Homeownership Guide for People with Disabilities

PREPARED BY ABLE NATIONAL RESOURCE CENTER

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Introduction

At National Disability Institute (NDI), we are committed to building a better financial future for people with disabilities and their families.

Sometimes, that starts with a job, sometimes that starts with getting a bank account, opening an ABLE account and learning more about credit and financial tips to help through difficult times. And, sometimes, people with disabilities can even inherit a home (LINK to downloadable PDF to Home Inheritance Guide).

Another huge opportunity for people with disabilities to improve their own financial situations is through home ownership. For middle-class American households, home equity typically represents the largest portion of their net worth. According to Federal Reserve data, primary residences account for approximately 65% of the total assets held by the median U.S. household.

This outsized share highlights just how central homeownership is to the financial well-being and wealth accumulation of the middle class. The ability to pass down this home equity to future generations is a critical component of intergenerational wealth transfer. Homeownership allows families to build substantial assets that can be inherited by their children and grandchildren, providing a major head start on building wealth. This wealth transfer effect is especially impactful for middle-class families, where the family home may be the most valuable asset they can leave behind. By transitioning the family home to heirs, middle-class homeowners can give their loved ones a solid financial foundation and help overcome barriers to homeownership for the next generation. This cycle of passing down home equity is a key driver of long-term wealth creation and stability within the middle class. Ultimately, the financial importance of homeownership extends well beyond just the current homeowner, making it a cornerstone of middle-class prosperity.

I, too, always wanted to own my own home, but as a blind kid from the South Side of Chicago, even friends and family thought it was a pipedream. Their dismissals only fueled me to strive harder, I wanted the American dream, too! Owning a home is about more than just bricks and mortar – it's about building a foundation for your future. As a first-time homebuyer, stepping into homeownership represents a pivotal milestone that can have a profound impact on your financial wellbeing and quality of life. By transitioning from renting to owning, you're not only putting down roots in a community, but also gaining the stability, control and equity that renting simply can't provide.

I wanted that milestone, that stability and I thought I was ready. I had been saving for a down payment, following mortgage interest rates and thought I had figured out what I could afford. My realtor was the one who burst my bubble. "What about property taxes?" she asked. She explained that property taxes were an annual expense of being a homeowner, something I had never heard of, but would need to budget for. It turned out, there were lots of other costs involved in becoming a homeowner about which I was woefully unaware.

Here's a quick overview of the key home buying costs first-time buyers should know:

Property Taxes: These annual fees help fund local services like schools and infrastructure. The amount varies by location.

Homeowner's Insurance: Protects your home and finances in case of damage or liability. A necessary cost of ownership. HOA Fees: If your home is part of a community with a homeowner's association, you'll pay periodic fees to maintain shared amenities.

PMI: If your down payment is less than 20%, you'll likely need private mortgage insurance. This monthly cost helps you become a homeowner sooner.

Closing Costs: The final set of fees to seal the deal on your home purchase. An upfront cost, but an important investment.

While these expenses are part of buying a home, don't let them discourage you. With preparation, you can embrace the costs and enjoy the benefits of homeownership.

I eventually bought that first home, the first of several purchases with that realtor over the years. Each time I learned a little bit more about the process and was a better consumer for all those lessons learned.

What follows is our first homebuyer guide for people with disabilities. We cover many of the basic homebuying concepts through a disability lens. For example, yes, you can own a home and still receive Supplemental Security Income (SSI). Yes, you can own a home and still receive Medicaid. While benefit and disability considerations can add layers of complexity to the process, if you want to be a homeowner, you can do it!

Remember, this is about you. Homeownership allows people with disabilities to build wealth over time through mortgage payments that ultimately fund your own asset, rather than someone else's. It also offers valuable tax benefits and the freedom to customize your living space to fit your lifestyle.

Perhaps most importantly, the pride and sense of accomplishment that comes with being a homeowner can have an incredibly positive effect on your overall happiness and financial security. While the process may seem daunting, the long-term rewards of homeownership make it a goal worth pursuing for first-time buyers.

Thomas Foley,
Executive Director, NDI

Advantages of Homeownership

Homeownership is part of the American dream, yet there is a prevalent myth that having a disability is a barrier to homeownership. The truth is that disability, in and of itself, is not a barrier. Supplemental Security Income (SSI) and Medicaid allow individuals receiving these benefits to own their own home. A wonderful thing about homeownership for people with disabilities is that your primary residence is not considered a countable asset when determining your eligibility for means-tested benefits [such as SSI, Medicaid, Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP)].

There are several advantages to homeownership. You pay yourself instead of paying a landlord. Your home is likely to increase in value over time, allowing you to build equity. Your home can be an asset that you pass down to future generations. You have freedom to design and personalize your living space. You will likely feel more vested in your neighborhood. Many homeowners report having more privacy. A fixed interest loan would keep your monthly mortgage payment consistent throughout the period of the loan (only taxes or insurance could be increased). There are tax advantages that allow you to deduct mortgage interest and property taxes. Based on U.S. Census Bureau data between 2017-2021, a renter is more likely to spend more of their income on housing than a homeowner (21% of owned households vs. 50% of rented households that spend more than 30% of their income on housing.) Once your mortgage is paid in full, your monthly housing expenses will be much lower allowing you to save for other goals. A home is an investment in yourself. You are worthy of building a better financial future and homeownership is one path in securing financial independence.

