



The smart way to manage real estate loans between family members.

Family Mortgages for Real Estate Agents:

How Agents Use Intrafamily Mortgage Solutions to Protect Wealth, Families, & Client Relationships



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National Family Mortgage® – A Tool Agents Can Trust

For generations, families have helped each other buy homes. Parents often step in with down payments or bridge loans, while grandparents or siblings sometimes also extend a hand to help the next generation secure stability. In today's market, though, the old ways of helping — gifting money, co-signing on a bank loan, or co-buying a property — often don't make sense.

As a real estate agent, you already encounter buyers whose strongest financing option comes from family — and knowing how to position it correctly can make the difference between winning and losing a deal, protecting your client's broader interests, and separating yourself as an expert.

This guide explains how offers involving a properly documented family mortgage are written, presented, and closed in a conventional real estate transaction.

National Family Mortgage® is not a bank or a mortgage broker. We're a specialized online company that helps families create safe, legal, and IRS-compliant mortgage loans between relatives. Our process transforms informal family generosity into a professional, enforceable, and tax-compliant arrangement — protecting the Lender's investment and giving the Borrower a solid foundation for homeownership.

Since 2010, we've helped thousands of families nationwide document and manage billions in family mortgages. Even better, our family loan default rate has always been under 1%.

Our work — and the success of our clients — has been featured in **The Wall Street Journal**, **The New York Times**, **Consumer Reports**, **Kiplinger**, **ABC News**, as well as by **Michael Kitces**, the late, great **Jonathan Clements** and other respected publishers.

We're here to make family mortgage lending safe, simple, and successful.



National Family Mortgage® reflects Founder and CEO Timothy Burke's long-standing commitment to helping families build, protect, and transfer wealth. Burke began his career in family lending at CircleLending, the peer-to-peer pioneer that launched the model in 2001. After CircleLending's 2007 acquisition by Sir Richard Branson and rebrand as Virgin Money USA, Burke helped carry the vision forward. When the Great Recession led Virgin to exit the U.S. market in 2010, Burke continued the mission by founding National Family Mortgage®.

As Featured By



Primary Financing / Making an Offer

The Offer (Technically your client is not a Cash Buyer!)

When a home buyer is *borrowing* their money from family, they are **not a cash buyer**. Even if the family is lending all of the purchase money, the transaction is legally considered **private financing**, not a cash transaction. The offer would only be “cash” if the buyer’s family is outright gifting the money, not lending it.

Why? Because the family mortgage paperwork — a Promissory Note and Mortgage (or Deed of Trust / Security Deed) executed at closing — is what distinguishes private financing from a true cash deal. Real cash buyers don’t have any loan documents. Private financing is legally distinct from a cash purchase.

In the real estate world, **private financing** (often called a “private mortgage”) means the loan is being made by an individual rather than a bank. Attorneys, title companies, and escrow officers recognize this as legitimate financing.

How to Present the Offer

Offers are written using standard residential real estate contracts, with private financing disclosed in the customary manner.

- The offer should clearly reflect that family financing is approved and secure, supported by the buyer’s commitment letter.
- The loan funds are committed by an identified private family lender and wired directly to settlement.
- Because the loan does not require third-party approval after contract acceptance, the buyer may waive the financing contingency.
- No appraisal is required unless the private lender elects to require one.

Important: The family Lender is playing the role of “the bank” and should not be listed on the purchase offer. Only the Borrower’s name should appear on the contract.

Closing & Compliance

Once the family approves their loan documents, they are sent directly to the Borrower’s local closing attorney, title company, or escrow agent for execution and recording.

Over half of U.S. states legally require mortgage documents to close at the Borrower’s real estate settlement. Even in states without that explicit requirement, National Family Mortgage ® follows this standard in every purchase transaction nationwide. **All loans must close on the 4th – 25th of the month. This timing requirement aligns with standard settlement timelines and is not contingent on post-contract underwriting or approval. Please plan accordingly.**

 When we suggest a family mortgage is ‘guaranteed,’ we mean that the buyer’s parents (or other family lender) have the funds, have committed in writing to make the loan, and will deliver those funds directly to settlement. There is no bank approval, underwriting, or third-party financing risk.

