THE VIP HOMEBUYER READINESS PROGRAM · FROM CREDIT TO KEYS

The Complete Texas New-Home Buyer's Guide

Everything you need to know before buying a new-construction home in Greater Houston.

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Every chapter is written to stand on its own, so you can start wherever your question is.

A letter from Mary

If you're reading this, you've probably been told, or you believe, that buying a home isn't possible for you right now. Maybe it's your credit. Maybe it's the down payment. Maybe you walked into a builder's sales office and left feeling rushed, confused, or like you didn't belong there.

I wrote this guide because I've spent more than 20 years in real estate, including eight years working inside builder sales offices on the builder's side, and I know how much of the process is designed to keep buyers in the dark. Not out of malice, but because informed buyers ask harder questions, and harder questions cost the other side money.

This is the information I wish every buyer had before their first conversation with a lender or a builder. It covers credit, savings, loan types, down payment assistance, property taxes, insurance, and how new-construction purchases actually work in Texas. It's written in plain language because that's how I talk to my own clients, and because jargon doesn't help anyone.

Some of what you read will surprise you. You may need less money than you think. You may qualify for programs you've never heard of. And the gap between what a builder offers you unprompted and what they'll offer when you have informed representation is often thousands of dollars.

If you want to talk after reading this, I'm here. Every consultation is free, available in English or Spanish, and comes with no obligation.

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How to use this guide

You can read this guide front to back or jump to the chapter that matters most to you right now. Every chapter stands on its own.

The checklists are meant to be filled in, not just read. Print them, write in the margins, and bring them to your first conversation with a loan officer. They're more useful with your real numbers than with anyone else's.

Where this guide says "confirm with your loan officer" or "verify with the administering agency," it means it. I've given you the framework. The specifics that apply to your situation come from the professionals handling your file and the agencies running the programs.

A note about figures and programs

Every income limit, program maximum, tax rate, and program term in this guide was current as of publication. That does not mean it will be current when you read it.

Assistance programs change their eligibility rules, funding levels, and price caps regularly. A program with funding this month may not have it next month. Income limits are updated annually. Interest rates move daily. Tax rates shift when districts adjust their budgets. The figures here exist to show you how the math works, not to promise what you'll receive.

Program figures in this guide are current as of September 2026 — verify with the administering agency. The Resource List at the back has every agency referenced here.

CHAPTER ONE

Are you actually ready?

Not "do you want to own a home." Whether you're in a position to start now, or need a plan to get there first. Both answers are fine. The wrong answer is not knowing which one applies to you.

Income stability

Lenders look at income before anything else, because income is how you make the payment every month for the next 15 or 30 years. What they want is roughly two years of consistent, documented earnings.

W-2 employees need pay stubs, tax returns, and an employment verification letter. Overtime, bonuses, and commissions are typically averaged over a documented history. Self-employed buyers need personal and business tax returns plus a year-to-date profit-and-loss statement, and lenders count net income after deductions, not gross revenue.

Job changes within the same field are generally fine. A career change, or a move from W-2 to self-employment right before applying, creates complications. If that's in your plans, talk to a loan officer about timing before you make the move.

Debt-to-income ratio

Your debt-to-income ratio measures whether you can afford a mortgage payment on top of the debts you already carry. Add up all your monthly debt payments — car loans, student loans, credit card minimums, personal loans, child support — then divide by your gross monthly income.

There is no single universal ceiling. Automated underwriting systems approve loans across a fairly wide band depending on the rest of the file: credit score, reserves, and how much you're putting down. A high ratio is a conversation with a loan officer, not an automatic disqualification. But the higher your ratio, the more the rest of your file has to compensate, and the fewer programs you'll have access to.

DEBTS THAT COUNT

Anything on your credit report with a monthly payment, plus child support and alimony.

DEBTS THAT DON'T

Utilities, cell phone, car insurance, groceries, subscriptions.

If your ratio is too high, the fastest path is usually paying off a car loan or a credit card. A monthly payment that disappears entirely can shift your ratio by several points.

Savings: three buckets

Saving for a home means three separate numbers, not one.

> **One — the down payment**
> This does not have to be 20%. Conventional loans start around 3% to 5% down, FHA at 3.5% with a qualifying score, and VA and USDA at zero for eligible buyers. Down payment assistance can reduce the requirement further — Chapter Six covers it.

> **Two — closing costs**
> Lender fees, title insurance, prepaids, and recording fees typically run somewhere in the range of 2% to 5% of the purchase price. Builders sometimes offer closing cost contributions as part of an incentive package. Those are negotiated, not guaranteed.

> **Three — the reserve**
> Two to three months of your full housing payment, kept in savings *after* closing. Not before. This covers the unexpected: a higher first utility bill, window coverings (most new-construction homes are delivered without them), moving costs, and everything else that comes due in the same two weeks.

CRITICAL

For six months before applying, avoid large deposits you can't document. A lender will ask where the money came from, and "it was a cash gift" without a paper trail creates delays. If someone is giving you gift funds, your loan officer will explain how to document it properly — and that conversation should happen *before* the money moves.