Making the Homeownership Decision

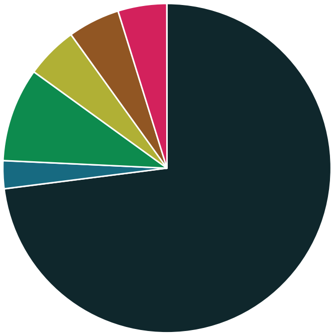
Buying a home is a big commitment and is a long-term investment that should be carefully evaluated. There are groups such as Housing and Urban Development (HUD), Federal Deposit Insurance corporation (FDIC), National Foundation for Credit Counseling (NFCC) and the Association Financial Counseling and Planning Education (AFCPE) that provide homebuyer counseling services or financial education. It is important to consider supportive decision making and involve trusted family, friends or professionals in making the decision to buy a home.

First, you must decide if owning a home is right for you. The Consumer Financial Protection Bureau (CFPB) is a resource that can help you decide to own or rent a home. The CFPB has a home loan toolkit as well as a “buying a house” guide to help someone navigate through the process. There are a lot of concepts to become familiar with including down payment, principal, interest, mortgage, property taxes, property insurance, private mortgage insurance (PMI) and homeowner associations (HOAs). It is important to know that owning a house will entail additional expenses besides paying a monthly mortgage fee. The chart below provides an example of some common expenses to evaluate. In this scenario, using a home purchase amount of $300,000, a 6% down payment amount of $18,000, a .5% annual PMI fee, an interest rate of 6.5% and a 30-year loan term, the total monthly cost to own is $2,441.60.

Housing Payment Expenses

	Monthly	Yearly
Mortgage (Principal & Interest)	$ 1,782.43	$ 21,389.16
HOA Fee	$ 66.67	$ 800.04
Property Taxes	$ 225.00	$ 2,700.00
Property Insurance	$ 125.00	$ 1,500.00
Maintenance & Repairs	$ 125.00	$ 1,500.00
Private Mortgage Insurance	$ 117.50	$ 1,410.00
	$ 2,441.60	**$ 29,299.20**

Monthly Expenses



There are several free online calculator tools you can use to enter figures based on your individual situation of what you are paying to rent and the costs of owning a home. An example of one tool is Freddie Mac's rent or buy calculator.

Although there are no guarantees, the initial cost of owning a home is typically higher; however, over time, the costs of owning tend to decrease. For example, using a rent vs. own calculator, assume you will purchase a $300,000 home with a 6% down payment ($18,000), you secured a 7.25% fixed interest rate with a 30-year loan term and will have additional expenses of 2% closing costs, 1.5% property tax, 3% increase of taxes per year and $2,500 annual home insurance. If you purchased this home versus rented a home that had a $2,000 monthly rental fee, with a 3% increase in rent each year, $2,000 security deposit and $200 application fee, you will save $4,770 by buying instead of renting over a seven year period. The savings from owning versus renting would grow each subsequent year.

Deciding to buy a home is not easy and there is no one-size-fits-all rule for when it is the right time. It depends on how much money you have saved, your job, your family size, household income and what kind of home you want. Below are areas to assess:

Monthly budget / spending plan: Your monthly budget / spending plan says a lot about what kind of home you can afford. If you have money left over after paying your monthly expenses including credit, you might get a better mortgage with a lower interest rate.

Savings: The more you have saved for a down payment, the better mortgage terms you can get. If you can save 20% of the home purchase price for the down payment, you will eliminate the need to pay for mortgage protection insurance. You also need savings for unexpected home repairs. If you do not have enough saved up yet, and are not able to get enough financial assistance using some of the homebuying strategies to help pay for the initial expenses to purchase a home, it is okay to wait. Remember, your ABLE account is the perfect place to save for housing expenses!

Job: Having a stable job with opportunity for advancement helps a person to save more for a down payment and pay for other housing costs. Remember, if you receive SSI and/or Social Security Disability Insurance (SSDI), the Social Security Administration (SSA) encourages you to work. There are work supports that can help you earn and save more while keeping your benefits, including medical insurance for a period of time, sometimes indefinitely.

Credit: The higher your credit score rating, the better the loan terms. Lenders want someone to have a minimum of a 620 or higher credit score for a conventional loan. There are exceptions to this rule, especially with first time homebuying programs. It is possible to get a Federal Housing Administration (FHA) loan with a credit score of 500. You may be required to make a larger down payment, however, if you have a low credit score.

Age and family: Make sure you are ready for the responsibilities of owning a home. Your family situation may make it easier to afford a home. For example, having two incomes instead of one helps to cover expenses.

Build Income, Credit and Savings

If you have determined that you do not feel ready to buy a home now, but want to prepare for homeownership in the future, there are three primary strategies: 1) increase your income 2) build credit and 3) save. Each plays a crucial role in building your foundation for a future home purchase.

Income

One way to increase your income is by obtaining and maintaining employment. However, if you receive several types of public benefits, it is important to seek free benefits counseling before you begin to work. Each public benefit program has its own rules and you will want to make decisions which are the best for you. Transferring from part-time to full-time, increasing part-time work hours or having more than one part-time job are strategies people use to increase earnings. In addition to earned income, you can maintain your monthly income from benefits by using other available community resources and services for support before you spend your money on these services. For example, if you are eligible, use SNAP benefits and a food pantry to obtain some food items instead of paying out of pocket for all grocery expenses. Another resource is to access a program that offers utility assistance such as the Lifeline program, offering home phone and internet service assistance to qualified low-income customers. Lastly, income can be preserved by cutting back on expenses. Cutting Expenses, developed by The Consumer Financial Protection Bureau may be a helpful resource. National Disability Institute's Financial Resilience Center has several resources related to money management and savings strategies.

