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First-Time Home *Buyer Guide*

**Everything you need to know before
buying your first home.**

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WELCOME!

Hey there!

If you're holding this guide, it means you're thinking about buying your first home. That's a big, exciting, life-changing decision — and I want you to know something right away: you've got this.

I've worked with so many first-time buyers over the years, and the thing I hear most at the closing table — when they're finally holding the keys to their new home — is this: "I wish I had known this earlier."

That's exactly why I put this guide together.

I'm Katie Foley, a Realtor serving families across Navarro and Ellis Counties here in Texas. This guide is my way of making sure you go into this process informed, prepared, and genuinely excited — not anxious and overwhelmed.

Inside, you'll find everything from understanding your financing options to what to ask before making an offer — laid out simply and honestly, the way I'd explain it to a friend sitting at my kitchen table.

No jargon. No pressure. Just the real stuff.

Let's get you home.

—Katie

#1

YOUR HOME BUYING TIMELINE

Your Home Buying Timeline:
What to Expect and When



Buying a home is a process, not a single event. One of the best things you can do is understand the full arc — so nothing surprises you

6–12 Months Before You Want to Move

This is your preparation season.

- ☐ Pull your credit report at AnnualCreditReport.com (free)
- ☐ Start improving your credit score if needed
- ☐ Begin saving for your down payment and closing costs
- ☐ Research neighborhoods and communities
- ☐ Start thinking about must-haves vs. nice-to-haves.

3–6 Months Before You Want to Move

This is when things start moving.

- ☐ Meet with a mortgage lender and get pre-approved
- ☐ Connect with a Realtor (the earlier, the better!)
- ☐ Begin actively researching homes online
- ☐ Tour neighborhoods in person at different times of day.

1–3 Months Before You Want to Move

Time to get serious.

- ☐ Actively tour homes
- ☐ Keep your finances completely stable — no new credit, no large purchases
- ☐ Discuss offer strategy with your Realtor
- ☐ Finalize your wish list.

The Active Phase

- ☐ Make an offer
- ☐ Negotiate terms with your Realtor's guidance
- ☐ Home goes under contract — the countdown begins!

Under Contract (Typically 30–45 Days)

- ☐ Schedule your home inspection
- ☐ Lender orders appraisal
- ☐ Secure homeowner's insurance
- ☐ Complete final walkthrough
- ☐ Sign at the closing table and get your keys!

Moving Week

- ☐ Transfer utilities into your name
- ☐ Update your address with the post office, bank, employer
- ☐ Change the locks on all exterior doors
- ☐ Celebrate — you're a homeowner!

Katie's Tip: "The buyers who start the process early — even if they're not ready to buy for 6–12 months — always have a smoother experience. There's no such thing as too early when it comes to buying your first home."

#2

FINANCING BASICS

Financing Basics: What You Need to Know Before
You Apply



Before you can buy a home, you need to understand how you'll pay for it. Here are the key pieces every first-time buyer should know.

Your Credit Score

Your credit score is one of the first things a lender will look at. Here's a general breakdown:

Score Range	Rating	What It Means
760+	Excellent	Best interest rates available
700–759	Very Good	Strong options with good rates
640–699	Fair	You may qualify; rates may be higher
Below 640	Needs Work	Build before applying

To improve your credit score:

- Pay every bill on time, every time
- Keep credit card balances below 30% of your limit (under 10% is even better)
- Don't open new lines of credit before applying
- Don't close old accounts — length of history matters
- Dispute any errors on your credit report

Your Debt-to-Income Ratio (DTI)

Lenders want to see that your total monthly debt payments don't exceed 43% of your gross monthly income. To calculate yours:

Total Monthly Debt Payments ÷
Gross Monthly Income = DTI%

Example: \$1,200/month in debts ÷ \$5,000 gross income = 24%
DTI (very good)

Getting Pre-Approved

A pre-approval letter shows sellers you're a serious, qualified buyer — and tells you exactly how much home you can afford.

Documents you'll typically need:

- ☐ Pay stubs from the last 30 days
- ☐ W-2s from the last 2 years
- ☐ Tax returns from the last 2 years
- ☐ Bank statements from the last 2–3 months
- ☐ Government-issued photo ID
- ☐ Employment contact information

Katie's Tip: "Get pre-approved before you fall in love with a home. It's heartbreaking to find your perfect home and then learn you're not quite ready. Let's set you up for success from the start."

#3

MORTGAGE TERMS GLOSSARY

Mortgage Terms Explained (In Plain English)



Real estate has its own language.
Here are the terms you'll hear most
— decoded.

