NAR Issue Summaries

Housing / Counseling and Incentives

NAR Committee:

Federal Financing and Housing Policy Committee

What is the fundamental issue?

Housing counseling programs provide essential services to consumers seeking to become homeowners in an increasingly difficult market. NAR research recently found that the number of first-time buyers is the lowest level since we started collecting the data. Housing counseling is vital to keeping this segment in the market by supporting a nationwide network of HUD-approved housing counseling agencies that deliver independent, expert advice to consumers on a range of housing issues, including prepurchase counseling and foreclosure prevention.

Homeownership education and counseling provides potential buyers with tools and information to help them make housing choices that are affordable and sustainable while better preparing them for the complexities of homeownership, reducing transaction delays and failed closings. Studies suggest that buyers who participate in education and counseling programs are less likely to experience mortgage delinquencies and foreclosures, while homeowners who receive foreclosure mitigation counseling are almost three times more likely to receive a loan modification and are 70 percent less likely to default on a modified loan than similar borrowers who were not counseled.

I am a real estate professional. What does this mean for my business?

Housing counseling incentive programs provide financial benefits to borrowers who complete counseling, including reduced mortgage insurance premiums, down payment assistance, or closing cost assistance. For real estate professionals, these incentives can make homeownership more affordable for your clients and expand your pool of qualified buyers, though the counseling requirement may add time to the transaction process.

NAR Policy:

NAR does not have written policy related to housing counseling and incentives; however, NAR is supportive of voluntary home buyer education and counseling programs.

Opposition Arguments:

Managing the incentive component of a housing counseling program can be costly and time-intensive for counseling agencies, lenders, and home buyers alike. While many prospective buyers are willing to pay a modest fee of $50–$100 for counseling, higher charges of $300–$500 may be unaffordable if the counseling agency or lender cannot subsidize the cost.

Although it's important for buyers to have some financial stake in the process, program administrators

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must realistically assess what first-time buyers can afford. If fees are too high or administrative burdens too complex, incentive programs risk delaying the home buying process and may discourage participation altogether.

Legislative/Regulatory Status/Outlook

NAR supported the bipartisan Housing Financial Literacy Act of 2024 (H.R. 4899/S. 4542) that would lower an FHA borrower's mortgage insurance premiums once they have completed a housing counseling program. The goal of the bills was to help homebuyers gain a greater understanding of mortgage and homeownership responsibilities while improving housing affordability. The bills have not been reintroduced in the 119th Congress.

Current Legislation/Regulation (bill number or regulation)

NAR is not tracking any specific legislation or regulation at this time.

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