

# UNLOCKING THE DOOR



*A Step-By-Step Guide For  
First-Time Home Buyers*



## Introduction

Many first-time homebuyers often feel unprepared and overwhelmed during the home buying process. They may encounter unforeseen challenges and wish they had known more beforehand. This booklet aims to address the most common questions and concerns of first-time homebuyers. To create this guide, we consulted with various industry professionals, including home buyers, sellers, real estate agents, and mortgage consultants, and conducted research using available online resources. The information presented in this booklet is not new or secret, but we have simplified it and compiled it into one easy-to-read document.

At the end of the booklet, we provide two ways for you to contact us with feedback and suggestions for improvements. We value your input and want to hear from you, so please feel free to send us your thoughts and ideas as you read through this guide.

Congratulations on embarking on the journey to homeownership! It can be an exciting and rewarding experience. Let's get started!



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## Get Pre-Approved



Before you start looking for a home, it's important to have an idea of what you can afford. While some people say you should find a real estate agent first, we believe that getting pre-approved for a mortgage should be your first step. In today's housing market, where sellers often receive multiple offers and homes sell quickly, having a pre-approval can give you an edge over other buyers.

A mortgage pre-approval shows that you are serious and financially prepared to buy a home. It also helps you understand how much you can afford and prevents you from falling in love with a house that's outside your budget.

To find a mortgage professional, ask for referrals from friends, family, or colleagues. You can also do your research online and check out consumer-oriented websites. Once you find a professional, ask for a comprehensive list of documents you'll need to provide and when they're due. Make sure to submit the documents early to avoid any delays in the home buying process.

At Fox Inspection Group, we have a list of trusted mortgage professionals in Houston that we recommend. Check out our website for more information: <http://foxinspectiongroup.com/houston-contractor-referrals.html>.

Remember, getting pre-approved for a mortgage is an essential step in the home buying process. It can save you time and help you stand out as a serious buyer in a competitive market.

## Know Your Costs, Immediate and Long- Term



When buying a home, it's important to understand that the price you and the seller agree upon is not the final price you will pay. There are various fees and expenses associated with the home buying process, both immediate and long-term.

Before the sale, you may need to provide a small amount to the seller to hold your claim on the house, and an option fee to cover inspections and negotiations. Purchasing an option period, generally 7 to 14 days, is a smart practice, and you should hire a professional to perform a thorough inspection of the home. The inspection should cover wood-destroying insects, pool (if applicable), well and septic system (if applicable), and other inspections based on the age and condition of the home. As a rule of thumb, be prepared to spend around 1% of the purchase price of your new home on inspections.

At closing, there are many fees and expenses to be paid, including taxes, insurance, survey, home association dues, credit reports, appraisal, loan origination fee, lender's inspection fee, document preparation fee, flood certification fee, recording and filing fees, and down payment. It's important to review these fees with your lender and understand the total amount you will need to pay at closing.

Additionally, it's essential to consider the long-term costs of owning a home, such as property taxes, homeowner's insurance, maintenance, repairs, and utilities. These expenses can add up over time, so it's important to budget accordingly and ensure you can afford not just the upfront costs, but also the ongoing expenses of homeownership.

In summary, when buying a home, it's crucial to understand and budget for both immediate and long-term costs associated with the purchase. Doing so will help you make a sound financial decision and avoid any surprises down the road.

## After the Sale



Once you've purchased a home, it's essential to consider the ongoing expenses associated with homeownership. Unless you've paid for the home in cash, you will have a mortgage payment to make every month. This payment may or may not include the cost of state and local taxes and insurance premiums. Regardless, it's crucial to have these costs covered and included in your budget.

In addition to the mortgage payment, you may also have annual fees for your homeowner's association and monthly maintenance fees if you live in a gated community or high-rise building. Remember, as a homeowner, you are now responsible for all maintenance and repairs, so it's important to budget for these expenses. Talk to friends and relatives who own homes about how much regular home maintenance costs to get a better idea of what to expect.

It's also wise to consider ongoing repair costs when deciding on a home to purchase. If your mortgage payment, association fees, maintenance fees, and normal wear and tear repair costs are going to exceed your budget, look for a more affordable house.

