Claude Loan

2026 GUIDE

First-time home buyer: programs, loans and the real numbers by state

First-time home buyer programs in all 50 states — down payment assistance, HFA loans, tax credits, closing costs — plus guides on affordability, credit and PMI.

Every state has a program most buyers never hear about. Find yours, then run the numbers that lenders actually use.

Buying a first home in the United States is a paperwork problem dressed up as a money problem. The money exists: every state runs a housing finance agency with a first-time buyer mortgage and down payment help, about half issue Mortgage Credit Certificates worth up to $2,000 a year in federal tax credits, and three mainstream loan programs — FHA, HomeReady and Home Possible — accept 3% to 3.5% down with the entire amount from gifts or assistance. What stops most buyers is not knowing these exist, or using a lender that does not offer them.

The paperwork is where the guides below earn their place: how much house you can afford by the debt-to-income math lenders use, the credit score each program really requires, FHA vs conventional, closing costs and who can pay them, and the twelve mistakes that cost buyers the most.

Start with your state: each page lists the agency's programs, assistance amounts, tax credit availability, transfer taxes and typical closing costs, and a worked example on the state's median home price. Then read the two or three guides that match your situation — and ask us anything the pages do not answer.

The method, in five steps

1. Pull your credit reports from all three bureaus and fix errors before you talk to a lender.
2. Read your state page below: note the agency's program names and whether an MCC is offered.
3. Get a full pre-approval (not a pre-qualification) from two lenders — one of them approved for your state's program.
4. Build your budget from take-home pay, not from the pre-approval maximum; include taxes, insurance and PMI.
5. Take the free homebuyer education course early — most assistance programs require it and it shortens closing.

Questions people ask

Who counts as a first-time home buyer?

For most federal and state programs, anyone who has not owned a principal residence in the past three years — so previous owners often qualify. Many state programs also waive the requirement in targeted areas and for veterans.

How much do I really need for a down payment?

As little as 3% (conventional HomeReady, Home Possible, Conventional 97) or 3.5% (FHA), and 0% on VA and USDA loans. Closing costs of 2% to 5% come on top, though sellers, lenders and assistance programs can cover much of them.

Is it better to wait and save 20%?

Not automatically. PMI on a 5% down loan costs less than many buyers expect and cancels at 80% loan-to-value; in a rising market, years of waiting can cost more than the insurance. The decision depends on your market, your reserves after closing, and your payment comfort — not on a rule of thumb.

Your state’s rules

Every state changes the answer — programs, usury caps, foreclosure speed. The state guides are free at https://claude-loan.com/first-time-home-buyer/ (pick your state).

Keep reading on Claude Loan

- How much house can I afford? The math lenders actually use — https://claude-loan.com/guides/how-much-house-can-i-afford/
- FHA vs conventional for a first-time buyer: which loan wins, and when — https://claude-loan.com/guides/fha-vs-conventional-first-time-buyer/
- 3% down conventional loans: HomeReady, Home Possible and Conventional 97 — https://claude-loan.com/guides/3-percent-down-conventional-homeready-home-possible/
- Pre-approval vs pre-qualification: what sellers actually respect — https://claude-loan.com/guides/pre-approval-vs-pre-qualification/
- Closing costs explained: what is negotiable, what is not — https://claude-loan.com/guides/closing-costs-explained/
- PMI for first-time buyers: what it costs and how to get rid of it — https://claude-loan.com/guides/pmi-for-first-time-buyers/

Sources

- CFPB — Owning a Home — https://www.consumerfinance.gov/owning-a-home/
- HUD — Find a housing counselor — https://www.hud.gov/findacounselor
- HUD — FHA single family housing — https://www.hud.gov/program_offices/housing/sfh