

CONSUMER GUIDE: WHY AM I BEING ASKED TO SIGN A WRITTEN BUYER AGREEMENT?

If you're a homebuyer working with an agent who is a [REALTOR®](#), it means you are working with a professional ethically obligated to work in your best interest. As of August 17, 2024, you will be asked to sign a written buyer agreement after you've chosen the professional you want to work with. Here's what you should know about these agreements:

What is a "written buyer agreement?" What does it do? A written buyer agreement is an agreement between you and your real estate professional outlining the services your real estate professional will provide you, and what they will be paid for those services.

Why am I being asked to sign an agreement? Written buyer agreements became a nationwide requirement for many real estate professionals as a part of the National Association of REALTORS®' proposed settlement of litigation related to broker commissions. The requirement went into effect on August 17, 2024.

Are these agreements new? In some places, yes. Many states have required them for years, while some have not. As a result, it is entirely possible you or others you know have not used them in the recent past. Regardless, they are now a nationwide requirement for many real estate professionals.

Are these agreements negotiable? Yes! You should feel empowered to negotiate any aspect of the agreement with your real estate professional, such as the services you want to receive, the length of the agreement, and the compensation, if any. Compensation between you and your real estate professional is negotiable and not set by law. In the written agreement, the compensation must be clearly defined (e.g., \$0, X flat fee, X percent, X hourly rate)—and not open-ended or a range. Only sign an agreement that reflects what you have agreed to with your real estate professional.

How do I benefit from these agreements? These agreements clearly lay out what services you (as a homebuyer) expect your real estate professional to provide, and what your real estate professional will be paid. These agreements make things clear and reduce any potential confusion at the outset of your relationship with your real estate professional.

When do I need to sign an agreement? You will be asked to enter into a written buyer agreement with your real estate professional before "touring" a home with them, either in-person or virtually. If you are simply visiting an open house on your own or asking a real estate professional about their services, you do not need to sign a written buyer agreement.

Does this mean I have to pay my real estate professional out of pocket? Not necessarily. While you are responsible for paying your real estate professional as outlined by your agreement, you can still request, negotiate for, and receive compensation for your real estate professional from the seller or their agent.

Do agreements dictate a specific type of relationship I need to have with my real estate professional? No—you are allowed to enter into any type of business relationship with your real estate professional allowed by state law where you live.

Can I change or exit an agreement? Yes. You and your real estate professional can mutually agree to change your agreement. Agreements may have specific conditions under which they can be exited, so read the text of the agreement and speak with your real estate professional if you would like to change or exit your agreement.

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: OPEN HOUSES AND WRITTEN AGREEMENTS

As of August 17, 2024, many real estate professionals nationwide will be asking buyers to enter into a written agreement prior to touring a home. But what if you are just attending an open house? Here's what you should know:

I am attending an open house without an agent. Do I need a written buyer agreement in order to tour the home? No. If you are simply visiting an open house on your own or asking a real estate professional about their services, you do not need to sign a written buyer agreement.

Is an agent who is hosting an open house required to enter into written agreements with the potential buyers who attend the open house? No. In this case, since the agent is only there at the direction of the listing broker or seller, the agent is not required to have a written agreement with the buyers touring the home.

When will I be asked to sign an agreement with an agent? After you begin "working with" an agent and at any point before you tour your first house together.

What does "working with" an agent mean? A buyer is "working with" an agent as soon as the agent begins to provide services, such as identifying potential properties and arranging tours. Agents who are simply marketing their services or speaking to a buyer—at an open house or by providing a buyer access to a house they have listed—are not considered to be working with the buyer.

What does it mean to "tour" a home? Under the terms of the settlement, a "tour" is when a buyer who is working with an agent enters a home that is for sale or directs their agent to enter the home on their behalf. This includes when the buyer's agent provides a live, virtual tour to a buyer not physically present.

What is the purpose of written buyer agreements? Clarity and transparency. Written buyer agreements lay out the services your real estate professional will provide and what they will be paid. Buyers should not sign anything that includes terms they do not agree with or do not understand. You are in the driver's seat with these agreements, which are fully negotiable.