Credit

A credit score tells lenders how well you have handled credit, like paying credit card balances, car loans, student loans and home loans. It predicts if you are likely to repay a loan on time using details from your credit reports. A higher credit score means that you have managed credit well for a while. Your credit score matters in the home purchase process. With a good credit score, you might get a larger loan amount or a lower interest rate than you would if you had a lower credit score. A lower interest rate means you will pay less over time. Lenders adjust their interest rate individually for each home buyer. For example, using the Loan Savings Calculator from myfico.com, if you have a good credit score or a FICO score above 700, you could secure a 30-year fixed mortgage for a $250,000 loan with a 6.785% interest rate. If your credit score is between 640-659, you could secure the same mortgage with a 7.606% interest rate. This difference in the interest rate throughout the loan term would save a lender with good credit a total of $4,000. This scenario shows how a FICO score of only a 60-point difference can save you a significant amount of money. It is to your financial advantage to boost your credit as much as possible before applying for a loan.

Tips to Build Good Credit

It takes time and diligence to build a good credit score. Being responsible for paying your debts is crucial since borrowing activity stays on your credit record for up to seven years. Start early and build your credit over time. Maintain responsible financial behaviors to keep your score high and steadily growing. Some credit-building tips include:

Pay bills on time: Timely payments prevent late fees and delinquent accounts that can harm your credit. Regularly check your mail and banking correspondence, utility and credit statements and address problems quickly.

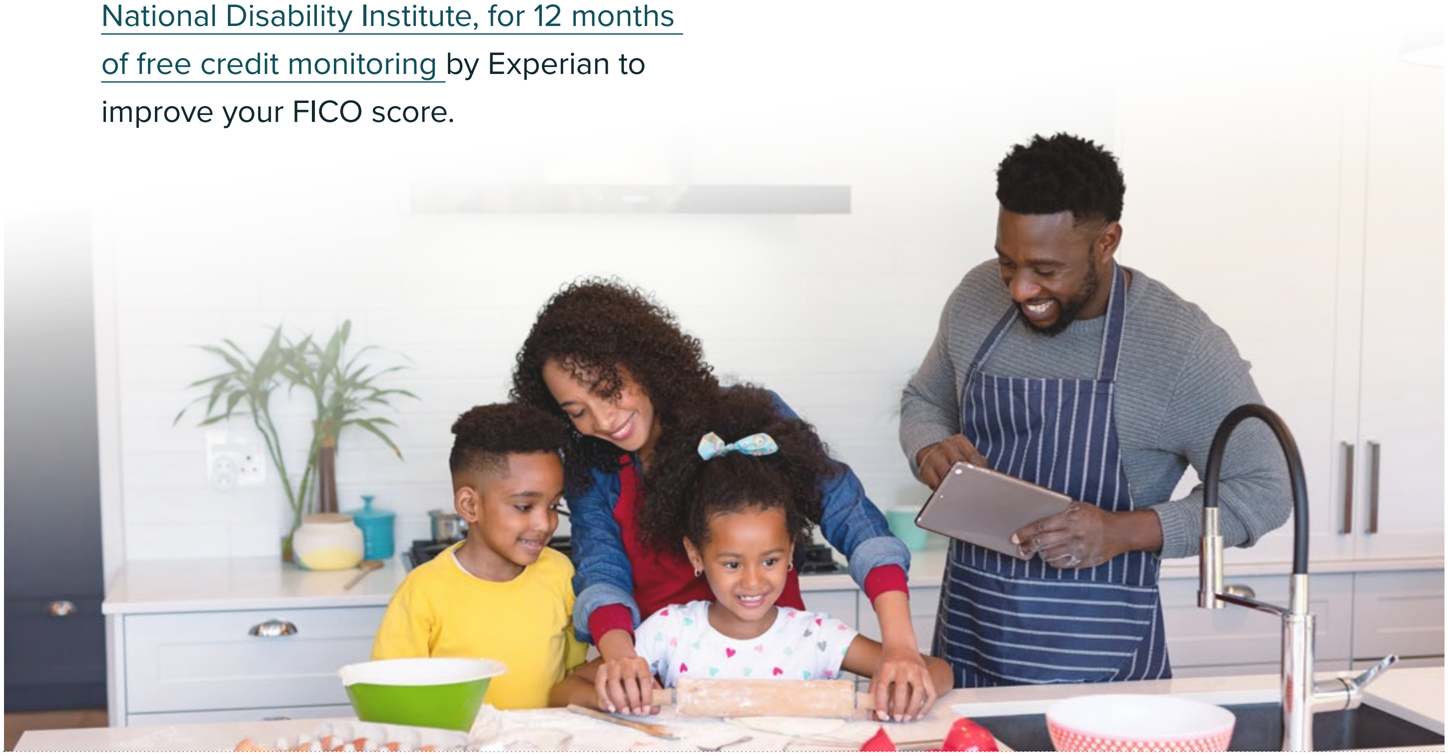
Keep balances low: Keep your total credit usage below 30% of your credit limit. For example, if you have a single card with a $1,000 limit, aim to keep the balance below $300. Similarly, if you have multiple credit cards with a combined $5,000 credit limit, try to keep your total balance under $1,500.

Maintain old accounts, even if you do not use them: Keeping your old accounts open will positively impact the "credit history" part of your credit score. It boosts the age of your oldest account and your average credit age which are key factors in determining your credit score.

