

CONSUMER GUIDE: BUYING YOUR FIRST HOME

So, you're ready to find your first home. But where do you begin? And what resources are available to help you? Here's what you need to know as you embark on your homeownership journey:

Who is considered a first-time homebuyer? The definition of "first-time homebuyer" might be broader than you think. For example, it can refer to a person who has never owned a home, a person who has not owned a home in the last three years, or a single parent who has only previously owned a home with a spouse. The definition may vary by program, so check [here](#) for the Federal Housing Administration's definition of a first-time homebuyer.

How do I find an agent? With the cost of housing at an all-time high, agents who are [REALTORS®](#) are here to help first-time homebuyers navigate challenges in the market and achieve the dream of homeownership. Agents may offer a wide range of services, such as finding available homes that meet your criteria, accompanying you to showings, negotiating on your behalf, and [more](#). Consider asking prospective agents [these ten questions](#) to determine if they are the best fit for your needs.

What is a written buyer agreement? In many cases the agent you've selected will be required to enter into a [written buyer agreement](#) with you before you tour a home together. This agreement will outline the services the agent will provide and what they will be paid for those services. These agreements are [fully negotiable](#), and you should feel empowered to advocate for the agreement that meets your needs.

What are my options for securing financing assistance? First-time homebuyers have multiple options for financing the purchase of their first home. Discuss with your agent the programs that might be available to you, including:

- **Conventional mortgage loans** are financed by private lenders, such as banks, credit unions, and mortgage companies. Mortgages typically require a down payment—you can use this [tool](#) to find down payment and closing cost assistance programs that you may be eligible for.
- **Federal loan programs** are available for eligible buyers through the Federal Housing Administration, Department of Veterans Affairs, and U.S. Department of Agriculture.
- **State-funded grants** for first-time homebuyers may be an option depending on your location. Contact your state's housing financing agency for more information.
- **Local governments or non-profit organizations** in your area may have programs available to borrowers that meet specific requirements.

Are there other ways I can lessen my cost burden? Some sellers may offer to pay certain costs associated with purchasing a home for you, which are called [concessions](#). You can also ask the seller to [pay for your agent's compensation](#) as part of your purchase offer. Both are options that may reduce out-of-pocket and upfront expenses, helping you stretch your budget further. Your agent can advocate for you during purchase negotiations on these and other terms.

What other resources are available? Agents who are REALTORS® and your state and local [REALTOR® Associations](#) can direct you to many other resources. For example, first-time homebuyers should consider [homeownership education and counseling services](#), which provide tools and information to help resolve financial roadblocks, develop a budget, and work on a plan to meet the financial requirements of homeownership. Your agent can refer you to a [HUD certified housing counselor](#).

How do I know what option is best for me? When you work with an agent who is a REALTOR®, you are working with a professional guided by ethical duties under the REALTOR® Code of Ethics, including the pledge to protect and promote the interests of their clients. Your agent will work with you to weigh your options, answer questions, and develop a strategy you are confident in. You can read more about REALTORS®' duty to put client interests above their own [here](#).

Practices may vary based on state and local law. Consult your real estate professional and / or an attorney for details about state law where you are purchasing a home. Please visit [facts.realtor](#) for more information and resources.

CONSUMER GUIDE: BUYING LAND AND BUILDING A NEW HOME

When looking to purchase property, buyers may consider purchasing a plot of land or a new construction project instead of an existing home. Here's what prospective buyers should know:

Why might I want to build my own home? Every homebuyer's needs are different. Some buyers may choose to remodel an existing home to fit their needs, while others may prefer to design their dream home from start to finish. Buying land to construct a home allows buyers to customize every aspect of their home.

What are the pros and cons of building a custom home? The key benefit of building a custom home is the ability to tailor every aspect of the home to your preferences. However, the construction process takes time. The design phase—when you work with an architect or builder to map out your home—often lasts three to six months, after which you will need to get the necessary permits and approvals. The construction process can vary based on home size and features, but typically lasts at least 12 to 16 months, and further delays are possible. Building a custom home may also involve additional costs that are not involved when purchasing an existing home, such as architect fees and the costs of materials.

How can I find land for sale? Whether you are open to building a custom home, want to purchase an existing home, or are focused exclusively on buying undeveloped land, an agent who is a [REALTOR®](#) will help you find listings that meet your needs. Like existing homes, plots of land for sale may be listed on [Multiple Listing Services](#), which are online platforms that compile listings from brokerages in a given market. Additionally, agents and brokers that specialize in buying and selling land can advise you on specific considerations for land purchases that you may be unfamiliar with.

What is a construction loan? Construction loans, or self-build loans, are short-term loans that provide funds for home construction, including costs for land, labor, building permits, and materials. They are paid out in a series of installments to cover costs as construction progresses, unlike a [mortgage](#) for an existing home, which is provided in full at the time of purchase. Homeowners who decide to renovate their property may also use construction loans if the available funding through a home equity or renovation loan is too small.

