

# CONSUMER GUIDES



# TABLE OF CONTENTS

WHY AM I BEING ASKED TO SIGN A WRITTEN BUYER AGREEMENT?.....	4
OPEN HOUSES AND WRITTEN AGREEMENTS.....	5
REALTORS'® DUTY TO PUT CLIENT INTERESTS ABOVE THEIR OWN.....	6
WHAT VETERANS NEED TO KNOW ABOUT BUYING A HOME.....	7
OFFERS OF COMPENSATION.....	8
NEGOTIATING WRITTEN BUYER AGREEMENTS.....	9
SELLER CONCESSIONS.....	10
MULTIPLE LISTING SERVICES (MLSs).....	11
FAIR HOUSING.....	12
LISTING AGREEMENTS.....	13
TEN QUESTIONS TO ASK A BUYER'S AGENT.....	14
TEN QUESTIONS TO ASK A SELLER'S AGENT.....	15
BUYING YOUR FIRST HOME.....	16
MORTGAGES AND FINANCING.....	17
STEPS BETWEEN SIGNING AND CLOSING ON A HOME.....	18
AGENCY AND NON-AGENCY RELATIONSHIPS.....	19
THE APPRAISAL PROCESS.....	20
HOME INSPECTIONS.....	21
HOMEOWNERS INSURANCE.....	22
FLOOD INSURANCE.....	23
FIRE DAMAGE AND POLICY COVERAGE.....	24
PREPARING TO SELL YOUR HOME.....	25

# TABLE OF CONTENTS

WHAT GOES INTO PRICING YOUR HOME.....	26
ESCROW AND EARNEST MONEY.....	27
PREPARING FOR HOMEOWNERSHIP.....	28
PROPERTY TAXES.....	29
SELLER DISCLOSURES.....	30
MARKETING YOUR HOME.....	31
HOMEOWNERS ASSOCIATIONS.....	32
NAVIGATING MULTIPLE OFFERS.....	33
ALTERNATIVE LISTING OPTIONS.....	34
DEEDS AND TITLES.....	35
BUYING LAND AND BUILDING A NEW HOME.....	36
PROTECTING YOURSELF FROM TITLE FRAUD.....	37
OVERCOMING BARRIERS TO HOMEOWNERSHIP.....	38
MORTGAGE INTEREST TAX DEDUCTION.....	49

## 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: REALTORS® DUTY TO PUT CLIENT INTERESTS ABOVE THEIR OWN

A [REALTOR®](#) is a special kind of real estate agent: one who follows NAR's strict Code of Ethics, including the first and primary pledge to protect and promote the interests of their clients. This obligation means that a REALTOR® cannot make decisions or provide representation in a way that puts their own interests or commissions ahead of their clients' interests.

**What does it mean for a REALTOR® to act in a BUYER's best interest?** A REALTOR® has an ethical duty to tell a buyer about every home available for sale that meets their criteria. That means that REALTORS® will let you know about all available homes, regardless of whether the seller or listing broker is offering compensation to your buyer's agent—even if compensation offered by a seller or listing broker is less than what you agreed to pay your agent in your written buyer agreement.

**What does it mean for a REALTOR® to act in a SELLER's best interest?** A REALTOR® should explain to their seller the benefits and costs of the various types of marketing that can be done for a listing, and how potential buyers might respond to such marketing. A REALTOR® is ethically prohibited from telling a seller that their home will be hidden from buyers unless the seller pays a particular type or amount of compensation.

**What is wrongful "steering"?** The REALTOR® Code of Ethics prohibits "steering" buyers toward homes because the REALTOR® will be paid more, or away from homes because the REALTOR® will be paid less. Similarly, the REALTOR® Code of Ethics prohibits a REALTOR® from telling a seller that buyers will be "steered" toward homes because the REALTOR® will be paid more, or away from homes because the REALTOR® will be paid less.

**How do written agreements protect me from steering?** As of August 17, 2024, you will be asked to sign a written buyer agreement before touring a home with the professional you want to work with. NAR's ethical rules have long encouraged REALTORS® to enter into written agreements with their clients because these agreements promote clarity and transparency. They also help protect you from wrongful "steering" by specifying the amount of compensation the REALTOR® will receive and the services they will provide. Since a broker working with a buyer receives the amount the buyer has agreed to, the amount of any offer of compensation is irrelevant to the buyer-broker's compensation.

**Where can I learn more about buyer agreements?** NAR has created a dedicated resource on written buyer agreements [here](#).

**What can I do if I think a REALTOR® is violating NAR's Code of Ethics?** If a REALTOR® acts in a way that places their interests before yours, this is a violation of NAR's Code of Ethics and should be reported to your [state or local REALTOR® Association](#) for investigation and potential disciplinary action.

***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 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: OFFERS OF COMPENSATION

As a home seller, you have a wide range of choices when deciding how to market your property. This includes whether you'd like to offer—or authorize your agent to offer—compensation to a buyer's agent as a way to attract potential buyers. Here's what you need to know as you consider your options related to offering compensation:

**What is an offer of compensation and why make one?** An offer of compensation is when you—the seller—or your agent compensate another agent for bringing a buyer to successfully close the transaction. Offers of compensation help reduce out-of-pocket costs for prospective buyers, which in turn may bring more potential buyers for the transaction. These costs can be especially significant for first-time buyers, lower- to middle-income buyers, or those from underserved communities.

**Are offers of compensation mandatory?** No. It is up to you to determine if making an offer of compensation is the best approach for selling your property. Agents who are [REALTORS®](#) are here to help answer your questions and guide you to make a decision that works for you.

**As a seller, does my agent need my permission to offer compensation to a buyer's agent?** Yes. Your agent can only offer compensation or make a payment to a buyer's agent if they have your written approval and signoff on the amount.

**What types of compensation can I offer?** There are many options available to you as a seller to discuss with your agent. These could include a flat fee paid directly to the buyer's agent or allowing your agent to share a part of their compensation with the buyer's agent. Beyond compensation, you could also consider offering a buyer certain concessions, such as covering closing costs, to make the total home purchase more affordable for them.

**How will a buyer's agent know if there is an offer of compensation?** Offers of compensation can be advertised in many ways. If you approve an offer of compensation, it can be shared through common marketing methods such as flyers, signs, brokerage websites, social media posts, or simply through a phone call or email. Offers of compensation cannot be listed on Multiple Listing Services (MLSs), online platforms that compile home listings from many different sources.

**Do I have to advertise an offer of compensation if I decide to make one?** No, it's up to you to decide. Advertising can help get the word out to bring more buyers to the table, but you can also choose not to advertise and instead negotiate the offer in a purchase agreement.

**You mention concessions—what does that mean?** A seller concession is different than an offer of compensation. It is when a seller covers certain costs associated with purchasing a home for the buyer. Concessions can make home ownership more accessible for buyers by reducing upfront expenses. These can cover things like some transaction costs or property repairs.

**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 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: NEGOTIATING WRITTEN BUYER AGREEMENTS

You've decided it's time to buy a home and want to work with an agent to guide you through the process. The next step is to interview agents and negotiate a written agreement that includes the services the agent will provide and the compensation they will receive. Here's what you need to know about negotiating an agreement with an agent who is a [REALTOR®](#):

**When will I be able to negotiate?** Written buyer agreements are required for many real estate professionals before you tour a home with them, either in-person or a live virtual tour. These agreements help ensure both you and your agent are clear about roles, responsibilities, and agent compensation. 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. Learn more about written buyer agreements [here](#), and learn more about open houses and tours [here](#).

**What can I negotiate?** Agreements with your agent are negotiable, including terms about the services your agent will provide, how much your agent will be paid, how long your agreement will last, and more. You and your agent will work together to reach an acceptable agreement that allows you to get the value and services you need in the homebuying process, while also enabling your agent to pursue fair compensation for their work. Remember: compensation is fully negotiable and not set by law. You should consult an attorney if you have any questions or concerns regarding an agreement.

