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A FIRST-TIME BUYER'S GUIDE

Your First Home

Ten stages from the first conversation to closing day



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Your homebuying roadmap

Start with your budget. As you move through the guide, use the buyer checklist at the end of each stage to stay ahead of the next decision.

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This guide covers a typical U.S. purchase with Texas notes. Your signed contract and lender instructions provide your actual deadlines, terms and fees.

STAGE 01 / 10

Start with a discovery call

Before you tour a home, decide what you want homeownership to look like in your monthly budget.

Discuss your goals

Tell your loan officer where you want to buy, when you hope to move, when your lease ends and how long you expect to stay. Discuss whether you are buying alone or with someone else, and whether you expect any job or income changes.

Set two numbers

Choose a comfortable monthly housing payment and a maximum amount of savings you are willing to spend. For the payment, include principal and interest, property taxes, homeowners insurance, any mortgage insurance and HOA dues. Budget separately for utilities, repairs and maintenance.

Review the money available

Discuss down payment, closing costs, moving expenses and the emergency savings you want left after closing. Tell your loan officer early about gift funds, down payment assistance, variable or self-employed income, or a home you must sell first.

Ask what to prepare

The lender may request pay stubs, W-2s or tax returns, bank statements and identification. The exact list depends on your income, assets and loan program. Use the lender’s secure portal for financial documents.

> **Before you hang up**
>
> Write down your target payment, available cash, buying timeline and the next step you and your loan officer agreed on.

Sources 1

STAGE 02 / 10

Prequalification vs. preapproval

Ask what the lender actually reviewed. The strength of the letter depends on the work behind it.

Prequalification

An early estimate of how much you may be able to borrow, often based on financial information you provide. It helps you start planning. Some lenders may review credit or documents at this stage.

Preapproval

A lender's preliminary assessment, often based on a credit review and some verification of income, assets and debts. It may come with a letter stating an amount, assumptions, conditions and an expiration date. Lenders use these terms differently.

What a letter can do

A preapproval letter can support an offer by showing the seller that a lender has reviewed your ability to finance the purchase. Ask your agent and loan officer whether to request a letter tailored to the offer amount.

What still needs to happen

Final approval depends on the lender's review of your loan and the property. That can include updated borrower documents, appraisal or other valuation, title, insurance and loan-program requirements. A letter alone does not reserve an interest rate.

> **Questions to ask the lender**
>
> Which documents and credit data have you verified? Has an underwriter reviewed my file? What conditions remain? When does the letter expire?

Sources 2

STAGE 03 / 10

Why we check your credit

A mortgage credit report helps the lender evaluate how you manage debt and which loan options may fit.

What the lender reviews

The report shows accounts, balances, payment history and certain public-record or collection information. The lender uses the report and other documents to verify debts and evaluate eligibility and pricing. Mortgage scores may differ from the score you see in a consumer app.

Soft vs. hard inquiries

Ask which type of inquiry will be used and at what stage. A soft inquiry generally does not affect your score. A hard inquiry can affect it. Credit-scoring models commonly group qualifying mortgage inquiries made within a rate-shopping window, and the window can vary by model.

What it costs

Ask for the exact fee before authorizing the pull. A lender may absorb the cost or charge you. Ask whether the quote covers each borrower, when it is due and whether a later update could trigger another fee. For covered loans, a reasonable credit-report fee is generally the only lender fee allowed before you receive the Loan Estimate and indicate you wish to proceed.

If you find an error

Review your reports at AnnualCreditReport.com and flag inaccurate information early. Ask your loan officer how to handle a dispute or an old balance while your mortgage application is active.

> **Ask for the quote in writing**
>
> “Will this be a soft or hard inquiry, what is the total cost for everyone applying, and when will I pay it?”

Sources 3, 4

STAGE 04 / 10

Choose a real estate agent

A buyer's agent helps you evaluate a property, structure an offer and stay on top of the contract.

How your agent helps

A buyer's agent can find homes that fit your goals, compare recent sales, review disclosures with you, negotiate terms and coordinate deadlines. Your lender handles financing. Your inspector evaluates condition. Your title or settlement team handles the settlement process.

Know who represents whom

Ask who the agent represents before sharing your budget, urgency or negotiating limits. The seller's listing agent represents the seller. If the brokerage is involved on both sides, ask how representation and confidentiality would work.

