



Austin Home Buyer Guide

A STRATEGIC PLAYBOOK FOR BUYING SMART AND CONFIDENT



For Buying Smart, Protecting Your Money, and Avoiding Costly Mistakes.

Shipman Partners Real Estate

FAMILY-OWNED. FOCUSED ON YOURS.

Table of Contents

I. WELCOME & MARKET REALITY

1.1 What It's Like to Buy with Shipman Partners	2
1.2 Who Is This Guide For	2
1.3 The Austin Market Right Now	3
1.4 Buyer Position vs. Seller Position	4
1.5 The 8-Step Buying Roadmap	4

II. RULE CHANGES & BUYER REPRESENTATION

2.1 The 2024 NAR Settlement, What Actually Changed	6
2.2 Buyer Representation Agreements in Texas	6
2.3 How Buyer Agents Get Paid in 2026	7
2.4 Negotiating Compensation Strategically	7
2.5 Your Legal Protections Under TREC Contracts	7

III. FINANCIAL PREPARATION & BUYING POWER

3.1 Real Budget vs. Bank Approval	9
3.2 Pre-Approval vs. Pre-Qualification	9
3.3 Loan Types Explained	10
3.4 Down Payment Strategy	11
3.5 Closing Costs in Austin (2026 Breakdown)	11
3.6 Rate Buydowns & Seller Concessions	11
3.7 Strengthening Your Financial Position Before Offering	11

IV. BUILDING A SMART SEARCH STRATEGY

4.1 Needs vs. Wants, Strategic Clarity	13
4.2 Austin Micro-Markets	13
4.3 HOA vs. Non-HOA Tradeoffs	14
4.4 New Construction vs. Resale	14
4.5 Resale Strategy Before You Even Buy	15
4.6 Emotional Discipline in the Search Process	15

V. TOURING HOMES LIKE A PRO

5.1 What to Look for During Showings	17
5.2 Red Flags Buyers Miss	17
5.3 Layout vs. Cosmetic Finishes	18
5.4 Neighborhood Evaluation Checklist	18

Table of Contents

VI. WRITING A WINNING OFFER, TEXAS-SPECIFIC

6.1 Breaking Down the Texas Contract	20
6.2 Earnest Money	20
6.3 Option Period Strategy	20
6.4 Financing and Appraisal Contingencies	21
6.5 Escalation Clauses	21
6.6 Structuring Clean Offers	21
6.7 Using Concessions Strategically	21

VII. NEGOTIATION STRATEGY & PSYCHOLOGY

7.1 Reading Seller Motivation	23
7.2 Price vs. Terms	23
7.3 Competing in Multiple Offers	24
7.4 Certified Negotiation Expert Approach	24
7.5 Avoiding Buyer's Remorse	24

VIII. OPTION PERIOD & INSPECTIONS

8.1 What the Option Period Really Is	26
8.2 Understanding Inspection Reports	26
8.3 Major vs. Minor Issues	27
8.4 Repair Requests vs. Credits	27
8.5 When to Terminate	27

IX. APPRAISAL & UNDERWRITING

9.1 How Appraisals Work	29
9.2 Low Appraisal Scenarios	29
9.3 Re-Negotiation Paths	30
9.4 Underwriting Red Flags	30

X. FROM CONTRACT TO CLOSING

10.1 Escrow Timeline Overview	32
10.2 Title, Survey & HOA Review	32
10.3 Final Walk-Through	33
10.4 Settlement Statement Review	33
10.5 Funding & Keys	33

XI. SPECIAL SITUATIONS	34
-------------------------------------	-----------

XII. 15 COSTLY BUYER MISTAKES (2026 EDITION)	35
---	-----------

XIII. AUSTIN BUYER FAQ (2026 EDITION)	37
--	-----------

XIV. BUYER CHECKLISTS & PLANNING TOOLS	39
---	-----------

Section 1: Welcome & Market Reality

WHAT THIS SECTION COVERS

Buying a home in Austin today requires a different approach than it did just a few years ago. The market now gives prepared buyers more room to evaluate homes, negotiate terms, and move through the process with greater control.

The process is still complex. Buyer representation rules changed in 2024, mortgage rates continue to fluctuate, and Texas property taxes and insurance costs play a larger role in overall affordability. On top of that, Austin is a highly localized market, and conditions can vary significantly from one neighborhood to the next.

What You'll Learn in This Section

1.1

What It's Like to Buy with Shipman Partners

1.2

Who This Guide Is For

1.3

The Austin Market Right Now

1.4

Buyer Position vs. Seller Position

1.5

The 8-Step Buying Roadmap



Buying with Shipman Partners

WHAT TO EXPECT FROM DAY ONE

Buying a home is one of the largest financial commitments most people make. It deserves more than a search algorithm and a lockbox code. Shipman Partners is a small, focused Austin team built around strategy, communication, and hands-on representation. When you work with us, you're not passed between assistants or handed a portal login. You work directly with experienced professionals who stay involved from your first showing through closing day.

Every buyer we work with starts with a strategy conversation, not a property tour. We want to understand where you are financially, what you're trying to accomplish, what timeline you're working with, and what matters most. That conversation shapes everything that follows. We're also not a soft sell. If a home has problems, we say so. If a neighborhood trend suggests caution, we talk about it. If a price is stretched relative to comparable sales, we show you the data. Our job is to protect your interests and your money, not to close a transaction.

Our broker holds the Certified Negotiation Expert designation: training that shows up most during offer strategy, inspection negotiations, appraisal issues, and the final push to closing.

1.2 Who This Guide Is For

- First-Time Buyers**
Most value in financial prep, Texas contract breakdown, and the first-time buyer deep dive in **Sections 3 and 6**.
- Relocation Buyers**
Texas-specific rules require particular attention: property taxes, flood zones, MUD districts, and deed restrictions work differently here.
- Move-Up Buyers**
Selling and buying simultaneously is a coordination challenge. **Section 11** addresses that specifically.



SECTION 1.3

The Austin Market Right Now (2026 Snapshot)

Austin has normalized. That is a straightforward description of where things stand, and it is worth understanding what normalization actually means before you start searching.

During 2021 and early 2022, Austin experienced one of the most extreme seller's markets in the city's history: inventory was critically low, rates were near historic lows, and demand was supercharged by remote work relocation. Many buyers made decisions under extreme time pressure, paid well above list price, and had limited ability to negotiate or inspect carefully.

That period has ended. A combination of rising interest rates, expanded inventory, and buyer pullback shifted the market beginning in mid-2022. By 2025, conditions had stabilized across most of Austin's price bands. Inventory is meaningfully higher than it was at the peak. Days on market have extended. Negotiation is standard again in most segments.

What has not normalized is payment math. Interest rates in 2026 remain significantly higher than the 3% environment many buyers remember. Monthly payments on a \$500,000 home today look very different from what they looked like in 2021 at the same price.

MARKET CONDITION

Normalized, but not uniform

Certain segments and neighborhoods still see multiple offers and fast sales, particularly well-priced, well-presented homes in strong school districts. Others carry months of inventory and offer buyers real negotiating room.

THE PAYMENT REALITY

Higher rates changed the math

Rates in 2026 remain significantly above the 3% environment many buyers remember. This affects how buyers search, what they feel comfortable offering, and how they evaluate concessions.

LOCAL DATA MATTERS

Citywide stats mislead

Citywide statistics are often less useful than the specific data for your target neighborhood and price band. Visit ShipmanPartners.com/buying for regularly updated market stats by zip code.

Buyer Position & Your 8-Step Roadmap

1.4 Buyer vs. Seller Position

One of the most common questions buyers ask is whether the market 'favors' buyers or sellers right now. The honest answer is: it depends on where you are looking.

In segments with strong inventory, generally above four to six months of supply, buyers have meaningful negotiating room. Days on market are longer, sellers are more willing to contribute concessions, and the urgency that defined peak years is largely absent.

In tight segments, well-priced properties in top-rated school districts, move-in ready homes in high-demand corridors, and competitively priced entry-level listings, sellers still hold more position. Homes move faster, multiple offers remain possible, and buyers have less room to negotiate aggressively.