Limit new credit applications: Apply for credit to build your credit, though applying for too much new credit in a brief period can harm your score. For larger loans like mortgages, it is advisable not to apply for other credit for at least two years beforehand.

Diversify credit types: You can use online rent payments, phone and utility payments, internet and streaming subscriptions to build credit. Experian Boost® gives you credit for bills like your cell phone, utilities, rent and insurance for free. You can also sign up, through National Disability Institute, for 12 months of free credit monitoring by Experian to improve your FICO score.

Monitor your credit reports: You can monitor your credit reports through your bank, credit card company or with certain free online services. Watch out for any problems and dispute any mistakes in your credit report quickly. You can check your annual credit report for free by going to the Annual Credit Report website or by calling 1-877-322-8228. Deaf and hard of hearing consumers can access the TTY service by calling 711 and referring the Relay Operator to 1-800-821-7232. You can also request copies of your credit reports from the three credit bureaus: Experian, Equifax and Transunion. You are entitled to a free copy of the report once every 12 months from each credit bureau. It is best practice to request one every four months from one of the entities to obtain three free reports (one from each credit bureau) annually to check your credit three times per year for free instead of only once.



If your credit is poor, there are additional options to consider.

Obtain a line of credit: Consider asking family members with good credit to co-sign a credit card for you. This uses their credit score to help you get a card you could not qualify for otherwise. The credit limit and interest rate will be based on both of your credit scores, not just the better score.

Become an authorized user: Another option is to request to be added as an authorized user on someone else's credit card. This enables you to use their card and helps build your credit history. You do not even need to use their credit card actively to benefit from this strategy. However, be aware that if the primary account owner does something that makes their credit score drop, your score can drop, too. Be careful with your spending and payments to avoid harming the credit score of the person assisting you.

Use a secured credit card: This involves giving a bank money as collateral, which then becomes your credit limit on a secured credit card. If you use your card responsibly for several months, your bank should return your money and turn the secured card into a regular credit card.

It can take around six months to get to a 500 credit score and at least a couple of years to reach 700 if you are practicing good credit habits. One of the quickest ways a score can start moving in the right direction is making sure your debts are paid on time. Ask your local bank or credit union how they can help you build good credit. Alternative Finance Programs (AFP) offer loans with low interest rates, usually between 0% to 8% for the purchase of assistive technology like hearing and vision devices, standing wheelchairs and home and vehicle modifications. There are no income limits and they can help you build credit if you are age 18 or older. You can use money from your ABLE savings to pay back a loan from an AFP to help build credit.

Savings Strategies

With the goal of homeownership, it will be helpful to create a SMART goal that will be: Specific, Measurable, Achievable, Relevant and Time-based. An example of a SMART goal, related to saving to buy a home, is, "I will set up automatic deposits to save $5,000 in my ABLE account to put towards a down payment by June 2028." The FDIC has a Money Smart financial education curriculum that includes Your Spending and Saving Plan. In addition to developing a savings plan, you may want to use savings-related resources to your advantage. An ABLE account is one example.

Use Your ABLE Account to Prepare for Homeownership

Your ABLE account can help you take important steps to prepare for home purchase and ownership.

Asset limits can be a barrier to save and invest money if you receive means-tested benefits. Examples include SSI, Medicaid, TANF and HUD. This is where an ABLE account comes in. An ABLE account is a protected savings and investment account that allows many people with disabilities to save and invest without losing most federally funded means-tested benefits. **Up to $100,000 in an ABLE account is not counted as a resource or asset for SSI beneficiaries.**

Any amount of ABLE savings is not a countable resource for any type of Social Security Disability Insurance, Free Application for Federal Student Aid (FAFSA), HUD, SNAP, Low Income Home Energy Assistance Program (LIHEAP), Low Income Household Water Assistance Program (LIHWAP), Medicaid or Medicare benefit. Importantly, having an ABLE account can help you manage inheritance, homeownership and housing expenses as you choose.

An ABLE account can be opened by a family member or other person who the account owner selects such as a power of attorney, legal guardian, court appointed conservator or a representative payee. The account may be managed directly by the person with a disability, by a legal guardian or other authorized agent. The income earned from the accounts will not be taxed. These accounts can make it possible for you to save and invest money without going over the asset limits for means-tested benefit programs. In 2024, to be eligible for an ABLE account, your disability onset must be before the age of 26. On January 1, 2026, the ABLE age of eligibility increases to include people who have a disability that began before age 46. Once eligibility is determined, a person can have an ABLE account opened at any age.

As of 2024, 46 states plus D.C. have active ABLE programs. Many ABLE plans allow out-of-state residents to open an account. The account owner can contribute directly to their own ABLE account and any person or entity, including a trust, can deposit money directly into an ABLE account without that gift being considered income, up to the annual contribution limit ($18,000 in 2024). Employed account owners can contribute even more under the ABLE to Work Act. Most plans include FDIC-insured savings and investment options. ABLE account balance limits range from $235,000 to more than $596,925. The ABLE National Resource Center (ABLE NRC) offers ABLE plan comparison tools that post each state plan's fees and contribution and balance limits.

Finding the funds to save in the ABLE account is critical. The Finding the Funds to Save in an ABLE Account Decision Guide includes ideas about employment, filing taxes and applying for and using tax refunds to save, using gifts and other contributions from family and friends, contributions from a trust, rollovers from 529 qualified tuition plans and other ways to save.

It is best practice to use your checking account to pay for housing, food and monthly expenses and save the extra money in your ABLE account.