**How is my agent compensated?** Agent compensation can take many forms, such as a flat fee, a percentage of the purchase price, or an hourly fee. Agents cannot agree to an open-ended amount or range of compensation such as "the agent's compensation will be whatever amount the seller is offering" or "between X and Y percent." You can also ask the seller to offer compensation to your agent, which can be sought in the purchase agreement. More info can be found in our offers of compensation guide [here](#).

**What types of services can my agent provide?** Agents may offer many types of services such as finding and showing you homes that meet your criteria, accompanying you to showings, sharing their analysis of available properties, negotiating on your behalf, and more. For more, read about the [179 Ways Agents Who Are REALTORS® Are Worth Every Penny](#).

**How do I start the conversation?** You may want to talk to a few agents to find the best match to help you on your homebuying journey. Start by asking questions about the options available to you. If you are working with a REALTOR®, they are bound by a Code of Ethics to have open and transparent conversations with you about your options. You can read more about REALTORS'® duty to put client interests above their own [here](#).

**What if we can't agree?** You don't have to sign an agreement that you don't agree with, and you or the agent can walk away from a negotiation at any time. Keep looking for the right fit—another agent may be able to better meet your needs.

**Can we change the terms of the agreement after we make it?** Yes. You and your agent can mutually agree to change the terms of your agreement. But your agreement and/or state law may govern when it can be changed or terminated. Read your agreement closely and speak with your agent 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: SELLER CONCESSIONS

As a home seller, you have choices when deciding how to market your property, including whether you'd like to offer concessions to attract buyers or close a deal. Here's what you need to know as you consider whether this approach is right for you:

**What are seller concessions and why make them?** A concession is when a seller pays for certain costs associated with purchasing a home for the buyer. Concessions could make your property more attractive to buyers or lead to a better or faster offer. Concessions also help make home ownership more accessible for buyers by reducing upfront expenses, so buyers with limited cash reserves may be able to stretch their budget further.

**What are some examples of concessions I can offer?** You have options. Concessions can include covering costs associated with a title search, loan origination, inspection, homeowners' associations, real estate taxes, or home repairs and updates. They can also be used to cover fees for professionals like agents and appraisers.

**How do seller concessions work?** Concessions can be advertised upfront or negotiated as part of a home purchase agreement. In the agreement, a concession is often written as a specific dollar amount. Seller concessions usually aren't binding until they are put in a contract like a purchase agreement.

**What's the difference between a concession and an offer of compensation?** Concessions can cover a variety of costs or fees for a buyer associated with purchasing a home, whereas an offer of compensation is specifically when the seller or their agent agrees to compensate a buyer's agent for bringing a buyer who successfully closes the transaction. Read more about offers of compensation [here](#).

**How do I tell buyers I'm offering concessions?** Concessions can be advertised publicly, shared on a Multiple Listing Service (MLS)—an online platform that compiles home listings from different sources—or discussed during purchase negotiations. Keep in mind that not all MLSs allow concessions to be advertised, and some only allow you to indicate whether you are offering a concession with a simple “yes” or “no.” If you choose to put a concession on an MLS, it must be written as the total sum of all concessions offered and can't be conditioned on the use of, or payment to, a buyer's agent.

**Is there a limit to the concessions I can offer?** Yes. The limit on the total value of concessions you can offer depends on the terms set by the buyer's lender and state law. However, any payment you offer toward the buyer's broker's fee is excluded from limits set by the buyer's lender and must be made off-MLS.

**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: MULTIPLE LISTING SERVICES (MLSs)

When buying or selling a home, your real estate professional may use a Multiple Listing Service (MLS) to find homes for sale or market your property. Here is what you need to know:

**What is an MLS?** MLSs provide online platforms that compile home listings from brokerages in a given market. They enable agents to efficiently see available homes for sale and get helpful marketplace data and typically share listing information to national and local websites that advertise property information. There are many MLSs across the U.S., and each has its own rules to make sure its information is complete, accurate, and transparent.

**What value does an MLS provide?** MLSs allow real estate professionals to see, share, and promote homes for sale so they can be found by the largest pool of potential buyers. MLSs provide the most accurate, reliable, and detailed information about properties (both that have sold and are for sale), including listing price, address, features, disclosures, and square footage. MLSs also help promote fair housing and equal opportunity by giving real estate professionals and their clients access to consistent information.

**As a buyer, how can an MLS help me buy a home?** Using an MLS allows your agent to access many homes for sale and connect with agents working to sell their clients' homes.

**As a seller, how can an MLS help me sell my home?** MLSs are the most trusted source for real estate data because their information is verified by real estate professionals. Listing on an MLS will help a seller reach the largest pool of buyers and potentially attract the best offer.

**Am I required to market my home through an MLS?** No. You should discuss the pros and cons with your agent. If you decide to have your agent not list your home on an MLS, you may be asked to sign a document verifying that you as the seller have made this choice.

**Can I make an offer to compensate a buyer's agent on an MLS?** An offer of compensation is when the seller or the seller's agent offers to compensate another buyer's agent for bringing a buyer to successfully close the home purchase. As of August 17, 2024, offers of compensation are no longer allowed on MLSs. However, offers of compensation can still be made off-MLS and shared through common marketing vehicles such as flyers, signs, emails or other communication mechanisms. Read more about offers of compensation [here](#).

**Can I offer concessions on an MLS?** To attract more buyers, sellers may offer concessions, which are certain costs associated with the buyer's home purchase that a seller agrees to pay. MLSs may allow communications about a sellers' concessions, but it depends on local rules. Read more about concessions [here](#).

**How do I access MLS information?** Many MLSs share data with websites that consumers can access. If you are a buyer, your agent will provide you with MLS property listings that may meet your criteria. For both buyers and sellers, when you work with an agent who has access to an MLS, you can discuss how the MLS can benefit you. Remember, agents who are a [REALTORS®](#) are guided by ethical duties under the Code of Ethics, including the pledge to [protect and promote](#) the interests of their clients. Your agent will help you to weigh your options and develop a strategy you are confident in.

**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: FAIR HOUSING

Buying or selling a home is more than a transaction—it's fundamental to your long-term goals and financial future. Consumers and agents all have rights and responsibilities to promote a home buying or selling process free from discrimination. Here's what you need to know:

**What is “fair housing” and how does it help me?** The federal Fair Housing Act prohibits discrimination in housing and housing-related transactions based on race, color, sex (including sexual orientation and gender identity), national origin, religion, disability, or familial status. Local and state fair housing laws may prohibit discrimination on additional protected classes. The bottom line is that discrimination hurts all sides of a home transaction, closes the door on the American dream of homeownership, and perpetuates economic inequality. Homebuyers, home sellers and real estate professionals depend on strong fair housing laws and practices for our communities and economy to thrive.

**How do fair housing laws apply to me as a buyer?** You should expect to receive the same professional service in the homebuying process regardless of any protected characteristic. This includes equitable treatment by your agent, the seller, the seller's agent, appraisers, lenders, and others involved in your home search and purchase. You should also expect your agent to provide you with home options in your price range regardless of the racial or ethnic composition of neighborhoods.

**How do fair housing laws apply to me as a seller?** You cannot discriminate when selling your home based on the buyer's race, color, sex (including sexual orientation and gender identity), national origin, religion, disability, or familial status. You also cannot instruct your agent to conduct a sale any differently based on these prohibited reasons. That means you cannot advertise your home to just one or to a limited number of groups.

**How does working with an agent who is a [REALTOR®](#) help ensure fair housing practices are followed?** In addition to an obligation to comply with applicable fair housing laws, REALTORS® adhere to the highest ethical standards. the [REALTOR® Code of Ethics](#) obligates REALTORS® to provide equal professional services to all consumers. Among other ethical duties, REALTORS® must not discuss the demographic composition of a neighborhood, advertise a property in a way that indicates any preference, limitations, or discrimination for a prohibited reason. Read more about REALTORS'® duty to put client interests above their own [here](#).

