

Before You Buy – Texas Edition

The Home Buyer's Guide I Wish I Had

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Welcome!

Buying a home is exciting, but it can also feel overwhelming. If you've never done it before, or it's been years since your last purchase, it's completely normal to have questions.

Whether you're a first-time buyer or have purchased before, understanding the process can help you make informed decisions, avoid common mistakes, and reduce unnecessary stress.

I created this guide because when I bought my first home, I chose to go through the process without a real estate agent. I thought I was making the right financial decision, but instead I made mistakes that ultimately cost me far more than I expected. That experience changed how I view real estate. My goal isn't to convince you to hire me. It's to help you understand the home-buying process so you can confidently navigate it on your own and make informed decisions.

PHASE 1 – PREPARE TO BUY

The decisions you make before touring homes can have a significant impact on the rest of your home buying experience.

Step 1: Understand Your Home Buying Team

A successful home purchase often involves several professionals working together.

Depending on the property, financing, and complexity of the transaction, your team may include:

Lender - Assists with financing, pre-approval, loan options, and helping determine your purchasing power.

Title Company - Facilitates the closing process, handles escrow, coordinates the transfer of funds and ownership.

Insurance Agent - Provides homeowners insurance quotes and coverage options, which are typically required by lenders before closing.

Home Inspector - Evaluates the condition of the property and identifies visible deficiencies and potential concerns that may not be immediately visible during a showing.

Contractor (Optional) - Can provide estimates for repairs, renovations, or improvements, helping buyers better understand the potential cost of work before purchasing a home.

Real Estate Agent (Optional) - Can assist with property searches, market analysis, negotiations, contracts, and transaction management.

Real Estate Attorney (Optional) - Some buyers choose to consult a real estate attorney for legal advice, contract review, or assistance with unique situations.

In Texas, most residential real estate transactions use contract forms adopted by the Texas Real Estate Commission (TREC) and other authorized organizations. These standardized forms are designed to address many common residential transaction scenarios and are widely used throughout the state.

Because these forms are standardized, many residential transactions proceed without either party hiring an attorney. However, buyers may still choose to seek legal advice whenever they have questions about their legal rights, obligations, or a unique circumstance.

Home Warranty Company (Optional) - Some buyers choose to purchase a home warranty to help offset the cost of certain covered repairs or replacements. Coverage varies by provider and plan.

Step 2: Understand Your Budget

Before looking at homes, determine what monthly payment fits comfortably within your overall financial picture.

Housing Costs Often Include:

- Principal and Interest (Mortgage Payment)
- Property Taxes
- Homeowners Insurance
- Utilities
- Maintenance and Repairs

Additional Costs May Include:

- HOA Dues
- Mortgage Insurance
- Flood Insurance
- Lawn Care
- Pest Control
- Pool Maintenance
- Special Assessments
- MUD Taxes
- PID Assessments
- Safety and Security Monitoring
- Smart home subscriptions

Budgeting Tip:

Many buyers focus primarily on the mortgage payment when evaluating affordability.

A more accurate approach is to consider the total cost of ownership, including taxes, insurance, maintenance, utilities, and community-related expenses.

Also remember, just because a lender approves you for a certain amount does not necessarily mean that's the amount you should spend.

Consider how a housing payment will affect:

- Emergency savings
- Retirement contributions
- Childcare expenses
- Travel and hobbies
- Other financial goals

Speaking with one or more lenders can help you better understand your budget, estimated monthly payment, down payment requirements, and available loan options.

If you'd like introductions to lenders I've worked with and trust, I'm happy to connect you. You're always encouraged to compare multiple lenders and choose the option that best fits your needs.

Step 3: Get Pre-Approved

Getting pre-approved early can help you focus your home search.

A mortgage pre-approval provides:

- Estimated purchasing power
- Monthly payment projections
- Down payment requirements
- Available loan programs

Benefits include:

- Understanding affordability before shopping
- Identifying financing issues early
- Strengthening future offers
- Creating a smoother buying process

Pre-Qualification vs. Pre-Approval

A pre-qualification is typically based on information provided by the borrower and offers a preliminary estimate of purchasing power.