In summary, after purchasing a home, be sure to consider the ongoing expenses associated with homeownership, including mortgage payments, taxes, insurance, homeowner's association fees, maintenance fees, and repair costs. Planning and budgeting for these expenses will help ensure you can afford the costs associated with homeownership and avoid any financial surprises down the road.

## Your Representation



When buying a home, it's essential to have professional representation. Unless you're a real estate attorney or agent yourself, you should hire a professional to help you through the home buying process. To find a good agent, ask for referrals from people you know. Remember, 20% of agents do 80% of the work, so look for an agent who is experienced and knowledgeable about the neighborhoods you're interested in.

Your agent will help you with many aspects of the home buying process, including determining how much to offer for the home, negotiating with the seller, and filling out paperwork. They will also help you navigate any issues that arise during the process, such as home inspections or renegotiating the selling price.

It's also important to do your homework when considering a home. Go online to the sex offender registry to find out if anyone in the neighborhood is on the list. Visit the home at different times and on different days of the week to get a sense of what the neighborhood is like. Check for potential noise issues like train whistles, loud neighbors, or barking dogs, and find out if the streets flood on heavy rain days.

Ask the sellers about any known criminals in the area, nearby cell towers, natural gas wells, or water towers, and if any non-residential construction is scheduled to be built in the neighborhood. Finally, get a copy of the rules and regulations of the homeowner's association and read them carefully. Your agent can help you with this.

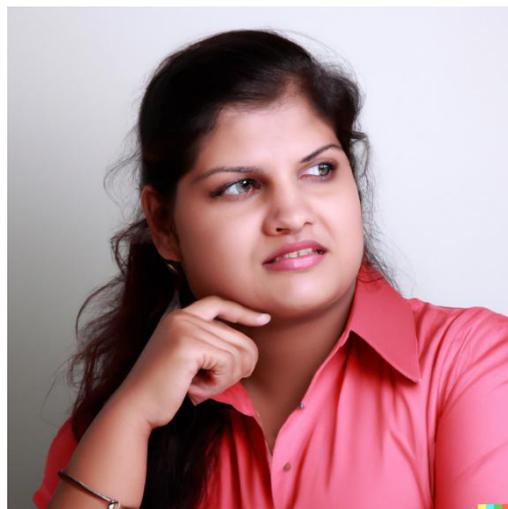
If you find anything you can't live with, walk away from the deal. While you may lose some money, it's better than buying a house you'll be unhappy with in the long run.

## Unlocking the Door: A Step-By-Step Guide For First-Time Home Buyers

In summary, having professional representation is crucial when buying a home, and doing your homework is essential to making a sound decision. With the help of a knowledgeable agent and some research, you can find the home of your dreams in a neighborhood you'll love.



## What Is an Option Period?



An option period, also known as a termination option, gives the buyer an unrestricted right to terminate a home purchase contract within a specified number of days. After a buyer has decided on a home, they will complete a purchase contract with the assistance of a real estate agent and generally include a request for a 7-14 day option period, during which inspections are performed and negotiations can take place.

To secure this time, the buyer gives the seller a check for the option fee. If the buyer decides not to buy the home, the option fee is forfeited. The length of the option period and the amount of money dedicated to it will depend on the buying climate at the time of purchase and other factors such as the time needed to complete necessary inspections. A good general rule of thumb is about \$100 to secure a 10-day option, but shorter options may be available at higher fees.

After inspections are complete, the buyer will need to decide which issues in the report they want to address with the seller. In most cases, the buyer will want to ask the seller to make reasonable repairs or negotiate the purchase price to include the cost of making repairs after taking possession of the home. However, the seller is under no obligation to make any repairs or negotiate at all. If the buyer decides to purchase the home with no concessions from the seller, they will buy the home "as is."

If the buyer decides to terminate the contract after inspections are performed, they have the right to do so without giving any reason. The seller keeps the option fee, and the buyer is free to continue their home search. In summary, an option period is a crucial part of the home buying process that allows the buyer to thoroughly inspect the property and negotiate any necessary repairs or concessions with the seller before finalizing the purchase.

