KATIE FOLEY
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The Complete Texas Home Buying Blueprint

From Confused Buyer to Confident Homeowner — A Step-by-Step System

By Katie Foley

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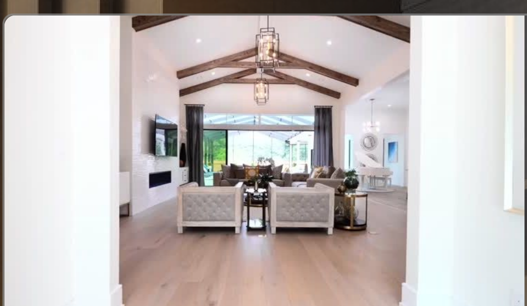

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How to Use This Blueprint

This workbook is broken into 8 phases that mirror the exact order of the Texas home buying process. Work through each phase sequentially — don't skip ahead. Each section builds on the last.

You can return to individual sections as you reach each stage of your purchase. This is designed to be a living document you use from your first research session all the way to moving day.

"This blueprint is designed to give you one thing: the confidence to buy a home in Texas without second-guessing yourself at every step."

— **Katie Foley**

PHASE 1: BUYING ROADMAP

The Big Picture — What's Actually Happening?

Buying a home in Texas is a process with clear phases. When you understand the full roadmap upfront, each step feels manageable rather than overwhelming.

The 10 Phases of Buying a Home

1. **Phase 1: Prepare & Educate** (You are here)

   Define your goals, understand the process, begin building your team.

2. **Phase 2: Financial Preparation**

   Check and strengthen your credit, calculate your budget, identify your down payment funds.

3. **Phase 3: Pre-Approval**

   Connect with a lender, gather documents, receive your pre-approval letter.

4. **Phase 4: Start Your Home Search**

   Partner with a Realtor, define your criteria, begin touring homes.

5. **Phase 5: Make an Offer**

   Identify the right home, analyze comparable sales, submit a competitive offer.

6. **Phase 6: Under Contract — Due Diligence**

   Complete inspections, review results, negotiate repairs or credits.

7. **Phase 7: Financing Finalization**

   Work with your lender through underwriting, provide additional documentation as requested.

8. **Phase 8: Appraisal**

   Lender orders appraisal; navigate any appraisal gap issues.

9. **Phase 9: Closing Preparation**

   Review Closing Disclosure, arrange funds, confirm closing date and logistics.

10. **Phase 10: Closing Day & Move-In**

    Sign documents, receive keys, begin your life as a Texas homeowner.

Your Buyer's Team

You don't navigate this alone. Here are the key players in your home purchase:

Team Member	Their Role	When They Join
Realtor	Your advocate, negotiator, and guide through the entire process	As early as possible
Lender/Loan Officer	Qualifies you for financing and processes your mortgage	Before serious home searching
Home Inspector	Evaluates the condition of the property	Once under contract
Title Company	Ensures clean ownership transfer; handles closing	Designated at contract
Homeowner's Insurance Agent	Provides insurance required for your loan	2–3 weeks before closing

Important note: As your buyer's agent, my services are provided to you at no cost — the seller typically pays the buyer's agent commission. You get professional representation, market expertise, and negotiation support without it coming out of your pocket.

PHASE 2: FINANCING PREPARATION

Build Your Financial Foundation

Your ability to buy a home — and what you can buy — is determined well before you make an offer. Here's how to set yourself up for success.

Step 1: Know Your Credit Score

How to Check:

- Free annual report: **AnnualCreditReport.com**
- Free monitoring: Many banks and credit cards offer free credit score access
- Lender pull: The most accurate version; this happens during pre-approval

Credit Score Benchmarks:

Score Range	General Assessment	Typical Loan Access
760+	Excellent	Best rates on all loan types
720–759	Very Good	Strong rates, most programs
680–719	Good	Good rates, all major programs
640–679	Fair	Most programs; rates may be higher
580–639	Below Average	FHA with higher requirements
Below 580	Poor	Limited options; improvement recommended

Credit Improvement Strategies (if needed):

- Pay all bills on time — payment history is the single largest factor (35% of score)
- Reduce credit card balances to below 30% of the card's limit (credit utilization — 30% of score)
- Do not open new credit accounts or take on new loans while preparing to buy
- Dispute any errors on your credit report with the relevant bureau
- Keep older credit accounts open — length of credit history matters

Timeline: Credit improvement can take 3–12 months depending on your starting point. Start as early as possible.