What is the difference between a construction loan and mortgage? Construction loans are short-term loans with a fixed term—often around one year—to cover the period of construction, whereas mortgages are typically longer term, with repayment periods of 15 to 30 years. Additionally, while mortgage borrowers usually make monthly payments on both principal and interest, construction loan borrowers often make interest-only payments during the construction period and then may choose to repay the full balance or convert the loan to a permanent mortgage once the project is complete. Interest rates for construction loans usually are higher and vary based on the market, as opposed to fixed or adjustable rates for mortgages. Lastly, construction lenders may have other requirements for loan approval—like detailed construction plans, budgets, and timelines—on top of the typical requirements for mortgages.

What is “new construction”? In addition to buying land to build a home from scratch, there are other options that fall under the category of new construction. Buyers hoping for a shorter timeline can cut time in the design process by selecting a stock building plan, which is a pre-designed home that still allows for customization of elements like the layout, number of levels, exterior, and other features. Another option is spec homes, which are homes that are currently under construction or recently completed. Buyers' ability to customize a spec home will depend on how far along the construction process is. For example, if the home is still in the early stages of building, buyers may be able to choose things like flooring, lighting, tiles, countertops, cabinets, and vanities.

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CONSUMER GUIDE: MORTGAGES AND FINANCING

Buying a home is one of the largest personal and financial decisions you can make. For many buyers, the process includes finding a loan that will help you pay for your new home over time. An agent who is a [REALTOR®](#) can help you learn about your options. Here's what else you need to know:

What is a mortgage, and how do I get one? A mortgage is a loan offered by a bank or lender that lets you borrow money to purchase a home and repay over time with interest. Mortgages can take many forms, but one of the most popular options is a 30-year fixed rate mortgage. Many factors can affect the mortgage options available to you, including your down payment, personal finances (e.g., credit score, income, existing debt, employment history), and other factors like government policies, current interest rates, and what lender you are working with. Certain buyers, like [first-time homebuyers](#) and [veterans](#), might be eligible for special financial assistance programs.

What types of loans are there? Factors like where you are searching for a home and how long you plan to stay in your new home will help determine which loan type best suits you. Some options include:

- **Fixed-rate mortgage:** Sets an interest rate and monthly payment for the life of the loan, which is typically 15 or 30 years.
- **Adjustable-rate mortgage (ARM):** ARMs may offer interest rates that are lower than you could get with a fixed-rate mortgage for a chunk of the life of the loan, such as five or 10 years. However, after that point your interest rates are subject to change approximately once per year based on market conditions.

What is a down payment, and how much will it be? Some lenders require buyers to pay a percentage of the home's purchase price up front, which is known as a "down payment." Your down payment can vary substantially depending on your mortgage agreement. Typically, if you pay more money up front, your monthly mortgage payment will be lower. Many local governments and non-profit organizations offer down payment assistance grants and loans if you meet certain requirements. Ask your agent or reach out to your local [REALTOR® association](#) for recommendations and guidance on what's available.

What is the difference between conventional and federal home loans? Conventional loans are financed by private lenders, such as banks, credit unions, and mortgage companies. They require stronger credit and higher down payments but may offer better rates. Federal loans are government-backed, meaning lenders carry less risk and can pass savings onto eligible borrowers who may not have pristine credit. Some federal loans include:

- **Federal Housing Administration (FHA) Loan:** [FHA loans](#) cater to first-time buyers and have flexible requirements and down payment options as low as 3.5%, depending on your credit score or debt-to-income ratio.
- **Department of Veterans Affairs (VA) Loan:** If you served in the U.S. military, you are eligible for a [VA loan](#) with no down payment and no mortgage insurance requirements.
- **U.S. Department of Agriculture (USDA) Loan:** The [USDA Rural Development loan](#) is designed for families purchasing a home in rural areas, requires zero down payment, and offers discounted mortgage interest rates.

Are there other ways I can lower my out-of-pocket costs? Some sellers may offer to pay certain costs associated with purchasing a home for you, which are called concessions. Certain limits apply to concessions—please consult our [guide to seller concessions](#) for more information. You can also ask the seller to [pay for your agent's compensation](#), which does not count towards concession limits, as part of your purchase offer. Both are options that may reduce out-of-pocket and upfront expenses, helping you stretch your budget. However, keep in mind that the current banking system does not allow for agent compensation to be financed through a mortgage. Talk to your agent about building a home purchase plan that works with your budget.

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CONSUMER GUIDE: DO YOU NEED PRIVATE MORTGAGE INSURANCE?

When you're buying a home for the first time, there are plenty of new terms to learn. One that can cause confusion is *private mortgage insurance*, or *PMI*. PMI is an insurance policy that protects the lender in case you default on the loan. You'll likely be required to purchase PMI if you are buying a home using a conventional mortgage and you are putting down less than 20% of the purchase price.

How does it work?

Your lender will arrange for the PMI policy as part of your conventional loan. PMI is usually offered by private mortgage insurance companies. Most often, you pay the cost as part of your monthly mortgage payment. Some lenders may offer the option to pay a lump sum at closing to cover the PMI, or a combination of an upfront fee and monthly payments.