Amortization

Lenders want to see that your total monthly debt payments don't exceed 43% of your gross monthly income. To calculate yours:

Annual Percentage Rate (APR)

The total yearly cost of your loan, including interest AND fees. Use the APR — not just the interest rate — to compare loan offers accurately.

Appraisal

An independent assessment of the home's market value, ordered by your lender. If the home appraises below your offer price, you may need to renegotiate.

Closing Costs

Fees paid at the time of closing, typically 2–5% of the purchase price in addition to your down payment. We cover these in detail later.

Conventional Loan

A mortgage not backed by the government. Usually requires 3–20% down with good credit.

Earnest Money

A deposit made when your offer is accepted, showing the seller you're serious. Usually 1–3% of the purchase price, credited toward your costs at closing.

Equity

The portion of your home's value that you actually own. As you pay down your loan and your home appreciates in value, your equity grows.

Escrow

An account your lender manages to collect and pay your property taxes and homeowner's insurance. A portion is collected with each mortgage payment.

FHA Loan

A government-backed loan ideal for first-time buyers. Allows down payments as low as 3.5% with a 580+ credit score.

Fixed-Rate Mortgage

Your interest rate never changes. Your monthly payment is predictable for the life of the loan.

Inspection Contingency

A clause in your offer allowing you to back out or renegotiate if the home inspection reveals significant issues.

PMI (Private Mortgage Insurance)

Required on conventional loans with less than 20% down. Protects the lender. Typically 0.5–1.5% of the loan amount annually, added to your monthly payment.

Pre-Approval

Written confirmation from a lender of how much they'll lend you, based on your verified financial information. Different from pre-qualification (which is unverified).

Principal

The original loan amount — the home price minus your down payment.

Title Insurance

Protects you and your lender if someone later claims ownership of the property. A one-time fee paid at closing.

USDA Loan

A zero-down loan for eligible rural and suburban areas. Parts of Navarro County may qualify!

VA Loan

A zero-down loan available to eligible veterans, active-duty military, and surviving spouses.

#4

DOWN PAYMENT OPTIONS IN TEXAS

Down Payment Options: You Don't Need 20%



One of the biggest myths in home buying is that you need a 20% down payment. In Texas, that's simply not the case — and there are programs designed specifically to help first-time buyers get into homes sooner.

Conventional Loan

- As low as 3% down
- Great for buyers with good credit (typically 620+)
- PMI required until you reach 20% equity

FHA Loan

- 3.5% down with a 580+ credit score
- More flexible qualification standards
- Popular with first-time buyers for good reason

VA Loan (Veterans & Military)

- 0% down payment
- No PMI
- Competitive interest rates
- Must meet VA service eligibility requirements

USDA Loan (Rural & Suburban Areas)

- 0% down payment
- Income limits apply
- Parts of Navarro County may qualify — ask your lender!

Texas Down Payment Assistance Programs

Texas has several programs specifically designed to help first-time buyers:

- My First Texas Home Program — Down payment and closing cost assistance
- Homes for Texas Heroes — For teachers, police, firefighters, nurses, and veterans
- Texas Mortgage Credit Certificate (MCC) — Federal tax credit for first-time buyers
- TDHCA Bond Programs — Below-market interest rates with assistance options

Katie's Tip: "Don't let the down payment stop you. I've helped buyers get into homes with very little out of pocket using Texas assistance programs. Let's talk about what you might qualify for — you may be closer than you think."

#5

THE BUYING PROCESS, STEP BY STEP

The Buying Process: From Start to Keys



Here's exactly what the journey
looks like, start to finish.

Step 1:

Get Pre-Approved Before you tour a single home, work with a trusted lender to get your pre-approval letter. This is your financial foundation — and it makes your offers taken seriously.

Step 2:

Partner with a Realtor Your Realtor is your guide, advocate, and negotiator through the entire process. Working with a buyer's agent costs you nothing — the seller typically covers both agents' commissions.

Step 3:

Start Your Home Search Share your wish list, budget, and priorities with your Realtor. They'll set up a custom home search and send you new listings that match your criteria as they hit the market.

Step 4:

Tour Homes Visit homes in person. Photos can be deceiving — in both directions! Take notes, trust your instincts, and let your Realtor help you evaluate each one objectively.

Step 5:

Make an Offer When you find the right home, your Realtor will prepare a competitive offer that includes price, terms, contingencies, and a proposed closing date.

Step 6:

Negotiate The seller may accept, counter, or reject your offer. Your Realtor will guide you through every step of negotiation — protecting your interests throughout.

Step 7:

Go Under Contract Once both parties agree on terms, you're officially under contract. The closing process typically takes 30–45 days from this point.