A pre-approval generally involves a more thorough review of income, assets, credit, and supporting documentation, providing a stronger indication of borrowing capacity.

A pre-approval letter can strengthen an offer by demonstrating that a lender has completed a more thorough review of the buyer's financial qualifications.

Compare Multiple Lenders

When evaluating loan options, focus on the overall financing package rather than interest rate alone. Consider:

- Interest rate
- Closing costs
- Lender fees
- Lender credits
- Loan terms
- Customer service

Request a Loan Estimate from each lender so you can make side-by-side comparisons.

Under many credit scoring models, multiple mortgage credit checks made within a short shopping window may be treated as a single inquiry. Ask your lender how credit inquiries may affect your specific situation.

Step 4: Understand the Cash Needed

Many buyers focus on the down payment and are surprised by other costs that may arise before closing.

Common expenses may include:

Earnest Money - A deposit demonstrating your commitment to the transaction.

Option Fee (Texas) - A fee paid to the seller for the unrestricted right to terminate during the negotiated option period.

Inspection Costs - Typically paid directly to inspectors at the time of service.

Appraisal Fee - Often paid to the lender or appraisal management company.

Down Payment - The portion of the purchase price not financed through the loan.

Closing Costs - May include lender fees, title fees, escrow reserves, prepaid taxes, insurance, and other transaction related expenses.

Your lender can help estimate these costs early in the process.

PHASE 2: FIND THE RIGHT HOME

This phase focuses on narrowing your search and evaluating homes that align with your goals.

Step 1: Define Your Priorities

Before touring homes, separate your preferences into two categories.

Requirements - Features that are essential.

Examples:

- School district
- Commute distance
- Number of bedrooms
- Accessibility needs
- Specific geographic area

Preferences - Features that would be nice to have but are not required.

Examples:

- Pool
- Home office
- Updated kitchen
- Covered patio
- Large garage

Few homes satisfy every preference. Knowing what matters most helps simplify decision making later.

Step 2: Understand the Market

The housing market changes over time. Understanding market conditions helps establish realistic expectations.

Seller's Market - occurs when there are more buyers than available homes, giving sellers greater negotiating leverage.

- Limited inventory
- More competition for buyers
- Homes often sell quickly
- Multiple offers are more common

Buyer's Market - occurs when there are more homes available than active buyers, giving buyers greater negotiating leverage.

- More inventory
- Longer market times for active inventory
- More competition for sellers

Balanced Market - occurs when housing supply and buyer demand are relatively equal, creating more balanced negotiating conditions.

Step 3: Begin Your Home Search

Most buyers begin their search online. Common resources include:

- Real estate search websites
- Brokerage websites
- MLS powered property search portals
- Builder websites
- Open houses
- Private showings

Open houses are typically advertised publicly and allow prospective buyers to tour a property during designated times.

Private showings are scheduled appointments that allow buyers to view a property outside of an open house. Showings may be arranged through a real estate agent, listing agent, builder representative, or property owner, depending on the situation.

As you view homes, consider keeping notes. After viewing several homes, details can begin to blend. Taking notes can make it easier to compare properties and make informed decisions. Notes to consider:

- What you like
- What you dislike
- Potential concerns
- Features that matter most
- Questions to research or follow up on

Step 4: Tour Homes Objectively

When viewing homes, focus first on factors that are difficult or expensive to change. Many buyers regret buying the wrong location more than buying a home that needed cosmetic updates.

Difficult to Change:

- Location
- Neighborhood
- School zoning
- Commute
- Lot size
- Floor plan
- Home size
- Orientation of the lot (Sun exposure)
- Proximity to potential nuisances (busy roads, commercial uses, rail lines, flight paths)
- HOA restrictions (if applicable)

Easier to Change:

- Paint
 - Flooring
 - Fixtures
 - Landscaping
 - Appliances
 - Cabinet hardware
 - Light fixtures
 - Other cosmetic updates
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Step 5: Decide on a Home

At some point, you'll need to decide whether a property is the right fit. Remember:

- No home is perfect.
- Every home involves trade-offs.
- Focus on your requirements first.
- Avoid comparing a real home to an idealized version that may not exist.