Tips & Scripts for Educating and / or Negotiating with a Listing Agent

Skepticism around family financing typically arises from informal or undocumented arrangements; this transaction is neither. Although this is not a cash offer, it follows standard financed-transaction mechanics, with funds wired directly to settlement and no lender contingencies tied to underwriting approval. The following strategies can help position a family mortgage clearly and confidently:

The family member making the loan should provide a [Mortgage Pre-Approval Letter](#) along with a copy of a financial statement confirming their ability to make the loan. (See Page 5 for more details.) A short letter from the family's wealth manager confirming the Lender's financial capacity can be equally effective.

Listing Agent: *"If the loan is from your family, shouldn't they be on the purchase offer too?"*

Response: "Actually, no; it works just like a bank loan. Have you ever seen Bank of America or Wells Fargo listed on an offer? Of course not — the bank just provides the loan. In this case, the family Lender is simply playing the role of the bank. They don't want or expect to own the home, so they're not listed on the offer."

Listing Agent: *"We want to see the money in the buyer's account, not in a family member's account."*

Response: "That's not possible for legal and tax reasons. Just like with a bank mortgage, the funds won't be deposited with the buyer — they'll go directly from the Lender to the settlement agent. This is precisely why the buyer is structuring the loan as a formal family mortgage. The money is secure and will be disbursed at closing."

Listing Agent: *"What if the family Lender changes their mind?"*

Response: "In our experience, it's very unlikely. The lender commitment is documented in writing prior to contract acceptance and is not discretionary once the offer is accepted. To demonstrate confidence, our buyer is waiving both the standard financing and appraisal contingencies. Why would our buyer put their earnest money at risk? Again, the loan is guaranteed by family in the sense that funds are committed in writing and will be delivered directly to settlement."

Listing Agent: *"How do we know this isn't risky?"*

Response: "Private financing isn't new. You may have heard of 'hard money loans.' This is essentially a 'soft money loan' — fully documented, IRS-compliant, and guaranteed by immediate family. Private lender transactions secured by a recorded deed of trust are a conventional and legally recognized form of real estate financing in all U.S. states. For extra reassurance, the family Lender may, at the seller's request, deposit loan funds with the settlement agent prior to closing."

 **Bottom line:** Family financing is not new, and it is every bit as legitimate as bank financing. With the right documentation and positioning, a family mortgage offer can carry all the strength buyers and sellers typically associate with cash.

Mortgage Pre-Approval / Commitment Letter



A mortgage commitment letter is a straightforward document that confirms a Lender's commitment to making a home loan to a Borrower. The buyer's pre-approval letter is the authoritative document for offer review, confirming loan structure, funding source, timing requirements, and settlement execution.

It is important to understand that National Family Mortgage ® is **not** the Lender. Every family mortgage is underwritten entirely by the family member providing the loan. We never confirm — and never touch — the Lender's funds. For this reason, we cannot generate a meaningful mortgage pre-approval or commitment letter on anyone's behalf.

However, we provide a [Mortgage Pre-Approval Template](#) that families may adapt for their own use. Many buyers and agents find this template sufficient to demonstrate that financing is guaranteed by the family Lender.

If a seller or agent requests supporting documentation, such as a bank statement, we recommend that the family Lender move the intended loan funds into a **stand-alone bank account**. This confirms the Lender's ability to fund the loan while limiting unnecessary disclosure of broader financial assets. Without this precaution, a seller who sees significantly greater assets may assume the buyer has access to additional family financing and may be less inclined to negotiate on price or repairs.

Secondary Financing / Working with the Primary Lender



Secondary Financing (The Piggyback Mortgage)

Most home buyers don't have a family member who can finance the entire purchase, but many do have a relative willing to lend part of the price. Combining a primary mortgage from a commercial lender with a subordinate, secondary family mortgage (Piggyback) can be a powerful solution.

Documentation & Process

The primary lender must include the family Piggyback and its payment when calculating the Borrower's debt-to-income ratio. Once the family approves their loan documents, the Borrower's primary lender will review them as well. Coordination occurs between lenders prior to closing and does not introduce post-acceptance contingencies. After approval, the family mortgage documents are sent to the Borrower's settlement agent for execution and recording at the real estate closing.

The Smart way to Manage Mortgage Loans Between Family Members

Every National Family Mortgage® begins with trust and ends with opportunity.

We provide documentation and servicing infrastructure that allows family-financed transactions to close using standard real estate mechanics, with enforceable loan terms, clear settlement instructions, and no post-acceptance contingencies.

When an offer includes a written lender commitment, documented funds, and standard settlement execution, it should be evaluated on price and terms — not on the identity of the lender.

Always invest in family®