Credit standing

Chapter Two covers credit in full. For readiness purposes: every loan program sets a minimum score, and they differ meaningfully — FHA reaches lower than conventional, VA and USDA are set by the individual lender, and most assistance programs sit somewhere in between. Your loan officer can tell you which programs your current score reaches. Check your credit report for free at AnnualCreditReport.com; checking your own credit is a soft inquiry and does not affect your score. Know what's on the report, not just the number.

Timeline

- **Credit and savings ready now.** You could meet a loan officer within a week. A new-construction home takes several months to build, so even a ready buyer is looking at a good stretch of time from first conversation to closing.
- **Credit needs work.** Many buyers are mortgage-ready within 90 to 120 days of working with a credit specialist, though results vary. Add build time on top of that.
- **Need to save more or reduce debt.** Give yourself six to twelve months of focused preparation. That's not a setback. That's a plan.

The single most useful thing you can do today is have a conversation with someone who can look at your real numbers and tell you where you stand.

CHAPTER TWO

Understanding credit

Your score is the headline. It is not the whole story — and the score you see online may not be the score a lender pulls.

Lenders look at your full credit report: payment history, amounts owed, length of credit history, new credit, and credit mix. Two people with the same score can look very different to an underwriter depending on what sits behind the number. Consumer credit scores and mortgage-specific scores also use different models, and the two can differ in either direction. Don't panic if they don't match. Do know that they won't.

What moves a score

- **Payment history** is the single biggest factor. One missed payment can drop a score significantly, and it stays on the report for seven years. Set up autopay on everything, even if it's only the minimum.
- **Credit utilization** is the share of your available credit you're using. Below 30% is the common guideline; below 10% is better.
- **Length of credit history** matters. Closing your oldest credit card removes your longest account from the calculation. Even if you don't use it, keep it open.
- **New credit inquiries** from applications temporarily lower your score. Multiple mortgage inquiries inside a short shopping window typically count as one — ask your loan officer how long that window is under the model they use.
- **Authorized user accounts** can help. Being added to a family member's well-managed, long-standing card puts that account's history on your report even if you never use the card.

STOP DOING THESE SIX TO TWELVE MONTHS BEFORE YOU APPLY

- Open new credit cards or take on new loans
- Close existing accounts, even unused ones
- Make large unexplained deposits into any account
- Co-sign for anyone
- Make major purchases on credit — cars, furniture, appliances
- Change jobs if you can avoid it, especially from W-2 to self-employment

Every one of these has derailed a real mortgage application. The safest period of your financial life should be the year before you apply.

The six-month credit action plan

If your credit is already strong, skip to Month 6 and talk to a loan officer now. Otherwise work this in order — the sequence matters more than the speed. The standalone *Credit Readiness Guide* carries this plan in full, with more detail on collections.

01

Pull and review

Pull all three bureau reports at AnnualCreditReport.com. Review every account and negative item. Dispute errors in writing. Set up autopay everywhere.

02

Pay down high-utilization accounts

List every card by utilization. Pay the highest first. Target under 30%, aim for under 10%. Don't close anything.

03

Address collections and negative items

Review collections with a credit specialist *before* paying or contacting the collector. Under the Fair Credit Reporting Act a collection stays on your report for seven years from first delinquency, and paying it does not restart that clock. Separately, in Texas the limitations period for being sued over most consumer debt is four years (Civil Practice and Remedies Code § 16.004), and under § 16.065 and Finance Code § 392.307 a partial payment or an oral promise does not revive a time-barred debt — only a signed written promise does. Old debt can often be addressed without creating new legal exposure, but only if it's handled correctly.

04

Continue and monitor

Keep paying balances down. Check updated scores by soft inquiry. Confirm disputes were resolved. Take on no new debt.

05

Stabilize

Stop all new credit activity. Keep every payment current. Hold utilization low. Start gathering pay stubs, tax returns, and bank statements.

06

Connect with a loan officer

Pull updated reports, review progress, and connect with a loan officer who specializes in first-time buyer programs and will work your file personally. Begin pre-qualification or pre-approval.

A NOTE ON TIMELINES

Many buyers are mortgage-ready within 90 to 120 days, though results vary by situation. Some need the full six months. Some need longer. The plan adjusts to your starting point. What matters is that you're moving forward with specific actions instead of waiting and hoping.

Working with a credit specialist

If your credit needs targeted attention, I introduce you to a credit specialist who works with our buyers at no cost to you. Not a generic referral — that person reviews your individual report, identifies the specific items holding your score back, and builds a plan to address them.

I am not a credit repair organization, and this is not a credit repair service. It is an introduction to a professional who can help, provided free of charge, as part of the VIP Homebuyer Readiness Program.

CHAPTER THREE

What a housing payment is actually made of

The biggest first-time-buyer mistake is dividing a listing price by 360 months. That gives you principal and interest. It does not give you your payment.

Your real monthly payment has five or six components. If you budget for only two of them, you will be surprised at closing and stressed every month after. Here is every piece, and what drives it.

Principal and interest

The loan payment itself, driven by the loan amount, the interest rate, and the term.

Property taxes

Texas has no state income tax and comparatively high property taxes. Rates vary meaningfully by county, school district, and any special district attached to the address — which makes the tax rate one of the largest variables in your payment. Chapter Four covers it in full.