Example: Using ABLE to Save for a Down Payment.

Carmen is a 35-year-old ABLE account owner who is saving for a down payment to purchase a home. They established their ABLE account when they were 20 years old. Contributions were made to their account from family and friends accumulating $1,000 in the first five years. By the age of 25, they secured a full-time job and set up a $50 monthly automatic deposit into their account. Carmen lived in their family home until they were 26 and then lived independently in a shared living situation with a friend to help share monthly expenses. Carmen deposited $250 each year into their ABLE account from the Earned Income Tax Credit they received. They used the remainder of the tax credit to purchase clothes, take a vacation and save in a checking account to address their rising rental costs. They use their employment earnings to pay their routine ongoing monthly expenses. They feel ready to begin the steps in buying a home because they have a total of $9,000 saved in their ABLE account. Carmen plans to buy a condominium unit that has a purchase price of $150,000. They plan to put a 6% down payment from their ABLE funds and use the $3,000 balance to pay for other housing expenses.

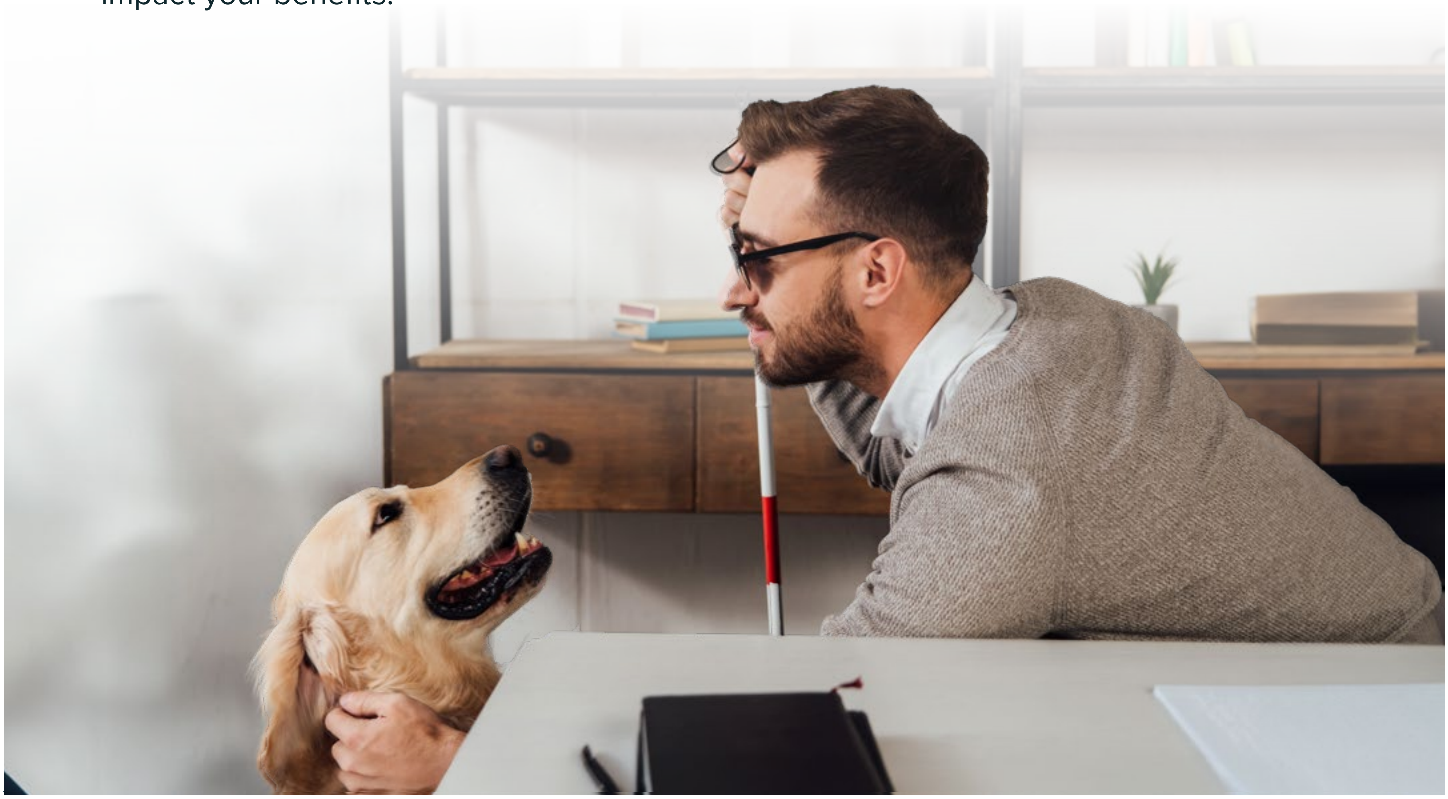
Homeownership Choices

Once you have determined that homeownership is a path that you want to pursue, you will need to pick the type of home you want, find a suitable location and assess what you can afford. Careful planning is important to ensure the transaction does not interfere with your benefits or to preserve as many benefits as possible to save money.

Types of Homes

In this guide, when we use the word "home" it can be a single-family home, mobile home, a condominium, a townhouse, a boat or even a "tiny" home. Homes could include other features such as garages, pools, private yards, storage units and common areas. Each type of home has its own advantages and things to consider, so choose based upon your needs and situation.

Disability consideration: If you receive public benefits like SSI, you may own one house that you live in, called a primary residence, otherwise your SSI benefit would be impacted. If you receive SSDI, you can own multiple houses or property and it will not impact your benefits.



