First-Time Buyer Resources & NAR Engagement in Advancing Homeownership

Policies

- **Advocating for downpayment assistance programs for first-time and first-generation borrowers —** Downpayment assistance can help those who are ready for homeownership and can afford a mortgage but may lack the means for a large downpayment up front, especially in high-cost areas.
- **Advocating for tax incentives to assist and encourage prospective buyers to save needed funds for a down payment and closing costs on a first home, including:**
  - First-time homebuyer savings vehicles that allow tax deductible deposits by the prospective buyer as well as by extended family members, friends, employers, and others, and also tax-free withdrawals from such accounts to acquire a first home.
  - The tax-free and penalty-free withdrawal from retirement plans such as IRAs and 401(k) plans if funds are used to acquire a first home.
  - The tax-free and penalty-free withdrawal of funds from other tax-favored programs (such as 529 Education Savings Plans) if funds are used to acquire a first home.
- **Promoting shared equity lending programs —** In a shared equity program, a first-time buyer can receive a loan (such as from a local housing authority, a non-profit, federal government or for-profit) for downpayment assistance. In turn, the borrower agrees to pay back the initial loan and a portion of the appreciation of the home upon sale. Ideal programs include proper consumer education, consumer protections, and a limit on what percentage the third-party providing the downpayment assistance may take from the appreciation.
- **Advocating for the lowering of low-loan price adjustments (LLPAs) at the Federal Housing Finance Agency (FHFA) —** LLPAs are fees charged to buyers, based on their credit and risk profile) using a conventional mortgage through Fannie Mae and Freddie Mac. LLPAs could be lowered by the GSEs for borrowers who are home ready but are being stung by the high-interest rate environment.
- **Advocating for credit scoring reform —** Many first-time buyers have problems qualifying for a loan due to a lack of a credit score or from a thin file score, which can lead to higher costs. Credit scoring reform, including the acceptance of new credit scoring models and the inclusion of more data points for analysis (such as rental payment history, utility payments, telecom payments, etc.) will bring more mortgage ready first-time buyers to the table.

Policies (cont.)

- **Promoting the Use of Assumable Mortgages —** Many first-time owners are stuck with low 3% rate mortgages and entry-level homes. FHA and VA mortgages can be assumed by new buyers, which provides a window for first-time buyers to finance their purchase with a 3% mortgage. However, artificial caps on lenders' fees prevent greater usage of assumable mortgages. Ending these caps on lenders' fees can unlock an affordable mortgage product and stock that already exists in the market.
- **Raising lenders' fees isn't enough, though —** FHA and VA borrowers who put down 3% or less and assume the existing mortgage will likely have to come up with the remaining difference to their home price. Depository banks typically provide piggyback loans for first-time homebuyers with high credit scores and large reserves, not your typical FHA borrower. Lenders, private mortgage insurers and reinsurers, and potentially the GSEs, could play a key role by developing new sources to fund this borrowing gap. This gap financing would lower borrower costs, unlock ownership for many credit worthy borrowers, and inject private capital into a broader segment of the first-time homebuyer segment.
- **Advocating for improvements to FHA, USDA, and VA Loan programs —** These government-backed mortgage programs are critical pathways to homeownership for first-time buyers, offering lower down payments and flexible qualification standards. FHA and USDA loans help hundreds of thousands of first-time buyers each year, while VA loans provide a vital earned benefit for service members and veterans. NAR successfully advocated for key changes to these programs, including policy updates that ensure veterans using VA loans have access to professional real estate representation and equal footing with other buyers in competitive housing markets. NAR continues to support policies that:
  - **Eliminate FHA's lifetime annual mortgage insurance premium requirement for loans** once LTV falls below 80%. First-time buyers who use FHA loans with less than 10% down are required to pay mortgage insurance for the entire loan term, increasing their long-term homeownership costs.
  - **Streamline and modernize FHA condo approval processes** to expand access to condominiums for first-time buyers. Current condo certification requirements are overly burdensome and result in many otherwise suitable properties being ineligible for FHA financing, limiting housing options particularly in urban markets where condos represent a significant portion of affordable inventory.
  - **Maintain competitive FHA, VA, and USDA loan limits** that reflect local housing market conditions, ensuring these programs remain accessible in higher-cost areas.
  - **Reform or remove outdated requirements in government-backed loan programs** that add costs or limit housing options for first-time buyers, while maintaining appropriate consumer protections and program integrity.
  - **Improve awareness and education about VA loan benefits** among eligible service members and veterans, many of whom are first-time buyers unaware of their eligibility or the advantages these loans offer.
- **Advocating for federal policies that incentivize state and local governments to reform their zoning, permitting, and other laws that can delay/discourage development of new housing —** Zoning and permitting processes can substantially delay new development, which adds to the overall costs of projects and might ultimately discourage any development at all. The federal government has the power to create/support grant programs that can provide funding to states that take steps to reduce the burdens/barriers the regulations present to developing new housing. Further, they can develop resources and information for states to use to model their regulations after and support safe and efficient housing development.

Policies (cont.)