**Where can I report suspected discrimination in the homebuying or selling process?** Report housing discrimination to the [Office of Fair Housing and Equal Opportunity](#) (FHEO) at the Department of Housing and Urban Development (HUD) and ethical violations to your agent's state or local REALTOR® Association (find an association [here](#)). You can also report concerns to a local nonprofit fair housing organization (find by ZIP code [here](#)). Fair housing laws prohibit harassment or intimidation if you report discriminatory behavior.

***The Fair Housing Act is a federal law; many state and local laws provide additional protections. Consult your real estate professional, an attorney, and your state's housing authority for details about applicable fair housing laws where you are selling or purchasing a home. Please visit [facts.realtor](#) for more information and resources.***

## CONSUMER GUIDE: LISTING AGREEMENTS

If you choose to work with a real estate professional to sell your home, one of the first things you'll do is negotiate and sign a listing agreement with the agent you've selected. Here's what you need to know:

**What is a listing agreement?** A listing agreement is a contract between you and your agent that says the agent can represent you and market your property to potential buyers and their agents and establishes the sales price for your home. It will also lay out the type of professional representation and services your agent will provide and what they will be paid for those services. Agent compensation is fully negotiable and not set by law.

**What are my options for agent representation?** The options available may vary based on where you are selling your home or who you are working with. Some of the most common arrangements include:

- **Exclusive Agency Listing Agreement:** You work with just one agent and agree to compensate them if they sell your home. This allows you to retain the option to sell your home yourself without having to compensate your agent for the sale.
- **Exclusive Right-to-Sell Listing Agreement:** You work with just one agent, but you are responsible for your agent's compensation no matter who sells the property.
- **Limited-Service Listing Agreement:** You work with just one agent who provides a limited set of services, such as publicly marketing your home on a Multiple Listing Service (MLS)—an online platform that compiles home listings from different sources—but may not provide other services, such as arranging showings, providing input on purchase offers, or supporting the negotiation process.
- **Non-Exclusive Listing Agreement:** You work with one agent or multiple agents and agree to compensate the agent who ultimately sells your home.

**What services might be included in a listing agreement?** The listing agreement typically lays out the agreed upon methods your agent will use to sell your home. Your agreement might include information on how your property will be marketed. This could include listing on an MLS, offering a seller concession covering some costs associated with purchasing a home for the buyer, or offering compensation to a buyer's agent. Read more about MLSs [here](#), offers of compensation [here](#), and seller concessions [here](#).

**Are offers of compensation mandatory?** No. It is up to you to determine if making or authorizing an offer of compensation is the best approach for selling your property. Agents who are [REALTORS®](#) are here to help guide you on marketing strategies so that you can make a decision that works for you.

**How do I know what will work best for me?** When you work with 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 help you understand the market and to weigh your options, answer questions, and reach an agreement that you are confident in. If you have any concerns about your agreement or don't understand it, you should consult an attorney.

***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: TEN QUESTIONS TO ASK A BUYER'S AGENT

If you're ready to buy a home, you should feel empowered to find and work with the agent who is the best fit for your needs. Here are ten questions you should consider when selecting an agent:

- 1. Are you a REALTOR®?** 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.
- 2. What types of services can you provide me?** Agents may offer many types of services such as finding you homes that meet your criteria, accompanying you to showings, sharing their analysis of the market and available properties, negotiating on your behalf, and more. For more information about why you should work with a REALTOR®, read about the [179 Ways Agents Who Are REALTORS® Are Worth Every Penny](#).
- 3. How well do you know the markets where I am searching for a home?** Your agent must be licensed where you are buying a home. But they should also have the market knowledge to help you successfully find a home where you are searching.
- 4. Do you have experience working with buyers in my situation?** Many agents specialize in working with certain types of buyers, such as first-time buyers and [veterans](#). Some also earn the [Accredited Buyer's Representative](#) designation to gain specialized skills in working with buyers. Ask your prospective agent about their experience and any designations or certifications they have earned related to working with buyers like you.
- 5. Can you tell me about your approach to scouting properties?** Agents and brokerages across the country have different business models and use and provide various technology, tools, and resources to inform their search process. Discuss with your prospective agent how their unique approach will help you find the right home.
- 6. What will be included in our written buyer agreement?** Once you are working with your agent and before you tour a home together, your agent may be required to enter into a [written buyer agreement](#) with you that outlines the services the agent will provide you, and what they will be paid for those services. These agreements are [fully negotiable](#).
- 7. How long will we work together?** Talk with your prospective agent about how long you would like to work together and ensure you feel comfortable with that arrangement. This term could be set out in your written buyer agreement.
- 8. What are my options for paying you?** Agent compensation is fully negotiable and can take many forms, such as a flat fee, a percentage of the purchase price, or an hourly fee. The written buyer agreement will contain the amount of compensation you agree on. You can also ask the seller to [pay your broker's compensation](#) as part of your purchase offer or, in cases where a seller offers a [concession](#), you may be able to use the funds to pay your broker for the value and services they provided you.
- 9. Can you recommend service providers who can help me obtain a mortgage, make home repairs, or support other closing tasks?** Your prospective agent may have prior experience or trusted relationships with providers in the area where you are purchasing a home and can be a great resource for facilitating these introductions.
- 10. Do you have references I can speak with?** Many agents will be happy to connect you with satisfied clients they have worked with in the past who can speak to their experience.

***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: TEN QUESTIONS TO ASK A SELLER'S AGENT

If you're ready to sell your home, you should feel empowered to find and work with the agent who is the best fit for your needs. Here are ten questions you should consider when selecting an agent:

- 1. Are you a REALTOR®?** 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.
- 2. What types of services can you provide me?** Your agent can help you with marketing your property, interfacing with buyer's agents, handling showings and open houses, negotiating the purchase agreement on your behalf, assisting throughout the closing process, and [more](#).
- 3. Are you familiar with the market where I am selling my home?** Your agent must be licensed where you are selling your home. But they should also have the market knowledge to facilitate a successful transaction. While prior experience with the market where your property is located is not a requirement, local knowledge could help your agent develop a strategy that resonates with local buyers.
- 4. What will be included in our listing contract?** At the outset of your relationship, you and your agent will sign a [listing agreement](#) that says the agent can represent you and market your property to potential buyers and their agents and establishes the sale price for your home. It will also lay out the type of professional representation your agent will provide and what they will be paid for those services. Remember that agent compensation is fully negotiable and not set by law.
- 5. How did you arrive at your suggested list price for my home?** Setting a strong initial asking price based on your agent's knowledge of the market is important for capturing buyer interest and securing the best possible offer. Your agent should conduct market research to determine an appropriate price that both attracts prospective buyers and ensures you receive a fair market value for your home.
- 6. How will you market my home?** Agents may use a variety of marketing methods to reach potential buyers, and they should walk you through the pros and cons of each option. For example, one tool agents use to market properties is a [Multiple Listing Service](#) (MLS), an online platform that compiles home listings from brokerages in a given market, to reach the largest possible pool of buyers and potentially attract the best offer.
- 7. How do I attract potential buyers?** There are many strategies that may help attract potential buyers. For example, [offers of compensation](#)—when you or your agent compensate another agent for bringing a buyer to successfully close the transaction—and [seller concessions](#)—when you cover certain costs associated with purchasing a home for the buyer—may lead to a better or faster offer by reducing out-of-pocket and upfront expenses for prospective buyers.
- 8. What do I need to do to get my house ready?** To prepare your home for listing, your agent may suggest investing in necessary repairs or other upgrades that may help enhance buyer interest for the property.
- 9. How will you vet potential buyers?** An important part of selling your home is ensuring that prospective buyers are financially prepared to follow through with their offer. Discuss with your agent how they plan to evaluate prospective buyers, which may include requiring a pre-approval letter to be submitted alongside the offer.
- 10. Do you have references I can speak with?** Many agents will be happy to connect you with satisfied clients they have worked with in the past who can speak to their experience.