Step 8:

Schedule Your Home Inspection A licensed inspector evaluates the home's structure, systems, and components — roof, foundation, plumbing, electrical, HVAC, and more. This is your opportunity to uncover issues and negotiate accordingly.

Step 9:

Appraisal Your lender orders an appraisal to confirm the home's value supports the purchase price. If it comes in low, you have options — your Realtor will guide you.

Step 10:

Final Walkthrough One to two days before closing, walk through the home to confirm it's in the agreed-upon condition and any negotiated repairs are complete.

Step 11:

Closing Day Bring your ID, your certified funds or wire confirmation, and your excitement. You'll sign the paperwork, the deed gets recorded, and you get the keys.

Step 12:

Welcome Home. You did it.

#6

BUYER PREPARATION CHECKLIST



Your Buyer Preparation Checklist

Use this before you start the home search to make sure
you're truly ready.

FINANCIAL PREPARATION

- ☐ Pull my credit report (free at AnnualCreditReport.com)
- ☐ Know my credit scores from all 3 bureaus (Equifax, Experian, TransUnion)
- ☐ Begin credit-building steps if score needs improvement
- ☐ Calculate my debt-to-income ratio
- ☐ Create a savings plan for down payment + closing costs
- ☐ Stop making large purchases or opening new credit accounts
- ☐ Gather financial documents (pay stubs, tax returns, bank statements, W-2s)
- ☐ Research mortgage options (FHA, VA, USDA, conventional)
- ☐ Research Texas down payment assistance programs
- ☐ Meet with at least 2–3 lenders to compare rates and fees
- ☐ Get pre-approved (not just pre-qualified)
- ☐ Know exactly how much I can comfortably spend each month.

HOME SEARCH PREPARATION

- ☐ Write out my must-haves vs. nice-to-haves
- ☐ Set a realistic total budget including taxes, insurance, and maintenance
- ☐ Research target neighborhoods, school districts, and commute times
- ☐ Connect with a Realtor I trust
- ☐ Set up MLS listing alerts for new properties
- ☐ Plan to tour homes in person, not just online.

#7

QUESTIONS TO ASK BEFORE MAKING AN OFFER

Questions to Ask Before You Make an Offer



Don't let excitement silence the practical
questions. These matter.

About the Property

- How long has this home been on the market?
- Have there been any price reductions, and if so, why?
- Are there any known issues with the home?
- What's included in the sale — appliances, fixtures, window coverings?
- Has the home had major renovations? Were permits pulled?
- What are the ages of the roof, HVAC system, and water heater?
- Is the home in a flood zone?

About the Neighborhood

- What are the annual property taxes?
- Is there an HOA? What are the fees, rules, and restrictions?
- What are the deed restrictions on the property?
- Are there any planned developments nearby?

About the Seller's Situation

- Why is the seller moving?
- Have there been other offers on this home?
- What's the seller's ideal closing and move-out timeline?
- Are there any liens on the property?