How much does PMI cost?

The cost varies based on factors such as your loan amount, down payment amount, credit score and mortgage type (fixed vs. adjustable rate). Typically, it can range from 0.2% to 2% of your loan amount each year. Freddie Mac's [private mortgage insurance calculator](#) helps you determine the monthly PMI you'd typically pay with a 5%, 10% or 15% down payment.

Can you avoid PMI?

Yes. If you put down 20% or more of the purchase price, you do not need PMI. Other options that avoid PMI include getting a VA or USDA loan (if eligible), lender-paid mortgage insurance (LPMI), or a piggyback loan (taking out a second loan to meet the 20% down payment amount). However, all of these come at a cost, so the options should be carefully considered.

Can you cancel PMI insurance?

Yes. When your principal balance (the amount you owe on your mortgage), falls to 80% or below of the original home value, you can request that your lender cancel the policy. If your home has increased in value, you may be able to meet the 20% equity requirement sooner by getting your home reappraised or refinancing your loan. Lenders are required to automatically cancel PMI when your loan-to-value (LTV) ratio reaches below 78% or you are halfway through the loan term, whichever comes first. It's a good idea to be proactive and check with your lender when you feel you are at that point. *Note:* Loans insured by the Federal Housing Administration (FHA loans) require an upfront mortgage insurance premium (MIP) and an annual MIP that stays for the life of the loan.

How does the One Big Beautiful Bill Act impact PMI?

On July 4, 2025, the One Big Beautiful Bill Act was signed into law and included a number of tax law changes related to homeownership. It makes permanent the deductibility of mortgage interest paid on up to \$750,000 in qualified indebtedness (\$375,000 for those married filing separately) and [temporarily quadruples the state and local tax deduction](#). **Beginning in 2026, the law also allows taxpayers to deduct PMI as part of their mortgage interest deduction.** However, the PMI deduction isn't available to everyone: PMI can be fully deductible for those with not more than \$100,000 in adjusted gross income (\$50,000 for those married filing separately) and then is phased out. The deduction is fully eliminated for adjusted gross incomes exceeding \$109,000 (for joint returns). And all these deductions are available only to taxpayers who itemize rather than claiming the standard deduction. Consult a qualified tax professional to determine the best tax strategy for your situation.

Your real estate agent can help you navigate the purchase of a home; consult an attorney for guidance on the laws in the state where you're purchasing. And remember: Agents who are REALTORS® are obligated under NAR's Code of Ethics to work in your best interest. Please visit [facts.realtor](#) for more information and resources.

CONSUMER GUIDE: ASSISTANCE PROGRAMS

Buying or keeping a home can be financially challenging—but you may not have to do it alone. There are assistance programs designed to help. Here's what you need to know:

What are housing assistance programs, and who are they for? Assistance programs can help people afford buying, keeping, or maintaining a home. These programs exist at the local, state, and federal level and are often tailored to [first-time buyers](#), lower-income households, [veterans](#), seniors, or people with disabilities. Some programs offer help with down payments or closing costs, while others assist with monthly mortgage payments or needed repairs.

How do down payment assistance programs work? These programs provide grants, forgivable loans, or second mortgages that reduce how much you need to bring to the closing table. Some are income-based, while others are tied to the home's location, your profession, especially if you work in public service (such as teaching, healthcare, or emergency response), your participation in an Employer-Assisted Housing ("EAH") program, or the type of home you're buying. You can explore how these programs may factor into your upfront costs by learning more about [preparing for homeownership](#).

Are there programs that help after I've bought a home? Yes. Some assistance programs are available to help you stay in your home if you experience job loss, rising property taxes, or unexpected repairs. For example, there may be state-run mortgage relief programs or nonprofits offering emergency housing support. If you live in a [homeowners association](#), there may also be resources to help with fees or mediation if you fall behind on payments.

Do assistance programs affect how I get a loan or make an offer? Some programs require that you work with specific lenders or take a [homebuyer education course](#). You may also need to include documentation with your loan application or offer to purchase. These extra steps can take time, but they are often worth it—especially if they make homeownership possible sooner than you expected. An agent who is a [REALTOR®](#) can connect you with professionals and information to help navigate what kind of [mortgage or financing](#) plan best suits your needs.

Are assistance programs only for first-time buyers? No. While many programs are designed for people buying their first home, others support long-time residents, people returning to homeownership after a divorce or foreclosure, or households trying to stay in generational homes. There are also programs for teachers, firefighters, service members, and rural buyers that don't require being a first-time buyer. In addition, some companies offer EAH programs, which can include financial help with down payments, closing costs, or even monthly housing expenses. These benefits are often coordinated through Human Resources and can be paired with other local or state assistance.

What else should I consider before applying? Assistance programs can help, but they may come with conditions—such as living in the home for a certain number of years or repaying the funds if you sell too soon. Additionally, securing approval and/or funding may take time, so make sure to factor in sufficient time to complete the process. Always consult with your local lender, real estate professional, and/or attorney and ask questions before signing anything. If you're buying a home that needs updates, some programs can be paired with renovation loans or construction financing.