***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: 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: 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.

**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.**

REALTORS® are members of the National Association of REALTORS®

## CONSUMER GUIDE: STEPS BETWEEN SIGNING AND CLOSING ON A HOME

Once you sign a purchase agreement on your new home, there are still several steps to complete before you can finalize—or “close”—the transaction. While the process differs in each state, here are the basics of what you can expect during the period between signing and closing:

**What happens after I sign a purchase agreement?** Once you have signed a purchase agreement, you will enter “escrow,” an arrangement that protects both buyers and sellers during real estate transactions. Escrow means that a third party controls payments between you and the seller in a separate account and will only release the funds once both you and the seller meet the terms of your agreement. An agent who is a [REALTOR®](#) can help you navigate this process.

**What goes into an escrow account?** Typically, a buyer puts money into the account to show they intend to close on the home, called “earnest money.” This may be a percentage of your purchase price or a set amount. The seller’s property documents will also be held in escrow by a designated person, such as an attorney or another agent. Once you close on the home, your money will typically be applied towards your down payment and other closing costs.

**What do I need to do before I can close?** If you are paying for your home over time, you will first and foremost need an approved [mortgage loan](#) before closing. Mortgage lenders typically require certain tasks be completed before close, such as a home appraisal and a title search which verifies the seller owns the home. Lenders may also require that you purchase homeowners or other types of insurance. Homeowners insurance is important because it will cover you for unexpected losses at your home, which can help you repair or rebuild after damage, replace your belongings, and/or cover medical expenses if someone is injured on your property. You may also want to consider other types of insurance, such as mortgage, flood, or title insurance, depending on your circumstances. If your down payment is less than 20%, you may be required to have mortgage insurance as well.

**What is an appraisal?** A home appraisal is a professional opinion of a home’s value by a [licensed or certified residential appraiser](#) that helps the lender ensure the purchase price is in line with the property value. Your purchase agreement might have a “contingency” on an appraisal—a condition that the market value and purchase price must align in order for the transaction to continue. A mismatch between a home’s appraised value and the purchase price could impact how much your lender allows you to borrow for your mortgage. Some lenders also have appraisers verify certain things like chipped paint or hand rails to ensure the home is safe. If you are not using a mortgage and are paying for a home “in cash”—money you currently have available—you still may make your offer contingent on an appraisal or do one independently, but it is not required.

**Do I need an inspection?** While not required, some buyers include a home inspection as a contingency in their purchase agreement. An inspection protects you from costly problems you may not have noticed until after moving in. An inspector will look for potential problems throughout the interior and exterior of the home, which could include tests for radon, lead paint, and asbestos. Your agent can help you [find a trustworthy inspector](#) and determine which type of inspection will work best for you.

**How long will all this take, and when can I move in?** These steps may take several weeks or more depending on your situation. Each part of the process operates on its own independent timeline, so the length of the process is influenced by many factors, such as when you schedule home inspections and how long it takes for your mortgage application to be approved.

**What happens at close?** You can expect to sign documents, exchange keys, and bring your cash to close—the amount of which can vary depending on your down payment, credits, and other fees for things like the inspection, loan processing, or costs related to purchased insurance policies.

**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: AGENCY AND NON-AGENCY RELATIONSHIPS

When you are looking to buy or sell a home, you may hear about different types of relationships—agency and non-agency—that exist between buyers and sellers and the real estate professionals they are working with. These relationships are defined by state law and the options available to you vary widely between states, but here are the basics of what to think about:

**What does it mean for a real estate professional to be my “agent”?** A licensed real estate professional is your agent when you have hired them to represent you as you buy or sell a home. A seller’s agent has fiduciary duties to the seller, meaning their job is to work in the best interests of the seller, which usually means the best price and terms. Sellers usually establish this relationship in a [listing agreement](#). A buyer’s agent works with the buyer to represent their best interests throughout the transaction. Many buyer’s agents—those who are required as a part of the National Association of REALTORS®’ settlement of litigation related to broker commissions—will ask the buyer to sign a [written buyer agreement](#) establishing the terms of their relationship prior to touring a home.

**What different types of agency relationships are there?** There are several types, including:

- **Single agency**, when an agent represents only one side of the real estate transaction—buyer or seller.
- **Dual agency**, which allows an agent to represent both the buyer and seller at the same time. In states that permit dual agency status, there is usually a requirement for disclosure and for informed consent from both the buyer and seller. This is because of the potential for conflicts of interest.
- **Subagency**, when an agent works with the seller’s agent to help serve the seller’s best interests and to bring potential buyers to the seller’s property. A subagent has the same fiduciary duties to the seller as the seller’s agent, meaning they cannot help a buyer in any way that would be detrimental to the seller. States that permit subagency may require authorization from the seller and for disclosure to be provided to a buyer.
- **Designated agency**, when agents from the same brokerage—a real estate firm—represent both the buyer and seller in the same transaction. Brokerages may assign agents to work exclusively for the buyer and seller to avoid potential conflicts of interest. States that permit designated agency may require disclosure and consent from both the buyer and seller.

**Is it possible to have a non-agency relationship?** Yes. In non-agency relationships, the real estate professional provides advice or assistance but does not act on behalf of a buyer or seller and generally has no fiduciary duties to their clients. For example, one type of non-agency relationship is a “transaction broker,” also called a facilitator, in which a neutral third party facilitates and negotiates the terms of a property sale. State law determines if non-agency relationships are allowed.

**Do I have to enter into an agency relationship?** No. You and your agent can agree to any type of professional relationship that is allowed by state law.

**Where do I find an agent?** Find a REALTOR® [here](#) to help answer your questions and guide you to make a decision that works for you. REALTORS® have taken a [pledge to protect and promote the interests of their clients](#).

**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](#).

**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: 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: HOMEOWNERS INSURANCE

Understanding homeowners insurance is essential for anyone looking to purchase a home. Start looking at policies early—an agent who is a [REALTOR®](#) can help. Here's what you need to know:

**What is homeowners insurance?** Homeowners insurance covers you for unexpected losses at your home or property. It can include provisions to repair or rebuild the property, replace assets within the home, cover accidents that happen to you or someone else on the property, or even pay for living expenses if a covered incident forces you to live elsewhere temporarily.

**Is homeowners insurance required?** If you are taking out a [mortgage](#) on your new home, your lender may require you to have a homeowners insurance policy for the duration of your mortgage. If your mortgage is paid off, or if you've paid for the home in cash, no laws require you to maintain insurance. However, having insurance is generally a good idea to ensure your assets are protected.

**How much does homeowners insurance cost, and how do I pay it?** The cost of homeowners insurance depends on several factors, including your credit history (in some states), the house's age, square footage, condition of the property, and location. You may have the option to pay your premium on a monthly, quarterly, or annual basis. Some lenders collect the insurance premium as part of your monthly mortgage payment, place it in an escrow account, and pay the insurer on your behalf.

**What does my insurance cover?** There are two types of coverage provided by a homeowners policy:

- **"Named Peril"** coverage pays only if the damage is caused by a specifically named peril. The most popular policy, HO-3, covers the home structure and personal belongings for disasters including fire, hail, lightning, freezing, theft, and vandalism.
- **"Open Peril"** coverage pays in all instances except for when the damage is caused by an incident that is specifically excluded. HO-5 insurance policies may offer more extensive, open-peril coverage, but they often have higher premiums and more eligibility requirements.