Homeowners insurance

Driven by location, construction type, roof age, coverage, and the insurer. Get quotes early so it's part of your budget rather than a surprise. Chapter Eight has more.

Mortgage insurance

On conventional loans below 20% down, Private Mortgage Insurance. Under the Homeowners Protection Act it terminates automatically when the balance is scheduled to reach 78% of original value (12 U.S.C. § 4902(b)), and you can request cancellation at 80% in writing with a satisfactory payment history (§ 4902(a)). Neither happens without action — track your balance and know both thresholds. FHA loans instead carry an upfront premium (usually financed into the loan) plus an annual premium paid monthly; per HUD Handbook 4000.1 the annual premium runs for the life of the loan when initial loan-to-value exceeds 90%, and terminates after 11 years at 90% or below.

HOA dues

Most new-construction communities in Greater Houston have one. Dues are separate from your tax bill and are not collected in escrow. Chapter Nine covers HOAs.

MUD taxes

If the community is in a Municipal Utility District, the MUD rate is already inside the property tax rate — not a separate line on your payment.

Cash needed at closing

Four things, and only three of them are spent at closing. Your **down payment** and your **closing costs** — lender fees, title insurance, prepaids deposited into escrow, and recording fees — are the two large ones. **Earnest money** is not additional money on top of them: it's part of the same cash, paid earlier when your contract is executed, and credited toward your total at closing.

The fourth is the **post-closing reserve** — two to three months of your full housing payment, held back rather than spent. Assistance programs can reduce the down payment and closing cost portions significantly, and builder incentives can offset more. But the reserve is yours to build, and it's what keeps a new purchase from becoming a financial emergency.

Your loan officer will provide a Loan Estimate within three business days of your application, and it lists these figures for the specific loan you're applying for. Ask about anything on it you don't recognize before you move forward.

CHAPTER FOUR

Property taxes, MUD districts, and the homestead exemption

The tax rate is the single biggest variable in your monthly payment after the interest rate itself — and it changes address by address.

How the rate is built

Your property tax rate is not one number. It's the sum of several taxing entities layered on top of each other: the county, the school district (typically the largest piece), a Municipal Utility District if there is one, and other special districts — flood control, community college, hospital, emergency services.

Each entity sets its own rate, and they're added together to produce the total for your specific address. Two homes five minutes apart can carry meaningfully different totals because they sit in different districts. The community and tax rate comparison page at marydrealtor.com shows the published rates across my service area, and how to look up any address yourself.

MUD districts

When a builder develops raw land outside an established city's utility system, someone has to pay for the infrastructure — water lines, sewer, drainage, roads. A MUD is a special taxing district created to finance that work: it issues bonds, the infrastructure gets built, and homeowners repay those bonds through a MUD tax added to their property tax bill. That's why MUDs are common across new-construction communities in Katy, Cypress, Fulshear, and the surrounding areas.

MUD rates typically decline over time as the district's bonds are paid off and the tax base grows with new homes, so a community's early years usually carry its highest rate. Treat that as a pattern rather than a promise.

Ask before you sign. Get the community's current total tax rate, including the MUD rate, from the builder or your agent in writing. The county appraisal district also publishes rates by taxing entity. Do this before you sign a contract, not after.

THE FIRST-YEAR TAX TRAP

This catches new-construction buyers constantly. County appraisal districts assess property values as of January 1. If your home wasn't finished on January 1, the assessment reflects only the land — so your first tax bill is low, and the escrow your lender sets at closing is based on that low number.

In year two, the full value of the home hits the tax rolls. Your tax bill jumps, your escrow jumps, and your monthly payment jumps with it.

To estimate your real year-two payment: take the full assessed value of the home, multiply by the total tax rate for the community, divide by twelve, and compare that to the escrow figure on your Closing Disclosure. If there's a gap, set the difference aside monthly from day one. When the escrow adjustment arrives, you'll be ready for it instead of scrambling.

The homestead exemption

If the home is your primary residence, you're entitled to a homestead exemption that reduces the taxable value of your property. It does not happen automatically. You have to file for it.

What it is. Following Texas Propositions 13 and 11, approved by voters in November 2025, the mandatory residence homestead exemption for public school district taxes is **$140,000**, and the additional exemption for homeowners 65 and older or with a qualifying disability is **$60,000** — a combined **$200,000** school district exemption for those homeowners. Both increases apply automatically to homeowners who already have an exemption on file. Counties, cities, and other taxing entities may offer their own optional homestead exemptions on top of the school exemption.

When to file. As soon as you own and occupy the home as your primary residence — you don't have to wait for the following year. Under Tax Code § 11.42(f) and § 26.1115, the prorated acquisition-year exemption applies as long as the prior owner didn't have an active homestead exemption on the property on January 1. On a new-construction purchase the prior owner is the builder, who holds no homestead exemption, so new-construction buyers can generally claim the prorated exemption in their purchase year.

If you missed the deadline. Under Tax Code § 11.431 you may file late, up to two years after the delinquency date for that year's taxes. If approved, the taxing unit issues a corrected bill or a refund. A missed year is not a lost year.

