

10 Ways Assumable Mortgages Fall Short - Homebuyer Advocates Share What Buyers Should Know

While often promoted as a shortcut to savings, assumable mortgages come with hurdles most buyers don't anticipate.

MESA, AZ, UNITED STATES, August 21, 2025 /EINPresswire.com/ -- With interest rates and home prices continuing to challenge affordability, assumable mortgages have made headlines as a possible game-changer for homebuyers. But according to the [NATIONAL ASSOCIATION OF EXCLUSIVE BUYER AGENTS](https://naeba.org/) (NAEBA), a non-profit organization of real estate brokerages that work solely for homebuyers, the reality of these loans is more complicated than many viral videos and stories suggest.



NAEBA, the National Association of Exclusive Buyer Agents is a non-profit organization of real estate brokerages that represent buyers only.

Assumable mortgages allow a buyer to take over the seller's current mortgage, often at a lower interest rate. And, for patient and dedicated buyers, an assumable mortgage can be an option to make homeownership significantly more affordable.

“

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*Benjamin Clark, NAEBA
President*

For example, rather than obtaining a new loan at an example rate of 6.5%, a buyer could assume a seller's mortgage that might have a 3.5% interest rate. The difference in the principal and interest payment for a \$500,000 loan is over \$900. Not all sellers have loans with ultra-low rates, but even a rate of 5% could save a buyer

almost \$500 a month in the above scenario. It sounds amazing, and it is, but a variety of challenges can complicate the process.

Exclusive Buyer Agents at NAEBA say while the assumable mortgage is an option, the reality in many markets is often far more complex than is implied in Reels, TikToks and headlines. There are obstacles that can deter buyers, sellers, and lenders from taking advantage of, offering, or encouraging this financing method.

"Some media commentators and content creators suggest that assuming a mortgage with a super-low interest rate is simple and effortless, and that every seller with a low interest rate is interested in participating in that process," says Benjamin Clark, President of NAEBA and Principal Broker of HOMEBUYER REPRESENTATION, INC. in Salt Lake City, Utah.

(<https://HomebuyerRepresentation.com>) But Clark suggests there is more to the story. "Unless a buyer is unwaveringly determined to acquire a home with a loan assumption, has the time and capital necessary to do so, and is willing to compromise in a number of places the typical buyer may not be willing to, assumable mortgages are often not the straightforward solution they are portrayed to be by many outlets."

[NAEBA members](#) have identified 10 key hurdles that potential buyers face that many content creators gloss over or ignore.

1. Lack of Understanding: Many buyers may not fully grasp how assumable loans work or the benefits they offer. Overestimating the amount of homes



Benjamin Clark, President of the National Association of Exclusive Buyer Agents and an Exclusive Buyer's Agent serving Salt Lake City, Utah



Andi DeFelice - Past President of NAEBA and an Exclusive Buyer's Agent serving Savannah, GA

available to purchase, or underestimating the time involved in a loan assumption purchase can quickly turn excitement into frustration. Acting without knowledge of the market and the process can lead to hesitation or abandonment of the idea altogether. Educational resources and guidance from a trusted real estate professional with your best interest in mind are essential to help buyers evaluate the feasibility of reaching the desired outcome in their market.

2. Qualification Requirements: While some loans allow for simple assumptions, most require buyers to qualify with the seller's mortgage holder. This means that the bank will only agree to the assumption if the new borrower is deemed financially sound enough, considering factors like creditworthiness, income, and existing debts. This ensures that the buyer meets the same qualifications that the current owner did, which can include maintaining a minimum credit score, debt-to-income ratio, etc.

Additionally, specific requirements may exist that could determine whether the buyer can assume the existing loan, or that could affect whether the seller will go through with the loan assumption. For example, if the current owner has an assumable VA loan, and the buyer does not have VA eligibility, the seller's VA eligibility remains tied up until the new borrower fully pays off the assumed mortgage. Many veterans are unwilling to have their eligibility tied up for an unknown period of what could be many years.



Jon Boyd - Past President of NAEBA and an Exclusive Buyer's Agent serving Ann Arbor, Michigan



Justin Gramm - NAEBA Board Member and an Exclusive Buyer's Agent serving San Diego, California

3. Too Much Cash Needed to Close: Buyers frequently need enough up-front cash to bridge the gap between the home's current sale price and the remaining balance on the assumable loan. Given the substantial increase in home prices across many markets, this can require buyers to come up with tens or even hundreds of thousands of dollars to cover the difference.

Andi DeFelice, a former NAEBA President and Broker at EXCLUSIVE BUYER'S REALTY, INC. (<https://ebersavannah.com/>) in Savannah, Georgia, shared her experience: "I had one buyer excited to attempt an assumable mortgage purchase, but the seller's equity was just too much for them to cover."