The goal is not to find the perfect home. The goal is to find the right home for your needs and budget. If multiple homes meet your requirements, remember that there may be more than one "right" choice.

Before moving forward, revisit your budget, priorities, and long-term goals to confirm the property still aligns with your needs. Ask yourself:

- Does this home meet my requirements?
 - Can I comfortably afford it?
 - Does this home's location support my daily lifestyle and plans?
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PHASE 3: MAKE AN OFFER

Once you've found the right home, the next phase is reaching an agreement with the seller.

Step 1: Make an Offer

Once you've found a home that meets your needs, the next step is deciding what terms you're willing to offer.

While price is often the most visible part of an offer, sellers typically consider both price and terms when evaluating competing offers.

Important offer terms may include:

- Purchase Price
- Earnest Money
- Option Fee
- Financing Terms
- Closing Date
- Seller Contributions
- Possession Date
- Other requests (repairs, improvements, home warranty, inclusions of appliances or other personal property)

In competitive situations, a stronger offer is not always the highest priced offer. The combination of price, terms, timing, and certainty can all influence a seller's decision.

The goal is not simply to submit the highest offer possible, but rather to submit an offer that aligns with your budget, priorities, and long-term goals while remaining attractive to the seller.

Step 2: Negotiate Terms

After an offer is submitted, the seller may:

- Accept the offer
- Reject the offer
- Counter the offer

Common negotiation points include:

- Purchase price
- Closing costs
- Possession date
- Included appliances
- Home warranties
- Seller concessions

Once all parties agree to the terms and sign the contract, the transaction moves into the contract period.

PHASE 4: UNDER CONTRACT

Once an offer is accepted, the transaction enters the contract period.

This is often the busiest phase of the home buying process, as several activities occur simultaneously.

Common milestones during this phase include:

- **Deliver Earnest Money and Option Fee**
- **Schedule Inspections**
- **Review Seller Disclosures**
 - These may include information regarding:
 - Known defects or repairs
 - Previous insurance claims
 - Environmental concerns
 - HOA membership
 - Lead-based paint disclosures (when applicable)
- **Review Inspection Reports**
 - **Don't Panic**
 - An inspection report is not a pass-or-fail test.
 - Almost every home, including newly constructed homes, will have findings.
 - The purpose of an inspection is to better understand the property's condition so you can make informed decisions.
 - Most inspection related decisions and negotiations should occur before the option period expires.
 - **After reviewing the inspection report, buyers may choose to:**
 - Proceed as-is
 - Request repairs
 - Request financial concessions
 - Renegotiate contract terms (extend option period, amend purchase price in lieu of repairs, etc.)
 - Terminate the contract, if permitted
- **Additional Evaluations (If needed)**
 - Depending on the findings of the general home inspection, buyers may choose to obtain additional evaluations, such as:
 - Foundation Inspection
 - Plumbing Inspection
 - HVAC Evaluation
 - Roof Inspection

- Pool Inspection
- Sewer Scope Inspection
- **Review Title Commitment and Survey**
 - The title company will provide documents related to ownership, liens, easements, restrictions, and other title matters.
 - Review these documents carefully and ask questions if anything is unclear.
- **Review HOA Documents**
 - If applicable, review:
 - Rules and restrictions
 - Architectural guidelines
 - Fees and assessments
 - Community policies
- **Submit Requested Documents to Your Lender**
 - Your lender may request:
 - Pay stubs
 - Bank statements
 - Tax returns
 - Employment verification
 - Explanations for certain financial transactions
 Providing documents promptly can help avoid delays.
- **Shop for Homeowners Insurance**
 - Most lenders require proof of insurance before closing.
- **Monitor Loan Progress**
 - Stay responsive to lender requests and underwriting requirements.
- **Avoid Major Financial Changes**
 - Avoid:
 - Opening new credit accounts
 - Financing large purchases
 - Purchasing vehicles
 - Co-signing for loans
 - Making unusual deposits or withdrawals
 - Changing jobs when possible
- **Track Important Deadlines**
 - Pay close attention to:
 - Option period deadlines
 - Financing related deadlines
 - Appraisal related deadlines
 - Closing dates