Where can I learn more? The [U.S. Department of Housing and Urban Development \(HUD\)](#), state housing finance agencies, and community nonprofits are great places to begin your search. You can also find trusted, easy-to-understand resources on [facts.realtor](#), the National Association of REALTORS®' hub for consumer education.

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CONSUMER GUIDE: NAVIGATING MORTGAGE INTEREST RATE SHIFTS

When you're in the market for a home, fluctuations in mortgage interest rates can be unsettling. After all, the interest rate on your mortgage affects the price range you can comfortably afford. Approaching the issue with knowledge—including an understanding of how rate changes impact your monthly payment—can help keep your home purchase on track.

What affects the interest rate that lenders charge you?

Individual lenders set interest rates based on economic conditions, their risk tolerance and other factors, including the yield on 10-year Treasury bonds and the price of mortgage-backed securities. Your credit score, debt-to-income ratio and down payment amount also impact your rate.

What's the difference between fixed-rate and adjustable-rate mortgages?

Fixed-rate mortgages keep the same rate during the life of the loan. Adjustable-rate mortgages (ARMs) may offer lower initial payments (usually for five or seven years), but your rate could rise later based on market conditions. With an ARM you get early money savings for a share of the interest-rate risk down the road.

What's included in your monthly mortgage payment?

Typically, your monthly payment includes a portion of the principal loan amount, interest, property taxes and homeowners insurance. If your down payment is less than 20% of the purchase price, it can also include private mortgage insurance. Most experts say your monthly housing costs should be about 25% of your net monthly income, but lenders may approve a higher percentage if you have good credit, a large down payment or high cash reserves.

How do higher interest rates affect your monthly mortgage payment?

With a 20% down payment on a \$400,000 home, the monthly payment for a 6% interest rate on a 30-year fixed mortgage would be \$1,919. The payment would be \$2,023 at 6.5% interest and \$2,129 at 7% interest. So, a 1% increase in the mortgage interest rate would raise the monthly payment by \$210. Use an online mortgage calculator to see how changes in rates and down payments impact your monthly payment.

What can you do to get the lowest rate?

- **Shop around.** Talk to a mortgage broker or check with different lenders. Multiple studies have shown that shopping could save you 0.1% to 0.5% off your mortgage rate.
- **Improve your credit score.** Paying off debt, making on-time payments and disputing inaccurate information on your credit reports can help you to repair or raise your score.
- **Lock in a rate.** When you find the best rate, enter an agreement with the lender to lock it in for a set period, typically 30 to 60 days, to protect yourself against rate increases before closing. If interest rates fall, lenders will typically let you “float down” once to the lower rate before closing.
- **Consider a refinance.** It's difficult to predict the direction of rates, but if you expect them to fall after you close on your home, refinancing later at a lower rate is an option. There is no time constraint on how soon you can refinance with most conventional loans, but cash-out refinances require you to wait six months; government-backed loans (such as FHA and VA) require you to wait 210 days; and USDA loans require you to wait a year after you close on the sale.
- **Buy discount points.** Points are a fee paid at closing to reduce the interest rate on your loan. Although costs can vary, one point typically costs 1% of the loan amount (so, on a \$400,000 loan, you'd pay \$4,000). Some lenders allow you to buy fractional or multiple points.

Mortgage products vary widely, and rates can change daily. Work with trusted professionals who can help you compare options and choose what best fits your needs.

Your real estate agent will help you navigate the purchase or sale of your home; for legal advice, consult an attorney licensed in your state. Not all real estate professionals are REALTORS®. Only those who are members of the National Association of REALTORS® may use the term REALTOR®, and they are obligated under NAR's Code of Ethics to work in your best interest. Please visit [factsrealtor](https://www.factsrealtor.com) for more information and resources.

CONSUMER GUIDE: OVERCOMING BARRIERS TO HOMEOWNERSHIP

Buying a home is a major financial decision. Whether you're saving for a down payment, managing debt, or dealing with other barriers to entry, agents who are [REALTORS®](#) can help you find your dream home. Check out [this video](#) and [this article](#) to see how REALTORS® help buyers.

How can I tell if I'm financially ready to buy a home? When [preparing for homeownership](#), first get a realistic sense of your budget. Look at your income, expenses, debt, credit score, and any savings. You can improve your credit by making consistent, on-time payments, reducing your credit card balances, avoiding new debt, and reviewing your credit report for errors. Consider programs designed for [first-time homebuyers](#), as well as flexible [financing](#) options. You may qualify for a government-backed mortgage, such as a [Federal Housing Administration \(FHA\) Loan](#), which only requires a down payment of 3-5% instead of the typical 10-20%. [State and local programs](#) also may help cover closing costs or provide forgivable loans.

Can I buy a home if I have student loans or other debt? Yes. What matters most is how your monthly [debt](#) payments compare to your income, which helps lenders understand what you can afford.

