Consumer Guide: Helping Family Members Become Homeowners

With housing costs rising, young adults sometimes look to parents or other family members for help covering the upfront costs of homeownership. If you are contemplating providing financial support to your children or other family members, here are helpful facts and guidelines to bear in mind.

The share of first-time buyers is down.
First-time buyers made up just 21% of all purchases between July 2024 and June 2025, according to the National Association of REALTORS® Profile of Home Buyers and Sellers. This is the lowest share of the market since NAR began tracking in 1981. Saving for the down payment remains the biggest hurdle.

Many parents want to help.
Nearly three-quarters of parents with kids still at home say they are either already saving or planning to help their children buy a home someday, according to the 2026 Planning & Progress Study by Northwestern Mutual. Among Gen Z respondents, 44% expect parental assistance, compared with 16% of millennials and 12% of Gen Xers. Help can come in many forms, including gifting the down payment; funding the escrow or earnest money payment; cosigning; covering an escalation clause (which may be part of the offer in a competitive-bid situation); helping with seller closing costs, broker compensation or inspection costs; or buying the home outright.

Buyers should understand the upfront and ongoing expenses of homeownership.
Beyond the down payment, buyers spent an average of $31,502 on upfront homebuying expenses, according to a 2026 survey of 1,000 recent home buyers by Clever Real Estate and Best Interest Financial. That's almost four times the $8,083 they expected to pay. The expenses included repairs/improvements in the first year ($15,073), concessions to the seller ($7,678), closing costs ($5,719) and moving costs ($3,032). When it comes to ongoing expenses, encourage your family member to make a budget that includes:

- Private mortgage insurance (PMI) for buyers putting down less than 20% of the purchase price
- Homeowners insurance and potentially flood insurance
- Property taxes
- Homeowners association (HOA) dues
- Utilities
- Repairs
- Furnishings
- Cash reserve for unexpected expenses

Before helping a family member with a home purchase, set expectations about what you can and can't do. Ask yourself these questions:

- **Is this family member ready for the responsibilities of homeownership?** Does the person have enough income and reserves to handle other expenses that come with homeownership?
- **Do you have enough to be able to financially help?** If you are dipping into your own reserves or retirement accounts, be sure you aren't jeopardizing your own retirement.
- **Are you offering a gift or a loan?** If it's a loan, the lender will factor it into your family member's debt when underwriting the loan. If it's a gift, your family member will need to document the source of the funds using a gift letter and bank statements.
- **Do you expect some control over the home purchase in exchange for your financial support?** If so, talk it through with your family member in advance to avoid any potential conflict.
- **Have you set clear parameters?** Be aware of reporting requirements, tax implications or potential financial implications (in the case of cosigning, that includes the impact on your credit and liability in the case of a default). Be sure to consult with a financial or tax advisor and attorney in advance. Then put the agreement in writing so there are no surprises.

Helping family members with a home purchase can be a wonderful gift, starting them on the path to building wealth through home equity. But be sure to go in with a mutual understanding of each party's contributions and responsibilities.

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.

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