- **Appraisal**
 - Most lenders require an appraisal to estimate market value.
 - Possible outcomes include:
 - Value supports purchase price
 - Value exceeds purchase price
 - Value is lower than purchase price
 - Each outcome may affect the options available moving forward.
 - **Final Loan Approval**
 - Throughout the transaction, lenders may continue reviewing:
 - Employment
 - Income
 - Assets
 - Credit
 - Avoid significant financial changes until after closing.
 - **Prepare for Closing**
 - Tasks often include:
 - Finalizing homeowners' insurance
 - Setting up utilities
 - Scheduling movers
 - Updating mailing addresses
 - Gathering closing funds
 - Verifying wiring instructions
 - **Final Walkthrough**
 - Confirm:
 - Agreed repairs have been completed
 - Property condition has not materially changed
 - Included items remain in place
 - No new issues have arisen
 - **Closing Day**
 - Closing involves signing the documents required to transfer ownership.
 - Once funding and recording are complete, ownership transfers according to the contract terms.
 - Possession does not always occur immediately at signing. The timing of possession depends on the contract terms, funding, recording, and any negotiated temporary leaseback or possession agreement.
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PHASE 5: HOMEOWNERSHIP

Congratulations! You've purchased your home!
Important post-closing tasks may include:

- Changing locks
 - Saving closing documents
 - Filing for a Homestead Exemption if the property is your primary residence
 - Creating a home maintenance plan
 - Building an emergency repair fund
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Would You Like Guidance Through These Steps?

Whether you choose to purchase a home on your own or work with a real estate agent is entirely your decision. Buying a home involves many decisions, deadlines, contracts, and coordination with multiple professionals. Understanding what each approach involves can help you decide which is the better fit for you.

Buying Without Representation

If you purchase a home without representation, you'll typically be responsible for:

- Finding properties
- Scheduling showings
- Researching values
- Reviewing disclosures
- Understanding contracts
- Negotiating terms
- Coordinating inspections
- Tracking deadlines
- Managing communication between all parties

Working With a Buyer's Agent

A buyer's agent can guide you through all the above and may also provide:

- Market analysis
- Property research
- Contract guidance
- Inspection coordination
- Transaction management
- Problem solving throughout the process

- A buyer's agent can also help connect you with other professionals involved in the transaction, such as lenders, inspectors, insurance agents, title companies, and attorneys when needed.
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Understanding Buyer Representation Agreements

Texas law requires a written buyer representation agreement before a license holder provides certain brokerage services to a residential buyer.

These agreements explain the relationship between the buyer and brokerage, outline the scope of services being provided, address compensation, and describe the responsibilities of each party.

Understanding Buyer Agent Compensation

In some transactions, a seller or builder may agree to contribute toward or fully cover a buyer's agent's compensation. In other situations, a buyer may be responsible for some or all the compensation, depending on the terms negotiated during the transaction.

Real estate agent compensation is negotiable and is determined by the terms of the representation agreement and the transaction itself. If you choose to work with a buyer's agent, it is important to understand how that agent will be compensated.

Before making an offer, buyers should understand:

- How their agent is compensated
- Whether the seller or builder is offering compensation
- Whether compensation will be requested as part of the offer
- Any potential financial obligations they may have under their representation agreement

Discussing compensation early can help avoid misunderstandings later in the transaction.

Understanding Texas Property Taxes, MUDs, and PIDs

Property taxes can vary significantly from one community to another.

In addition to county, city, school district, and other taxing authorities, some properties may also be located within:

Municipal Utility District (MUD)

A special district that finances infrastructure such as water, sewer, roads, and drainage improvements.

Public Improvement District (PID)

A district that finances community improvements and services through additional assessments.

These additional taxes or assessments can materially impact monthly ownership costs and should be reviewed carefully during the home search process.