Location

Where you choose to live is important. Here are some factors to consider:

- Safety and access to things like jobs, stores, schools and fun activities matter. Being close to job opportunities can help you find work more quickly or can reduce commute time. If you rely on buses or trains, living near public transit stops can make life easier.
- Different geographical areas of the country present diverse housing options. In rural areas, there are typically single-family houses with bigger yards alongside mobile homes. Urban areas and cities have more apartments and townhouses, while suburbs often have a blend of various housing styles.
- Where you live also affects current home prices and how much your home might be worth in the future. Places with more job opportunities usually have home prices that go up faster.
- Climate can affect costs as it relates to temperature and heating or air conditioning expenses, while insurance costs are impacted in areas that are at risk for wildfires, floods or other natural weather events. Homes in areas affected by climate may need weatherization modifications.

Affordability

About one to four months before you begin shopping for a home, get preapproved for a mortgage. Some lenders will prequalify you for a mortgage, but it does not carry as much weight as preapproval because the lender does not verify all your information. With preapproval, a lender states that you qualify for a mortgage loan based on the information you provided. This will help you to find out how much you can afford and will position yourself as a serious buyer, both especially important during this highly competitive real estate market. Some, but not all, lenders charge an application fee.

There are several free online tools available to help you determine what your monthly mortgage costs will be based upon the price of the home, how much you can pay for a down payment, interest rates and other factors. Many lenders have a home affordability calculator or a mortgage calculator. One example is the "Mortgage Amount Calculator" from Freddie Mac. These tools can help you assess the price range of a home you can afford. If the mortgage calculator results make homeownership seem unrealistic, do not give up. The next section will identify some creative strategies to overcome some common financial barriers to the homebuying process.

Financial Strategies in the Homebuying Process

Purchase Price

Remember to factor in the costs of condominium, neighborhood or homeowner association fees, as applicable. Use a reputable realtor with expertise in the geographic area of your new home who can help negotiate the purchase price or other conditions to your favor. Starting in July 2024, real estate agents who assist home buyers will become more competitive with fees which are paid by the buyer so it is important to comparison shop and negotiate any commissions. You may want to obtain a home inspection to have an outside entity giving you information on the overall condition of the home you want to buy. Your loan amount will consist of what the bank or lender is letting you borrow from them to pay for the house, plus interest. The most common loan terms are for either a 15-year or 30-year duration.

Interest

For conventional loans, lenders offer different interest rates. As described in a previous case scenario, a 1% lower interest rate can make a significant difference in lowering your overall payments throughout the loan period. It is important to shop around and compare rates. Consider banks, credit unions and reputable online lenders. If you do not want to do these options yourself, you can use a mortgage broker who researches various loan options that are available to you. If you use a mortgage broker, you will likely pay a commission fee for this service in your purchase agreement. A fixed-rate interest will be consistent through your loan duration compared to an adjustable-rate mortgage (ARM) which may be lower than a fixed rate initially, but is subject to increase or decrease throughout the loan term. ARMs are more challenging to budget since expenses vary.

Down Payment and Closing Cost Assistance

To minimize paying mortgage protection insurance, the general guidance is to pay 20% down payment for a conventional home loan, but this is not a strict rule that you must follow. There are flexible, alternative solutions. Look into down payment assistance and first-time homebuyer programs from state agencies and lenders that cater to first-time homebuyers or low-income borrowers. The down payment amount for some of these programs may be more in the range of 3.5% of the total cost of the home versus 20% for a conventional loan.

First Time Homebuyer Programs help participants to develop credit scores, save money and may have unique offers such as a 4 to 1 match towards a home purchase. Call 211 to find a first-time home buyer program near you. There are many programs throughout the U.S. that help people with home ownership include HUD Housing Choice Voucher homeownership program, Veterans Administration (VA) loans for Veterans which may not require a down payment, USDA loans which offer 0% down for low-income borrowers in rural areas, Fannie Mae and Freddie Mac which allow for low money down with reduced mortgage protection insurance, and the National Homebuyers Fund which offers grants for down payment or closing costs assistance. These lenders usually have more favorable interest rates and other loan specifications than a conventional loan.

Accessory Dwelling Units (ADU)

These units may be added to a lot to allow for accessibility features or for an aide to live in who will provide support to a homeowner. Many towns and villages are approving zoning laws that allow another unit to be added to a lot. HUD has expanded their program services to include ADUs.

HUD has released a new policy that allows lenders to count income from small units of housing built inside, attached to or on the same property as a primary residence when underwriting a mortgage. This change allows for the inclusion of rental income from the ADU in the borrower's qualifying income and would allow more borrowers to qualify for financing for properties with ADUs, including 203(k) Rehabilitation mortgages. (Please note, rental income is countable unearned income for SSI that will reduce SSI benefits.)

ADUs can be rented out to tenants, thereby adding to the supply of housing in a community. HUD's policy makes it possible for more first-time homebuyers, seniors and inter-generational families to leverage the power of ADUs to enhance the generational wealth building potential of homeownership.

Other creative solutions to finding an affordable home include purchasing a home from the government that they acquired from failed banks, buying a foreclosure or short sale property, lease to own and purchasing land with the intent to later build a home on the land when it became more affordable for you to do so. Note that property that does not include your primary residence counts as an asset for means-tested benefits programs such as SSI and Medicaid. Each of these options has its own benefits and risks so additional research is recommended before pursuing one of these options.