Where can I learn more about buyer agreements? NAR has created a dedicated resource on written buyer agreements [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: ESCROW AND EARNEST MONEY

One of the [steps between signing and closing](#) on a home is when homebuyers typically deposit money into an escrow account. An agent who is a [REALTOR®](#) can help advise you on your offer and how to keep your deposits safe. When it comes to escrow, here's what homebuyers should know:

What is escrow? Escrow is a financial agreement in which a third party, such as an attorney or another settlement or title agent, controls payments between the buyer and seller, only releasing the funds involved when all the terms of the contract are met. As the buyer, once you close on the home, the money you've placed in escrow will often be applied toward your down payment and other closing costs.

What is "earnest money?" Also known as a "good faith deposit," an earnest money deposit is paid by a homebuyer to show their interest is legitimate and they intend to close on a home. This may be a percentage of the purchase price or a set amount. To protect the funds, earnest money will be held securely in an escrow account until closing or any disputes are resolved. During this time, the buyer and seller will be unable to access the funds. Importantly, earnest money is NOT the same as a down payment, which is the money you put toward the home's purchase price.

What happens to the earnest money deposit if the transaction is canceled or interrupted? If the seller stops the sale, the funds in escrow are returned to the buyer. Additionally, if contingencies included in the purchase contract—such as a home inspection, appraisal, or financing, are unable to be resolved—then the money gets refunded to the buyer. However, if the buyer interrupts the sale for other reasons, the seller may get to keep the money. For example, if a buyer waives contingencies prematurely, fails to meet set deadlines, or gets cold feet and abandons the transaction, [among other circumstances](#), this could result in the loss of their earnest money deposit. Work with your agent and a legal professional to ensure you understand the terms of your contract to avoid putting the transaction—and your money—at risk.

Is an earnest money deposit required? There are no laws requiring an earnest money deposit to be attached to a home offer. However, it is a common practice, particularly in some competitive markets and when a buyer's down payment is less than 20% of the purchase value. Certain sellers may require or request earnest money deposits or look favorably on offers that include them.

How much earnest money should I offer? Earnest money deposits can be any amount, but typically range from 1% to 10% of the home's purchase price. The size of your deposit may depend on several factors, including the competitiveness of the market, your down payment amount, whether you include contingencies in your offer, and the seller's preferences. Fixed earnest money amounts rather than percentages of the home's sale price are also becoming more common in some regions.

Are there any risks to placing my money in an escrow account? As with any transaction, the risk for fraud exists when wiring money, but there are steps you can take to protect yourself during the home closing process involving the transfer of funds. Your agent can educate you on how to avoid falling victim to wire fraud scams. Always confirm wire instructions with your bank, lender, and any other known parties involved in-person or on the phone before initiating the transfer. Check out NAR's resource on protecting your money from scams [here](#).

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CONSUMER GUIDE: REAL ESTATE CONTRACT CONTINGENCIES

You've made an offer on a home—or you're selling your home and have received a contract offer. Regardless of which side of the transaction you're on, you need a clear understanding of any contingencies that are part of the real estate contract.

What is a contingency in a real estate contract, and how does it differ from a clause? *Clauses* in a contract describe the rights and obligations of the parties. A *contingency* is a condition that needs to be met before the purchase can be completed. Buyers and sellers must agree to and sign off on any contingencies before they are legally binding. It's a good idea to have a real estate attorney review all contract terms, including contingencies.

Common Contingencies and Clauses in Real Estate Contracts

Some contingencies and clauses are standard in a real estate contract. Others may be included depending on your priorities and needs:

- **Financing.** Gives buyers a specified time period to secure a mortgage.
- **Appraisal.** Enables buyers or their mortgage lender to have a professional appraisal done to ensure that the home's value is equal to or above the purchase price. Lenders typically will not issue a mortgage for a home that is sold for higher than its appraised value.
- **Inspection.** Gives buyers time to have a professional [inspection](#) so that they understand the condition of the home and can possibly negotiate for repairs before closing. (In some areas, additional inspections, such as a termite inspection or pool inspection, may be common.)
- **Home Sale.** Grants buyers time to sell their current home before closing on the new home.
- **Home Close.** Grants buyers who have a contract offer on their current home time to close on that sale before they purchase the new home.
- **Title.** Allows buyers to obtain a title search to verify that the sellers have clear ownership and there are no liens or legal issues. Lenders typically require a title search; in all-cash sales, buyers should order the search.
- **Homeowners Insurance.** Requires buyers to obtain a [homeowners insurance](#) policy for the home before closing. This can be requested by the seller or the mortgage company.
- **Homeowners Association (HOA).** Provides buyers a period of time to review [HOA](#) documents, if applicable, including the financials, before going through with the purchase.
- **Early Move-in.** Allows buyers to move into the property before closing if the sellers agree. Terms should be specific and carefully negotiated.
- **Property Condition Disclosure.** In most states, sellers are required to provide a [disclosure](#) form that lists material facts they know about the property. State law varies, but sellers generally must disclose known physical defects and property hazards. Federal law requires that sellers disclose any known lead-based paint hazard for properties built before 1978.
- **Continue-to-Show.** If sellers accept a home-sale contingency or a home-close contingency from a buyer, they can ask to continue to show their home to other prospective buyers.
- **Kick-Out Clause.** When sellers accept an offer with a home-sale or home-close contingency, they may continue to show the property. If another acceptable offer without any contingencies comes in, the first buyers typically have the "first right of refusal." That means, if they show they can perform on the contract without the home-sale or home-close contingency, their contract remains in place.
- **Rent-Back Clause.** Sellers may request to remain in the home after the closing for a period of time, based on their moving needs, if the buyers agree. Specific terms for rental compensation and a final move-out date should be carefully negotiated between the parties.

What happens when a contingency isn't met? Contingencies need to be clearly articulated and include timelines. If one or more contingencies aren't met within the time specified in the contract, the buyers or sellers can cancel the contract without penalty if the parties are acting in good faith. Understanding and including the applicable contingencies in a purchase contract will protect your interests when you buy or sell a home.

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 [factsrealtor](https://www.factsrealtor.com) for more information and resources.

CONSUMER GUIDE: HOME INSPECTIONS

[Between signing and close](#), a homebuyer may choose to have a new home inspected to make sure it is in good condition and safe for a new owner. Here's what buyers and sellers should know:

What is a home inspection? A home inspection is an assessment of a home's condition in which an inspector identifies potential problems in a home's structure, exterior, roof, plumbing, electrical systems, heating and air conditioning, interiors, ventilation/insulation, and fireplaces. An inspection may also include tests for [problems that can affect human health](#) like [mold](#), [radon gas](#), [lead paint](#), and [asbestos](#).

Are home inspections required? No, but a buyer can choose to include an inspection as a contingency—a condition that must be met for the transaction to continue—in their purchase agreement. This is because inspections can help inform buyers and flag costly problems they may not notice until after move-in. However, some buyers may choose to waive home inspections as a tool to make their offers stand out in competitive markets. There are also options somewhere in between, such as only asking for a seller to make repairs for major issues found during an inspection.

Who performs the home inspection? Members of the American Society of Home Inspectors (ASHI) or the International Association of Certified Home Inspectors (InterNACHI) are trained and certified to perform the inspection. The cost will vary depending on a property's size and how many additional tests are needed. An agent who is a [REALTOR®](#) can help you [find a trustworthy inspector](#) and determine the types of inspections to consider.

Who is responsible for inspection costs? Buyers are typically responsible for inspection costs. In some cases, sellers may choose to have an inspection before putting their home on the market to get more information about the condition upfront, giving them more control over repairs and preparing them for discussions with buyers. Sellers may offer to cover the cost of home repairs as a [concession](#) when marketing their property, or buyers could request the seller pay for inspections as part of the purchase agreement.

Can a buyer attend an inspection? Yes, it can be very beneficial for a buyer to join the inspector as they do their work. Inspectors can show buyers where plumbing or electrical details are located and help them understand the scope of any potential or identified problem.

How long does the home inspection take? The length of a home inspection will depend on factors like a home's size and condition, but will typically last at least two to three hours.

What are some of the common issues found during home inspections? Inspection reports educate buyers on the current conditions of systems and structures in a home, including recommendations on how to maintain a home and updates for future consideration. Inspectors may flag items that should be monitored or issues that have the potential to cause larger problems after move-in. These issues vary widely, but some common problems inspectors look for are structural or foundation problems, improper drainage that could damage the structure over time, faulty wiring that could disqualify a home from being insured, HVAC system issues, and safety issues such as tripping hazards or too few smoke alarms or carbon monoxide detectors.