The 10% appraisal cap. Once your homestead exemption is in place, the appraised value of your home cannot increase by more than 10% per year for tax purposes under Tax Code § 23.23, regardless of how much market value rises. In a rising market that protection is significant.

File your homestead exemption. It takes a few minutes, it costs nothing, and it protects you every year you own the home.

CHAPTER FIVE

Loan types, plainly explained

Every loan type has a trade-off. A lower down payment usually means mortgage insurance. Lower credit requirements usually mean higher costs somewhere else.

Conventional

Not backed by a government agency. Low-down-payment options start around 3%, and Private Mortgage Insurance is required below 20% down — but it terminates automatically at 78% of original value and can be cancelled at 80% by written request with a satisfactory payment history.

Best fit: buyers with reasonably strong credit and some savings who want to eliminate mortgage insurance over time.

FHA

Insured by the Federal Housing Administration, with a lower minimum credit score and a down payment as low as 3.5% for qualifying scores. There are two mortgage insurance premiums: one upfront, usually financed into the loan, and one annual, paid monthly. At the minimum down payment the annual premium lasts the life of the loan; putting 10% or more down brings the 11-year termination into play. FHA also sets an annual loan limit that varies by county.

Best fit: first-time buyers with lower credit scores or limited savings. The lower entry barrier comes with longer-lasting mortgage insurance — that's the trade-off.

VA

For veterans, active-duty service members, and certain surviving spouses. Zero down payment, no monthly mortgage insurance, and a one-time funding fee that can be financed into the loan. The fee varies by down payment and by whether it's a first or subsequent use, and it is waived for veterans with service-connected disabilities.

Best fit: any eligible veteran or service member. One of the strongest loan products available, if you qualify.

USDA

For properties in USDA-designated rural and suburban areas, with household income within USDA limits. Zero down payment, plus an upfront guarantee fee that can be financed and a smaller annual fee.

Best fit: buyers in eligible areas who meet the income requirements. Some communities in Greater Houston still qualify, and many buyers don't know it.

Conventional low-down-payment products

Fannie Mae and Freddie Mac each offer a low-down-payment product with reduced mortgage insurance for borrowers under an income ceiling — generally 80% of area median income, waived only when the property sits in a federally designated low-income census tract. Most master-planned new-construction communities in Katy, Cypress, and Fulshear fall outside those tracts, so the ceiling generally applies here.

Best fit: buyers who meet the income limit and want lower mortgage insurance costs than FHA.

Pre-qualification, pre-approval, and underwritten approval

These three are not interchangeable, and the difference matters when you're negotiating with a builder.

> **Pre-qualification** is a conversation. A loan officer asks about your income, debts, and assets and gives a rough estimate. Nothing is verified. Builders treat it as a starting point.

> **Pre-approval** means a loan officer has pulled your credit, reviewed your documentation, and issued a conditional commitment. This is what most builders expect before they'll sign a contract.

> **Underwritten pre-approval** means an actual underwriter has reviewed your file. It's the strongest position you can be in, and not every lender offers it at this stage. If yours does, ask for it.

CHAPTER SIX

Down payment assistance in Texas

More programs exist than most buyers realize, and recent changes to income limits mean far more families qualify than in past years. But assistance is not free money.

Program figures in this chapter are current as of September 2026 — verify with the administering agency before relying on them.

How assistance actually works

Assistance comes in four structures, and the structure matters more than the headline dollar amount, because it determines what you owe later.

> **Outright grants.** Cash that never has to be repaid — the strongest form of assistance. Usually funded by a slightly higher interest rate on your first mortgage.

> **Forgivable second liens.** A second loan on the property, typically at 0% with no monthly payments. Stay in the home for the set period without selling or refinancing and the balance is forgiven entirely; leave early and you repay some or all of it.

> **Repayable soft seconds.** Similar, but the balance is due in full when you sell, refinance, or stop occupying the home. Deferred, not forgiven.

> **Rate-funded programs.** No second lien at all — the assistance is paid for by a higher rate on your first mortgage. You get help at closing and pay for it monthly.

THE HONEST TRADE-OFF

A program funded by a higher interest rate adds real cost to your payment every month for as long as you hold the loan, and over thirty years that can add up to far more than the assistance itself. You should see that comparison in real dollars before you decide.

But it isn't the only number that matters. If the alternative is waiting two more years to save while paying rent that keeps rising, the assistance may cost less than the delay. A loan officer who works these programs regularly can show you both paths side by side — ask for it.

The programs

Harris County Down Payment Assistance Program

Administered by Harris County Housing & Community Development. Up to **$40,000** covering down payment, prepaids, closing costs, title policy, and home warranty, structured as a 0% silent second lien — forgivable after five years under $25,000, or ten years from $25,000 to $40,000.

It applies only in **unincorporated Harris County, within a qualified census tract** — being in unincorporated Harris County alone is not enough. It does not apply inside Houston city limits, inside the City of Katy, or in Fort Bend County. The new-construction purchase price cap is **$296,000** (adjusted annually), income must be at or below **80% AMI**, liquid assets no more than $30,000, and the buyer must contribute at least $1,000 of their own funds. Minimum credit score 580. First-time buyers only — no home ownership in the prior three years. Front-end ratio capped at 39% and total debt-to-income at 42%. HUD-approved homebuyer education is required before closing, and you must be a U.S. citizen or permanent resident.