**How much will my insurer pay me?** In the event of a loss, there are three types of reimbursement:

- **Actual cash value:** The insurer pays out the cost to fix the home and replace your personal belongings, minus any depreciation. For example, if you bought a new table 5 years ago for \$1,500, but due to normal wear and tear, it's only worth \$750 at the time of the covered incident, then your insurer will only pay out up to \$750.
- **Replacement cost value:** The insurer will reimburse the money needed to make repairs and/or purchase a comparable new model at today's prices without taking depreciation into account. In this case, even if you only paid \$1,500 for the table 5 years ago, if a comparable model is \$2,500 today, then you may be paid \$2,500 to replace the damaged furniture.
- **Guaranteed or extended replacement cost:** A guaranteed replacement policy means the insurer will pay the actual cost to replace a home at the time of loss, regardless of the policy limit. An extended replacement policy gives extra coverage above the policy limit up to a set percentage. For example, a home insured for \$500,000 that takes \$750,000 to rebuild would be completely covered with a guaranteed replacement policy. But an extended coverage policy at 20% would mean the insurer pays 120% (\$600,000), or \$100,000 above the limit.

**Are homeowners insurance premiums tax deductible?** If the property in question is your main home, then your home insurance is generally not deductible. However, people who run a business from their home or those intending to rent out their property may be able to claim a deduction. Additionally, if you suffered a loss to your property caused by a presidentially declared disaster, you may be able to claim a casualty loss deduction. Discuss your unique needs with a tax professional.

**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: FLOOD INSURANCE

Flooding is the most common and costly natural disaster in the United States. Even a few inches of water can cause devastating damage. A licensed insurance agent can advise you on purchasing the right flood insurance to protect your assets. Here's what you need to know:

**Does my homeowners insurance cover flood damage?** Most [homeowners insurance](#) policies do not cover flood damage. While federal disaster assistance may be available to you when a flood occurs, it may be limited and is not guaranteed. The best way to ensure your assets are protected is to purchase flood insurance.

**What is flood insurance?** Flood insurance covers a property for damage caused by flooding, including from incidents such as heavy or prolonged rain, melting snow, coastal storm surges, blocked storm drainage systems, or levee dam failure.

**Is flood insurance required?** If you own a home or business in a “high-risk” flood area—any area with a 1% or higher chance of experiencing a flood each year, as [defined](#) by the Federal Emergency Management Agency (“FEMA”)—and have a federally backed [mortgage](#), your lender will require you to have flood insurance. However, even where your lender does not require flood insurance, it does not mean your home is not at risk. According to FEMA, wherever it rains, it can flood. Consult an insurance agent for guidance on your specific circumstances.

**How much does flood insurance cost?** The average cost of flood insurance is about \$1,000 per year, according to [FEMA](#). However, the cost can vary widely depending on many property-specific factors and the flood risk for each individual property. Your premium is also influenced by your deductible, or the portion of a claim that you must pay out of pocket.

**What are my options for purchasing flood insurance?** Depending on where you live, you have two options:

- **The National Flood Insurance Program (“NFIP”):** The NFIP, managed by FEMA, offers flood insurance to property owners, renters, and businesses in participating communities. In return for access to flood insurance, participating communities agree to adopt and implement local floodplain management regulations that help protect lives and properties from flooding. For residential dwellings, NFIP policies offer coverage up to \$250,000 for building repairs and up to \$100,000 for personal property; non-residential properties are covered up to \$500,000 for building repairs and \$500,000 for damaged contents. Check your community's status on [FEMA's website](#) to determine if you are eligible. You can also get an NFIP rate quote online [here](#).
- **Private Insurance:** Private flood insurance is provided by private companies rather than the federal government. Private insurers may charge comparable rates but offer more coverage than the NFIP, such as higher protection limits, policy enhancements, and payments for temporary living expenses if you are displaced. You can also supplement an NFIP policy with private insurance to extend your coverage further.

**How long does it take for my policy to take effect?** Typically, there is a 30-day waiting period from the date of purchase until an NFIP policy goes into effect. There are exceptions if you purchase flood insurance in connection with a mortgage loan. Private flood insurance can vary.

**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: FIRE DAMAGE AND POLICY COVERAGE

*The [REALTORS® Relief Foundation](#) is accepting support for victims of the devastating January 2025 California wildfires. Text RRFCAStrong to 71777 or visit [rrf.realtor](#) to make a donation by 1/31/25 to ensure 100% of your donation is earmarked for wildfire victims.*

Most [homeowners insurance](#) policies cover fire and smoke damage, but some insurers may limit or not offer coverage if your risk is higher. You should contact an insurance agent or broker if you need separate fire insurance or have questions. An agent who is a REALTOR® can help connect you. Depending on where you live, your property may have varying degrees of risk of sustaining damage from a wildfire. Even if you aren't in a high-risk area, you should fully understand your insurance coverage in the event of a fire. Here's what you need to know:

**Does my homeowners insurance cover wildfire damage?** Standard homeowners insurance typically covers the structure of your home, other structures on your property (like a detached garage or shed), and your personal belongings in the event of fire damage. This includes fires caused by candles, grease, electrical malfunctions (e.g., faulty wiring), wildfires, and lightning. However, a standard policy may not cover all fire damage, including damage caused by nuclear hazards, arson, poor maintenance, or regular wear and tear. Please contact your insurance agent if you have questions.

**What if my policy doesn't cover fire damage, or I cannot obtain coverage due to wildfires?** Similar to [flood insurance](#), some private insurance companies may exclude or not provide insurance coverage in high-risk areas. It is important to shop around as some insurers may have more risk tolerance than others. For example, some insurers may be "non-admitted," meaning it is not licensed by the state but can still legally provide coverage, including for "difference in conditions" to help address any coverage gaps. These "surplus lines" brokers specialize in risks that admitted carriers will not cover. However, while offering specialized coverage, these companies are subject to different regulations and don't participate in state insurance guaranty funds which protect against insolvency, so it's important to ask questions and read the fine print.

To find a surplus lines broker, you may contact your state insurance department) or your current insurance agent who may be able to refer you to a surplus lines broker who specializes in your specific needs.

**What do I do if my home is deemed ineligible for fire damage coverage?** Some insurance companies may not cover damage caused by a fire if they consider your area to be too high-risk based on fire maps or risk scores. If your insurance company deems your home to be in a high-risk area there are some things you can do to help manage the costs. This includes contacting an insurance professional to discuss your insurance cost and needs, gathering and comparing quotes from multiple insurers, including surplus lines, and obtaining a wildfire-prepared certification from an organization like the [Institute for Building & Home Safety](#). You may also contact your state insurance commissioner who regulates the insurance companies in your state and may have additional information about fire insurance and risk maps.

**What is a "FAIR" plan?** If fire insurance is not covered in your policy, you may consider purchasing a [Fair Access to Insurance Requirements](#) ("FAIR") insurance policy. FAIR insurance plans are available in many states and are intended to protect high-risk homes that don't qualify for certain types of insurance on the private market. While FAIR plans are typically more expensive and have limited protections compared to private insurance, they can serve as a crucial safety net for those who can't find insurance elsewhere.

**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: PREPARING TO SELL YOUR HOME

Once you decide to sell your home, you might have questions about how to prepare it for listing and viewing by potential buyers. An agent who is a [REALTOR®](#) can guide you through this process. Here are some common considerations as you prepare your home to sell:

**How do I find the right agent to sell my home?** You should feel empowered to find and work with the agent who is the best fit for your needs. To guide this process, NAR has a dedicated resource with [questions to consider when selecting a seller's agent](#). 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.

**Do I need to have my home inspected before putting it up for sale?** No, a pre-sale inspection is not required. However, an inspection can be used to identify potential issues in your home that you can consider repairing before showing your home to potential buyers and use as a differentiator for your property. If you choose to conduct a pre-sale inspection, an inspector will assess your home's condition, including its structure, exterior, roof, plumbing, electrical systems, heating and air conditioning, interiors, ventilation / insulation, and fireplaces. It may also include tests for problems that can affect human health like mold, radon gas, lead paint, and asbestos. Sometimes buyers may also conduct their own [inspection](#) as a contingency in their purchase agreement. If you uncover possible issues that may appear during a buyer's inspection, you will have time to make any necessary changes that could impact your home's asking price. You should also talk to your agent about disclosure requirements in your state if a pre-sale inspection uncovers an issue.