What laws protect my right to purchase a home? The [Fair Housing Act](#) protects your right to access housing without being turned away because of personal characteristics including race, color, sex (including sexual orientation and gender identity), national origin, religion, disability, and familial status. You should expect to receive equitable treatment from participants at every stage of the process, including your agent, the seller, the seller's agent, appraisers, lenders, and others involved in your home search and purchase. State and local laws also provide additional [fair housing](#) protections.

What does housing discrimination under the Fair Housing Act look like, and how can I report it?

Discrimination in housing takes many forms, but the Fair Housing Act prohibits five types—(i) being told a home “isn't available” when it is, (ii) being shown properties only in certain areas, (iii) hearing vague comments about who “typically lives” in a neighborhood, (iv) use of advertising that favors certain people, and (v) discrimination in the terms and conditions of a sale. Housing discrimination based on protected personal characteristics is illegal, and you have the right to equal treatment. If something feels off, report it to your local [fair housing agency or HUD](#).

What is a housing counselor? [Housing counselors](#) are trained professionals who offer free or low-cost advice on budgeting, credit, and navigating the homebuying process. They don't work for a lender or real estate company, so their guidance is neutral and focused on your goals.

What resources are available for buyers with disabilities? There are loan programs and grants that help with home modifications, accessibility features, and financial assistance. Under the [Americans with Disabilities Act](#), you also have the legal right to request reasonable accommodations during the buying process. If you're unsure what support is available, a housing counselor or local advocacy group can help you identify the best resources for your needs.

How can I stay financially stable after buying a home? Homeownership comes with ongoing responsibilities like property taxes, insurance, and maintenance. Create a monthly budget, set aside emergency funds, and stay on top of routine maintenance to help protect your investment and reduce financial stress. Many communities also offer post-purchase counseling to support long-term success.

How are REALTORS® working to make housing more available and accessible? There is a record housing shortage, affecting both buyers and renters. NAR is [leading the national charge](#) to update tax laws to promote homeownership, build stable communities, and boost economic growth. REALTORS® also adhere to the highest ethical standards, such as providing equal treatment to all consumers.

Practices may vary based on state and local law. Consult your real estate professional and / or an attorney for details about state law where you are purchasing a home. Please visit [facts.realtor](#) for more information and resources.

CONSUMER GUIDE: UNDERSTANDING CONDO OWNERSHIP

For aspiring home buyers, a condominium can be an attractive option. Condos are typically more affordable than single-family homes and require less maintenance, and they're often situated near shops, entertainment and transportation. If you're considering a condo purchase, here's a primer that will help you evaluate your options and maximize the enjoyment of your new home.

When I own a condo, what do I own?

Condos are usually individual units within a residential building complex. Unlike a single-family home, which usually includes the lot on which the home is built, a condo typically includes the individual unit and a percentage interest of the land, building, common areas and amenities.

What do I need to know about amenities and assessments?

Most condos offer secure building access—and they may have amenities, such as fitness centers, party rooms, or walking trails. You'll pay a monthly assessment that covers maintenance of the communal property and amenities. In some properties, assessments also cover select utilities.

How are building decisions made?

Condos are governed by a condo owners association (COA), headed by a volunteer group of unit owners. In many areas, the COA is known as a homeowners association (HOA), and people sometimes use "HOA" as a shortcut to refer to both the association and the monthly assessment.

What are my responsibilities as a condo owner?

The COA makes and enforces a set of rules known as covenants, conditions and restrictions (CC&Rs), which are officially recorded and filed with the state. The COA also has a set of bylaws that cover the day-to-day governance and may have other rules and regulations that are updated seasonally or as needed. All unit owners are expected to follow these rules, which are designed to safeguard the community and protect property. They cover such things as noise, pets, parking, renovations, renting, and a lot more.

What due diligence is required when purchasing a condo?

- **Talk to your lender and insurance agent.** With condo sales, in addition to qualifying you for the loan, lenders consider other factors, such as the COA finances and the percentage of units in the building that are rented versus owner-occupied. You'll also need a condo insurance policy.
- **Request a copy of all governing documents** from the COA—including the CC&Rs, bylaws, and rules and regulations—and review them carefully so you know what's expected of you as an owner. Engage an experienced real estate attorney to review the documents and point out any red flags.
- **Find out about the COA's finances** and how much it has in reserves. The healthier the reserve fund, the less likely it is that the COA will have to issue a special assessment (an added fee levied on unit owners) to cover major repairs.
- **Ask about any past or planned special assessments.** If special assessments have been levied frequently, it might be a sign of poor management or poor building condition. If you're considering a purchase in a building where a special assessment is coming up, you may be able to negotiate with the seller to cover all or some of the cost.
- **Find out about fees and fines** for violating the COA's rules and regulations, and find out how to submit questions, issues and concerns to the COA.

After the purchase: Keep contact information for COA board members and attend the meetings to stay informed about the governance of your new community. The more you know, the better prepared you'll be to enjoy ownership of your condominium home.