Step 2: Calculate What You Can Actually Afford

The Lender's Formula vs. Your Real Comfort Zone

Lenders use your gross income and debt ratios to calculate maximum loan amounts. But the maximum you *can* borrow is often more than you *should* borrow.

The 28/36 Rule:

- Housing costs (PITI) should not exceed 28% of gross monthly income
- Total debt payments should not exceed 36% of gross monthly income

Example:

- Gross monthly income: $5,000
- 28% housing limit: $1,400/month
- This includes principal, interest, taxes, and insurance

Your Comfort Calculation Worksheet:

Item	Your Number
Gross monthly income	$
Monthly debts (car, student loans, credit cards)	$
Available for housing (28% of gross)	$
Actual comfortable housing budget	$
Preferred purchase price range	$

Start with what feels comfortable to YOU — then verify it works with a lender.

Step 3: Understand Down Payment Options

Loan Type	Minimum Down	Notes
Conventional	3%–5%	PMI required below 20%
FHA	3.5% (580+ credit)	Mortgage insurance required
VA	0%	Eligible veterans/active military
USDA	0%	Rural eligible areas

Down Payment + Closing Costs + Reserves:

Your total cash needed at closing is typically:

Down payment + 2%–5% in closing costs + 1–3% emergency reserve

Example: $200,000 Home with FHA (3.5% down)

Item	Amount
Down payment (3.5%)	$7,000
Closing costs (est. 3%)	$6,000
Reserves recommended	$3,000–$6,000
Total cash recommended	**$16,000–$19,000**

PHASE 3: HOME SEARCH STRATEGY

Finding the Right Home Without Wasting Time

The home search feels exciting but can quickly become overwhelming without a clear strategy. Here's how to search effectively.

Define Your Non-Negotiables

Before touring a single home, get clear on your three tiers of priorities:

Tier 1 — Must-Haves (Will not buy without these) Write your 3–5 absolute requirements here:

1

2

3

4

5

Tier 2 — Strong Preferences (Would really like, but could live without)

1

2

3

4

5

Tier 3 — Nice-to-Haves (Bonus if the home has them)

1

2

3

4

5

Your Home Search Parameters

Criteria	Your Target
Minimum bedrooms	$ __________ to $ __________
Minimum bathrooms	
Preferred square footage	
Acreage needed?	
Preferred school district	
Max commute time	
Preferred city/community	
Style preference	
One-story or two-story	
Garage needed?	
Other must-haves	

How to Tour Homes Effectively

When you tour a home, you're gathering information to make a $150,000–$400,000+ decision. Here's how to use your time wisely:

At Every Showing:

- Look UP — check ceilings for water stains, cracks, or discoloration
- Look DOWN — check floors for soft spots, water damage, or uneven areas
- Open every door — sticky doors can indicate foundation movement
- Turn on every faucet — check water pressure and drainage speed
- Flush every toilet — confirm functioning
- Check window operation — do they open, close, and lock?
- Note the HVAC age — look for the manufacture date sticker on the unit
- Smell — mustiness or strong chemical odor can indicate mold or other issues
- Look outside — check drainage away from the foundation; look for pooling areas

After Every Showing:

- Take notes immediately — feelings and details fade fast
- Rate the home on your priorities (use the Home Tour Notes section)
- Note what you liked, what concerned you, and what questions you have

PHASE 4: OFFER NEGOTIATION GUIDE

Making and Winning Offers in the Texas Market

Understanding the Texas Real Estate Contract

Texas uses the TREC One to Four Family Residential Contract — a standardized form that covers all the key terms of a home sale. Key elements you'll need to understand:

Sales Price — The price you're offering. Based on comparable sales, condition, and market dynamics — not asking price alone.