## The Home Inspection



A home inspection is a crucial step in the home buying process. While most lenders no longer require a home inspection, it is still important for the buyer to have one done before purchasing a home. Real estate agents are not experts in home construction and are not required to understand the technical details of a home's structural, electrical, plumbing, or roofing systems. Similarly, most buyers do not have the knowledge or expertise to identify potential problems in a home.

Hiring a professional home inspector is a wise choice for the buyer's due diligence needs. It is important to hire an inspector who works for a qualified, licensed inspection company. The inspection report should be in a user-friendly format that is easy to read and understand. Inspection report examples can be found on the internet or through your real estate agent.

The home inspector is legally required to report on any issues that do not meet current building codes, regardless of when the home was built. This means that even a well-maintained, 30-year-old home could have a home inspection report that is 35 pages long. The inspection report must cover everything that is visible to the inspector using their experience and the instruments they carry. The report will include color photographs and appropriate graphs and drawings. If the inspector is concerned about something that they cannot see, they may recommend that the buyer gets additional inspections, such as a stucco inspection or an underground sewer line test.

It is important to note that the length of the inspection report or the recommendation to hire additional specialists should not necessarily be viewed as a sign that the home is not a good purchase. The inspector does not include all the positive aspects of the home in the report, only the issues that do not meet current standards. It is up to the buyer to decide which of these issues are important to

them. For example, if the buyer has small children, the spacing between stair balusters may be more important to them than if they rarely have children in their home.

It is recommended that the buyer discusses any issues of importance to them with their real estate agent. This will allow the agent to help the buyer negotiate with the seller to have the issues addressed or to adjust the purchase price accordingly.

Saving a few dollars  
on an inspection is  
like saving a few  
dollars on a dental  
visit. It might cost you  
thousands in the  
long run.

~Tirey Counts

## Homeowners Insurance



Homeowners insurance is a critical aspect of protecting your investment in your home. Not only does it cover the cost of your home itself, but it also covers everything you have in the home and any potential liabilities that may arise. If you are borrowing money to buy your home, your mortgage provider will require you to purchase homeowners' insurance. Even if you can afford to replace your home and its contents, homeowners' insurance is still recommended to protect against any unexpected accidents or events that may arise.

When selecting an insurance provider, it is best to start with a company that you already have a good relationship with. If they do not offer homeowners insurance, ask for referrals from friends or your real estate agent. It is important to discuss your specific situation thoroughly with the insurance agent you select to ensure that you have the appropriate coverage. This includes discussing the value of your possessions and whether you want to insure them for their replacement cost or their actual cash value. You should also consider whether you have somewhere to stay if you are displaced from your home and whether you need coverage for living expenses during that time.

If you are buying a home in the Houston area, it is important to note that flooding is not covered in most homeowners' insurance policies. You will need to purchase separate flood insurance from the federal government's National Flood Insurance Program. Your insurance agent can help you with this process and ensure that you have the appropriate coverage for your needs.

## The Survey



In addition to the information provided, it is important to note that property surveys can also uncover potential issues with a property, such as encroachments, which occur when a structure, such as a fence or a portion of a building, extends beyond the property line and onto a neighboring property. These issues can cause legal disputes and lead to costly legal battles, which is why it is important to have a property survey done before purchasing a home or property.

Furthermore, property surveys can also help identify any zoning restrictions, setback requirements, or other local regulations that could impact your plans for the property. For example, a survey may reveal that a portion of the property is designated as a protected wetland or that the property is subject to specific zoning requirements that limit the size or type of structure that can be built on the land.

Overall, a property survey is an important tool for both buyers and sellers of real estate, as it provides an accurate and detailed picture of the property, helps prevent legal disputes, and ensures that both parties are fully aware of the property's boundaries and potential issues. It is important to hire a qualified and experienced surveyor to conduct the survey to ensure accuracy and completeness.

## Contract Amendments

**AMENDMENT TO REAL ESTATE CONTRACT**

Dated: \_\_\_\_\_ City of \_\_\_\_\_ State of \_\_\_\_\_

AGREEMENT MADE BETWEEN:

\_\_\_\_\_, (hereinafter called "Seller"),  
of: \_\_\_\_\_  
AND \_\_\_\_\_  
of: \_\_\_\_\_, (hereinafter called "Purchaser"),

\*It is expressly agreed that, notwithstanding any other provisions of this contract, the purchaser shall not be obligated to complete the purchase of the property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the seller has delivered to the purchaser a written statement issued by the \_\_\_\_\_ setting forth the appraised value of the property for mortgage purposes of not less than \$ \_\_\_\_\_ which statement the seller hereby agrees to deliver to the purchaser promptly after such appraised value statement is made available to the seller.