**What should I do if something in my home needs to be fixed or replaced soon?** If something in your home requires a significant repair—such as a roof, a system such as HVAC, or an appliance like a dishwasher or washer / dryer—you should determine how much the repair will cost, even if you do not plan to fix it before selling the home. These estimates will help sellers determine the costs that buyers might take into consideration when negotiating a purchase agreement.

**Am I required to make any cosmetic updates to my home before putting it up for sale?** No, but you may want to clean the windows, carpets, lighting fixtures, and walls, and store away clutter before showing your home to potential buyers. Sellers may also look for ways to improve “curb appeal”—how the home looks to a potential buyer when viewed from the street—by updating aspects such as landscaping, the front entrance, and paint jobs. These steps may help improve the home's appearance in photos, which can play an important role in attracting potential buyers.

**Do I need to provide information about appliances that will stay in the home after it's sold?** You should locate warranties, guarantees, and user manuals for the furnace, washer / dryer, dishwasher, and any other appliances or systems that will stay in the house with a new buyer. It is recommended that you find these items now to avoid any lost paperwork causing an issue with a potential buyer when you reach the time of finalizing, or “closing,” the transaction.

**What does it mean to stage my home?** Staging is the process of cleaning a home and temporarily filling it with furniture and decorations that may help buyers better see themselves living in the home. While it is not required, some sellers may work with a stager to focus on certain key areas of their home that are important to buyers. Some agents may also include staging in the services they provide you.

***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: WHAT GOES INTO PRICING YOUR HOME

As a home seller, one of the most important [questions to ask your agent](#) is how to determine your home's listing, or asking, price. Here is what sellers should know about home pricing:

**What characteristics of my home will my agent evaluate?** Agents will consider many factors when determining their recommended listing price, including, but not limited to, your home's size, location, amenities, and property condition.

**How does the market affect home pricing?** In addition to the specific characteristics of your home, current market conditions can have a significant impact on your ultimate asking price. For example, in a market where high interest rates are discouraging prospective home buyers, your agent may recommend lowering the asking price to attract more buyers. Neighborhood developments and trending buyer preferences will also help your agent fine-tune their pricing strategy.

**What are "comps"?** Comparable sales, or comps, are similar properties that have recently sold in the same area and are used to create a comparative market analysis (CMA). A CMA is an estimate of a property's value based on comps in the market area that have recently sold, are under contract, or are currently active. This research will help your agent determine your home's suggested listing price.

**What if I want to sell my home as quickly as possible?** Your agent will factor your goals and timeline into their listing price recommendation. If you want to sell quickly you may price your home more competitively, while sellers who have more time may set a higher asking price.

**Are there any actions I can take to increase my home value?** In addition to evaluating the condition of your property, your agent will consider any upgrades or renovations that may increase its value, as well as any issues or repairs that may need to be addressed before listing. You can work with your agent as you [prepare to sell your home](#) to decide how best to maximize your home's value through these potential actions. You may also consider offering certain [concessions](#) to help attract buyers, such as covering the cost of home repairs.

**Can I ask multiple agents how they would price my home before deciding who to work with?** Yes. While you may receive similar recommendations from different agents, an agent's familiarity with your property's market may affect their suggested listing price. You can meet with multiple agents before choosing your preferred agent and signing a [listing agreement](#), which includes the established listing price for your home.

**Do I have the final say on my asking price?** Yes. Your agent will work with you to recommend a listing price that best meets your goals, but you have the final say. However, a key benefit of working with agents who are [REALTORS®](#) is leveraging their expertise and knowledge of useful tools, such as the [REALTORS® Property Resource](#), to help inform these decisions.

**Is it ever a good idea to accept an offer below my listing price?** Your agent will help you evaluate offers. Sometimes the highest offer is not the best offer—cash offers, for example, can speed up the sale process. Contingencies, or the absence of, can also have an impact on the strength of an offer.

**Why might my agent recommend lowering my listing price?** While the decision to lower the asking price will depend on your specific goals, your agent may recommend considering a lower ask for a variety of reasons, including factors that are dependent on the current market conditions.

**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: 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](#).

***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: 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:

**How should I begin to think about what kind of home suits my needs?** Before beginning the search process, you should consider what kind of home best suits your needs based on factors like size, location, convenience (including proximity to public transportation, schools, or recreational facilities), privacy, and amenities. It is also important to account for how your needs may change in the future. When deciding on which agent to work with, keep in mind that a [REALTOR®](#) is obligated [to Put Client Interests Above Their Own](#). You can also [ask a REALTOR®](#) if they are familiar with your preferred markets and what their strategy is.

**How important is my credit score?** Establishing a good credit history takes time, and it is never too early to start working on it. Your credit score will impact your approval for a home loan and the terms of your [mortgage](#), including how much you can borrow and what programs will lend to you. Buyers with strong credit scores may benefit from lower interest rates on their mortgage. Using credit cards and paying the balance off on time and in full each month can help you improve or start building your credit score.

**What is mortgage pre-approval?** Getting pre-approved for a mortgage can help buyers better compete in high-demand housing markets and, in some cases, can be required to make an offer. Pre-approval requires verified financial information and is different than pre-qualification, which provides an estimate of how much you can borrow using self-reported information. However, pre-approval does not lock in your mortgage rate, which may change with the market.

**What if I can't afford the cost of the down payment?** While down payments are typically 10-20% of a home's purchase price, some buyers may qualify to pay a lower down payment, such as 3-5% of the purchase price through a government-backed mortgage, such as [Federal Housing Administration \(FHA\) loans and those from the Veterans Administration \(VA\)](#), or down payment assistance programs. However, these lower down payments often require mortgage insurance. A higher down payment can help you avoid the cost of mortgage insurance and potentially help you qualify for a better interest rate.

**What other items should I budget for?** In addition to your down payment, mortgage payments, and closing costs, there are many other expenses to budget for when preparing to buy a home. Items like moving, maintenance and repair costs, utilities and monthly bills, [homeowners insurance](#), and property taxes are also key considerations. Some buyers may also need to factor in annual or monthly payments to a [homeowners association \(HOA\) or hazard insurance for floods or fire](#).

**What resources are available to help me prepare for the buying process?** For many buyers, the process of purchasing a home can seem complicated and overwhelming. Prospective buyers can participate in homebuyer education classes or work with a [HUD certified housing counselor](#) to gain tools and information to help resolve financial roadblocks, develop a budget, and work on a plan to meet the financial requirements of homeownership. Agents who are REALTORS® and your state and local [REALTOR® Associations](#) can help you find the right resources for your needs.

**How soon should I be ready to move?** While preparing to buy a home can take time, the process may move quickly once you begin looking at homes. Especially in markets with low inventory, home buyers will be best suited if they are prepared to act fast on a desired property or risk missing out on the first home they wish to purchase because they can't act fast enough. Be sure to consider your timeline and flexibility well in advance to avoid an unnecessary rush or scheduling issues.

**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: SELLER DISCLOSURES

When selling a home, sellers must disclose certain characteristics of the property to potential buyers. An agent who is a [REALTOR®](#) can help you understand why and what you need to disclose, but here are the basics:

**What are seller disclosures?** Seller disclosures are certain material defects—elements of a home that may negatively impact its value—that sellers must disclose to buyers in a legal document. While specific disclosures are dependent on state and local law, sellers are typically required to list any completed repairs, information about natural [hazards](#), property defects, missing essentials, land-use limitations, HOA guidance, deaths on the property, and any other conditions that might negatively impact the property's value. Your agent can help you consult state and local law to see what you are required to disclose.

**Why are seller disclosures important?** Seller disclosures are important because they help protect both the buyer and the seller. The disclosures allow buyers to choose whether they want to make an offer on the house based on what the seller is disclosing about the property, or can influence the offer amount. For sellers, the disclosure can help protect them from legal liability, meaning they will not be responsible for any issue that arises on the property after the sale as long as it was previously disclosed.