PRICE BAND MATTERS

Below \$450K	More competitive; limited inventory in most Austin corridors
\$450K-\$900K	Most variable; condition and pricing discipline matter most
\$900K+	Slower absorption; buyers have more negotiating room

1.5 The 8-Step Buying Roadmap

- 01 Discovery & Strategy Session**
 Goals, timeline, priorities, and financial picture first.
- 02 Financing & Pre-Approval**
 Full pre-approval including Texas taxes and insurance in the payment.
- 03 Smart Search Setup**
 Focused strategy based on needs, wants, neighborhoods, and budget.
- 04 Touring Homes**
 Clear evaluation framework: layout, condition, red flags, and neighborhoods.
- 05 Crafting a Winning Offer**
 Structured offer based on comparables, seller motivation, and market conditions.
- 06 Negotiation & Acceptance**
 Disciplined negotiation protecting your interests, terms, and contingencies.
- 07 Due Diligence**
 Option period inspections evaluated objectively; like repair negotiations.
- 08 Closing & Move-In**
 Every deadline managed through final walk-through, signing, funding, and keys.

Section 2: Rule Changes & Buyer Representation

WHAT THIS SECTION COVERS

The biggest shift in real estate over the past two years has not been interest rates or inventory. It has been the structure of buyer representation itself. The 2024 NAR settlement changed how buyer agent compensation is handled, which changed how buyers engage with agents before touring homes. The changes created real confusion, and that confusion has not fully resolved. This section explains what actually happened, what it means for you as a buyer in Texas, and how to protect yourself.

What You'll Learn in This Section

- 2.1 **The 2024 NAR Settlement, What Actually Changed**
- 2.2 **Buyer Representation Agreements in Texas**
- 2.3 **How Buyer Agents Get Paid in 2026**
- 2.4 **Negotiating Compensation Strategically**
- 2.5 **Your Legal Protections Under TREC Contracts**



The NAR Settlement & Buyer Representation Agreements

2.1 The 2024 NAR Settlement

In March 2024, the National Association of REALTORS reached a settlement in a series of antitrust lawsuits that challenged how buyer agent compensation had historically been structured and disclosed.

Before August 17, 2024, listing agents could publish a buyer agent compensation offer directly inside MLS fields. Buyer agents across the country could see that offer automatically when reviewing any listing. That practice ended with the settlement.

WHAT CHANGED

Buyer agent compensation is no longer displayed in MLS fields. Compensation is now explicit, visible, and part of the offer negotiation rather than a background default.

WHAT DID NOT CHANGE

Sellers are still permitted to offer buyer agent compensation. Buyers are still entitled to professional representation. Agents can still be paid from the transaction. The mechanics of how Texas deals close have not changed fundamentally.

2.2 Buyer Representation Agreements in Texas

As of August 17, 2024, REALTORS are required to have a written buyer representation agreement signed before providing significant real estate services, including touring homes. This change stems from the NAR settlement and reinforces transparency around agency relationships and compensation.

In Texas, written agreements have long been emphasized under TREC rules. However, beginning January 1, 2026, TREC further clarified that license holders must have a written agreement in place before providing brokerage services to buyers, aligning more directly with the national standard.

The impact is straightforward but important: agents can no longer rely on informal relationships. A signed agreement clearly defines representation, expectations, and compensation from the start, reducing risk and improving clarity for both agents and clients.

WHAT A REPRESENTATION AGREEMENT DEFINES

- Scope of services the agent will provide
- Duration of the agreement
- How the agent will be compensated
- Geographic scope of the search
- Any exclusivity terms

WHAT TO LOOK FOR BEFORE SIGNING

- Term length and exit provisions
- What actually triggers the compensation obligation
- How compensation gaps are handled if a seller offers less than your agreement specifies

How Agents Get Paid, Compensation Strategy & Legal Protections

2.3 How Buyer Agents Get Paid in 2026

→ Seller-Offered Compensation

Many sellers still offer buyer agent compensation communicated outside the MLS or written into the contract. If the seller's offer matches or exceeds your agreement, you typically owe nothing additional out of pocket.

→ Seller Concession Applied to Agent Fees

Some sellers offer a general closing cost concession rather than a specific agent compensation amount. Depending on your representation agreement and lender approval, some or all of that concession may apply toward your agent's compensation.

→ Buyer-Paid Compensation

If a seller offers nothing and you want representation, you may be responsible for paying your agent directly, typically at closing from your side of the settlement statement.

2.4 Negotiating Compensation Strategically

In a competitive multiple-offer scenario, submitting an offer that does not ask the seller to contribute compensation can be a meaningful differentiator; it signals financial strength and seriousness.

In slower segments where sellers are motivated, requesting a concession that covers agent compensation is reasonable and often successful. Your agent should be advising you on which scenario applies before the offer is written.

2.5 Your Legal Protections Under TREC Contracts

OPTION FEE

Texas contracts typically include an option period, a defined number of days during which the buyer has the unrestricted right to terminate the contract for any reason by paying a small option fee to the seller. The option period is the buyer's primary protective window and is when inspections occur. Section 8 covers this in full detail.

EARNEST MONEY

Held in escrow; applied to closing costs at settlement. If a buyer defaults without a valid contract basis for termination, earnest money may be forfeited. Amounts typically range from 1% to 2% of the purchase price.

FINANCING CONTINGENCY

The Third Party Financing Addendum defines loan type, amount, and interest rate. If financing falls through despite good-faith effort, this contingency can protect your earnest money.

TERMINATION RIGHTS

Outside the option period, termination rights are narrower. Understanding what gives you the right to exit a contract, and what does not, is one of the most important things your agent can clarify before you are under pressure.

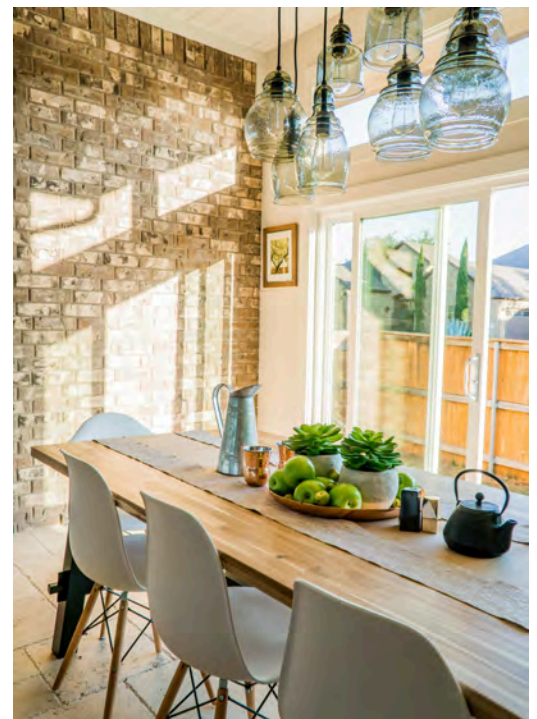
Section 3: Financial Preparation & Buying Power

WHAT THIS SECTION COVERS

How much house you can afford and how much house you should buy are two different numbers. Many buyers discover this the hard way after closing, when the payment that felt manageable during a hot search turns into a monthly strain. This section is about building an accurate financial picture before you start seriously looking.

What You'll Learn in This Section

- 3.1 Real Budget vs. Bank Approval
- 3.2 Pre-Approval vs. Pre-Qualification
- 3.3 Loan Types Explained
- 3.4 Down Payment Strategy
- 3.5 Closing Costs in Austin
- 3.6 Rate Buydowns & Seller Concessions
- 3.7 Strengthening Your Financial Position



Real Budget vs. Approval & Getting Pre-Approved

WHAT LENDERS APPROVE YOU FOR IS A CEILING, NOT A TARGET

3.1 Real Budget vs. Bank Approval

Lenders approve you based on your income, debt, credit profile, and assets. They do not account for your lifestyle, your savings goals, or the full cost of owning a home in Texas. The number a lender approves you for is a ceiling, not a target.

Texas property taxes are a major variable. Property tax rates in the Austin metro vary significantly by city, county, and municipality. Many areas carry effective tax rates between 1.8% and 2.8% of assessed value per year, which adds hundreds of dollars per month to the payment on a mid-range home. Some MUD (Municipal Utility District) areas carry additional assessments that are not always apparent from a surface-level search.