Common Homebuyer Mistakes

- Shopping before understanding affordability
- Focusing only on purchase price
- Spending all available cash
- Skipping inspections
- Making major financial changes before closing
- Failing to budget for ongoing maintenance

New Construction Considerations

New construction can offer benefits such as:

- Modern layouts
- Energy efficiency
- Reduced maintenance
- Builder warranties

However, buyers should still:

- Review contracts carefully

- Conduct inspections
 - Understand builder timelines
 - Compare financing options
 - Evaluate builder incentives
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Frequently Asked Questions

- **How much should I put down?**
 - The answer depends on your financial goals, loan program, available cash reserves, and comfort level. Some loan programs allow qualified buyers to purchase with much less than 20% down.
 - Your lender can help you compare your options and determine what best fits your needs.
- **Should I wait for interest rates to come down?**
 - Interest rates are difficult to predict consistently. Focus on your personal readiness and long-term goals rather than trying to perfectly time the market
- **Is renting throwing money away?**
 - Not necessarily. Renting provides flexibility and predictable housing costs. Homeownership provides stability and the opportunity to build equity over time, while renting may offer greater flexibility and fewer maintenance responsibilities.
 - The right decision depends on your financial readiness, expected length of stay, lifestyle, and long-term plans.
- **Should I Buy New Construction or an Existing Home?**
 - Both have advantages. New construction may offer modern layouts, energy efficient features, builder warranties, and less upfront maintenance costs. Existing homes may offer more established neighborhoods, mature landscaping, and greater location choices.
 - The best option depends on your priorities, budget, and timeline.
- **Can I Back Out After My Offer Is Accepted?**
 - It depends on the contract and timing. Texas contracts contain specific provisions and deadlines that may allow a buyer to terminate under certain circumstances. Buyers should carefully review their contract and understand any applicable deadlines before making decisions.
- **What Happens If the Appraisal Comes in Low?**
 - Several options may be available. Depending on the contract and circumstances, buyers and sellers may choose to renegotiate the purchase price, adjust other contract terms, make up the difference in

cash, challenge the appraisal through the lender, or, in some situations, terminate the contract if permitted.

- **Should I Buy a Home Warranty?**

- A home warranty is a service contract that may cover certain repairs or replacements of covered systems and appliances during the warranty period.
- Coverage, exclusions, service fees, claim procedures, and payout limitations vary significantly between providers and plans.
- A home warranty is not a substitute for a thorough inspection.

- **How long does the process take?**

- Most purchases close within approximately 30–45 days after contract execution, though timelines vary.

Final Thoughts

Buying a home is one of the most significant financial and personal decisions many people will make. While every transaction is unique, understanding the process can help you make informed decisions and reduce unnecessary stress.

Remember:

- No home is perfect.
- Every purchase involves trade-offs.
- Focus on your long-term goals rather than short-term emotions.
- Ask questions whenever something is unclear.
- Don't feel pressured to make decisions you don't fully understand.

The home buying process can sometimes feel overwhelming, but you don't have to know everything before you begin. Building the right team, staying informed, and taking each phase one step at a time can make the experience much more manageable.

Whether you're purchasing your first home or your fifth, the goal isn't simply to buy a house. It's to make a decision that supports your lifestyle, financial goals, and plans.

I hope this guide has helped you better understand what to expect and has given you greater confidence as you begin your home buying journey.

Whether you choose to work with me, another real estate professional, or decide to navigate the process on your own, my goal is the same: to help you avoid common pitfalls and make decisions you feel confident about. Everyone deserves access to clear, honest information when making one of the biggest financial decisions of their lives.

If you ever have questions during your home buying journey, don't hesitate to ask. Whether you're ready to buy now or simply planning, I'm always happy to be a resource along the way.

About the Author

Andrew Lee is a REALTOR® with Real Broker, LLC. He believes people make the best real estate decisions when they have clear information, realistic expectations, and someone willing to educate rather than pressure them.

Before entering real estate full-time, Andrew spent more than 15 years in the Architecture, Engineering, and Construction (AEC) industry, leading project teams, developing standards and processes, and supporting the planning and delivery of complex projects ranging from residential developments to multi-billion-dollar infrastructure programs.

His background in construction, project management, contracts, and risk assessment provides a unique perspective when helping clients evaluate properties and navigate real estate transactions.

In 2025, Andrew transitioned to real estate full-time to focus on serving clients, building stronger relationships within his community, and creating greater flexibility for his family.

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