Note that the price cap puts a good deal of new-construction inventory in these communities out of reach of this program. That doesn't mean assistance is off the table — the statewide programs below carry higher limits and serve a broader income range.

City of Houston Homebuyer Assistance Program

Inside Houston city limits, a buyer applies here rather than to Harris County. Up to **$75,000** as a no-interest forgivable loan, forgiven if the buyer stays five years, with prorated repayment if they leave sooner. Income limit 80% AMI.

TDHCA — My First Texas Home

Up to **5%** of the loan amount as a deferred 0% second lien, repaid only on sale or refinance. Minimum **620** credit. First-time buyer required, with veterans exempt. HUD-approved course required before closing.

SETH 5 Star

Southeast Texas Housing Finance Corporation, statewide despite the regional name. Up to **4%** on government financing and up to **3%** on VA, USDA, and conventional, as a three-year forgivable second lien with no monthly payments. Minimum **640** credit. **No first-time buyer requirement.** Available statewide except Travis County and the city limits of El Paso, Grand Prairie, and McKinney — so all of my service area qualifies.

TSAHC — Home Sweet Texas and Homes for Texas Heroes

Texas State Affordable Housing Corporation, statewide. Assistance in tiers of **2%, 3%, 4%, or 5%** of the loan amount, as either a true grant that is never repaid or a second lien forgiven after three years. Income ceilings are generous — **150% AMI** for Home Sweet Texas and **170% AMI** for Homes for Texas Heroes, which has a separate track for teachers, first responders, veterans, and other public service professionals. Minimum 620 credit, with some FHA-paired options lower.

TSAHC-paired loans carry a higher interest rate, and larger grant tiers carry a larger rate premium — this is the trade-off described above. Some programs also include recapture provisions if the home is sold within a set period. Understand both before closing.

Combining programs

Two state-administered housing finance agency programs cannot be layered on the same first-lien mortgage — they're mutually exclusive on a single transaction. What is permitted is combining one state program with one local city or county program, when the buyer and the property meet each program's separate eligibility requirements.

Whether combining is available depends on the specific programs, the lender, and your situation, and permitted combinations change. This is one of the reasons working with a loan officer who processes these programs routinely makes a material difference.

CHAPTER SEVEN

How buying new construction is different

I spent eight years working inside builder sales offices before I became a buyer's agent. This chapter is built on what I learned there.

THE MOST IMPORTANT PAGE IN THIS GUIDE

Register your agent on your very first visit

Most builders require your agent to be present or registered at your very first visit to their sales office or model home. If you tour alone, sign in at the desk, and start working with the builder's sales team, you may permanently lose the ability to bring in your own representation on that purchase. Policies vary by builder, but the pattern is common enough to treat as the rule.

The registration policy exists because the builder's sales agent earns a commission on your sale. Once they've registered you as their lead, they have little reason to let another agent into the transaction.

So before you visit any model home, call your agent. If you already have one, bring them or register their name before you walk in. If you don't have one yet, get one first — the consultation is free and takes less time than driving to a model home. What you lose by going alone is an agent who works for you instead of the builder, someone who knows what's negotiable, someone who reviews the builder's contract before you sign it, and someone who has sat on the builder's side of the table.

Builder contracts are not TREC forms

In a Texas resale purchase, both sides typically use TREC promulgated contracts — standardized forms with familiar protections. Builders use their own contracts, written by their attorneys, structured to protect their interests. Expect differences in inspection rights and timelines, in whether and when deposits are refundable, in what a change order costs after signing, in what happens when the builder is delayed versus when you are, and in how disputes are resolved.

This is not a reason to avoid new construction. It is a reason to have your own agent review the contract before you sign it.

Builder incentives and the preferred-lender trade

Builders routinely offer incentive packages — closing cost contributions, interest rate buydowns, free upgrades, or some combination — and these often come with a condition: you must use the builder's affiliated lender.

The builder's lender is often the better deal. The way to know is to get a Loan Estimate from the builder's lender and one from an outside lender, then compare them line by line. Divide the closing cost credit by the monthly cost of the rate difference, and you get the number of months before the higher rate catches up with the credit. If you expect to sell or refinance inside that window, the credit wins; if you plan to hold the loan far longer, it may not.

The point is not that the builder's lender is always right or always wrong. The point is that you can calculate exactly where the line is, and then decide based on how long you expect to own the home. A loan officer working independently can run that comparison with you, and so can an agent who knows how these packages are structured.

Base price versus the real price

The base price on the builder's sign is the starting point, not the number you'll pay. The final price adds lot premiums for corner, cul-de-sac, or greenspace lots; structural options like an extra bedroom, an extended patio, or an upgraded elevation; and design center selections — countertops, flooring, fixtures, cabinets, appliances.

Design center visits are where the number moves most. Builders price upgrades at retail or above; some are worth it and some are not. Know before you walk in that the model home you toured is fully upgraded, and that many of those finishes are not in the base price. What's negotiable varies by builder, by community, and by how much inventory they're carrying — an agent who has worked the builder's side knows where the margin sits and what to ask for.