What does it mean if a home is listed "as-is"? A home being sold "as-is" or "in its present condition" means that the seller is not making any guarantees about the home's condition and has decided they will not make repairs even if the buyer decides to get an inspection. Buying a home as-is comes with some risk, so talk to your agent about options that work best for you. Sellers should also talk to their agents about the pros and cons of listing their property as-is.

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: THE APPRAISAL PROCESS

If you are financing your home purchase, you will likely be required to get a home appraisal as one of the [steps between signing and close](#). Here's what you should know:

What is an appraisal? An appraisal is an opinion on a home's market value that helps a lender ensure the purchase price is in line with the property value. The process is led by a licensed or certified residential appraiser—an independent third party engaged by the lender to provide a professional judgment on the home's value. Appraisers do not represent the buyer or seller; their sole duty is to come up with a fair and accurate valuation of the property. While all appraisers follow a set of standards, [appraisers who are REALTORS®](#) have the added commitment to uphold the REALTOR® Code of Ethics.

Do I have to get an appraisal? If you are taking out a [mortgage](#) on your new home, your lender will usually require you to get an appraisal to help establish the “loan-to-value (“LTV”) ratio,” or the percentage of the home's price that you'll borrow. Higher LTV ratios are riskier investments for the lender, so generally they look for LTV ratios of 80% or less. If you are paying in cash, an appraisal isn't required, but it can still be useful to get a third-party opinion to make sure you aren't overpaying. In certain instances, the requirement for an appraisal may even be waived by either the lender or the buyer to make their offer more attractive to a seller.

What does an appraiser look at? Different appraisers may take different approaches. By referencing databases such as [Multiple Listing Services](#)—online platforms that compile home listings in a given market—appraisers can use recently sold properties that have similar characteristics, called “comparables,” to help come up with a reasonable value for your home. They will also look at the home's condition, recent renovations or improvements, amenities, location, size, and other characteristics. Whatever method an appraiser uses, it must be independent, un-biased, and backed up by evidence.

Do appraisals take place in person? An appraisal may include an in-person visit, but it is not always required. In some instances, hybrid and desktop appraisals are used where appraisers collect data remotely and speak with reliable third-party sources familiar with the property and surrounding area, such as current or former agents of the comparables being considered.

Is my agent allowed to communicate with the appraiser? Yes. Your agents and others involved in the transaction are allowed to communicate with the appraiser and provide property information. It is not only unethical, but it is also unlawful for agents to intimidate, persuade, or bribe an appraiser to influence the valuation, and an appraiser may not disclose confidential information at any time.

What happens if the appraised value is different from the purchase price? A mismatch between a home's appraised value and the purchase price can impact how much your lender allows you to borrow for your mortgage. You can negotiate to include an appraisal contingency—a condition that the value and purchase price must align in order for the transaction to continue—in your purchase agreement, but an appraisal contingency is not required.

Will I receive a copy of the appraisal? Yes. The Federal Equal Credit Opportunity Act requires lenders to automatically send you a free copy of home appraisals and all other written valuations on the property after they are completed. However, if you are granted an appraisal waiver by your lender, your lender is not required to send you a copy of the valuation report.

Can I request that an appraiser correct or update the appraisal? If you believe the appraiser did not consider important information about the property or available comparables, you can request a reconsideration of value (“ROV”) to ask that the appraiser reevaluate their analysis. Your lender will provide instructions on how to initiate an ROV, and your agent can help you gather the appropriate information to complete the request. If you believe an appraiser has reached an inaccurate or biased decision, you can also file a report with your state and federal regulatory agencies using the Appraisal Subcommittee's [Appraisal Complaint National Hotline](#), or a local nonprofit fair housing organization ([find by ZIP code here](#)). Find support and other resources [here](#).

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CONSUMER GUIDE: DEEDS AND TITLES

Closing day is an exciting milestone for buyers and sellers alike. To complete the process of a home sale, a property's ownership rights are formally transferred from the seller to the buyer. Here's what you should know about deeds and titles:

What is a deed? A deed is a legal document that formally transfers ownership of a property from the seller to the buyer. While contract requirements vary by state, all deeds must include the names of both parties and the seller's signature at a minimum. Many also require the buyer's signature and a description of the property. Deeds are typically filed with the government as part of the public record.

