

Texas Home Loan Basics

A practical, education-first guide for Texas homebuyers who want to understand financing before making an offer.

What matters most

Your loan is more than a rate. In Texas, the real affordability picture often depends on down payment, closing costs, property taxes, homeowners insurance, and possible flood insurance.

Use this guide to focus on

- loan type
- cash to close
- the real monthly payment
- official programs and consumer protections

1) Know the main loan paths

Conventional loans may go as low as 3% down in some programs, but putting less than 20% down usually means private mortgage insurance (PMI). FHA loans can go as low as 3.5% down. USDA loans can offer 0% down for eligible rural properties. VA loans can offer 0% down for eligible borrowers.

2) Understand cash to close

Your upfront funds may include more than the down payment. Buyers should ask for a full estimate showing lender fees, title and escrow costs, appraisal, prepaid taxes and insurance, and any earnest money or option fees tied to the contract.

3) Focus on the real monthly payment

A usable payment estimate should include principal, interest, property taxes, homeowners insurance, and HOA dues when applicable. In parts of Texas, flood insurance can also materially change affordability because standard homeowners insurance usually does not cover flood damage.

4) Watch the Texas-specific cost factors

Texas property taxes are set locally, not by the state. After closing and occupancy, many owners can reduce taxable value with a residence homestead exemption. Insurance details matter too: deductible structure and replacement-cost coverage can change your real risk and out-of-pocket costs.

Key loan-process facts

Preapproval is helpful, not final.

A preapproval letter helps you shop and make offers, but it is not a guaranteed loan offer.

Loan Estimate timing matters.

Once you formally apply, lenders generally must give you a Loan Estimate within three business days.

Compare more than one lender.

Consumer tools from the CFPB are specifically built to help you compare multiple Loan Estimates and negotiate.

Review the Closing Disclosure carefully.

Lenders must provide it at least three business days before closing so you can check the final terms and costs.

Official resources worth bookmarking

These are reliable starting points for Texas buyers who want official program details, consumer protections, and independent education.

<p>Fannie Mae HomeView® Free online homebuyer education with a completion certificate accepted for many programs. https://www.fanniemae.com/education</p>
<p>CFPB Loan Estimate Explainer Use it to review and compare loan offers. https://www.consumerfinance.gov/owning-a-home/loan-estimate/</p>
<p>CFPB Compare Loan Estimates Good for side-by-side lender comparisons. https://www.consumerfinance.gov/owning-a-home/compare/compare-loan-estimates/</p>
<p>HUD / CFPB Housing Counselor Search Find HUD-approved counseling agencies for independent guidance. https://www.consumerfinance.gov/find-a-housing-counselor/</p>
<p>TSAHC Home Buyer Programs Texas programs including 30-year fixed options, down payment assistance, and mortgage credit certificates. https://www.tsahc.org/home-buyer-programs</p>
<p>TDHCA Texas Homebuyer Program Texas state-run homebuyer assistance and program information. https://welcomehome.tdhca.texas.gov/</p>
<p>Texas Comptroller Homestead Exemption Official property tax exemption information and forms. https://comptroller.texas.gov/taxes/property-tax/exemptions/</p>
<p>Texas Department of Insurance Understand home insurance coverage, deductibles, and replacement-cost issues. https://www.tdi.texas.gov/consumer/home-insurance.html</p>
<p>FEMA / FloodSmart Flood insurance education for Texas buyers in flood-prone areas. https://www.fema.gov/flood-insurance https://www.floodsmart.gov/</p>

Helpful reminder for Texas buyers

Ask every lender for a payment estimate built with realistic property taxes, insurance, and HOA dues for the specific home you are considering. A strong rate quote can still become a weak deal if the full monthly payment is not workable.

Disclaimer: This handout is for general educational purposes only and is not legal, tax, insurance, or lending advice. Loan terms, rates, program availability, and borrower eligibility can change. Buyers should confirm all details directly with a licensed lender, insurance professional, tax advisor, and the official program administrator before making decisions.

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