**Where are seller disclosures listed?** Seller disclosures are listed on a legal document called a “seller disclosure form” or a “property disclosure statement.” Most states have a standard template that the seller fills out, but some states allow the seller to disclose more conservatively, meaning that they are not required to provide as much disclosure detail. Your agent can help you understand the correct way to list your disclosures according to your state's laws.

**Which defects, if any, need to be disclosed?** Consult with your real estate professional to help understand what defects need to be disclosed. While it is not required, you can also conduct a [home inspection](#) before listing, which can help identify potential issues that you can consider repairing before showing your home to potential buyers and use as a differentiator for your property. If you uncover possible issues that may appear during a buyer's inspection, you will have time to make any necessary changes that could impact your home's asking price, as well as defects you may need to disclose depending on state laws.

**What if there are no defects that need to be disclosed?** A seller can state that there are no material defects on a property on the disclosure form. However, even if you are unsure as to whether a potential defect needs to be disclosed, it is best practice to disclose it to avoid potential legal liabilities in the future.

**When do material defects need to be disclosed?** In most states, seller disclosures are often required before the buyer signs a binding contract of sale, and some sellers choose to disclose as early as home tours. However, sellers should check with state and local guidance as conditions vary by state.

**What happens if a material defect about a property is not disclosed?** If a seller knowingly withholds information regarding a required seller disclosure, there may be legal consequences. A buyer could cancel the sale, or the seller could be legally liable. Sellers should be honest with any and all details they are required to disclose about the home.

***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: MARKETING YOUR HOME

Once you decide to [sell your home](#), your agent will work with you to determine the best strategy to reach potential buyers and attract strong offers. Here are some considerations when marketing your home:

**What does it mean to market my home?** Marketing your home refers to different ways you can promote your home to attract potential buyers. This may include staging, professional photography, social media, signage, open houses, and competitive pricing. When selecting an agent to work with, it is [important to ask](#) how agents would consider marketing your home and what methods may be most effective.

**How do buyers and other agents know I'm selling my home?** Simple tools like placing a "for sale" sign outside your home can advertise an open house or attract attention from the public. Listing on [Multiple Listing Services](#) (MLSs)—online platforms that compile home listings from brokerages in a given market—usually provides the broadest exposure to prospective buyers.

**How can showings and open houses help me attract buyers?** Showings and open houses give potential buyers a chance to see a property in person and ask questions. While showings require appointments, open houses allow sellers and agents to meet with multiple potential buyers at the same time.

**How do I arrange showings and open houses?** Your agent will help you schedule and plan for these events, including making sure your home looks great for visitors, potentially through staging. Timing considerations are also important: holding your first open house the weekend after your property goes on the market can help maximize exposure, but you should also consider any competing events that may be a conflict for interested buyers.

**How can staging and other cosmetic updates make my home more marketable to potential buyers?** Before taking photos of your home for marketing materials or holding showings and open houses, you should consider maximizing the visual appeal of your home. While you are not required to make any cosmetic updates, cleaning and decluttering, including cleaning the windows, carpets, lighting fixtures, and walls, can make a big difference. You may also consider staging, the process of cleaning a home and temporarily filling it with furniture and decorations that may help buyers better see themselves living in the home. Some agents may include staging in the services they provide you.

**What is "curb appeal"?** Curb appeal refers to how a home looks to potential buyers when viewed from the street. Your agent may recommend updates to landscaping or paint jobs to improve your home's external appearance, as this will affect visitors' first impression of your property.

**What role does home pricing play in marketing?** Competitively pricing your home can help attract potential buyers. Based on your goals and how quickly you want to sell your home, your agent may recommend a more competitive [listing price](#), which can help expand your pool of interested buyers.

***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: 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: NAVIGATING MULTIPLE OFFERS

When your home is on the market, you may receive offers from multiple interested buyers. Offers can vary greatly, and you will need to determine which one is best for you. Here's what sellers should know:

**How can offers differ?** While the price of an offer is a key consideration for sellers, it is only one of several elements that can vary between offers. Other factors such as financial terms, contingencies, closing timeline, and [earnest money](#) deposits can make offers more or less attractive to sellers. Given multiple inputs, the strongest offer may not be the one with the highest price.

**How do I decide which offer is the best for me?** Your agent will work with you to help you determine the best offer based on your specific needs and priorities. For example, sellers who want to move as soon as possible may be drawn to quicker closing timelines, and sellers prioritizing a simpler transaction process may prefer all-cash offers that eliminate the need for [mortgages and financing](#).

**What is a counteroffer?** When a seller "counters" an offer, they are responding to a potential buyer's offer with different proposed terms. This could mean asking for a higher price, or the same price but with different terms, contingencies, or timing. In some cases, sellers may disclose details about one buyer's offer to try to convince another buyer to make a "better" offer. It is important to remember that sending a counteroffer voids the original offer, so the seller cannot go back and accept the original offer.

**How can sellers negotiate multiple offers?** When handling multiple offers, sellers may simply accept the "best" offer or may decide to use a negotiation strategy. Some may inform all potential buyers that other offers are "on the table" and invite them to make their "best" offer. Other sellers might counter one offer and hold off on responding to others until they receive a decision, or instead counter one offer and reject the others. Negotiations can be complicated, and each strategy comes with its own upsides and risks. For example, informing a potential buyer that other offers are on the table or making a counteroffer could result in a stronger offer, but it could also lead buyers who feel they've already made a fair offer to look at other properties instead. Additionally, with the seller's consent, agents who are [REALTORS®](#) are obligated to disclose if there are other offers on the table when asked. While you cannot guarantee how any buyer will react to a given situation, your agent will help guide you through negotiations based on their experience.

**What is an escalation clause?** When buyers face the possibility of competing offers, they may decide to include an escalation clause in their offer, subject to applicable law, which allows them to disclose exactly how much they are willing to increase their original offer by if the seller receives a higher offer and the highest they will go overall. Buyers should consult their agents about the pros and cons of escalation clauses based on their individual circumstances.

**Am I required to make seller concessions when negotiating a purchase agreement?** While you are not required to offer [concessions](#)—paying for certain costs associated with purchasing a home for the buyer—when negotiating a purchase agreement, they could lead to a better or faster offer. This may include covering costs associated with a title search, loan origination, [inspections](#), [homeowners associations](#), real estate [taxes](#), or home repairs and updates, or covering fees for professionals like agents and appraisers. Be sure to include all agreed upon concessions in the purchase agreement to avoid any confusion later in the process.

**Can I back out of an offer if receive a better one?** It is important to consult with your agent and legal counsel when navigating these situations. When it comes to backing out of an offer, buyers typically have more flexibility than sellers. Although contract law varies by state, after a purchase agreement has been signed, it can be extremely difficult for a seller to back out and could even lead to legal issues—which is why sellers are advised not to accept an offer until they are sure they're satisfied with it. In some cases, however, sellers may have the option to back out of a sale legally if, for example, a buyer does not meet certain contingencies required by the purchase agreement, such as a specified deadline for closing.

**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: ALTERNATIVE LISTING OPTIONS

*NAR's new MLS policy is being implemented across the country through September 30, 2025. Please note that delayed marketing exempt listings may not be available in all markets until that date.*

Home sellers looking to [market their homes](#) may have different preferences for how they do so. An agent who is a [REALTOR®](#) can help you craft a marketing strategy that best suits your needs. Here are the basics:

**What role do MLSs play in marketing a home?** [Multiple Listing Services](#) (MLSs) are online platforms that compile home listings from brokerages in a given market. MLSs can help sellers reach the largest pool of prospective buyers, as they allow other agents to see, share, and promote homes for sale. MLSs also share listings with public, consumer-facing websites that collect and display available homes for sale. Many MLSs require that your agent add your home listing within one business day after your property is publicly marketed (for example, putting a "For Sale" sign in the yard or posting about your home on social media), which ensures equal opportunity and access and promotes fair housing.