Taxes

Homestead Act Tax Exemptions: Some states let homeowners pay less in property taxes if they have a disability, are an older adult or a Veteran. There may be other protections for homeowners who lose a spouse. Homestead tax exemptions are available in various forms across most states in the U.S. The specifics of these exemptions, including the amounts and conditions, can vary significantly from state to state. Your local tax assessor can provide information about eligibility and how this can reduce taxes while owning a home.

Property Tax Deferment: Some states help people who cannot afford property taxes by allowing the person to continue living in the house and will agree upon how the taxes will be paid later. In some cases, the past due property taxes are payable when the homeowner passes away. Most states may allow past due payments. Check with your local tax assessor to find out your rights.

Insurance

Homeowners' Property Insurance: This insurance covers some damage to your home and the property inside it. Most mortgages require you to have home insurance. Read your insurance policy to know what events are covered. Additional coverage options are available for natural disasters such as floods, forest fires, hurricanes and earthquakes. Property insurance costs may be lowered if you weatherize your home or make safety and security related updates such as repair of an old electrical panel.

Use Your ABLE Account in the Home Purchase Process

Funds in an ABLE account may be spent on "qualified disability expenses" (QDE) which are defined as expenses which enhance the health, independence and quality of life of the person with a disability. They do not have to be disability-related, but must benefit the person who has a disability.

The purchase of a home, a down-payment and associated closing costs, whether it is for a single-family home, townhome, modular or manufactured (mobile) home, condominium, boat, recreational vehicle or tiny home, are all QDEs. If your mortgage agreement includes paying escrow in advance for the year, you can use your ABLE funds to pay the escrow which includes projected taxes and insurance for a year.

Example - Using ABLE in the Home Buying Process.

Virgil is an ABLE account owner who lives and works near Sacramento, Calif. They wanted to buy a home for several years but didn't think they could afford it. Their housing counselor connected them with some important resources to make their dream a reality. They found a 2/1 small single-family home for $269,000; they have $13,000 in their ABLE account. This amount is not close to a 20% deposit of $52,000 which is a general goal for down payments. Through a housing and redevelopment agency, Virgil attended first-time homebuyer education classes. Due to their low income, they qualified for two grants, one from a bank for down payment assistance and closing costs and another related to a workforce initiative program in the area. These two sources provided them with financial assistance totaling $15,000. The first-time homebuyer loan program offered them a loan requiring a 6% down payment ($16,140). Since Virgil did not include a down payment that was $20% of the home value, their monthly mortgage will include an additional cost for private mortgage insurance (PMI). Virgil used their ABLE account funds to pay the $1,140 balance due at closing, $6,000 in realtor fees and $4,000 in annual property taxes and insurance. When Virgil held the keys to their new home, they still had $1,860 in their ABLE account. They kept $1,300 invested in their ABLE account for future home expenses as they have a goal to purchase a central air conditioning unit. The remaining amount of $560 was used for utilities and moving costs. They received a $2,000 gift from family and friends that helped to pay for small kitchen appliances, some furnishings and décor to make their new house a home.

Managing Monthly Expenses

One strategy in helping to manage the monthly costs of owning a home is to maximize the use of available resources that can help you with these expenses. This will allow you to protect or preserve your benefits, as applicable, and give you more opportunity to save your money for larger, unexpected expenses. Examples of resources that may be able to help you with monthly home expenses include:

Alternative Finance Programs (AFP): offer loans with low interest rates, usually between 0% to 8% for an accessibility-related home modification. This resource may be able to help you reduce monthly payments and keep more money in your ABLE savings or investment account earning more interest.

Low Income Home Energy Assistance Program (LIHEAP): helps with energy costs such as home energy bills, weatherization and minor energy-related home repairs.

Low Income Household Water Assistance Program: provides low-income households with water and wastewater bills.

Vocational Rehabilitation: services for individuals who have an employment outcome, and need modifications to their home for an accessible environment.

HUD Section 8 Homeownership Assistance Program (HAP): HUD allows qualified applicants to use their voucher to buy a house, instead of renting. In this scenario, HUD provides a Section 8 Housing Voucher, but instead of HUD writing a check to a landlord each month, it writes the check to a mortgage holder, such as a bank or other lending institution. The voucher is the same amount as the rental voucher was, and the voucher holder's responsibility is to pay the difference of the monthly mortgage amount still owed after HUD's portion of the payment. Although HUD is writing a check for part of the mortgage payment, HUD has no ownership interest in the mortgage or the house. When the loan is fully paid, the property is owned "free and clear" by the Section 8 Voucher holder.

Use Your ABLE Account to Pay for Ongoing Housing Expenses

ABLE account funds may be spent, at any time on qualified disability expenses, which can include basic living expenses, such as housing expenses and more. Housing QDEs do not need to be directly related to your disability, but must enhance your health, independence and quality of life. It is recommended that inexpensive items or services not clearly defined as a QDE be paid using non-ABLE funds. The ABLE NRC Decision Guide, Determining Whether Something Is a QDE, provides helpful guidance on this topic.

Use your ABLE account funds to pay for property insurance, mortgage, home maintenance, taxes, heating fuel, gas, electricity, water, sewer, garbage removal and other housing related QDEs. ABLE funds withdrawn for housing expenses need to pay for those housing expenses in the same month as withdrawn. ABLE housing funds withdrawn and held to the next month are counted as a resource along with other non-ABLE resources like a private (non-ABLE) checking account. Once ABLE funds are withdrawn, the funds count towards the annual contribution limit if deposited back into the ABLE account.