Read the agreement before signing

Review services, dates, exclusivity, how you can end the agreement and compensation. Broker compensation is negotiable. Ask how payment may be handled and what you could owe if the seller or listing brokerage pays less than the amount in your agreement.

Texas buyers

Texas generally requires a license holder working with a prospective residential buyer to enter a written agreement before showing a home or, if no showing occurs, before presenting an offer. A showing-only agreement can be used in certain circumstances and may provide no buyer representation.

> **Interview for availability**
>
> Ask who covers showings or deadline-sensitive issues when your agent is unavailable, and how you will receive updates once you are under contract.

Sources 5

STAGE 05 / 10

Shop with a payment in mind

Two homes at the same price can have very different monthly costs.

Give your agent a short list

Separate your must-haves from the features you can compromise on. Check commute times, layout, parking, accessibility and HOA restrictions. Ask about planned assessments and request association documents when available.

Price the specific address

Before offering, ask your lender for a property-specific estimate. Check likely property taxes after purchase, including district or special assessments where applicable. Get an insurance quote early and ask about flood coverage, deductibles, roof age and exclusions.

Look past the finishes

Note signs of water intrusion, foundation movement, roof wear, drainage or aging major systems. Compare repair and maintenance needs across homes. Use a qualified inspection to investigate concerns during the contract period.

Build an offer with your agent

Discuss comparable sales, price, financing, deposits, closing date, possession, seller credits and any inspection, financing or appraisal protections. Confirm how deadlines and notices work before you sign. Decide how much cash and risk you are comfortable committing.

> **Before making an offer**
>
> Get an updated payment and cash-to-close estimate, then compare both with the limits you set on the discovery call.

Sources 1, 6

STAGE 06 / 10

You’re under contract. Now what?

Send your lender the signed contract and addenda as soon as the contract takes effect.

Make a deadline list

Ask your agent to confirm the effective date, exact deposit deadline, inspection or option period, financing and appraisal deadlines, title and HOA review deadlines, and closing date. Save the required notice methods and who must receive each notice.

Deliver the required funds

Earnest money is a good-faith deposit. An option fee, when used in Texas, typically purchases a set period in which you can terminate as allowed by the contract. The contract controls who receives each payment, when it is due and how it is credited or refunded. Verify payment instructions by phone and keep the receipt.

Start the property and loan work

Book the inspection, get an insurance quote and confirm title has opened the file. For most mortgages, the lender generally sends the Loan Estimate within three business days of a complete application for disclosure purposes. Compare offers and tell your chosen lender if you intend to proceed.

Pay attention to the Texas clock

Under the standard Texas resale form, earnest money and any option fee are generally due within three days of the effective date, with the form’s weekend and legal-holiday rule. Late payment or notice can affect your rights. Confirm your exact terms with your agent.

> **Save one screenshot of your deadline list**
>
> Include each date and cutoff time, who is responsible, and whether you have written confirmation that the task is done.

Sources 6, 7

STAGE 07 / 10

Inspection and appraisal

The inspection helps you understand the home's condition. The appraisal helps the lender assess the home's market value.

Inspection | condition

You usually hire and pay the inspector. Confirm the scope, attend if you can and ask which findings are urgent, expensive or worth specialist follow-up. A general inspection may lead to separate reviews of the foundation, roof, sewer or other systems.

Decide before your deadline

Review findings with your agent while you still have time to act. Depending on the contract, you may be able to request repairs or credits, move forward as agreed, or terminate using the required notice. The seller can decline a repair request.

Appraisal | value

When an appraisal is needed, the lender generally orders it through its process and you may pay the fee. Ask for a copy. Certain loan programs can also require specific repairs or follow-up before funding.

Example | the value comes in low

You agree to pay $320,000 and the appraisal comes in at $310,000. The lender may calculate financing using the lower value, which can increase the cash you need. Discuss renegotiating, bringing additional funds, asking about a reconsideration if you spot meaningful errors, or exercising a contract right if one applies.

> **Put both dates on your calendar**
>
> Ask when the inspection report is expected and when the appraisal is due. Confirm what happens if either arrives after a contract deadline.