Homeowner's insurance in Texas has increased significantly over the past several years. Rates are driven by wind and hail exposure, flood risk proximity, home age and construction type, and insurer availability in the area. Get a real insurance quote, or at minimum a solid estimate from an Austin-area insurance agent, before you commit to a price range.

A true monthly payment includes principal, interest, property taxes, insurance, and any HOA dues. That full number, not just principal and interest, is what you should be comfortable with before you start touring homes.

A true monthly payment includes principal, interest, property taxes, insurance, and any HOA dues. That full number, not just principal and interest, is what you should be comfortable with before you start touring homes.

3.2 Pre-Approval vs. Pre-Qualification

PRE-QUALIFICATION

An estimate, not a commitment

Typically a soft credit check and a high-level review of your stated income and assets. In a competitive offer situation, a pre-qualification letter adds very little strength.

PRE-APPROVAL

The baseline requirement

A full credit pull, documentation review (pay stubs, W-2s, tax returns, bank statements), and an underwriter's review of your actual financial file. This means a lender has verified your information and is prepared to lend up to a specific amount.

Use a local or regionally experienced lender when possible. Agents and sellers notice lender quality. A loan officer who knows the Austin market and has a track record of closing on time will help your offer compete more effectively.

Loan Types Explained

The right loan type depends on your down payment, credit profile, military status, and the property itself.

CONVENTIONAL

The most common type for Austin buyers. Not government-backed. Typically 3%–5% down minimum, with 10% or 20% common. Credit score 620+, with better rates for higher scores. Loans above \$832,750 (2026 conforming limit) are jumbo loans with different qualification requirements.

FHA LOANS

Insured by the Federal Housing Administration. Down payments as low as 3.5% with credit scores of 580+. Carry both an upfront mortgage insurance premium and ongoing monthly MIP. FHA loans require the property to meet certain condition standards. 2026 Austin metro limit: \$571,550 for a single-family home.

VA LOANS

Available to eligible veterans, active-duty military, and surviving spouses. No down payment required, no ongoing mortgage insurance, and typically competitive rates. A VA funding fee applies (financeable). For eligible buyers, a VA loan is often the strongest financial tool available.

PORTFOLIO LOANS

Held by the lender rather than sold to secondary markets. More flexibility for non-standard situations: self-employed buyers, complex income structures, or properties that don't qualify for conventional financing. Typically at a higher interest rate.

JUMBO LOANS

Apply to amounts above the conforming limit. Typically require stronger credit profiles and larger down payments. Different qualification process from conventional loans.

USDA LOANS

Available in certain rural and suburban areas outside Austin's core. No down payment required, but income limits and geographic eligibility restrictions apply. Some communities in the outer Austin metro may qualify.

Down Payment, Closing Costs, Buydowns & Strengthening Your Position

3.4 Down Payment Strategy

20% Down	Eliminates PMI on conventional loans; typically qualifies for a slightly better rate. Downside: depleting savings to reach 20% leaves less flexibility for repairs, moving costs, and post-closing buffer.
10% Down	Keeps more cash available. PMI applies but can be removed once you reach 20% equity through paydown or appreciation.
3%–5% Down	Available on conventional and FHA loans. Maximizes cash preservation but carries higher monthly costs. In competitive situations, a larger down payment signals stronger financial backing.

3.5 Closing Costs (Austin 2026)

Title Policy	Seller typically pays for owner's title policy. On a \$500K home, approximately \$2,600–\$3,000.
Escrow & Closing Fees	Title company charges \$500–\$1,200 depending on complexity.
Lender Fees	Origination, processing, underwriting, and discount points vary by lender. Ask for a full Loan Estimate early.
Prepaid Items	Insurance premium (1 year advance), tax escrow reserves, prepaid mortgage interest.
Total Estimate	Budget 3.5%–6.5% of purchase price for total closing costs and prepaids, excluding the down payment. Seller contributions can offset a large portion, but usually not all.

3.6 Rate Buydowns & Seller Concessions

TEMPORARY BUYDOWN (2-1)

Reduces your interest rate by 2% in year one and 1% in year two before settling at the contract rate. Funded through a seller concession. Reduces early monthly payments during the period when move-in expenses are highest.

RATE BUYDOWN

Uses concession funds to purchase discount points, permanently lowering your rate for the life of the loan. Makes more sense if you plan to stay long enough for monthly savings to exceed the upfront cost.

In most cases, a concession that funds a buydown produces more monthly payment impact than the equivalent dollar amount as a price reduction. Your lender can model this clearly.

3.7 Strengthening Your Position

- Increase earnest money above 1% to signal seriousness
- Shorten the option period when sellers have other options
- Use a lender who answers the phone and can speak confidently about your file when listing agents call
- Build documented cash reserves beyond the down payment

Section 4: Building a Smart Search Strategy

WHAT THIS SECTION COVERS

The search phase is where most buyers get into trouble without realizing it. They either define their criteria too narrowly and miss good options, or they define them too broadly and end up touring homes that waste time and create decision fatigue. A smart search strategy is about clarity before compromise.

What You'll Learn in This Section

- 4.1 Needs vs. Wants
- 4.2 Austin Micro-Markets
- 4.3 HOA vs. Non-HOA Tradeoffs
- 4.4 New Construction vs. Resale
- 4.5 Resale Strategy Before You Even Buy
- 4.6 Emotional Discipline in the Search Process



Defining What You Actually Need Before You Start Touring

4.1 Needs vs. Wants

Before you start receiving automated search results, separate what you genuinely require from what you prefer.

Needs are non-negotiable: minimum bedrooms, required school district, maximum commute, ground-floor accessibility, or yard space for a specific purpose. These are things that, if missing, make a home genuinely unsuitable regardless of price.

Wants are preferences: a specific architectural style, updated kitchen finishes, a pool, proximity to a particular corridor. These matter, but not enough to eliminate an otherwise strong option.

PRO TIP

Write your list before you start. Review it with your agent. Revisit it after touring five to seven homes and see if your real-world experience shifts anything.

4.2 Austin Micro-Markets

Central Austin 78704, 78703, 78701

Premium pricing driven by walkability and downtown proximity. Tighter inventory. Competitive buyer pool.

NW Austin, Domain 78758, 78759, 78729

Tech employees and families; major employers, good schools, more square footage per dollar.

SW Austin 78745, 78748, 78749

Relative affordability with strong south Austin access. Strong appreciation; attracts first-time and move-up buyers.

Round Rock, Pflugerville, Hutto

Lower tax rates in some areas, newer construction, more land per dollar.

Cedar Park, Leander

Significant growth from master-planned communities and the MetroRail.

East Austin 78702, 78721, 78723

Gentrified substantially; pricing reflects downtown proximity. Flooding considerations in parts.

Within each area, school district boundaries and neighborhood-specific dynamics matter more than zip code averages. For detailed neighborhood guides and current stats by area, visit ShipmanPartners.com/communities/.

HOA vs. Non-HOA & New Construction vs. Resale

4.3 HOA vs Non-HOA

Whether a home is in an HOA community has financial, aesthetic, and lifestyle implications. HOA communities generally maintain common areas, enforce deed restrictions around property appearance, and provide amenities. The dues fund these services. The rules, however, can be detailed, restrictions on parking, landscaping, exterior modifications, rentals, and pets vary widely.

Before making an offer in an HOA community, review the monthly dues, the reserve fund status, the deed restrictions, and any pending assessments or legal actions. An HOA with underfunded reserves or ongoing litigation carries financial risk that is not obvious from the listing. For investment buyers, HOA rental restrictions can affect whether a property is usable as a short or long-term rental.

BEFORE MAKING AN OFFER IN AN HOA COMMUNITY

- Monthly dues and what they include
- Reserve fund status - underfunded reserves carry financial risk
- Deed restrictions on parking, landscaping, exterior modifications, rentals, and pets
- Pending assessments or legal actions
- Rental restrictions if you are an investment buyer

4.4 New Construction vs. Resale

New construction offers modern floor plans, energy efficiency, builder warranties, and the ability to personalize finishes. The process is different from resale, builder contracts are written to protect the builder, not you. Having your own agent at a new construction site costs you nothing.