Earnest Money — Your good-faith deposit. Typically 1%–3% of purchase price. Held in escrow and applied to your down payment at closing.

Option Period & Option Fee — Unique to Texas. This is a short window (typically 7–10 days) during which you can back out for any reason and receive your earnest money back (minus the option fee, which is typically $100–$500 and goes to the seller non-refundably). Use this period for your inspection.

Closing Date — When the transaction finalizes. Typically 30–45 days from contract.

Contingencies - Conditions that must be met for the sale to proceed:

- Financing contingency — protects you if your loan isn't approved
- Appraisal contingency — protects you if the home appraises below purchase price
- Inspection period — the option period in Texas serves this purpose

What Conveys — What stays with the home. In Texas, built-in appliances, fixtures, and certain attached items typically convey. Confirm in writing anything specific you expect.

Offer Strategy by Market Conditions

In a Seller's Market (low inventory, multiple offers):

- Come in at or above asking price on well-priced homes
- Keep the option fee reasonable but not minimal (shows seriousness)
- Keep your option period as short as you're comfortable with
- Consider an escalation clause (offers X above any competing offer, up to a max)
- Offer a quick closing if your situation allows
- Minimize requests for seller-paid closing costs

In a Balanced Market:

- Offer based on comps — sometimes at asking, sometimes slightly below
- Standard option period and earnest money
- May have room to request some seller-paid closing costs
- Inspection requests are typically more reasonable to make

In a Buyer's Market (high inventory, slow sales):

- More leverage to negotiate price below asking
- Can often request seller concessions (closing cost help, repairs)
- Longer due diligence periods are more acceptable

After Your Offer Is Submitted

The seller can respond in three ways:

1. **Accept** — You're under contract! Move to due diligence.
2. **Counter** — They want different terms. Review, negotiate, accept, or walk away.
3. **Reject** — They've declined. Regroup and identify your next target.

PHASE 5: INSPECTION GUIDE

Protecting Your Investment Through Due Diligence

The inspection period is your due diligence window. Use it.

What a Home Inspector Evaluates

A licensed Texas home inspector will evaluate (at minimum):

- **Roof** — Condition, estimated remaining life, visible damage
- **Foundation** — Visible cracking, signs of movement, drainage
- **Structural** — Walls, floors, ceilings, framing
- **Electrical** — Panel, wiring type, outlet function, safety hazards
- **Plumbing** — Water pressure, drainage, water heater, visible pipes
- **HVAC** — Both heating and cooling systems; age and function
- **Windows and Doors** — Operation, sealing, locking
- **Attic** — Insulation, ventilation, roof structure, any moisture signs
- **Exterior** — Siding, grading, drainage, outbuildings

How to Interpret an Inspection Report

Inspection reports list everything they find — from minor cosmetic issues to significant concerns. Don't panic if the report is long; all homes have maintenance items.

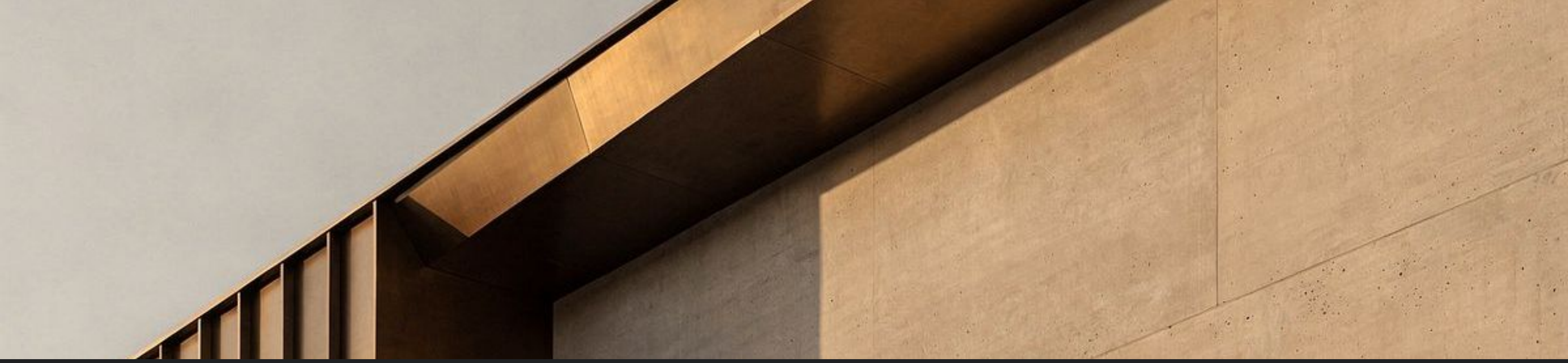
What matters most:

- **Safety issues** — Electrical hazards, carbon monoxide concerns, structural
- **Major systems** — HVAC, water heater, roof — age and condition
- **Water intrusion** — Active leaks, moisture damage, drainage concerns
- **Foundation** — Any signs of significant movement

What to request after inspections:

1. Repair items that are genuine safety or functional concerns
2. Credits in lieu of repairs (allows you to choose your own contractor)
3. Price reduction for significant issues that affect value
4. Simply accept the home as-is for minor maintenance items

Never use the inspection as a negotiation tactic on normal wear and tear items. Sellers in good markets will hold firm or walk away if you nickel-and-dime on small things.



Additional Inspections to Consider

Inspection	When Recommended
Termite/WDI	Nearly always; required by many lenders
Sewer scope	Homes over 20 years old
Foundation specialist	Ipector notes any movement concerns
Septic	All rural properties
Well water test	All properties on well water
Pool/spa	Any home with a pool

PHASE 6: CLOSING PROCESS

The Final Stretch — From Clear to Close to Keys

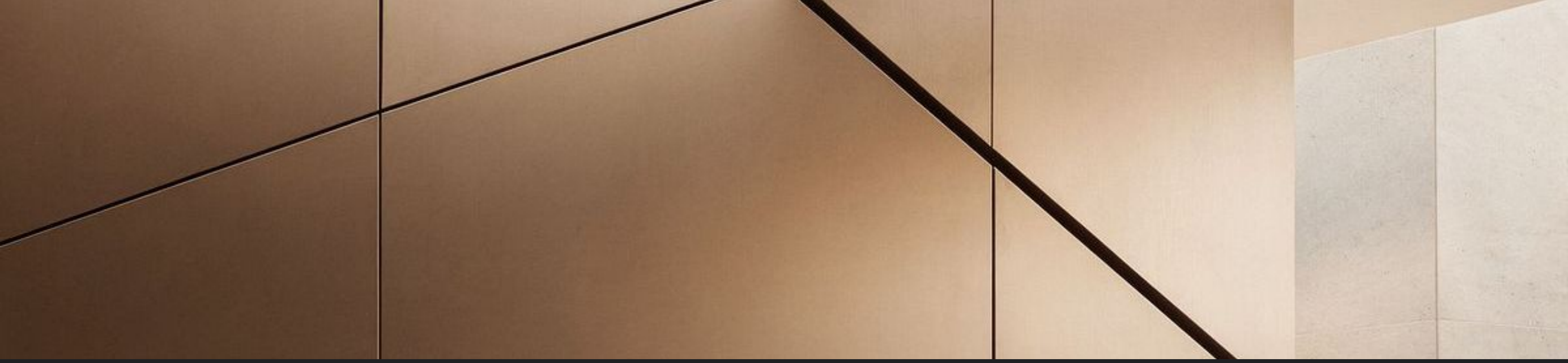
The Closing Timeline (Last 2 Weeks)

2 Weeks Before Closing

- [ ] Confirm your closing date and time with your Realtor and title company
- [ ] Begin setting up utilities in your name (electric, gas, internet) for your closing date
- [ ] Notify current landlord of move-out date (if renting)
- [ ] Arrange movers for moving day

1 Week Before Closing

- [ ] Review your Closing Disclosure (must be provided 3 business days before closing)
- [ ] Compare Closing Disclosure to your Loan Estimate — flag any unexpected changes
- [ ] Arrange cashier's check or wire transfer for closing funds
- [ ] Confirm wire instructions directly with the title company by phone (never by email alone — wire fraud is real)