The purchaser shall, however, have the privilege and option of proceeding with the consummation of this contract without regard to the amount of the appraised valuation made by: \_\_\_\_\_

Contract amendments are an important part of the real estate transaction process. When a purchase agreement has been signed and accepted by both the buyer and seller, it is a binding document. However, there may be situations where changes to the contract are necessary. In such cases, an amendment to the contract must be completed and signed by both parties.

There are several reasons why a contract amendment may be necessary. For example, there may be a change to the purchase price of the home, the amount of cash the buyer must pay at closing, or the repairs that the seller must make prior to closing. The closing date may also need to be changed or other specified modifications may be required.

It is common for there to be some back and forth between the buyer and seller during the amendment process. This can be a second negotiation phase, similar to the first negotiation process that led to the initial purchase agreement. To help prevent any negative emotions or misunderstandings, it is usually best to let the real estate agents handle the communication between the parties.

It is important to remember that a contract amendment is a legally binding document. Any changes made to the original contract should be agreed upon and signed by both the buyer and the seller. Once the amendment is signed, it becomes a part of the original purchase agreement and should be treated as such.

## The Closing



Closing is the final step in the home buying process where all parties involved come together to complete the sale. It is important to show up on time and bring the required payment in the appropriate format. Typically, a cashier's check or money order is preferred. During closing, you will sign many documents related to the home loan and transfer of ownership. The seller will sign over the title to you and you will pay any remaining fees or expenses. After the closing, the settlement agent will handle the details of paying off any prior lenders, disbursing funds to other parties, and arranging for a final title search. You can celebrate your new home purchase and leave the rest of the work to the settlement agent.

May your new home  
add to your joys,  
multiply your  
successes, subtract  
your losses and  
divide your sorrows.  
*Congratulations on  
your new home!*

## Congratulations, Homeowner!



Congratulations on becoming a homeowner! Owning a home is an exciting and rewarding experience.

Since this booklet is written for the first-time home buyer, you probably don't know all that there is to know about maintaining a home. (Who does, really?) Feel free to check out our home buyers section on our website. Learn about your new home and how to protect it and its value.

<https://foxinspectiongroup.com/home-buyer-information>

Your new home is going to be worth millions because in it will live a family with hearts of gold. Share those hearts with people around you. Get involved in your community, get involved with teaching others, get involved in making your community a better place to live and work. Invite some friends over to celebrate your new home.

As you settle into your new home, it's important to prioritize regular pest control, HVAC maintenance, and swimming pool maintenance. Pests can cause damage to your home and be a health hazard, so scheduling routine pest control is essential. Regular HVAC maintenance can help ensure efficient heating and cooling and extend the life of your system. And if you have a swimming pool, proper maintenance will keep it clean and safe for you and your family to enjoy.

By taking the time to learn about your new home and how to maintain it, you can protect your investment and ensure that it remains a safe and comfortable place to live for years to come. Unless you have been living in the neighborhood where you purchased your home, you may need some recommendations for various professionals, like housekeepers, handymen, and tree trimmers. Don't forget that we have a wide variety of contractors on our list here:

<https://foxinspectiongroup.com/houston-contractor-referrals>

Congratulations again on becoming a homeowner, and best of luck with your new home!

## Handy Links



Stucco Inspections & Information / Stucco Inspection Houston -  
<http://www.stuccoinspectionshouston.com/>

Swimming Pool Inspections & Maintenance / Sparkling Pools –  
<https://www.sparkling-pool.com/>

Sewer Line Inspections / Houston Plumbing Inspections and Services-  
<https://www.houstonsewerlineinspections.com/>

Air Quality Inspections / Houston Enviro Assessments -  
<https://www.houstonenviroassessments.com/>

Fox Pest Control / GreenTeam Pest –  
<https://www.greenteampest.com/>