About the Numbers

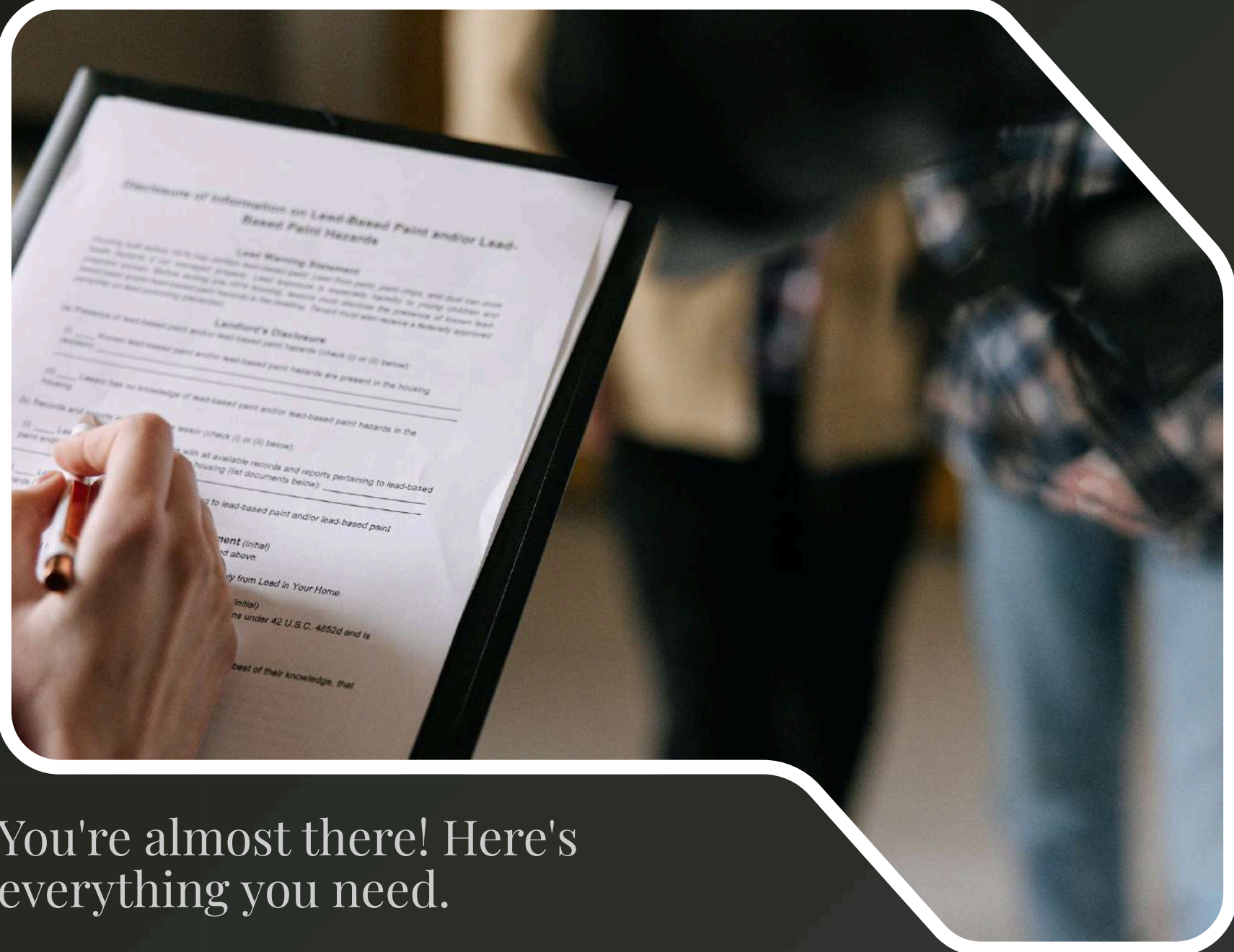
- What have similar homes in this area sold for recently?
- What is the estimated total monthly cost (mortgage, taxes, insurance, HOA)?
- What can I expect to pay in closing costs?

Katie's Tip: "These are the questions I walk through with every buyer before submitting an offer. The answers shape your strategy — and sometimes they change everything."

#8

CLOSING DAY CHECKLIST

Closing Day Checklist: What to Bring and
What to Expect



You're almost there! Here's
everything you need.

WHAT TO BRING

- ❑ Valid government-issued photo ID (driver's license or passport)
- ❑ Cashier's check or wire transfer confirmation for closing costs and down payment
- ❑ Personal checkbook as backup
- ❑ Any documents your lender or title company requested.

WHAT TO EXPECT

Closing typically takes 1–2 hours. You will:

- Review and sign your loan documents
- Sign the deed and purchase paperwork
- Pay your closing costs and remaining down payment
- Receive the keys to your new home