Sources 1, 7, 8

STAGE 08 / 10

Underwriting and the need for urgency

Underwriting is the lender's formal review of you, the loan and the property. A request for more documentation is common.

What the underwriter checks

The lender reviews income, employment, assets, debts, credit, the source of your funds and property details. The file may come back with a conditional approval that lists what the lender still needs before it can authorize closing.

What a condition looks like

You might need to provide every page of a recent statement, document a large deposit or gift, sign a written explanation, or submit updated proof of homeowners insurance. Ask exactly what is needed, by when and where to upload it securely.

Respond the same day when you can

Each response can require another review or verification. If you cannot get a document quickly, tell your loan team what is missing and when to expect it. Flag anything that could affect financing, contract dates or the rate-lock expiration.

Keep your finances steady

Check with your lender before opening credit, financing a car or furniture, co-signing, changing jobs, moving large amounts of money or making unusual deposits. Lenders can recheck your finances. When the lender says you are clear to close, confirm any remaining signing or funding requirements.

> **A reply that keeps the file moving**
>
> "I uploaded all pages of the October statement. The gift documentation will be available tomorrow. Please let me know if this affects our closing date."

Sources 1, 6

STAGE 09 / 10

Understand closing costs

Closing costs are the charges and upfront amounts tied to setting up the loan and completing the sale. Your down payment is a separate amount.

Lender and third-party charges

Origination, underwriting or processing fees may cover lender work. Optional discount points can lower the interest rate under the quoted terms. Third-party charges may include the appraisal, credit report, title search, title insurance, settlement services or a survey.

Title, taxes and upfront reserves

The lender’s title policy protects the lender’s interest. An owner’s policy protects your ownership interest against covered title claims. Other items can include recording charges, prepaid interest, a homeowners insurance premium, initial escrow deposits for future tax and insurance bills, and HOA charges when applicable.

Example | cash to close

$15,000 down payment + $9,000 in closing costs and prepaids − $3,000 earnest money already paid − $4,000 in approved seller credits = $17,000 estimated cash to close. This example assumes no other adjustments or fees paid before closing.

Compare estimates and credits

Use the Loan Estimate to compare interest rate, points, lender credits and estimated cash to close. Seller credits are subject to loan and contract rules. A lender credit may come with a higher rate. Review the final figures on the Closing Disclosure and ask about changes.

> **Plan for money due before closing**
>
> Confirm when deposits, inspections and the appraisal must be paid. Keep room in your budget for moving and immediate repairs.

Sources 6, 9

STAGE 10 / 10

The closing table and getting keys

Closing day is when you sign the final documents and pay the amount due. Confirm separately when funding and possession will happen.

Before you sign

For most mortgages, you must receive the Closing Disclosure at least three business days before closing. Compare it with your most recent Loan Estimate. Check cash to close, rate, term, payment and credits. Ask your agent to schedule the final walkthrough and confirm repairs and included items.

Bring what settlement requests

Confirm the time, location or online setup, accepted ID and how to deliver funds. If wiring money, call the title or settlement company using a trusted number you verified independently. If instructions change, stop and verify them by that same trusted number before sending anything.

Know what you’re signing

The promissory note states your repayment obligation. The deed of trust secures the loan against the home. The deed transfers ownership. Review the settlement figures and pause if any amount or term is unclear.

After signing

Ask when the loan will fund, when documents will be recorded and when the contract allows you to take possession and receive keys. Keep your closing package and confirm the first payment amount, due date and where to pay.

> **Your closing-day checklist**
>
> Photo ID ready. Walkthrough complete. Final funds verified. Questions answered. Funding, key handoff and first payment confirmed.

Sources 9, 10

REFERENCE

Sources and contact

Select a source to read more about that step.

01 **CFPB • Buying a house**

02 **CFPB • Prequalification and preapproval**

03 **CFPB • Mortgage credit checks**

04 **CFPB • Credit-report fees and the Loan Estimate**

05 **TREC • Texas residential buyer agreements**

06 **CFPB • Mortgage applications and Loan Estimates**

07 **TREC • Texas One to Four Family Residential Contract (Resale)**

08 **CFPB • Your Home Loan Toolkit**

09 **CFPB • Loan Estimate** **Closing Disclosure**

10 **NAR • Protect your funds from closing scams**

Ready for a discovery call?

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