The build timeline

New-construction homes in Greater Houston take several months from contract to completion, depending on the builder, the home's complexity, and conditions on the ground. Delays happen — weather, material supply, subcontractor scheduling, permitting backlogs. What a delay means financially depends on your rate lock: if it expires before closing you may need an extension, which costs money, or you may need to re-lock at the current market rate, which could be higher or lower. Ask your loan officer about rate lock options at the start of the process, not when a delay is already underway.

You still need an inspection

A new home is not a finished product until it has been independently inspected. The builder's own quality checks are not a substitute.

A **pre-drywall inspection** is scheduled after framing, electrical, and plumbing are roughed in but before the drywall goes up. This is your one chance to see the bones of the house — a qualified inspector can catch framing issues, improperly routed plumbing, missing insulation, and electrical problems that will be invisible once the walls are closed.

A **final inspection** before closing covers everything you'll live with: HVAC, plumbing function, electrical, appliances, grading and drainage, and the condition of every surface. Both are worth every dollar. The cost of catching a problem before closing is a fraction of what it costs to fix one after.

The blue tape walkthrough

Before closing, the builder schedules an orientation where you and your agent walk the completed home and mark cosmetic or functional issues with blue painter's tape. Bring a checklist. Take your time. Check every surface, door, window, fixture, outlet, and faucet, and note anything that doesn't function as expected. Items identified here are typically repaired before closing or placed on a written warranty punch list, and a final walkthrough two to three weeks later is where you confirm the work was actually done. Rushing this step is one of the most common and most avoidable mistakes in a new-construction purchase.

The structural warranty

Most new-construction homes in Texas come with a tiered builder's warranty: a shorter period covering workmanship and materials, a longer one covering mechanical systems, and the longest covering structural defects. Coverage varies by builder and by third-party warranty provider, so read your own warranty document before closing so you know what's covered and how to file a claim.

What it generally doesn't cover: cosmetic wear, homeowner-caused damage, landscaping, and usually appliances, which carry their own manufacturer warranties. Document everything from day one — photograph issues, submit warranty requests in writing, and keep records of every communication. Claims filed inside the coverage period but left undocumented are difficult to enforce later.

CHAPTER EIGHT

Insurance, flood, and Houston-specific risk

A property's position on a FEMA flood map is not the final word on whether it floods.

Homeowners insurance

A standard policy covers the structure, your personal property, liability, and additional living expenses if the home becomes uninhabitable. Premiums in Greater Houston depend on location, construction type, roof age, coverage, and the insurer — and new-construction homes often get favorable rates because everything is new and built to current code. Start getting quotes early in the process so insurance is part of your budget, not a surprise at closing. What a standard policy does *not* cover is flooding. That requires a separate policy.

Flood risk

Greater Houston floods. That's not a question of if, but where and when. FEMA flood maps divide areas into zones based on statistical flood risk, and properties in a high-risk zone with a federally backed mortgage are required to carry flood insurance. Properties outside those zones are not required to — which does not mean they won't flood.

Hurricane Harvey made this painfully clear. According to the Harris County Flood Control District's Harvey hydrologic assessment, roughly two-thirds of the homes that flooded in Harris County during Harvey were outside the Special Flood Hazard Area, and many of those homeowners carried no flood insurance because none was required. Nationally, FEMA reports that a significant share of flood insurance claims come from properties outside high-risk zones. A flood zone designation tells you about statistical probability, not about what will actually happen.

- Check the official zone designation at the FEMA Flood Map Service Center, msc.fema.gov
- Check local floodplain and buyout data with the Harris County Flood Control District, hcfcd.org
- Ask the builder whether the community has detention or retention facilities, and how drainage is engineered
- Talk to an insurance agent about flood coverage even if it isn't required — on a new home outside a high-risk zone, premiums may be lower than you expect

Windstorm coverage

In certain coastal areas of Texas, windstorm and hail damage is excluded from standard homeowners policies and must be purchased separately through the Texas Windstorm Insurance Association. Under Texas Insurance Code § 2210.003, TWIA eligibility is limited to the fourteen first-tier coastal counties plus a designated catastrophe area in Harris County east of State Highway 146. Katy, Cypress, Fulshear, Richmond, and Hockley all fall outside that zone, so wind and hail coverage in my service area comes through standard private-market policies. Confirm with your insurance agent for the specific address.

CHAPTER NINE

HOAs and community living

If you're buying new construction in Greater Houston, you're almost certainly joining a homeowners association.

What dues cover, and how they change

Monthly dues fund the maintenance and operation of common areas — pools, clubhouses, playgrounds, landscaping of shared spaces, and community management. They do not cover your personal property, your own yard maintenance unless the community includes yard care, or any structural repairs to your home.

Dues can increase annually. The board sets the budget each year, and rising costs for landscaping, insurance, or amenity maintenance push dues higher. Special assessments — one-time charges for major repairs or capital improvements — can also occur. Before buying, review the HOA's current budget, reserve fund balance, and history of assessments. A well-funded reserve means fewer surprise charges; a thin reserve is a warning sign.

Read the governing documents before you sign

The CC&Rs — Covenants, Conditions, and Restrictions — spell out what you can and can't do with your property: exterior paint colors, fencing, landscaping, parking, pets, rentals, and modifications. Read them before closing, not after. If there's a rule you can't live with, you want to know before you own the home.