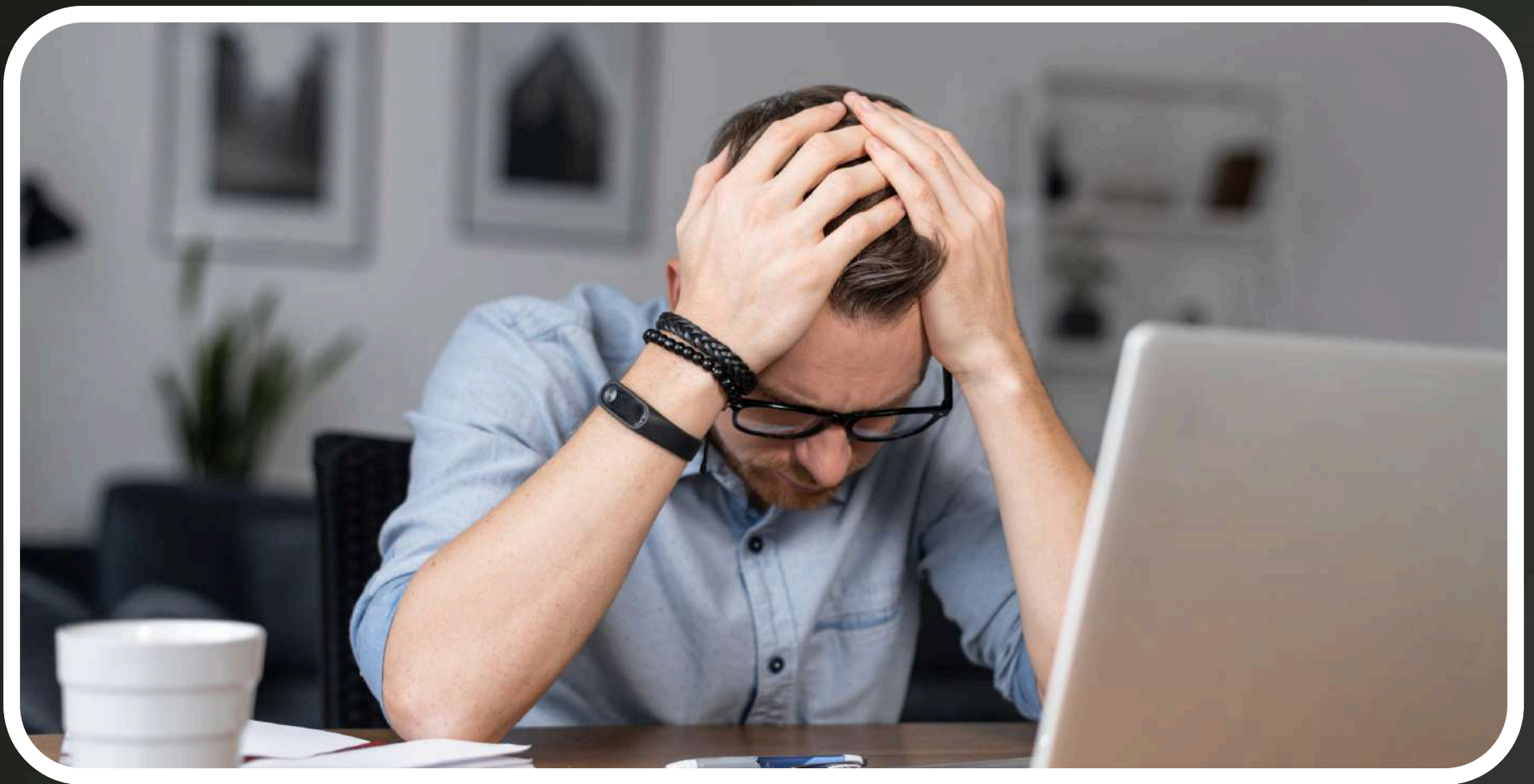
IMPORTANT REMINDERS

- Review your Closing Disclosure carefully 3 days before closing
- Confirm your final walkthrough is scheduled
- Verify wire transfer instructions DIRECTLY by phone with your title company — wire fraud is real. Never trust emailed instructions alone.
- Confirm utilities are being transferred to your name
- Have homeowner's insurance in place before closing day.

#9

COMMON FIRST-TIME BUYER MISTAKES

Common First-Time Buyer Mistakes — And How to
Avoid Them



Knowing these in advance can save you thousands of dollars and a lot of heartache.

Making Major Financial Changes After Pre-Approval

Don't quit your job, buy a car, open a new credit card, or make large bank transfers after your mortgage application is submitted. Lenders verify your finances again right before closing. Any change can derail your loan.

Skipping the Home Inspection

In competitive markets, some buyers consider waiving the inspection to strengthen their offer. This is almost always a mistake. The inspection is your best tool for understanding exactly what you're buying — and for protecting yourself from costly surprises.

Letting Emotions Drive Decisions

It's easy to fall in love with a home that doesn't quite fit your needs or budget. Define your non-negotiables before you start touring, and trust your Realtor to help you evaluate each home objectively.

Getting Only One Mortgage Quote

Shopping around for your mortgage rate and terms is one of the smartest financial moves you can make. Even a small difference in interest rate can save you tens of thousands of dollars over the life of your loan.

Spending Up to Your Maximum Approval

Just because you're approved for \$300,000 doesn't mean you should spend \$300,000. Leave room for closing costs, moving expenses, repairs, furniture, and the unexpected. Homeownership always comes with surprises.

Forgetting About Ongoing Costs

Your mortgage payment is just the beginning. Property taxes, homeowner's insurance, HOA fees, maintenance, and utilities can add hundreds — even thousands — to your monthly housing costs. Budget for all of it.

Ready to Talk About Your First Home?

This guide was your starting point. The next step is a conversation.



Whether you're ready to get pre-approved, want help finding the right lender, or just need someone to walk you through the process — I'm here for all of it. No pressure. No obligation. Just honest guidance from someone who genuinely loves helping families find their place in Navarro and Ellis Counties.

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Your **dream home** is out there. Let's go find it *together*.

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