- **Advocating for strong fair housing and fair lending enforcement —** According to NAR research, Black and Hispanic buyers are twice as likely to be first-time buyers. Hispanics are the fastest-growing segment of new homebuyers. Black and Hispanic buyers face discrimination in mortgage markets that shut them out of credit opportunities, while discrimination in the real estate market can foreclose opportunities or derail transactions. Strong fair housing and fair lending enforcement helps to protect the housing rights of the more diverse buyers of the future.
- **Support voluntary homeownership education and counseling programs —** Housing counseling provides first-time buyers with essential tools and information to make affordable and sustainable housing choices while better preparing them for the complexities of homeownership. Studies show that buyers who participate in counseling programs are less likely to experience mortgage delinquencies and foreclosures. NAR supports preserving HUD's housing counseling infrastructure and the nationwide network of HUD-approved counseling agencies that deliver independent, expert advice to consumers, as well as incentive-based approaches, such as reduced mortgage insurance premiums for borrowers who complete counseling, that make homeownership more accessible without creating mandatory barriers or unaffordable costs for first-time buyers.

Legislation

- **More Homes on the Market Act —** Aims to increase housing supply by incentivizing current homeowners to sell their primary residence by doubling the capital gains exclusion to $500,000 for individuals or $1,000,000 for couples filing taxes jointly.
- **ROAD to Housing Act —** Comprehensive legislation that expands homeownership opportunities for first-time buyers by removing barriers to smaller mortgages, improving the appraisal process, and updating financing options for affordable housing types like manufactured and modular homes, while also helping communities overcome zoning and regulatory barriers that constrain housing supply.
- **Downpayment Toward Equity Act —** Provides $100 billion in direct assistance to help first-time, first-generation homebuyers purchase their home. Assistance can be used for down payments, closing costs, and mortgage interest rate buydowns.
- **Neighborhood Homes Investment Act —** Creates a federal tax credit to build new or revitalize existing homes in distressed neighborhoods and thus create more affordable housing.
- **Affordable Housing Credit Improvement Act —** Expands and reforms the Low-Income Housing Tax Credit (LIHTC) by increasing the allocation of credits, providing incentives for building units for extremely low-income households and in underserved communities, and adjusting program rules to finance and preserve more affordable homes for first-time buyers.
- **Housing Supply Framework Act —** Provides states and local governments with guidance and resources to reform zoning and land-use regulations in hopes of streamlining processes, removing barriers, and encouraging the construction of more homes, especially affordable homes for first-time buyers.

Legislation (cont.)

- **Revitalizing Downtowns and Main Streets Act —** Provides a tax credit to convert unused or underutilized commercial buildings into homes.
- **Bipartisan American Homeownership Opportunity Act of 2025 —** The legislation is designed to expand homeownership through tax credits for first-time buyers and one for homebuilders who are constructing starter homes.
- **Uplifting First-Time Homebuyers Act —** This is bipartisan legislation aimed at assisting first-time homebuyers access more of their retirement savings to fund a home purchase.
- **Revitalizing America's Housing Act —** This is bipartisan legislation designed to incentivize new construction, reduce regulatory barriers to increase supply, to improve housing sustainability, housing and safety, and to invest in financial literacy and housing counseling.

Programs

- **Housing Opportunity Grant Program —** Empowers state and local REALTOR® associations in advancing solutions that make homeownership more accessible and sustainable. Associations can partner with key stakeholders, community organizations, and housing counselors to provide education, connect buyers to down payment assistance, and advocate for policies that expand affordable housing options.
- **Smart Growth Grant Program —** Supports state and local REALTOR® associations in advancing policies that promote mixed-use, walkable communities. These efforts create more diverse housing options near jobs, schools, and amenities, making homeownership more attainable, affordable, and connected for first-time buyers.
- **Fair Housing Grant Program —** Supports state and local REALTOR® associations in advancing policies and initiatives that promote equal access to housing. These efforts break down barriers, increase awareness, and foster more inclusive communities where every qualified buyer has the opportunity to own a home.
- **The Transforming Neighborhoods Program Revitalizes communities and expands housing opportunities in areas struggling with affordability, disinvestment, or disaster recovery —** Through expert analysis and strategic recommendations from The Counselors of Real Estate® Consulting Corps, the program works with local REALTOR® associations to turn underused properties and declining neighborhoods into vibrant, livable spaces ultimately increasing the supply of affordable homes and creating stronger, more attractive communities for new buyers to call home.
- **Black Homeownership's 3by30 Initiative —** NAR is a proud partner.
- **The Convergence Collaborative —** NAR is a proud partner.

Education & Additional Resources

- **NAR Pathways to Homeownership Resource**
- **Accredited Buyer Representative (ABR) Education**
- **Planning & Zoning Resource: Advocating for your Community's Future Class**
- **NAR Snapshot of Race and Home Buying in America Report**
- **What NAR is Doing to Increase Homeownership Opportunities**
- **Housing Supply Accelerator Playbook**
- **NAR Commissioned Study on Consequences of High Transfer Taxes**
- **Fairhaven**
- **Bias Override**
- **Consumer Guide: Buying Your First Home** — plain-language FAQs on finding an agent, written buyer agreements, financing help, and more
- **Consumer Guide: Assistance Programs** — overview of down-payment/closing-cost, repair, and other assistance programs often tailored to first-time buyers
- **Consumer Guide: Preparing for Homeownership** — Whether you are a first-time buyer or planning your next move, you should consider many factors as you prepare for the home purchase process. Here's what prospective buyers should know
- **"First-Time Buyer" streaming series** — NAR's docuseries that follows real buyers through the process (Season 5 launched Jan 30, 2025)
- **Reference (Field Guide): First-Time Homebuyers** — curated links to articles, stats, and ebooks.
- *First-Time Buyer Course for REALTORS (Coming Soon)*

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