Additional Resource: [Consumer Guide: Homeowners Associations](#)

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CONSUMER GUIDE: HOMEOWNERS ASSOCIATIONS

In many housing markets, homeowners associations (HOAs) and other community associations can be a part of the homebuying (and owning) experience. Here's what prospective buyers should know:

What are HOAs? HOAs are organizations in residential communities that create and enforce rules for the properties and residents within their purview. HOAs can offer residents access to shared spaces and facilities, such as pools or clubhouses, and act as governing boards to help maintain these common areas. While HOAs are often associated with master-planned neighborhoods or gated communities of single-family homes, community associations can also include some shared properties with individual units such as townhouses and condos.

What are HOA fees and special assessments? Homeowners in HOA communities are required to pay monthly fees (sometimes paid quarterly or annually). These may be used to cover the cost of landscaping, routine maintenance, neighborhood upkeep, shared amenities and common areas, and other operational expenses—including contributing to reserves to plan for and fund longer-term improvements or unplanned costs. HOAs may also collect special assessments for costs such as emergency maintenance needs or other major projects that reserves are unable to cover. As such, prospective homeowners should consider HOA costs when budgeting and [preparing for homeownership](#).

Who runs HOAs? Most HOAs are non-profits run by volunteer boards. Volunteering for the HOA in your neighborhood or building can provide better insight into how your HOA is run, allowing you to participate in important community decisions. HOAs have bylaws that guide how they function, including election rules, board member responsibilities, and meeting protocols.

What kinds of rules can HOAs enforce? In addition to bylaws, HOAs have covenants, conditions, and restrictions (CC&Rs) and rules and regulations to help maintain uniformity and protect real estate prices. These can vary significantly, but may cover things such as landscaping, noise, parking, pets, home exteriors (including decorations), property modifications, and common area policies. That said, there are limitations to HOA rule enforcement; specifically, HOAs cannot enforce rules that conflict with local, state, or federal law.

Do condo associations differ from HOAs? Condos, or condominiums, are a type of building or complex that can have HOAs or condo associations. A key difference between single-family homes in HOA communities and condos is the ownership structure. Typically, condo buyers purchase the units they live in and an ownership interest in the building's common areas; in contrast, owners of individual properties in an HOA community own their property and lot, but common areas are owned by the HOA itself. However, exact ownership structures can vary.

What are co-ops? Co-ops, or cooperative housing, are a type of shared ownership arrangement that only exists in certain states. Unlike condos, people living in a co-op own shares in the entire complex and have a proprietary lease on a specific apartment. Interested buyers must apply and be approved by the co-op board, which is made up of other residents.

What are the benefits and drawbacks of HOAs? Many prospective buyers are drawn to the amenities, enhanced security measures, and maintenance support that HOAs can offer. However, the added costs of HOA fees and special assessments can be a financial burden for some buyers, and others may be concerned about potentially restrictive regulations. Your real estate agent can help you determine if an HOA community is right for you based on your needs and preferences.

Practices may vary based on state and local law. Consult your real estate professional and/or an attorney for details about state law where you are purchasing a home. Please visit [facts.realtor](#) for more information and resources.

CONSUMER GUIDE: BUYING A HISTORIC PROPERTY

From architectural character to lasting craftsmanship, historic homes offer one-of-a-kind charm, but they also come with unique responsibilities for the owner. Here are a few of the things you should know before buying a historic property:

What qualifies as a historic property? A home is typically considered historic if it is at least 50 years old and has maintained its architectural integrity or cultural significance, although the exact definition varies depending on location. It may be listed on the [National Register of Historic Places](#) (NRHP) or be part of a locally designated historic district. These classifications may affect what types of renovations are allowed and can influence how the property is maintained or marketed.

Are there restrictions on renovating a historic home? Yes. Local preservation ordinances may limit changes to the home's exterior and, in some cases, interior architectural details. Similar to living in a [homeowners association](#), you may need approval from a historic preservation board—a local governmental body tasked with identifying and protecting historic properties in your area—for work like replacing windows, repainting the facade, installing solar panels, or adding square footage. It's important to research these requirements early, preferably before entering a contract or during the contingency period, to avoid unexpected limitations or delays.

What should I look for during an inspection? Older homes often come with age-related issues. Common concerns include outdated electrical wiring, older plumbing systems, inefficient insulation, aging foundations, and possible lead paint or asbestos. Hiring an inspector who specializes in older or historic properties may help identify necessary repairs and potential safety upgrades. These all become vital steps in [preparing for homeownership](#) of a historic property.

Can I make modern upgrades to a historic home? Yes, though upgrades should be approached carefully and may require local review. While internal features like HVAC systems, smart thermostats, or energy-efficient lighting can often be added without issue, exterior changes may need approval. Keep in mind that these upgrades can be costly, especially if historic materials or skilled labor are required. For qualified individuals, [renovation financing](#) programs may help defray these costs.