What is a title? While a deed is a physical document, a title is an abstract concept of ownership rights to a property, which is transferred to the new owner through the deed. The transfer of a property title triggers a one-time transfer tax separate from annual [property taxes](#), which can be paid by either the buyer or seller depending on local laws.

Are there different types of deeds? Yes. The ownership rights of a property can vary depending on the type of deed, and an agent who is a [REALTOR®](#) can help you find information on what rights are granted by your deed. However, most home sales use general-warranty deeds, which provide the highest level of protection for buyers. This type of deed guarantees the buyer full legal ownership and right to sell the property.

What is a title search? Title searches—an important [step between signing and closing](#) on a home—identify clouds on a title, such as liens, which are legal claims on a person's property by their creditor to recover an unpaid debt or obligation. Liens can cause significant complications for property sales, and lenders may not be willing to finance homes with outstanding liens. Some sellers may offer to cover the costs of a title search as a [concession](#) to help attract buyers or close a deal. If you are [financing your home](#) with a mortgage, your lender will typically require a title search to verify the seller owns the home.

What is title insurance? While [homeowners insurance](#) covers unexpected losses or damages at your home or property, title insurance protects your actual ownership right to your home. This can include protection against fraudulent claims against your ownership, as well as mistakes made in earlier sales, like name misspellings or inaccurate property descriptions.

Is title insurance required? If you are [financing your home](#) with a mortgage, your lender will require title insurance because it protects them from defects in the title and ensures the validity and enforceability of the mortgage document. However, in addition to the policy your lender requires to protect their investment—which is equal to the amount of your mortgage at its inception—you may choose to purchase an owner's policy that provides coverage up to the purchase price of the home.

Will I have a deed and title if I buy a home in an HOA community or condo? Owners of individual properties in a [homeowners association](#) (HOA) community hold the deed and title to their property and lot, just as they would for a home without an HOA. However, because HOAs enforce rules and regulations for residents and their properties, there may be deed restrictions regarding property use (such as for modifications) dictated by an HOA's covenants. Similarly, condo owners typically hold the deed to the units they live in but also have an ownership interest in the building's common areas.

How do ownership rights work for co-ops? Unlike condos or homes in HOA communities, individuals living in a co-op own shares in the entire complex and have a proprietary lease on a specific apartment, rather than a traditional deed.

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: PROPERTY TAXES

Wherever you buy a home in the United States, property taxes are a reality of homeownership. An agent who is a [REALTOR®](#) can help connect you with a tax expert in your area, but here are the basics:

What are property taxes? Property taxes are charges on your land and property, based on the value of your property, levied by your local government. The revenue generated is often used to fund community needs such as schools, police and fire departments, and road maintenance. Some states also tax personal property, such as cars and boats.

Can I know the property tax on a home before I purchase it? Real estate listings, usually from your local [multiple listing service](#), typically include information on a property's annual taxes. You can also ask the seller directly about their latest tax bill and when the property was last reassessed. Depending on the location, the assessed value—which is different from and generally less than the market value—of the property may increase based on the amount you pay for it.

How are property taxes calculated? Tax rates vary widely depending on where you live. The most common method for calculating property taxes is by multiplying the assessed value your local government assigns to your property, minus any tax reductions, by the local tax rate. The assessed value is usually calculated as a percentage of the property's market value. It reflects the overall quality and condition of the property, comparable homes in the area, and market conditions, among other factors.

The other component of the equation is the tax rate, often called the millage ("mill") rate, equaling the property tax you owe for every \$1,000 of your property's value. For example, if the mill rate is \$0.005, your home's assessed value is \$200,000, and you are ineligible for tax reductions, the following calculation would apply: (\$200,000 in assessed value - \$0 in tax reductions) x \$0.005 mill rate = \$1,000 property tax.

Are there property tax exemptions? Certain homeowners may qualify for tax exemption programs which can lower, or even eliminate, their property tax bill. Senior citizens, veterans, disabled persons, and surviving spouses are some of the homeowner groups that may be eligible. Additionally, most states offer a [homestead tax exemption](#) for individuals' primary residences. Programs and eligibility criteria vary by state, so consult a tax expert to determine which programs may apply.