HOA dues versus MUD taxes

Buyers frequently confuse these or don't realize they're paying both. **HOA dues** are a monthly fee paid to the association for amenities and common area maintenance; they are not part of your tax bill. **MUD taxes** are part of your property tax rate, collected by the county through your escrow account, and they fund infrastructure. Both affect your total monthly housing cost, both belong in your budget from day one, and owing one does not exempt you from the other.

CHAPTER TEN

From contract to keys

Timelines vary by builder, lender, and local conditions. The sequence doesn't.

01 The contract

You and the builder sign a purchase agreement — the builder's contract, not a TREC form. Your agent reviews it with you before you sign. You submit earnest money, which is held in escrow and credited toward your total at closing.

02 Financing

Your loan officer processes your file — pay stubs, tax returns, bank statements, employment verification — and the lender orders an appraisal to confirm the home's value supports the loan. If the appraisal comes in low, the lender will only finance up to the appraised value, and you either renegotiate, cover the gap, or in some cases walk away. Keep your financial profile stable throughout: the lender re-verifies credit and employment before closing.

03 Title and survey

A title company confirms the builder has clear ownership with no liens or claims, and title insurance protects you if something was missed. A survey confirms the home's placement on the lot, the boundaries, and any easements. Who pays for what varies by county in Texas.

04 Inspections

Pre-drywall during the build, and a general inspection after the home is complete. Both are independent of the builder's own quality reviews, and both are worth the cost.

05

Walkthroughs

The blue tape orientation, then a final walkthrough two to three weeks later to confirm the punch list was completed. Anything still outstanding should be documented in writing before you sign at closing.

06

Closing day

Bring government-issued photo ID for every borrower, a cashier's check or wire confirmation for the exact amount your lender and title company give you in advance, and any remaining documentation. You sign the loan documents, the deed, and the Closing Disclosure. The lender funds the loan, the title company records the deed, and you receive the keys.

07

The first 48 hours

File your homestead exemption with the county appraisal district. Set up water, electric, gas, and internet. Change your address with USPS, your employer, your bank, and your insurer. Photograph every room and every surface for your records — if a warranty issue comes up later, documentation from day one matters.

CHAPTER ELEVEN

Common mistakes, and how to avoid them

These are the ones I see most often. Every one of them is avoidable.

> **Shopping only one lender**
> Rates, fees, and closing costs vary between lenders — sometimes by thousands. Get at least two Loan Estimates and compare them line by line, including the builder's affiliated lender against an outside one.

Budgeting only principal and interest
Your actual payment includes property taxes, insurance, mortgage insurance, and HOA dues. The gap between the loan payment and the real payment is where first-time buyers get into trouble.

Underestimating closing costs and the reserve
Buyers budget for the down payment and forget the rest. Budget all three buckets — down payment, closing costs, and the post-closing reserve.

Being surprised by the year-two tax bill
On new construction the first year's taxes are often assessed on land value only. Estimate the year-two escrow in advance and set the difference aside from day one.

Touring a builder's model without registering your agent
You may permanently lose the ability to bring in your own representation. Call your agent first. Every time.

Making large purchases between pre-approval and closing
A new car, a furniture store credit card, or any large debt changes your ratios and your credit profile — and the lender re-checks both before closing. Wait until you have the keys.

Skipping the independent inspection on a new home
New does not mean perfect. The cost of both inspections is a fraction of what a post-closing repair would run.

Not filing the homestead exemption
A few minutes, no cost, and it reduces your tax bill every year you own the home. File it as soon as you close.

CHAPTER TWELVE

How I help

I don't judge where you're starting. I only care that you have a real plan to get where you want to go.

I've spent more than 20 years in real estate, including eight years working inside builder sales offices on the builder's side. I know how builders price homes, how they structure incentives, and what they will negotiate when a buyer has informed representation. That experience is now on your side, not theirs.

The VIP Homebuyer Readiness Program is a structured path to homeownership for buyers who have been told, or who believe, that they don't qualify. Starting with a free consultation, I connect you with a credit specialist and a loan officer at no cost to you, match you with the down payment assistance programs you're most likely to qualify for, and represent you through every step of the new-construction process. My commission is paid by the builder, not by you.

THE PROGRAM INCLUDES

- A free bilingual consultation covering credit, savings, budget, timeline, and target communities
- A free introduction to a credit specialist who works with our buyers at no cost to you
- A personalized match with the down payment assistance programs that fit your situation
- An introduction to a loan officer who specializes in these programs and will work your file personally
- HUD-approved homebuyer education, built into the process early
- Full buyer representation from contract to keys, at no cost to you — my commission is paid by the builder

Every consultation is free, in English or Spanish, with no obligation. If there's no realistic path to a mortgage right now, you won't be turned away. You'll leave with a clear picture of what needs to happen, how long it's likely to take, and the knowledge that when you are ready, the program is still here.

Ready to talk?

