



Could You Buy a Home with Someone Else's 2% Mortgage? Here's What Washington Is Exploring.

For the past several years, one of the biggest challenges facing homebuyers has been higher mortgage interest rates. At the same time, millions of homeowners have mortgages with interest rates between 2% and 4%, making them reluctant to sell their homes and take on a new loan at today's higher rates.

Now, the Trump Administration is exploring a proposal that could dramatically change the housing market: allowing certain conventional mortgages to become **assumable** or even **portable**.

While nothing has been approved yet, the idea has generated significant discussion throughout the real estate and mortgage industries. Here's what it could mean for buyers and sellers.

What Is an Assumable Mortgage?

An assumable mortgage allows a qualified buyer to take over the seller's existing mortgage instead of applying for a brand-new loan.

Today, this feature is generally limited to government-backed loans such as FHA, VA, and USDA mortgages. Conventional loans backed by Fannie Mae and Freddie Mac are typically **not** assumable.

The proposal under consideration would allow qualified buyers to assume certain existing conventional mortgages if new rules are adopted.



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Here's an Example

Imagine a homeowner purchased their home in 2021 with:

- Mortgage Balance: \$350,000
- Interest Rate: 2.875%
- Remaining Term: 28 years

If that homeowner decides to sell today, a qualified buyer could potentially assume that existing mortgage instead of obtaining a new loan at today's higher interest rates.

The buyer would still need to cover the difference between the mortgage balance and the home's purchase price through a down payment, cash, or additional financing, but keeping that low interest rate could significantly reduce their monthly payment.

What Is a Portable Mortgage?

A second concept being discussed is mortgage portability.

Rather than transferring the mortgage to the buyer, portability would allow homeowners to transfer their existing low-interest mortgage to the next home they purchase.

For example, if you currently have a 2.75% mortgage and decide to move, you could potentially keep that interest rate instead of paying off your loan and replacing it with a higher-rate mortgage.

This type of financing exists in countries such as Canada but has not traditionally been available in the United States.

Why Is This Being Considered?

One of the biggest problems in today's housing market is what's known as the "lock-in effect."

Millions of homeowners are choosing not to sell because they don't want to give up their low mortgage rate. As a result:

- Fewer homes are available for sale.
- Buyers have fewer choices.
- Home prices remain elevated because inventory stays limited.

Allowing assumable or portable mortgages could encourage more homeowners to move, increasing housing inventory and creating more opportunities for buyers.



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Potential Benefits for Buyers

If this proposal eventually becomes reality, buyers could benefit by:

- Lower monthly mortgage payments
- Greater purchasing power
- Improved affordability
- Easier qualification due to lower debt-to-income ratios
- Access to homes with attractive financing already in place

For some buyers, assuming a 3% mortgage instead of obtaining a new mortgage at current market rates could save hundreds of dollars each month.

Potential Benefits for Sellers

Sellers may also benefit.

A home with a low-rate assumable mortgage could become much more attractive to buyers. In some cases, that financing advantage could help a home sell faster or command a premium price.

Instead of simply marketing the home, sellers could also market the financing.

There Are Still Challenges

While the concept sounds promising, there are several important issues that would need to be addressed.

For example:

- Buyers would still need to qualify financially.
- The difference between the home's value and the existing mortgage balance would still require additional financing or cash.
- New underwriting guidelines would need to be established.
- The impact on investors who own mortgage-backed securities would need careful consideration.

These are some of the reasons the proposal remains under review.

What Happens Next?

At this time, **no changes have been approved.**



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The Federal Housing Finance Agency (FHFA) has indicated it is evaluating whether assumptions or portability could be implemented safely for loans backed by Fannie Mae and Freddie Mac. There is currently no announced timeline for any policy changes.

My Advice

Whether this proposal moves forward or not, it's another reminder that mortgage financing continues to evolve.

If you're thinking about buying or selling a home, don't assume today's headlines tell the whole story. Every buyer and seller's situation is different, and there may already be financing strategies available that can help you achieve your goals.

If you'd like to discuss your options—or simply understand how potential policy changes could affect your plans—I'd be happy to help.

Sources

- Federal Housing Finance Agency (FHFA) statements regarding evaluation of assumable and portable mortgages.
- HousingWire reporting on FHFA Director Bill Pulte's comments regarding potential changes to Fannie Mae and Freddie Mac loan assumptions and portability.
- Current Fannie Mae and Freddie Mac servicing guidelines regarding conventional mortgage assumptions.



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