MAXIMIZING BUILDER INCENTIVES

Builders frequently advertise large incentive packages. Sales reps often push you to use those funds in the design center on high-margin cosmetic upgrades. We negotiate to apply them where they actually protect your wallet: permanent rate buydowns, closing cost coverage, or base price reductions.

THE PREFERRED LENDER GAME

Builders heavily incentivize use of their in-house lender. In-house lenders sometimes inflate base rates to offset the credits they're offering. We run side-by-side comparisons with trusted local lenders, often forcing the builder's lender to match the lower rate while keeping the incentives.

STANDING INVENTORY LEVERAGE

Speculative homes that sit empty cost the builder money every day. We use days-on-market data for specific spec homes to negotiate aggressive price cuts and additional closing cost coverage completely unavailable on dirt-build contracts.



SECTION 4.5 & 4.6

Resale Strategy Before You Buy & Emotional Discipline

4.5 Resale Strategy Before You Even Buy

The best time to think about selling your next home is before you buy it. Most buyers focus entirely on whether they like a home. Fewer ask whether other buyers will like it when the time comes to sell.

→ **Layout Liquidity**

Floor plans with awkward flow or unusual configurations tend to have shallower buyer pools at resale. Standard, functional layouts consistently outperform quirky ones.

→ **Lot Desirability**

Heavily sloped lots, lots backing to commercial areas or busy roads, and lots with transmission lines or utility easements typically carry a discount at both purchase and resale.

→ **School District Trajectory**

Properties in historically strong school districts tend to carry more durable demand and more stable appreciation.

→ **Price Band Positioning**

Buying at the top of a neighborhood's price band limits appreciation upside and narrows your buyer pool at resale.

4.6 Emotional Discipline in the Search Process

Buying a home is an emotional experience. It becomes a problem when emotion overrides financial judgment.

PAYMENT STRETCH

A buyer establishes a careful budget, then encounters a home that exceeds their criteria, and their price range. The emotional case starts to feel compelling. Sometimes those arguments are legitimate. More often, they shift financial risk without fully acknowledging it.

ARTIFICIAL URGENCY

Rushing an offer because a listing feels urgent, when the urgency is manufactured by the marketing rather than real buyer competition, is a common and expensive mistake.

ESCALATING PAST THE DATA

Escalating well beyond what comparable sales support, or ignoring inspection findings because you've already emotionally moved in, are the most costly versions of this pattern.

Section 5: Touring Homes Like a Pro

WHAT THIS SECTION COVERS

Touring homes is where the search becomes tangible. The difference between buyers who tour effectively and those who do not is usually a matter of framework. Without a clear evaluation approach, buyers often react to finishes and staging rather than assessing the things that actually matter.

What You'll Learn in This Section

5.1

What to Look for During Showings

5.2

Red Flags Buyers Miss

5.3

Layout vs. Cosmetic Finishes

5.4

Neighborhood Evaluation Checklist



What to Look for During Showings & Red Flags Buyers Miss

5.1 What to Look for During Showings

EXTERIOR FIRST

- Roof from the driveway: sagging, missing shingles, or age staining
- Foundation line at grade: soil separation, cracking, settled concrete
- Yard drainage: does water flow away from the foundation or toward it?

INSIDE THE HOME

- Windows and wall corners: diagonal cracks from corners can indicate foundation movement
- Ceilings and tops of interior walls: staining may indicate current or past leaks
- Under sinks in kitchens and all bathrooms
- Drawers and doors, do doors close cleanly and do drawers slide smoothly?
- Ask when roof, HVAC, and water heater were last replaced

5.2 Red Flags Buyers Miss

Foundation Signals

In Austin's expansive clay soils, foundation movement is common. Sticking doors, diagonal wall cracks, gaps at ceiling lines, photograph these and discuss with your agent. A licensed structural engineer inspection can provide clarity when needed.

Drainage and Grading

Water that pools near the foundation or flows toward the house during rain creates pressure, erosion, and moisture infiltration over time. Rarely disclosed. Often missed during dry-weather tours.

HVAC Age and Condition

In Austin's heat, HVAC systems work hard. A system that is 20+ years old may be functional today but is likely within a few years of replacement.

Roof Condition

Hail damage is common in Austin and frequently results in insurance claims. A roof showing granule loss, algae staining, or patch repairs is a near-term expense.

Electrical Panels

Older Federal Pacific or Zinsco panels have known safety issues. Knob-and-tube or aluminum wiring in older homes can affect insurability.

Polybutylene Plumbing

Found in some 1978–1995 homes, this gray plastic pipe has a known failure history and is often flagged by insurers.

Have the home inspected by a licensed professional during your option period. A home inspector will verify all of these things and more. We recommend even new construction homes get a proper inspection. While the builder may discourage it, every new construction home buyer we've represented has found issues during the inspection.



SECTION 5.3 & 5.4

Layout vs. Cosmetic Finishes & Neighborhood Evaluation Checklist

5.3 Layout vs. Cosmetic Finishes

Cosmetic elements, paint color, countertop materials, cabinet finishes, flooring, light fixtures, can be changed. A home with outdated but structurally sound finishes can often be improved for a fraction of the premium on a fully renovated home.

Layout cannot be changed without significant expense. A home where the primary bedroom is directly above the living room, or where the kitchen feels isolated from the main living area, or where the only path between public and private spaces runs through a bedroom, these are structural realities that affect daily life and future resale.

A home in the right neighborhood at the wrong price is easier to fix than a home in the wrong neighborhood at any price. Neighborhood trajectory compounds over years.

When touring, ask yourself: if this home had fresh paint and new countertops, would I react differently? If yes, you may be discounting a structurally sound home based on cosmetics. Also ask: even if beautifully finished, would the layout still bother me? If yes, you may be letting staging paper over a functional problem.

5.4 Neighborhood Evaluation Checklist

The neighborhood affects resale, daily quality of life, and long-term value trajectory. Evaluate it with the same discipline you apply to the house itself.

→ Drive at Different Times

What feels quiet on a Tuesday afternoon may feel different on a Friday evening. Note traffic patterns, parking, and noise from nearby roads or commercial areas.

→ Walk the Block

Long-time residents often have more candid observations about the neighborhood than any listing data will provide.

→ Research Flood Plains

FEMA flood maps are public and can be searched by address. Some Austin-area properties carry flood zone designations that require flood insurance and affect property values.

→ Verify School Assignments

Research the school assignments for your specific address, not just the general school district. Boundary lines shift.

→ Check Planned Development

Use the Austin city development portal and surrounding county planning databases to see what is proposed or approved near any address.

Section 6: Writing a Winning Offer, Texas-Specific

WHAT THIS SECTION COVERS

Offers in Texas are structured differently from most other states. The TREC residential contract has specific provisions, particularly around the option period and earnest money, that buyers need to understand before writing, not during the process.

What You'll Learn in This Section

- 6.1 **Breaking Down the Texas Contract**
- 6.2 **Earnest Money**
- 6.3 **Option Period Strategy**
- 6.4 **Financing & Appraisal Contingencies**
- 6.5 **Escalation Clauses**
- 6.6 **Structuring Clean Offers**
- 6.7 **Using Concessions Strategically**



Putting In An Offer and Protecting Your Interests

6.1 Breaking Down the Texas Contract

Texas uses the standard TREC One to Four Family Residential Contract for most home purchases. The contract specifies property address, purchase price, financing type, down payment, earnest money and deposit deadline, option fee and option period length, closing date, and possession terms. It also includes provisions for surveys, HOA, title policy responsibility, and prorations.

Common addenda: Third Party Financing Addendum, Seller's Disclosure Notice, HOA addendum, and any addenda addressing specific property conditions. Every line matters. Your agent should walk you through the key provisions before you authorize an offer.

6.2 Earnest Money

Earnest money is a deposit demonstrating serious intent, delivered to the title company typically within three business days of the effective date, and held in escrow until closing.

- Applied toward your down payment or closing costs at closing
- Returned to you if you terminate properly within the option period
- At risk if you default after the option period without a valid contract basis
- Standard amount: 1% of purchase price; 2%+ strengthens competitive offers

Offering 2% or more earnest money in competitive situations can strengthen your offer without costing you additional money at closing, it is credited either way.