Send me a message to get started — it's free, it's confidential, and there's no obligation. Or call or text **(832) 814-9128** to schedule your free consultation, in English or Spanish. marydrealtor.com

Glossary

AMI (Area Median Income) — The midpoint household income for a metropolitan area, published annually by HUD and adjusted by household size. Assistance programs set eligibility as a percentage of AMI, so the same income can qualify at one household size and not another. Some programs use AMFI, Area Median Family Income, a related measure.

Appraisal — An independent assessment of a property's market value, ordered by the lender before approving the loan.

Appraised value — The value assigned by the appraiser. The lender will only finance up to this amount.

Back-end DTI — Debt-to-income ratio including all monthly debts plus the proposed housing payment.

Blue tape walkthrough — A pre-closing inspection of a completed new-construction home where issues are marked with blue painter's tape for the builder to address.

Closing costs — Fees paid at closing to the lender, title company, and third parties.

Closing Disclosure — A document from the lender detailing the final loan terms and all costs, provided at least three business days before closing.

Conventional loan — A mortgage not backed by a government agency.

Credit utilization — The share of available credit currently in use: balance divided by credit limit.

Debt-to-income ratio (DTI) — Monthly debt payments divided by gross monthly income.

Deed — The legal document that transfers property ownership.

Down payment — The portion of the purchase price paid upfront by the buyer.

Earnest money — A good-faith deposit submitted with the purchase contract, credited toward the buyer's costs at closing.

Escrow — An account held by the lender to collect monthly property tax and insurance payments, which the lender then pays on the buyer's behalf.

FHA loan — A mortgage insured by the Federal Housing Administration, available with a low down payment.

Forgivable second lien — A secondary loan, typically for down payment assistance, that is forgiven after a set occupancy period.

Front-end DTI — Debt-to-income ratio counting only the proposed housing payment.

Homestead exemption — A property tax reduction available for a homeowner's primary residence in Texas. The school district exemption is $140,000, with an additional $60,000 for homeowners 65 and older or with a qualifying disability. Must be filed with the county appraisal district.

HUD-approved homebuyer education — A course required by many assistance programs, covering the homebuying process, budgeting, and mortgage responsibilities.

Loan Estimate — A standardized document from the lender detailing estimated loan terms, monthly payment, and closing costs. Provided within three business days of application.

Lot premium — An additional charge for a lot with desirable features: corner, cul-de-sac, greenspace view.

MIP (Mortgage Insurance Premium) — Insurance required on FHA loans, paid both upfront and annually. Life-of-loan when initial loan-to-value exceeds 90%; eleven years when it's 90% or below.

MUD (Municipal Utility District) — A special taxing district that finances infrastructure in new-development areas. The MUD rate is part of the property tax bill.

PMI (Private Mortgage Insurance) — Insurance required on conventional loans with less than 20% down. Terminates automatically at 78% of original value under 12 U.S.C. § 4902(b); cancellable by written request at 80%.

Pre-approval — A conditional commitment from a lender based on verified credit, income, and documentation.

Pre-drywall inspection — An independent inspection performed after framing and mechanical rough-in but before drywall is installed.

Pre-qualification — An initial estimate of borrowing capacity based on self-reported information. Not verified.

Prepaids — Taxes, insurance, and interest paid in advance at closing and deposited into escrow.

Punch list — The written list of items a builder commits to correcting after the walkthrough, with a timeline for completion.

Rate buydown — Paying an upfront cost, often funded by a builder incentive, to reduce the interest rate on the mortgage.

Rate lock — A commitment from the lender to hold a specific interest rate for a set period.

Recapture — A provision in some assistance programs requiring repayment of a portion of the assistance if the home is sold within a set period.

Reserve — Savings held after closing to cover unexpected expenses. Typically two to three months of the full housing payment.

Soft second — A deferred second lien used for assistance that must be repaid in full on sale or refinance, rather than being forgiven.

Title insurance — Insurance protecting the buyer and lender against claims or defects in the property's ownership history.

TREC — Texas Real Estate Commission, the regulatory body for real estate agents and brokers in Texas.

Underwritten pre-approval — A pre-approval reviewed by an underwriter; the strongest financing commitment a buyer can present.

USDA loan — A mortgage backed by the U.S. Department of Agriculture for eligible rural and suburban properties. Zero down payment.

VA loan — A mortgage backed by the U.S. Department of Veterans Affairs for eligible veterans and service members. Zero down payment, no monthly mortgage insurance.

Resource list

Contact these agencies directly to verify program eligibility, current terms, and funding availability.

TDHCA — Texas Department of Housing and Community Affairs
tdhca.texas.gov

TSAHC — Texas State Affordable Housing Corporation
tsahc.org

SETH — Southeast Texas Housing Finance Corporation
sethfc.com

TWIA — Texas Windstorm Insurance Association
twia.org

Harris County Housing & Community Development
hcd.harriscountytx.gov

City of Houston Housing & Community Development
houstontx.gov/housing

Harris Central Appraisal District
hcad.org

Fort Bend Central Appraisal District
fbcad.org

Waller County Appraisal District
waller-cad.org

FEMA Flood Map Service Center
msc.fema.gov

Harris County Flood Control District
hcfcd.org

HUD Housing Counseling
hud.gov/counseling

Free credit reports, all three bureaus
AnnualCreditReport.com

Texas local property tax database
Texas.gov/PropertyTaxes

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