

Purchase-Money Mortgage



Definition of 'Purchase-Money Mortgage'

A mortgage issued to the borrower by the seller of the home as part of the purchase transaction. This is usually done in situations where the buyer cannot qualify for a mortgage through traditional lending channels. This is also known as seller or owner financing.



Investopedia explains 'Purchase-Money Mortgage'

A purchase-money mortgage might be offered by the seller as incentive to purchase a property. This can be used in situations where the buyer is assuming the seller's mortgage, and the difference between the balance on the assumed mortgage and the sales price of the property is made up with seller financing.

*Source: http://www.investopedia.com/terms/p/purchase-money_mortgage.asp
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