6.3 Option Period Strategy

The option period is Texas's distinctive buyer protection mechanism. During this window, the buyer pays a small non-refundable option fee directly to the seller. In exchange, the buyer has the unrestricted right to terminate for any reason, no explanation required, no earnest money at risk, by providing written notice before expiration.

Length

Negotiated. Shorter (5–7 days) is more competitive when sellers have options. Longer (10–14 days) reduces scheduling pressure but signals more seller risk.

Option Fee

Paid directly to seller, non-refundable. Small amount, typically \$100–\$500. Applied to purchase price at closing if the deal proceeds.

What Happens During Inspections

General home inspection, specialty inspections (foundation, HVAC, roof, pest, pool), and repair negotiations.

Extension

Can be requested in writing before expiration. The seller is not required to agree, negotiate upfront if you anticipate needing more time.

A shorter option period means scheduling inspections quickly. Most general home inspectors accommodate 48-hour scheduling, but specialty inspectors sometimes require more lead time.

Contingencies, Escalation Clauses, Clean Offers & Concessions

6.4 Financing & Appraisal Contingencies

The Third Party Financing Addendum specifies the loan type, maximum loan amount, and maximum interest rate the buyer is prepared to accept. If the buyer cannot obtain financing on those terms despite good-faith effort, this addendum can provide a basis for termination and earnest money return.

The TREC contract does not include a standalone appraisal contingency the way some other state contracts do. Instead, the financing addendum typically ties together financing approval and appraisal, if the property does not appraise and the lender will not fund, the financing contingency provides the exit.

Waiving or modifying appraisal contingencies carries real risk and should only be considered when you genuinely have the financial flexibility to cover an appraisal gap.

6.5 Escalation Clauses

An escalation clause is a provision that automatically increases a buyer's offer if competing offers are received, typically by a set increment above the next highest bid up to a specific maximum "cap". While this practice is used in the industry to help buyers stay competitive without guessing a fixed price, Shipman Partners recommends against using them.

These clauses inherently reveal your maximum budget to the seller from the outset, which can significantly weaken your negotiating position. To protect your interests and ensure you get the best possible price, we prefer to use disciplined, data-driven negotiation strategies rather than disclosing your maximum limit through an escalation clause.

6.6 Structuring Clean Offers

A clean offer is one that gives the seller confidence the deal will close. Clean offers tend to include:

- ✓ **Strong Pre-Approval**
From a reputable, locally known lender
- ✓ **Adequate Earnest Money**
At or above 1%; 2%+ in competitive situations
- ✓ **Reasonable Option Period**
Sized to the competitiveness of the segment
- ✓ **Clean Financing Contingency**
Matching your actual loan parameters
- ✓ **Workable Closing Date**
That reflects the seller's needs, not just yours

6.7 Using Concessions Strategically

In a segment where sellers are motivated and inventory is ample, requesting 2% to 3% in concessions alongside a slightly higher offer price is often acceptable. The seller nets a similar amount, and you reduce your out-of-pocket costs at closing.

In a competitive multiple-offer situation, requesting significant concessions can weaken your offer relative to a cleaner one, even at a higher price. Sellers value certainty over complexity. Your agent should model the net impact of different concession structures before you decide how to structure the offer.

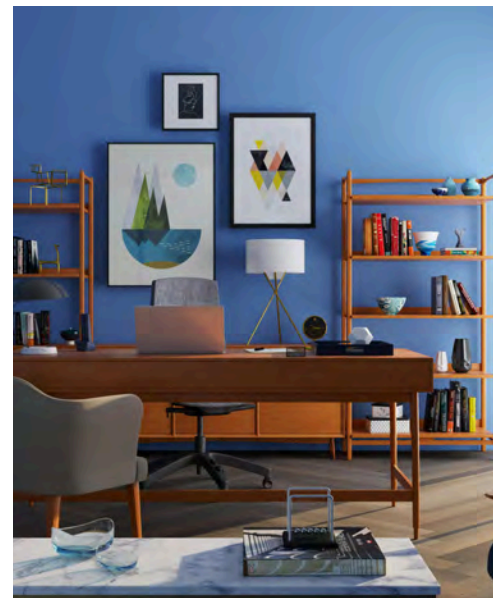
Section 7: Negotiation Strategy & Psychology

WHAT THIS SECTION COVERS

Most buyers think of negotiation as what happens when there are multiple offers or when an inspection turns up a major problem. In reality, every decision from offer price to option fee to possession date to repair request is a negotiation, and how each is handled affects your final outcome.

What You'll Learn in This Section

- 7.1 **Reading Seller Motivation**
- 7.2 **Price vs. Terms**
- 7.3 **Competing in Multiple Offers**
- 7.4 **Certified Negotiation Expert Approach**
- 7.5 **Avoiding Buyer's Remorse**



Reading Seller Motivation & Price vs. Terms

7.1 Reading Seller Motivation

Understanding why a seller is selling, and what matters most to them beyond price, is one of the most useful inputs in offer strategy.

Already Purchased

Often more motivated by timing certainty than maximum price

Relocating for Work

Values speed and reliability above most other terms

Downsizing in Austin

Often wants flexibility, extra time after closing or a leaseback

Estate or Investor Sale

Prioritizes clean, straightforward transactions that close without drama

Part of your agent's job is to gather as much of this context as possible — through careful observation of days on market, price history, and direct agent-to-agent communication — before the offer is even written up.

7.2 Price vs. Terms

Price gets attention. Terms determine whether the deal survives. Many buyers focus almost entirely on the purchase price and treat everything else as secondary. This misses that sellers often care deeply about non-price terms: when they close, how long they can stay in the home, how much inspection negotiation risk they face, and whether the buyer's financing is genuinely solid.

THE TERMS ADVANTAGE

A buyer willing to offer a meaningful deposit, a shorter option period, and a closing date that fits the seller's timeline may achieve better results at a slightly lower price than a higher offer with more risk and friction.

THE TERMS PROTECTION

Terms can also protect you: a longer option period gives you more time to investigate, and a strong financing contingency protects your earnest money if financing falls through.

Multiple Offers, CNE Approach & Avoiding Buyer's Remorse

7.3 Competing in Multiple Offers

Multiple-offer situations still happen in well-priced, well-presented homes in strong segments. Here is how to compete effectively.

Get Informed Before You Offer

Your agent should speak with the listing agent before submitting. What is the seller's timeline? Have other offers been received? What matters most? Ten minutes of communication can save you from crafting an offer in the dark.

Present Financial Strength Clearly

A strong pre-approval letter that speaks specifically to your loan program and qualification status is more compelling than a generic letter. If your lender can call the listing agent directly, that adds another layer of credibility.

Price to Win Without Guessing

Your agent should pull recent comparable sales and give you a realistic view of where the home should appraise and where competing offers are likely to land. Offering based on actual comparable data is a better approach than an emotional number.

7.4 Certified Negotiation Expert Approach

Our broker's CNE training applies most directly to offer positioning, inspection negotiation, and escrow management. Real estate negotiation is rarely dramatic, it is mostly careful structuring, clear positioning, and disciplined communication, and it compounds across every step of the transaction.

- Offer positioning: identifying leverage points before the offer is submitted
- Inspection negotiation: separating legitimate repair requests from inflated ones
- Escrow management: tracking deadlines and catching gaps before they create problems

7.5 Avoiding Buyer's Remorse

Buyer's remorse is common and usually shows up in one of two forms.

POST-OFFER ANXIETY

The offer was accepted, now what?

Typically stems from a decision made under pressure without adequate reflection. The antidote is a thorough strategy conversation before you start touring and a clear framework for evaluating homes. When you have done the work to understand what you are buying and why the price is defensible, the anxiety rarely appears.

POST-INSPECTION PANIC

The report looks alarming

The inspection report comes back and suddenly every issue feels catastrophic. This is extremely common and usually passes once the actual issues are evaluated objectively. **Section 8** covers this specifically.

Inspectors will flag every deficiency and every item that does not meet current code. On a 20 or 30 year old home, this will mean a lot gets called out since building codes change regularly. It doesn't mean the item is defective, it just means it wouldn't meet current codes. A good inspector will walk you through the items to be concerned about.