**What if I want certain control over where and how my listing is shown?** There are options for sellers who would like to limit the exposure of their home listing for privacy or other reasons. NAR calls these "exempt listings," and there are two types:

- **Office Exclusive Exempt Listing:** This type of listing means that your property will not be shared on an MLS or publicly marketed. It will only be available to other agents at your listing agent's brokerage. While your agent may still need to submit your listing to the MLS to comply with local MLS requirements, it will not be visible to other agents with MLS access.
- **Delayed Marketing Exempt Listing:** This type of listing means that your property will be shared on an MLS, but it will not be available for others to advertise through IDX and Syndication for a set period of time (aka the "delayed marketing" period, which varies locally). IDX and Syndication are advertising mechanisms which allow others to advertise listings on their public, consumer-facing websites. You may have browsed some of these sites yourself! While your property is in the delayed marketing period, you and your agent can advertise your home as much or as little as you'd like, in any manner you'd like (e.g., listing broker's website, yard signs, ads in the paper, etc.). Your agent will work with you to determine the right approach for you and your home.

**How will my agent find buyers through an office exclusive listing?** Sellers who choose to pursue the office exclusive route can find buyers directly through the listing firm. This means that buyer's agents at the firm with clients who may be interested in purchasing the home can connect with the listing agent to discuss an offer.

**How will my agent find buyers through a delayed marketing listing?** During the delayed marketing period, home sellers and their listing agents can still market the listing to buyers in a way that fits the sellers' needs and goals. Buyer's agents with access to the MLS will see your delayed marketing listing and can reach out to your listing agent if the buyer's agents believe their clients may be interested in purchasing your home.

**What is the first step if I want to pursue an exempt listing option?** If you determine you'd like to pursue an office exclusive or delayed marketing exempt listing, your agent will ask you to sign a disclosure in which you will acknowledge that you are waiving the benefits of the MLS and/or public marketing—either entirely or for a set period of time (through IDX and syndication).

***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: 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: 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.

***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 & PROTECTING YOURSELF FROM TITLE FRAUD

Title fraud is a serious crime that can be overlooked and result in a property owner unknowingly losing the title of their property. Here's what you need to know about title fraud, how it happens, who's most at risk, and how you can prevent it from happening to you.

**What is title fraud, and how is it different from other scams?** Title fraud, or deed theft, is when someone illegally transfers the [title or deed](#) of your property without your knowledge, often using forged documents or fake IDs. The criminal's goal is to steal your money by making it seem like someone else owns your property or that you transferred your property to someone else. When left unaddressed, title fraud can result in foreclosure or eviction—even if you still live in the home.

**How can someone steal my home's title?** A scammer might forge your signature to transfer the property's title to themselves using a fake ID and file it with the local recorder's office. This makes it appear that you willingly transferred over the title of your home to them, and they now own it. Another scenario is where a scammer attempts to list and sell a property or take out a loan against it, claiming to be the owner. Fraudulent filings can be difficult to spot unless someone is actively monitoring public records.

**What are some red flags that could indicate title fraud?** Scammers often target properties that are unoccupied or do not have a mortgage, but there are specific behaviors that can signal something is wrong. Warning signs include a seller who is offering a [vacant property](#) for significantly less than its market value, communicates only through electronic means while avoiding phone or video conversations, or insists on using their own remote notary to close the sale. These tactics are designed to avoid detection and can be a sign that the transaction—or even the seller—is fraudulent. Agents who are [REALTORS®](#) can help you avoid instances of potential title fraud by working with trusted title and [escrow](#) companies, guiding you through secure transactions, and helping make sure your ownership is properly recorded and protected.

**How can I protect myself from title fraud, especially when buying a home?** If you currently own property, ask your local county if they offer fraud alerts for property documents, periodically check online tax and property records, and keep your ownership records in a secure place. When buying, make sure a full title search is done and consider purchasing owner's [title insurance](#), a common step during the process of [buying your first home](#). You should verify wiring instructions by phone to avoid related scams during the transaction process.

**What does title insurance do?** Title insurance protects you from title-related issues including fraudulent claims on a home. One of its key protections is legal defense and loss coverage in the event that someone else claims to own your property because of a forged deed. In fact, if you are [financing your home](#) with a mortgage, most lenders will require title insurance because it protects them from defects in the title and ensures that documents are valid and enforceable.

**What are some warning signs that I might be a victim of title fraud?** Warning signs include if you stop receiving property tax bills or receive mail for someone else at your address. Unexpected notices from banks or government offices may also be a sign that someone has tampered with your home's title.

**What should I do if I think I'm a victim of title fraud?** Alert the FBI via the [Internet Crime Complaint Center](#), contact your local police, and speak to a real estate attorney as soon as possible. Report the fraud to your county recorder and notify your title insurance provider if you have coverage. Acting fast can help limit the damage. You may also want to place a fraud alert or credit freeze on your accounts to prevent further identity misuse.

**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: 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: MORTGAGE INTEREST TAX DEDUCTION

For many homeowners, the mortgage interest deduction can offer meaningful tax savings. If you're navigating tax season or planning to buy a home, understanding how this deduction works can help you make smarter financial decisions. Here's what you need to know:

**What is the mortgage interest deduction?** The mortgage interest deduction allows you to subtract the interest paid on a qualifying home loan from your taxable income. This means you're taxed on a smaller amount, which can lower your overall tax bill. It's one of several financial advantages of owning a home, especially for those moving on from renting or weighing the costs and benefits of homeownership.

**Who qualifies for this deduction?** To claim this deduction, you must itemize deductions on your tax return instead of taking the standard deduction. Your mortgage also has to meet [IRS rules](#), typically be \$750,000 or less, and be secured by a primary or secondary residence. Other factors—like local property taxes, [HOA fees](#), or home-related expenses—can affect whether itemizing makes sense for your situation.

**What types of loans are eligible?** The deduction applies to loans used to buy, build, or substantially improve a home. This includes first mortgages, refinances, and some home equity loans, as long as the funds go toward significant renovations or upgrades. Even loans related to construction or land may qualify under specific conditions, especially with permits or active building plans.

**How much can I deduct?** Your deduction depends on your loan size and how much interest you paid during the year—figures you'll find on Form 1098 from your lender. It's smart to check this early, especially if you refinanced your mortgage, paid in lump sums, or had a late-year closing. Understanding how this ties in with [closing costs](#), insurance, and [title fees](#) can also help clarify your true homeownership costs.

**Does everyone benefit from this deduction?** Unfortunately not. Since the standard deduction was nearly doubled in 2018, more than 90% of tax filers have a higher standard deduction than if they itemized, and this includes many homeowners. If your mortgage or other deductible expenses are low, the standard deduction may save you more—particularly for [first-time buyers](#) with modest mortgage payments or homeowners who are close to paying off their loans. But itemizing often pays off for households with larger loans, higher property taxes, or charitable contributions. Your home's location and local tax rates can also influence the decision, so it's worth reviewing each year.

**Can I deduct mortgage interest on a second home?** Yes, mortgage interest on a second home can qualify for the deduction as long as the loan meets the same requirements that apply to your primary residence. The combined total of your mortgage debt for both homes generally must stay within the \$750,000 cap. You'll also need to itemize deductions and use the second home for personal purposes, not just as a rental.

**What happens to my deduction if I sell or refinance my home?** If you sell your home, you can typically still deduct the mortgage interest paid up to the date of sale. If you refinance, your ability to deduct interest depends on how you use the new loan—interest is still deductible if the refinance is used to substantially improve the home or pay off original mortgage debt. However, if you take cash out and use it for unrelated expenses, that portion of interest will not be deductible as mortgage interest. Review your new loan terms carefully and keep your Form 1098 from both lenders.

**How is the National Association of REALTORS® working to preserve the tax benefits of homeownership?** NAR's Advocacy Team works tirelessly to advance public policies that build strong communities, protect property interests, and promote a vibrant business environment, including the tax benefits of homeownership. For more on NAR's advocacy work, check out this [link](#).

**Practices may vary based on state and local law. Consult your real estate professional, tax 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.**