How do I pay my property taxes? The most common method for paying property taxes is through an [escrow account](#), where a portion of your monthly mortgage payment is held and automatically paid towards your tax bill when it is due. You may choose to pay your taxes on your own, although in some cases your lender may require you to use an escrow account to ensure payments are made on time.

How often are properties reassessed? Properties are generally reassessed annually to ensure any new community upgrades, such as the construction of a new school, and/or house upgrades, such as finishing a basement, are factored into the assessed value of your residence.

Can I challenge my property tax rate? If you feel your property taxes are unfair—meaning you believe your house is not actually worth as much as it was assessed for—you can appeal the assessment and request a second evaluation of the property. There is typically a short window of time for submitting an appeal, so be sure to closely follow your local municipality's instructions and timeline.

What are transfer taxes? Separate from your annual property tax, transfer taxes are a one-time fee charged when the title of a property changes hands between the seller and buyer. Transfer taxes are an important consideration and can affect the overall cost of buying or selling property. The rates vary by location, and either the buyer or seller can pay the tax, depending on local laws, so be sure to work with your agent and legal counsel in negotiating the terms in your purchase agreement.

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: FINANCING A RENOVATION WHEN YOU BUY

You've found a house that has great bones, but it needs work. Don't let the thought of renovation costs scare you away. There are mortgage options that let you fold in the cost of renovations or repairs. Renovation financing can help you compete in low-inventory markets, customize a home to your needs and build equity faster. Your real estate professional can help you identify the right loan options and connect you with experienced lenders.

What are the options for rolling a renovation into a home-purchase mortgage?

There are several government-backed mortgage programs that may be offered by your lender:

- **Federal Housing Administration (FHA) 203(k) loan**—The 203(k) loan allows buyers to make major renovations and structural additions provided that the total value of the property still falls within the FHA mortgage limit for the area. The minimum repair cost must be \$5,000, you must use an FHA-approved 203(k) consultant, and projects must be completed within 12 months. A **limited 203(k)** version allows buyers to finance up to \$75,000 into their mortgage to cover minor/non-structural repairs and improvements. Projects must be completed within nine months.
- **Fannie Mae HomeStyle Renovation or Freddie Mac CHOICE Renovation** — Through these [conventional loan](#) products, buyers can borrow up to 75% of the purchase price plus renovation costs or the "as-completed" appraised value, whichever is lower.
- **VA Renovation Loan** — Available to veterans, active-duty military or surviving spouses, this option is for primary residences only to make renovations that improve accessibility or safety, such as a new HVAC system or mold remediation, and not for cosmetic upgrades.
- **USDA Renovation Loan** — Available to eligible buyers in qualifying rural areas, this option combines the purchase price and renovation costs into a single mortgage with no down payment, financing up to 100% of the "as-improved" appraised value. Buyers can choose a limited version for non-structural repairs up to \$35,000, or a standard version for structural changes and larger-scale improvements.

What types of properties qualify for these loans? Generally, these programs can be used to purchase single-family homes; two- to four-family units; townhomes; eligible condominium units (improvements are limited to the unit's interior for the 203k); manufactured homes titled as real estate; [HUD Homes](#) (real-estate-owned properties); or mixed-use properties that are at least 51% residential. For more information, check out the FHA's [Program Comparison Fact Sheet](#) or Fannie Mae's [Homestyle](#) site.

What renovations are eligible for the FHA Standard 203(k) Mortgage loan?

- Convert one-family unit to 1- to 4-family units
- Convert multiunit structure to 1- to 4-family homes
- Make structural changes or repair structural damage
- Repair, reconstruct or elevate existing foundation
- Buy an existing structure and move to another site

What types of renovations are eligible for the FHA Limited 203(k) mortgage loan?

This isn't a comprehensive list, but you can use the limited 203(k) to:

- Repair or replace plumbing, HVAC, electrical systems, wells and/or septic systems
- Finish attics and basements
- Remodel kitchens and bathrooms
- Renovate or construct a garage
- Repair or install new roofing, siding, gutters or downspouts
- Create accessibility for persons with disabilities

Why not just get a home-improvement loan after the purchase? Home-improvement loans and home equity lines of credit often carry higher interest rates and shorter repayment timeframes. The government-backed financing options allow you to secure a single loan that is long-term, with a fixed or adjustable rate, to cover both the purchase and renovation of the home.

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 [facts.realtor](#) for more information and resources.