4. Limited Availability (especially for picky buyers): While homeowners who have assumable loans at low interest rates may be abundant, many of them choose not to sell in order to retain those favorable rates. This can make it challenging to find sellers willing to engage in the loan assumption process.

According to Ben Clark, in the Salt Lake City metro area, despite an increase in active inventory, less than 1% of homes for sale are actively offering assumable loan terms. This scarcity increases pressure on buyers seeking homes with assumable mortgages to compromise on their preferences regarding location, condition, and other important factors. Upon discovering the limited selection of homes available for this type of financing compared to the broader market, many buyers who begin their home-buying journey with aspirations of securing an assumable mortgage often abandon the idea.

Jon Boyd, a former President of NAEBA and an Exclusive Buyer Broker with THE HOME BUYER'S AGENT OF ANN ARBOR (<https://buyersagentannarbor.com/>) in Ann Arbor Michigan adds, "The effort of finding an assumable loan makes much more sense if it isn't combined with buying a home to live in. It makes more sense for someone buying a home to use as a rental where they won't also be as picky about those other factors." Boyd and his wife have purchased property using an with an assumable loan, but because it was an investment, they were able to be significantly more flexible about the property itself. Boyd also points out that some markets may have a larger, and potentially better pool of homes offering assumable loans to choose from, such as those in areas near military bases may have a far higher percentage of homes purchased with VA loans (which are assumable, with qualification).

5. Sellers Asking for Higher Prices: Sellers may want to price their homes above market value due to the real value of offering a mortgage with a low interest rate. Buyers may find themselves in a difficult position, having to decide how much they are willing to overpay upfront for the benefit of a lower interest rate over the course of ownership. This dynamic can create tension and confusion during negotiations, as buyers weigh the long-term savings against the upfront costs and could also lead to appraisal issues when trying to close the deal.

6. Complexity of the Process: The process of assuming a loan can be more lengthy and

complicated than obtaining a traditional mortgage. Buyers may be deterred by the additional paperwork and potential legal issues involved. Staff at many lenders are inexperienced in processing loan assumptions because, until the last few years, getting a new loan was better than assuming an older loan that carried a higher interest rate. Hopeful buyers should request written documentation from a seller's lender about the process and timing of a loan assumption in order to have a clear understanding of the steps involved. They should also be aware of potential setbacks that could cause delays, and seek assistance from knowledgeable professionals who can guide them through the intricacies of the process.

7. Lender Bias: Lenders generally prefer that borrowers do not assume loans with exceptionally low interest rates. Lenders would rather have home sellers pay off the existing loan so they can reissue that capital at a higher rate. This preference could create additional friction for buyers seeking to assume a loan. While lenders cannot outright refuse, there is often little incentive to prioritize the process.

8. Timing Issues: The timing of the loan assumption process can be a significant hurdle. As they are relatively rare, many lenders do not have dedicated teams for processing loan assumptions. Buyers must be prepared for potential delays and longer processing periods, and should communicate openly with their agents and lenders to manage expectations.

9. Potential Seller Issues: Sellers often prioritize a quick sale over the complexities of an assumable loan, especially in a market where they may receive cash offers or traditional financing that can close quickly. If a seller is facing financial difficulties or is motivated to sell rapidly, they may be reluctant to navigate the loan transfer process.

Justin Gramm, a NAEBA Member with GLOBELLA BUYERS REALTY (<https://globella.com/>) in San Diego, California, experienced this firsthand: "I had some clients try a loan assumption, but their offer wasn't accepted due to a competing offer from a buyer who wasn't asking to assume the loan. The non-assumption transaction would close more quickly, so the seller went with that offer." Ultimately, Gramm helped the buyers purchase a better home, but without assumable financing.

10. Inexperienced Real Estate Agents: In a competitive housing market, buyers may feel pressured to act quickly and may not have the time to explore assumable loans thoroughly. This urgency can lead to missed opportunities for buyers who could benefit from this financing option. It is essential for buyers to take the time to understand their options and to work with agents who can provide valuable insights into the market.

For those hoping to purchase with an assumable loan, Clark suggests FINDING A REAL ESTATE AGENT THAT SPECIALIZES IN BUYER REPRESENTATION. "They can analyze relevant local market data with you and assist in evaluating your options," he advises. Clark suggests beginning your home search at least 3 to 4 months earlier than planned to allow ample time to assess properties that offer loan assumptions. "Whether you are looking to purchase a home with an

assumable mortgage, or you just want the highest level of representation available to a homebuyer, you need an agent on your side looking out for you who can answer your questions and guide you through the process," said Clark. "The best agent, when available, is an Exclusive Buyer's Agent."

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