Are there financial incentives for restoring a historic home? Many cities and states offer financial incentives for preservation, such as tax credits, grants, or low-interest loan programs for restoration work. Properties listed on the NRHP may also qualify for certain federal tax benefits. Contact your [state historic preservation office](#) or local planning department for details.

What are the ongoing maintenance considerations? Historic homes may require more frequent upkeep using period-appropriate materials, such as wood siding, lime-based mortar, or slate roofing. Like renovations, repairs may take longer or be more costly due to the need for specialized contractors or materials. Maintaining detailed records of updates and repairs is often required for compliance and helpful for resale.

How does buying a historic property affect insurance? Insurers may consider historic homes to be higher risk due to their age, unique features, or specialized repair requirements. You may need to purchase a policy that covers full restoration with historically appropriate materials. Compare quotes and work with an insurance agent experienced in historic home coverage.

Practices may vary based on state and local law. Consult your real estate professional and/or an attorney for details about state law where you are purchasing a home. Please visit [facts.realtor](#) for more information and resources.

CONSUMER GUIDE: ARE YOU READY TO INVEST IN REAL ESTATE?

Owning a home is part of the American dream—a path to generational wealth—but, for some, it's just the first step in their real estate journey. If you're considering buying an investment property such as a residential rental, commercial building or land, here are questions to help determine if you're ready.

- ☐ **Do you have a secure income?** According to experts, the most important criteria in determining if you're ready to invest in real estate is income security. You need financial stability and a steady cash flow to be able to cover the mortgage (unless you're paying cash), maintenance and insurance costs, and situations where a tenant is late with the rent or there is a gap in tenancy.
- ☐ **Do you love real estate?** If you are interested in your local real estate market and love the idea of bringing out the full potential of a property, then you might be ready for real estate investing.
- ☐ **Are market conditions in your favor?** If you live in an area with a strong rental market, you see a property with minimal or manageable needed updates, and the property has the potential to appreciate in the years to come, then it might be a great time to buy.
- ☐ **Do you want to diversify your investment portfolio?** If you've maximized other investment strategies and have money that could be doing more than just sitting in a savings account, then real estate could provide an additional long-term investment vehicle that can offer tax benefits, serve as a hedge against inflation, bring in income and build wealth.
- ☐ **Are you okay with risk?** No investment is risk free. For a clear understanding of the risks involved in any investment you're considering, it's highly recommended that you consult a professional to help assess your ability to bear the risks and the potential return on investment.
- ☐ **Do you have great credit?** If you are borrowing money to pay for the investment, having a great credit score will qualify you for the best interest rates, which means lower monthly mortgage payments. That could correlate to your rental income being able to cover the monthly mortgage, any assessments and insurance costs and possibly provide a positive cash flow each month.
- ☐ **Do you have the time?** If your goal is to generate income with a rental property, buying is just the first step. Getting the property into rental shape, marketing and securing renters, and managing the property long-term require time and commitment—and there can be setbacks. Be sure you have the time and interest—and find a real estate professional who's a REALTOR® to help you identify opportunities and close the deal.
- ☐ **Do you have professionals you trust?** Consult and work with professionals who will serve your best interests. In addition to a real estate pro, connect with a mortgage broker or lender who specializes in working with investors; rehab and construction specialists who can help you with updates and repairs; an attorney who can advise on contracts, applicable laws and other legal matters; and a qualified tax accountant who's knowledgeable about your state's property and income taxes.
- ☐ **Do you have patience for the long game?** Some people like to purchase properties to fix and sell for quick profit, but that's not an easy game. Generally, buying real estate should be considered a long-term investment strategy.

Eager to take the first step? Reach out to a real estate professional experienced in investment sales. One with the [REI certification](#) is trained in working with investors. [Designations](#) such as CCIM and SIOR offer deeper expertise and experience in investment sales.

Your real estate agent will help you navigate the purchase or sale of a home. An attorney can provide guidance on the laws in the state where you're purchasing. Only real estate professionals who are members of the National Association of REALTORS® may use the term REALTOR®. Under the NAR's Code of Ethics, REALTORS® must work in their client's best interest and treat all parties fairly. Please visit [facts.realtor](https://www.factsrealtor.com) for more information and resources.

CONSUMER GUIDE: WHAT VETERANS NEED TO KNOW ABOUT BUYING A HOME

The National Association of REALTORS® is proud to support those who serve our country on their journey to achieve the American Dream of homeownership. Veterans and active servicemembers often have unique needs when looking for a home, and agents who are [REALTORS®](#) are committed to helping ensure those needs continue to be met following the real estate practice changes that went into effect on August 17, 2024. Here is what you need to know:

I'd like to take advantage of my Department of Veteran Affairs (VA) Home Loan benefit. Am I allowed to pay for a real estate agent under VA rules? Yes. On August 10, 2024, the VA enacted a temporary policy allowing buyers with VA home loans to pay for real estate professional representation. NAR advocated extensively for this outcome to give veterans greater access to professional representation in their pursuit of homeownership. NAR's efforts include meeting directly with VA officials, engaging lawmakers, and gathering support from our industry partners, as well as submitting a [letter](#) urging the department to lift the ban.