A best practice used by many ABLE account owners is to direct deposit employment and benefit income into a checking account. Pay for routine monthly expenses from your checking account, especially those items that are not QDEs, and deposit remaining funds into an ABLE account. ABLE accounts provide a wonderful way for you to receive money from friends/family/Special Needs Trusts (third parties), save on your own and invest money without impacting benefits. Money deposited directly into an ABLE account from a third party is not income or in-kind support or maintenance (ISM), even when it is spent on housing expenses. A key strategy to incorporate into your ongoing monthly expense plan is to continue to use your ABLE account to save for unanticipated expenses.

Conclusion

For people with disabilities, homeownership can be an excellent choice to build up equity and create financial stability. Owning a home gives you a tangible asset that increases your wealth in a way that few other options can. There are unique benefits for homeowners with disabilities. For example, homeownership gives you the freedom to modify your home and truly invest in it. When you pay for a ramp or roll-in shower, it not only makes your home more accessible, but it can also increase the overall value of your property.

The homebuying process involves several steps, such as navigating savings, government benefits and using financial assistance resources to make a down payment. It is also a long-term commitment. Combining supportive decision making by involving trusted people in your life, implementing planned strategies, utilizing assistance programs and receiving support from professionals throughout the process can help make homeownership a reality. Homeownership can be one way to build a better financial future for you and your family. Are you ready to envision your own home as a beacon of stability, independence and community where you can thrive?

ABLE and Homeownership Resource List

ABLE Act: The Achieving a Better Life Experience (ABLE) Act was passed in December 2014. The ABLE Act amends Section 529 of the Internal Revenue Service Code of 1986 to create tax-free savings accounts for individuals with disabilities.

ABLE Account: savings / investment account for people who acquired a disability before age 26 (limit to be changed to age 46 starting on January 1, 2026). ABLE account investment growth is tax-free. The funds contributed into these accounts will not negatively impact the person's eligibility for public benefits, such as Medicaid. An ABLE account may be used to pay for housing rental, purchase, utilities, maintenance, home modifications, homeowner insurance and taxes and other qualified disability expenses.

Homeownership Counseling

Association Financial Counseling and Planning Education (AFCPE): financial and homebuyer counseling

Homebuying Counseling and Foreclosure Prevention: HUD and NFCC

Homeownership Support Programs

Alternative Finance Programs: provide referrals for grants and access to loans at 0% to 8% interest for assistive technology, including home modifications and accessibility.

Centers For Independent Living (CIL): a consumer controlled, community based, cross disability, nonresidential private nonprofit agency that is designed and operated within a local community by individuals with disabilities and provides an array of independent living services. Many CILs have programs that help with housing issues. There are also Independent Living Councils (ILCs) that help with planning, advocacy and oversight at the state level.

Internal Revenue Service (IRS): tax incentives for homeowners.

Low Income Home Energy Assistance Program (LIHEAP): helps with energy costs such as home energy bills, weatherization and minor energy-related home repairs.

Low Income Household Water Assistance Program: provides low-income households with water and wastewater bills.

Special Needs Alliance: a national alliance of attorneys who specialize in special needs planning including trusts.

Vocational Rehabilitation: services for individuals who have an employment outcome and need modifications to their home for an accessible environment.

Weatherization Assistance Program (WAP): can replace a roof, windows, heating unit and/or install solar panels for low- to moderate-income homeowners.

Homebuyer Lending Programs:

Dial 211 or 311 (for those who live in NYC) to call and find your local First Time Home Buyer Programs.

Fannie Mae: One of two government-backed entities that support certain mortgages for people with low incomes and credit scores. These Fannie Mae mortgages are issued through conventional lenders and backed up by Fannie Mae.

Federal Housing Administration (FHA): a federal agency that oversees different aspects of housing in the U.S. FHA offers mortgage products designed to help first-time homebuyers with limited savings and credit.

Freddie Mac: one of two government-backed entities that supports certain mortgages for people with low incomes and credit scores. Freddie Mac mortgages are issued through conventional lenders and backed up by Freddie Mac.

HUD Section 8 Homeownership Assistance (HAP): a program administered by some public housing agencies (PHAs) that allow people with Section 8 vouchers to use them toward the monthly cost of homeownership.

United States Department of Agriculture (USDA): a government agency that oversees parts of our agricultural system and supports some economic activities in rural areas. The USDA provides USDA Direct Loans and USDA Guaranteed Loans that provide favorable terms to certain homebuyers in rural areas.

U.S. Department of Veterans Affairs (VA): a federal agency that serves active-duty service members, Veterans and their families (including the families of service members who have died, been captured or are missing in action). The VA offers mortgages with favorable terms to qualifying service members, Veterans and family members.

Calculation and Financial Resilience Tools

ABLE National Resource Center – Financial education resources including games, podcasts, webinars and tools.

Intuit Credit Karma – Obtain your free credit score.

Annual Credit Report – Obtain annual free credit reports.

National Disability Institute Financial Resilience Center: An online information hub to help people with disabilities and chronic health conditions build their financial resilience and navigate through challenging times.

In addition to homeownership, people with disabilities may benefit from information on home inheritance.

*Use the links or QR codes below to access the **Home Inheritance Guide for People with Disabilities** and learn how the **ABLE National Resource Center** can help you discover the power of ABLE accounts.*

Home Inheritance Guide for People with Disabilities

ABLE NRC Overview

1701 K Street NW, Suite 1000
Washington, DC 20006

The ABLE National Resource Center is managed by National Disability Institute.