Day Before Closing

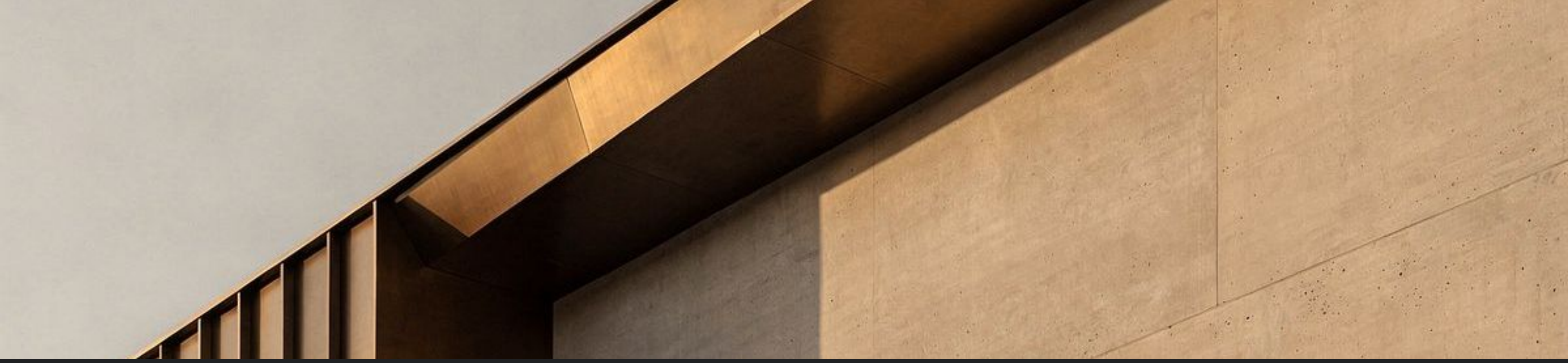
- [ ] Complete final walkthrough of the property
- [ ] Confirm all agreed-upon repairs were completed
- [ ] Test appliances that were agreed to convey
- [ ] Verify the home is in the same condition as when you made your offer

Closing Day

- [ ] Bring government-issued photo ID
- [ ] Bring cashier's check or confirm wire transfer sent
- [ ] Ask questions about anything in the documents you don't understand — that's what closing attorneys are for
- [ ] Receive your keys

What You're Signing at Closing

- **Note (Promissory Note)** — Your legal promise to repay the loan
- **Deed of Trust** — The lender's security interest in your property (allows foreclosure if you default)
- **Closing Disclosure** — Final breakdown of all costs and credits
- **Warranty Deed** — Transfers ownership from seller to you
- **Various lender documents** — Disclosures, acknowledgments, and loan-specific forms



PHASE 7: MOVE-IN CHECKLIST

First Week in Your New Texas Home

Day 1: Security & Safety

- [ ] Change all exterior door locks and garage codes
- [ ] Locate main water shut-off valve — know how to use it
- [ ] Locate circuit breaker panel — label breakers if not already done
- [ ] Test all smoke detectors

First Week Priorities

- [ ] Address USPS mail forwarding if not already done
- [ ] Update address with: Bank, employer, subscriptions, DMV, insurance, IRS
- [ ] Register your Texas Homestead Exemption (file with Navarro County Appraisal District; deadline is April 30 of the year after purchase)
- [ ] Schedule HVAC service if not recently done

First Month Priorities

- [ ] Have a locksmith re-key all locks if budget allows
- [ ] Install outdoor lighting if lacking
- [ ] Set up lawn care routine
- [ ] Review your homeowner's insurance policy in detail

Congratulations — You Did It!

Buying a home is one of the most significant things you'll ever do. The fact that you took the time to educate yourself through this entire process is exactly the kind of preparation that leads to great outcomes.

Whether you've already closed or are still in the early stages, I'm here for every question along the way.

This guide is for educational purposes. Real estate laws, processes, and market conditions vary. Always consult with licensed professionals for guidance specific to your transaction.

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