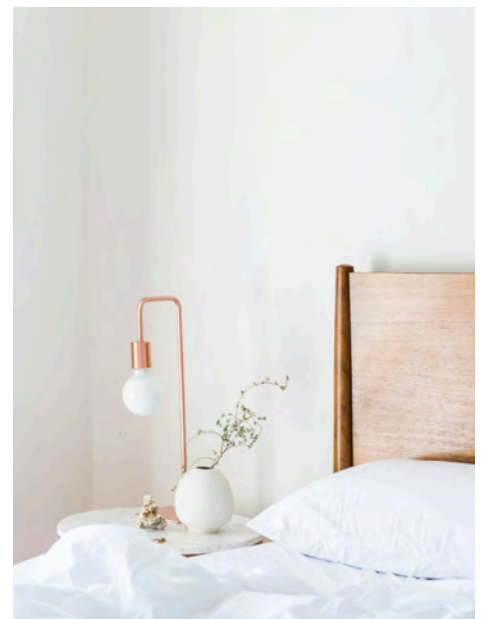
Section 8: Option Period & Inspections

WHAT THIS SECTION COVERS

The option period is your primary protection as a buyer in Texas, and inspections are the tool you use to exercise it intelligently. Most buyers either over-react to inspection findings or under-react to them. Understanding what a report actually means, and how to respond, is one of the most practically valuable things this guide can provide.

What You'll Learn in This Section

- 5.1 **What the Option Period Really Is**
- 5.2 **Understanding Inspection Reports**
- 5.3 **Major vs. Minor Issues**
- 5.4 **Repair Requests vs. Credits**



Option Period & Inspections

YOUR PRIMARY PROTECTION WINDOW, USE IT INTELLIGENTLY

8.1 What the Option Period Really Is

Once your contract is executed and your option fee is delivered to the seller, you enter the option period, a defined window during which you have the unrestricted right to terminate for any reason.

This is an extraordinary protection. You do not have to justify your decision. You do not have to prove defects. You simply provide written notice of termination before the option period expires, and your earnest money is returned. Your option fee is not returned, it is the seller's compensation for taking the property off the market during this window.

Most option periods in Austin transactions run five to ten days. What happens during this window: the general home inspection, any specialty inspections (foundation, HVAC, roof, pest, septic, pool), and repair negotiations. Your decision to proceed, renegotiate, or terminate should be made before the option period expires.

8.2 Understanding Inspection Reports

A professional home inspection in Texas is conducted by a TREC-licensed inspector following a defined standards-of-practice framework. Reports on average Austin homes commonly run 50 to 80 pages. Items are typically classified as deficient (broken or not performing as intended), in need of further evaluation, or recommended for improvement.

The volume of items in a report does not indicate a problem home. Every older home accumulates maintenance items, minor deficiencies, and observations. What matters is identifying the items that represent real risk, real cost, or real safety concerns versus the items that are standard maintenance. Read the report yourself, do not just rely on a verbal summary.

Major vs. Minor Issues, Repair Requests vs. Credits & When to Terminate

8.3 Major vs. Minor Issues

Major Issues

These carry significant cost, safety risk, or material uncertainty: foundation movement that appears active or advanced; roof damage requiring full replacement; evidence of water intrusion with potential mold; electrical hazards or panel failures; significant plumbing failures or sewer line issues; HVAC systems that are non-functional or at end of serviceable life. These deserve careful evaluation, cost estimation, and a deliberate decision about whether to proceed, renegotiate, or terminate.

Minor Issues

The maintenance items, observations, and standard wear that accumulate in any lived-in home: a loose toilet flange, bathroom exhaust fan not properly vented, caulking separation around tubs, GFCI outlets needing testing, worn weatherstripping, torn window screens. These are real findings, but they are homeownership realities, not deal-breakers. Asking a seller for credits on a list of twenty minor items is a common mistake that creates friction without producing meaningful value.

8.4 Certified Negotiation Expert Approach

SELLER REPAIRS

Makes sense for safety items, lender-required repairs, or items where you want work done before move-in. The risk: seller-arranged repairs under time pressure with unknown vendors can produce substandard work, and disputes over workmanship after closing are difficult to resolve.

ASKING FOR CREDITS

Often the cleaner approach. You receive funds at closing to apply toward repairs with your own contractors, on your own timeline. Credits can also be structured as closing cost reductions, check with your lender on the mechanics, as loan type affects what is allowed.

8.5 When to Terminate

Terminating during the option period is a legitimate tool, exactly what it is designed to allow.

REASONABLE REASONS

- Major undisclosed structural issues
- Evidence of active water intrusion or mold not apparent before the offer
- Total repair costs that materially change the value proposition of the purchase
- Conditions that were concealed or misrepresented

LESS REASONABLE REASONS

- Long report with minor items that felt overwhelming when read in one sitting
- Cold feet that are really about price or commitment rather than inspection findings

A practical approach: reserve repair requests for safety items, structural issues, and anything a lender requires. Use credits for everything else. Your agent's job during this phase is to help you separate genuine risk from normal noise, get accurate cost estimates for real issues, and make a clear-eyed decision before the option period expires.

Section 9: Appraisal & Underwriting

WHAT THIS SECTION COVERS

Once the option period closes, the next major checkpoints are appraisal and underwriting. Most buyers experience these as passive processes, but they carry real risk and benefit from active management.

What You'll Learn in This Section

- 9.1 How Appraisals Work
- 9.2 Low Appraisal Scenarios
- 9.3 Re-Negotiation Paths
- 9.4 Underwriting Red Flags





SECTION 9.1 & 9.2

How Appraisals Work & Low Appraisal Scenarios

9.1 How Appraisals Work

If you are financing the purchase, your lender will order an appraisal through an Appraisal Management Company (AMC). You cannot choose your appraiser, and your agent cannot contact the appraiser directly about value.

The appraiser evaluates the property based on comparable sales, similar homes that have sold recently, adjusted for differences in size, condition, location, and features. The appraiser is not providing a market opinion about what the home should sell for. They are determining a defensible value based on documented comparable evidence.

Some loan types (FHA and VA in particular) require the appraiser to flag certain property condition issues that must be remedied before closing. Know this before you offer on a property with deferred maintenance if you are using these loan types.

9.2 Low Appraisal Scenarios

A low appraisal: when the appraised value comes in below the contract price, creates a gap that must be resolved for the loan to close. This happens most frequently when buyers have offered above list price, when the market has moved faster than comparable sales can reflect, or when the property has unusual characteristics.

OPTIONS TO RESOLVE

Seller Reduces Price	Seller agrees to lower the purchase price to the appraised value
Buyer Covers Gap in Cash	Buyer pays the difference above the appraisal out of pocket in addition to the down payment
Restructure Down Payment	Shift to a lower down payment percentage on the appraised value, freeing cash to cover the gap (may introduce PMI)
Piggyback Loan	Secondary mortgage or HELOC to bridge the gap while avoiding PMI on the primary loan
Split the Difference	Both parties share the gap, seller reduces, buyer covers a portion in cash
Contract Terminates	If neither party can or will bridge the gap, the contract falls apart

Re-Negotiation After a Low Appraisal

9.3 Re-Negotiation After a Low Appraisal

If the appraisal comes in low, the first step is to review the comparable sales the appraiser used. Sometimes appraisers miss a recently closed sale that would support the contract price, or they make an adjustment error that can be corrected through a formal Reconsideration of Value (ROV) process.

Your agent should review the appraisal report and provide any missed comps to your lender, who submits them to the appraiser. This process can sometimes produce an upward revision, though appraisers are not required to change their conclusion. If the ROV does not resolve the gap, you move into negotiation with the seller about how to bridge it.

STRATEGIC LENDER PRODUCTS

Some local Austin lenders offer specific appraisal gap protection products or portfolio loans that allow for higher loan-to-value ratios without penalizing your interest rate. This is one reason having a top-tier local lender on your team from the start matters.

Whether you can cover an appraisal gap depends on your cash reserves beyond the down payment and closing costs. Your agent should discuss appraisal gap scenarios with you before you make an offer at a stretched price.

