alternative financing for buyers who can't qualify for conventional loans.

If you are a seller, the risks you face are the same as those facing any lender: Is the borrower a good credit risk? Will the property hold enough value over time to allow for the repayment of all loans made against it?

You should run a full credit check on the borrower, require hazard insurance on the property and include a due-on-sale clause. There also are financing, disclosure and repayment-term requirements that need to be met. It is wise to consult a lawyer when putting together this kind of transaction.

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