

Advice for Buyers

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Real estate transactions are complicated. A Texas REALTOR® will help you with the following steps and much more.

Decide What You Want

Before you start looking, make a list of what you want and assign each item a priority. Some areas to consider are the location, type of home, and age of the home.

Know What You Can Afford

- Most loans require a downpayment. The amount varies, but 20% of the purchase price is typical. If you're a first-time buyer or fall below certain income thresholds, you may qualify for [affordable-housing programs](#). Generally, a higher down payment means better loan terms and a lower interest expense on the mortgage.
- Qualifying for a loan: A lender will determine how much he thinks you can afford based on your income, employment history, education, assets (e.g., bank account balances, other property, insurance policies, pension funds), and debt. Check your credit report before the lender does to clear up any problems.
- Your comfort level: You don't have to spend \$200,000 on a home just because the lender says you can afford a \$200,000 home. Do some math and determine what you're comfortable spending.

Make an Offer

You've figured out your home-search criteria and what you can afford. Now find a house and make an offer. Your REALTOR® is an invaluable part of this process. He or she will help you prepare a contract, negotiate, juggle inspections and option periods, and more.

Secure Financing

Unless you're paying cash for the home, you'll need a loan. Keep in mind the true price of financing goes beyond the interest rate alone. Consider items such as points, total lender fees, term of the loan, and penalties for early payment. The lender will likely require an appraisal to verify that the home is worth the cost of the loan as well as a physical survey. Repairs may be required. Insurance must be purchased. All these conditions and others must be satisfied before a transaction can close.

Close the Deal

After weeks or even months of research and decision-making, you close the transaction, usually at the title company's office. The title agent ask you to sign many, many documents and will explain each one. You'll present a cashier's check to the seller, sign another document that itemizes closing costs (the lender will have given you an estimate in advance), and pay your share of the closing costs. In return, you will receive a deed, transferring ownership rights to you.