9.4 Underwriting Red Flags

Underwriting is the lender's process of verifying that you and the property meet their requirements. Most underwriting is routine, but certain situations create delays or complications.

Income Documentation Issues

Self-employed buyers, recently changed jobs, or income including variable commissions or bonuses can require additional documentation. Address these early with your lender before you are under contract.

Credit Events After Pre-Approval

New inquiries, new accounts opened after pre-approval, late payments, or changes in outstanding balances can affect your qualification. Do not apply for new credit, make large purchases, or change jobs between pre-approval and closing.

Property Condition Flags

If the appraiser or underwriter flags condition issues: safety hazards, inoperative systems, structural concerns, those may need to be remedied before the loan can close. Particularly common with FHA and VA loans.

Roof Condition

Hail damage is common in Austin and frequently results in insurance claims. A roof showing granule loss, algae staining, or patch repairs is a near-term expense.

Section 10: From Contract to Closing

WHAT THIS SECTION COVERS

Once the option period closes and underwriting is underway, the final phase of the transaction is primarily about coordination, deadline management, and communication. Most deals that fall apart at this stage do so because of avoidable issues that built up gradually.

What You'll Learn in This Section

- 10.1 Escrow Timeline Overview
- 10.2 Title, Survey & HOA Review
- 10.3 Final Walk-Through
- 10.4 Settlement Statement Review
- 10.5 Funding & Keys



Escrow Timeline & Title, Survey & HOA Review

10.1 Escrow Timeline Overview

After the option period ends, the typical remaining escrow timeline for a financed purchase in Austin runs 25 to 35 days. During this period: underwriting is completed, the appraisal is ordered and returned, title work is completed, the survey is delivered, HOA documents are reviewed, and final closing figures are prepared by the title company.

Financing Approval Deadline	Typically 21 days from the effective date (this varies, so confirm in your contract)
Appraisal Ordered	Typically within the first week after option period; takes 5–10 business days to complete
Title Work Completed	Title company reviews ownership history and resolves any issues found
Survey Delivered	Required for most financed purchases; typically 5–10 business days
Closing Disclosure Issued	Must be provided at least 3 business days before closing
Closing Day	Signing, funding, and recording, though in Texas, these often happen sequentially, not simultaneously

Key deadlines to track: the financing approval deadline, the closing date, and any deadline tied to agreed repairs or credits. Missing these can create contract risk.

10.2 Title, Survey & HOA Review

TITLE SEARCH

The title company reviews the property's ownership history to identify any liens, encumbrances, easements, or ownership questions. Common issues include unpaid contractor liens, delinquent property taxes, unresolved estate matters, or boundary disputes. Most can be resolved before closing, but they sometimes require additional time.

SURVEY

Establishes the legal boundaries of the property, identifies improvements relative to those boundaries, and shows easements. Surveys can reveal that a fence is on the neighbor's property, that a structure encroaches on an easement, or that lot dimensions differ from the listing description. Review the survey carefully.

Pro Tip: Add Survey Deletion coverage to your Title Policy to protect against encroachments and survey issues.

HOA DOCUMENTS

In an HOA, you will receive CC&Rs, bylaws, current dues schedules, meeting minutes, financial statements, and any pending assessments or litigation. In Texas, you have a right to review and cancel the contract based on HOA documents within a defined period after receiving them. Review the reserve fund and any pending special assessments.



SECTION 10.3 & 10.4 & 10.5

Final Walk-Through, Settlement Statement & Funding

10.3 Final Walk-Through

The final walk-through typically occurs within 24 to 48 hours of closing. This is a condition check, not a second inspection.

- ✓ **Property in Agreed Condition**
Verify the property matches the contract and no damage since the last showing
- ✓ **Negotiated Repairs Completed**
Check every specific item that was agreed to, bring your repair agreement documentation
- ✓ **Included Items Present**
Appliances, fixtures, and hardware that were part of the sale are all on site
- ✓ **No New Damage**
Move-out damage, appliance removal issues, or changes to the property

10.5 Funding & Keys

In Texas, closings are typically 'dry', meaning the transaction does not fund immediately when you sign. After signing, the lender reviews the executed documents, approves funding, and wires the funds to the title company. The title company then records the deed with the county. Funding and recording can take a few hours and in some cases does not occur until the business day after signing.

10.4 Settlement Statement Review

The settlement statement (Closing Disclosure) is the final financial summary of the transaction. It lists every charge and credit: purchase price, loan amount, lender fees, title fees, brokerage fees, prepaid items, property tax prorations, HOA prorations, seller credits, earnest money applied, and the final cash to close.

- Review before closing day, errors do happen
- Incorrect proration calculations are the most common error
- Verify all agreed credits and concessions appear
- Confirm all fees match your Loan Estimate

Do not schedule movers for the morning of closing day unless you have high confidence the funding will happen early. Scheduling movers for the afternoon, or better yet the following day, avoids the stress of a delayed funding. Once the transaction is funded and recorded, the title company notifies your agent, and keys are transferred.

Section 11: Special Situations

Buying & selling simultaneously · Investment purchases · Tenant-occupied property · Shifting markets

BUYING AND SELLING SIMULTANEOUSLY

Coordinating a home purchase and sale can be challenging. Selling first gives you certainty about proceeds but may require temporary housing. Buying first avoids moving twice but may mean carrying two mortgages until your current home sells. Common tools include lease-backs (staying in the home after selling), bridge loans (short-term financing until sale proceeds arrive), and contingent offers that depend on selling your current home. Contingent offers are typically less competitive in hot markets but can work in slower ones.

The best strategy depends on your financial cushion, market conditions, and timeline, so it's important to plan before going under contract.

BUYING TENANT-OCCUPIED PROPERTY

If you are buying a property with existing tenants, Texas landlord-tenant law governs the transition. Existing lease agreements generally survive a change in ownership, meaning you may be required to honor the current lease through its expiration. Review the lease before closing, understand the lease term, rental rate, security deposit status, and any special provisions. Confirm that the security deposit is being properly transferred to you through the closing process.

INVESTMENT PURCHASES

Investment buyers in Austin face different considerations than owner-occupants. Property taxes are a significant operating cost in Texas. Short-term rental rules vary by city and jurisdiction, and Austin has specific regulations governing short-term rentals that have evolved in recent years. Long-term rental demand in Austin remains strong, but rent-to-price ratios in many neighborhoods make cash flow tight on conventionally financed acquisitions at current rates.

Cap rates, cash-on-cash return, and long-term appreciation trajectory should all be modeled before purchase.

BUYING IN A SHIFTING MARKET

A shifting market, one moving from appreciation to stabilization or toward softening, requires extra caution around appraisal risk and resale timing. When prices have been rising, appraisals tend to be easier to support. When prices have plateaued or are beginning to soften, appraisers may be more conservative, and the gap between what sellers want and what appraisers support can widen.

Buying with a long-term horizon reduces the risk associated with short-term market movements. Buying with the assumption that you can sell quickly at a profit is a higher-risk strategy in any market that has transitioned away from strong appreciation.

15 Costly Buyer Mistakes (2026 Edition)

THE ERRORS THAT COST AUSTIN BUYERS THE MOST AND HOW TO AVOID EVERY ONE OF THEM

SKIPPING PROPER PRE-APPROVAL

1. A pre-qualification letter does not carry the same weight as a verified pre-approval. In a competitive offer, it can cost you the home. Get fully pre-approved before you seriously search.

UNDERESTIMATING TEXAS PROPERTY TAXES AND INSURANCE

2. Buyers accustomed to other states often dramatically underestimate the ongoing cost of ownership in Texas. Build real tax and insurance estimates into your budget before you establish your price ceiling.

MAKING FINANCIAL CHANGES BEFORE CLOSING

3. Opening new credit, changing jobs, making large cash deposits, or large unplanned purchases between pre-approval and closing can delay or derail your loan. Stay financially static until the transaction is funded.

SIGNING A BUYER REPRESENTATION AGREEMENT WITHOUT READING IT

4. You have rights under this agreement and obligations. Understand what you are signing, particularly around compensation terms and what happens if the seller offers less than your agreement specifies.

