

Mortgage Gift Letter - What is it and how to write it?

Mortgage Gift letter is what the donor of the gift writes to the lender stating that he has offered a gift of money to the home buyer.

Homebuyers often require extra funds to make their down payment or pay part/whole of their closing costs when there is shortage of cash to pay for these upfront costs. They can borrow from a non-profit organization but lenders often do not prefer borrowed money as the down payment. This is when cash gift from family members be helpful.

When a gift is made available to a homebuyer applying for a mortgage, he needs to write a mortgage gift letter signed by the donor and attach it with the loan application form. At times, the lender may also provide the buyer with a Gift Letter form which the latter only needs to fill out.

However, if the gift is made by any non-family member such as friend, employer, etc, then a borrower needs to provide documentation of a very close and long lasting relationship.

How to write Mortgage Gift letter

A mortgage gift letter includes the following:

- **Name of donor of the gift**
- **Name of the recipient**
- **Relationship between the donor and recipient**
- **Cash amount gifted**
- **Address of the property for which gift is made**
- **Source of the funds (bank account, brokerage account etc) as offered by the donor.**

Apart from the above, the **gift letter should also state that the buyer need not repay the gift amount**. Also, the lender should be assured that the gift funds were not made available to the donor from any person involved with the sale of the property including the seller, broker, real estate agent, loan officer or builder etc.