Why is the policy only temporary? Will it be made permanent? The VA will decide if a formal rulemaking is necessary to make this policy permanent. NAR is advocating for this policy to become permanent through continued engagement with lawmakers and the VA, sharing examples of how this policy change is helping consumers.

Why am I being asked to sign a written agreement? Written buyer agreements lay out the services your real estate professional will provide and what they will be paid for those services. The practice changes require written agreements for many real estate professionals nationwide. You are in the driver's seat with these agreements, which are fully negotiable. You should not sign anything that includes terms you do not agree with or do not understand. For more information on written buyer agreements, NAR has created a dedicated resource [here](#).

How does my buyer's agent get paid? This is determined in your written buyer agreement. Methods of paying a buyer's agent may include, but are not limited to, the seller or their listing broker offering to compensate the buyer's agent, the buyer requesting that the seller pay the buyer broker as part of the purchase offer, or the buyer paying their agent directly out of pocket.

What has NAR done to promote access to financing for veterans?

- NAR has been a strong supporter of the VA Home Loan Guaranty program, which has helped American veterans obtain more than 24 million home loans.
- NAR continues to advocate for the VA to offer flexible and competitive loan products. For example, some veterans are still losing out due to VA's strict appraisal requirements for properties they insure.
- NAR continues to work with the VA and Congress to ensure that the descendants of certain veterans may use an unused home loan benefit.
- NAR advocates for allowing a veteran to sell their home to a buyer who can assume their existing interest rate.

Why should veterans and active servicemembers work with an agent who is a REALTOR®? REALTORS® are obligated under NAR's Code of Ethics to work in your best interest. Additionally, many REALTORS® have obtained NAR's [Military Relocation Professional \(MRP\) certification](#) to better prepare them to work with veteran buyers. Find a REALTOR® who has earned the MRP certification [here](#).

Practices may vary based on state and local law. Consult your real estate professional and/or consult an attorney for details about state law where you are purchasing a home. Please visit [facts.realtor](#) for more information and resources.

CONSUMER GUIDE: WHAT IS THE VA HOME LOAN GUARANTY?

For those who've completed military service or are actively serving our country, the VA Home Loan Guaranty is a great path to achieving the dream of homeownership. This [U.S. Department of Veterans Affairs program](#) can make owning a home more attainable and affordable.

How does the program work?

You first need to secure financing to buy a home through a bank, credit union or mortgage company. Then the VA works with your lender to guarantee the loan, reducing the lender's risk.

How do VA loan terms differ from conventional loan terms?

- Most conventional home loans (those that conform to standards set by the federal government) require buyers to put a down payment on their purchase. The VA-backed loan requires no down payment, as long as the price is at or below the home's appraised value.
- VA loans typically offer lower interest rates.
- Unlike other low-down-payment options, VA loans have no private mortgage insurance (PMI) or mortgage insurance premium (MIP), which adds to your monthly costs.
- VA loans have a funding fee of 1.25%–3.3% of the loan.

How much can you borrow?

Since 2020, VA loans have had no federally mandated limit. However, your lender may use the same limit imposed on conventional loans. In 2025, that limit is \$806,500.

Who is eligible for a VA home loan?

- **Active-duty service members** who have served for at least 90 continuous days.
- **Veterans** who served for at least 24 continuous months or other specified requirements.
- **National Guard members** who meet the minimum active-duty service requirement.
- **Reserve members** who meet the minimum length-of-service requirement.
- **Unremarried surviving spouses of veterans**, under certain conditions.

For more specifics, visit the [VA home loan eligibility page](#).

What is a certificate of eligibility (COE) and how do I get one?

It proves to the lender that you qualify for the VA home loan benefit. Apply for the COE through your lender, [online](#), or by mailing in the [Request for Certificate of Eligibility](#) (VA Form 26-1880).

VA loans are assumable. What does that mean?

It means any buyer who qualifies with the lender can take over the payment on a VA home loan. When you sell a home with a VA loan in place, if interest rates have increased, this might be an attractive feature for a buyer. However, buyers assuming a VA loan generally will have to put down the amount of the sellers' equity position, that is, the difference between the price and the loan balance.

Why should I use a real estate agent to help me with the purchase?

Veterans and active-duty service members often have unique needs. Agents who are REALTORS®, members of the National Association of REALTORS®, are there to help you meet those needs when you buy or sell a home. They're your expert guide through one of life's most impactful financial transactions. And many REALTORS® have obtained NAR's [Military Relocation Professional \(MRP\) certification](#) to better prepare them to work with VA buyers. The VA Home Loan Program Reform Act, signed into law this year, aims to permanently end a VA rule that prevented veterans from paying their agents. The law helps ensure VA buyers can compete on equal terms in today's housing market.

Your real estate agent and attorney can help you navigate the purchase of a home and the laws in the state where you're purchasing. Remember: Agents who are REALTORS® are obligated under NAR's Code of Ethics to work in your best interest. Please visit [facts.realtor](#) for more information and resources.