TREATING THE OPTION PERIOD AS A FORMALITY

5. The option period is your primary protection. Use it to conduct thorough inspections by qualified professionals. Do not rush through it because you are excited about the home.

OVER-REACTING TO THE INSPECTION REPORT

6. Long reports are normal. Prioritize findings by actual cost and risk, not by quantity. Many long reports reflect a thorough inspector, not a problem home.

UNDER-REACTING TO THE INSPECTION REPORT

7. The opposite mistake: dismissing major structural, roofing, or foundation issues because you do not want to lose the home. These issues have real costs. Evaluate them honestly.

IGNORING NEIGHBORHOOD RESEARCH

8. The home matters. So does what surrounds it. Flood zone status, school boundaries, planned development, traffic patterns, and neighborhood trajectory are all researchable before you offer.

Mistakes 9 through 15

WAIVING INSPECTIONS ENTIRELY TO WIN

9. Waiving inspections transfers enormous risk to the buyer. Even if you cannot negotiate repairs, inspections give you information. A short option period with inspections is almost always preferable to no option period.

FALLING IN LOVE BEFORE DOING THE MATH

10. Emotional attachment to a specific home can override financial discipline. Make sure the price is defensible by comparable sales before you allow yourself to commit emotionally.

USING AN OUT-OF-AREA AGENT OR LENDER

11. Using an out-of-area agent or lender without local knowledge. Austin's market has specific nuances, property tax structures, flood zone variables, MUD districts, neighborhood micro-dynamics that require genuine local familiarity.

NOT ACCOUNTING FOR CLOSING COSTS AND RESERVES

12. Buyers who drain their savings to the down payment and closing costs have no buffer for inevitable early-ownership expenses. Plan to have at least one to three months of reserves after closing.

CONFUSING COSMETIC ISSUES WITH STRUCTURAL ONES

13. Outdated finishes are not a reason to pass on a sound home. Foundation problems are not something to accept because the finishes are beautiful. Train yourself to separate what can be changed from what cannot.

ACCEPTING VERBAL PROMISES ABOUT REPAIRS

14. If it is not in the contract in writing, it is not an agreement. All repair commitments, credits, and seller concessions should be documented in the contract or a signed amendment.

RUSHING CLOSING DAY

15. Signing documents under time pressure without reading them, skipping the settlement statement review, or failing to complete the walk-through carefully can result in problems that are far harder to resolve after the fact. Closing day should feel procedural, not chaotic.

Every mistake on this list is avoidable with preparation, patience, and the right representation. None of them are dramatic in isolation, they accumulate. Preparation is the only reliable protection.

Austin Buyer FAQ (2026)

1. Do I need a buyer's agent in 2026?

You are not legally required to use a buyer's agent. However, the seller's agent represents the seller, not you. In a transaction involving your largest financial commitment, having professional representation that is legally obligated to work in your interest is a meaningful protection. The cost structure has changed since 2024, but representation is still available and, for most buyers, worth understanding before deciding against it.

2. How does buyer agent compensation work now?

Since August 2024, buyer agent compensation is no longer displayed in MLS fields. Compensation is now handled through direct offer negotiation – the seller may offer it, the buyer may pay it, or a combination of structures may apply. Review Section 2 for a complete explanation. Always understand your representation agreement and the compensation structure before you start touring.

3. How competitive is the Austin market right now?

It varies significantly by segment. Some neighborhoods and price bands in Austin still see multiple offers and fast sales. Others have months of inventory and provide buyers real negotiating room. Citywide averages are not useful, your specific target area and price band is what matters. Visit ShipmanPartners.com/buying for current market conditions by neighborhood.

4. How long does the buying process take?

From the start of a serious search to closing typically runs six to twelve weeks for financially prepared buyers. Pre-approval can take a few days to a week. Finding the right home can take anywhere from a few weeks to several months depending on criteria and market conditions. Once under contract, closing typically occurs in 30 to 45 days with a financed purchase.

5. What is an option period and do I always get one?

The option period is a Texas contract provision that gives buyers the unrestricted right to terminate during a defined window after paying the seller a small option fee. It is not technically required, you can write an offer without one, but doing so removes your primary protection window and is almost never advisable unless you are an experienced buyer making a cash purchase with full information about the property's condition.

6. What are property taxes really like in Austin?

Austin-area property tax rates are among the higher rates in the country. Effective rates typically range from about 1.8% to 2.8% of assessed value depending on the municipality. On a \$500,000 home, that means \$9,000 to \$14,000 per year, or \$750 to \$1,167 added to your monthly payment. Texas does not have a state income tax, which is part of why property taxes are structured this way. Homestead exemptions apply for primary residences and reduce the taxable value meaningfully after your first full year of ownership.

7. What is a MUD district and why does it matter?

Municipal Utility Districts (MUDs) are special-purpose governmental entities created to finance water, sewer, drainage, and other infrastructure in developing areas, often in the outer suburbs. MUDs levy additional property taxes that can be meaningful, sometimes 0.5% to 1% of property value annually on top of standard property taxes. Sellers must disclose MUD status, and MUD taxes should be factored into your payment calculation.

8. How competitive is the Austin market right now?

This is the most common question buyers ask and the hardest to answer confidently. If rates fall significantly, demand typically increases along with them, which can push prices higher and restore competitive conditions that currently favor buyers. Buying now at a higher rate on a home where you can negotiate concessions and conduct thorough inspections is a different risk profile from buying the same home later in a more competitive market. The option to refinance if rates fall is real. Rate-lock paralysis has a cost too.

9. What surprises first-time buyers most?

It is usually the realization that finding a home is only the beginning. Most buyers are surprised by the technical complexity and Texas-specific deadlines that follow an accepted offer. Beyond the paperwork, there is a significant emotional rollercoaster. You will likely swing from the elation of a winning bid to the panic of an inspection report. We provide the strategy and data needed to ground these feelings. This ensures that fear or excitement does not override your financial judgment.

10. How do I know if an offer is a fair price?

Fair price is determined by comparable sales, similar homes that have sold recently in the same area. Your agent should provide a written CMA (Comparative Market Analysis) before you write an offer that shows recent sold comps, pending activity, and current competition. Offers significantly above recent comparable sales carry appraisal risk. Offers at or below comparable sales, in a normal market, typically represent reasonable value.



LOAN PREPARATION

- Credit reviewed with lender
- Pre-approval obtained
- Interest rate and loan options discussed
- Estimated cash-to-close reviewed

Lender: _____

Pre-Approval Amount: \$ _____

FUNDS OVERVIEW

Down Payment Available: \$ _____
Estimated Closing Costs: \$ _____
Emergency Funds After Closing: \$ _____

- I will have +3 months of reserves after closing
- I will have less than 3 months of reserves

MONTHLY PAYMENT COMFORT

Target Purchase Price Range: \$ _____
Estimated Monthly Payment (PITI): \$ _____
(Principal, Interest, Taxes, Insurance, HOA if applicable.)

THIS PAYMENT FEELS

- Comfortable
- Manageable but tight
- Higher than expected

Max Payment That's Comfortable \$ _____/m

FINANCIAL STABILITY CHECK

- Avoid opening new credit accounts
- Avoid large unexplained deposits
- Avoid major purchases
- Notify lender before job changes

IMPORTANT NOTES:

Buying a home is both a financial and lifestyle decision.

Make **thoughtful choices:**

- Keep your finances steady
- **Communicate with your lender before making major changes.**

Preparation and consistency help ensure a smooth closing.

TYPE OF NEIGHBORHOOD

What type of neighborhood are you looking for?

- Urban: bustling city life
- Suburban: balanced urban and residential
- Rural: peaceful, spacious countryside

COMMUTE PREFERENCES

What is your preferred commute time to work?

- Less than 15 minutes
- 15-30 minutes
- Over 30 minutes

SCHOOL QUALITY

How important is the quality of local schools?

- Very Important
- Somewhat Important
- Not a Priority

COMMUNITY AMENITIES

Which amenities are important to you?
(Select all that apply)

- Parks and green spaces
- Shopping centers/malls
- Restaurants and cafes
- Public transportation access
- Fitness centers or sports facilities

DAILY CONVENIENCE

How important is being able to walk to daily destinations?

- Highly walkable
- Some walkability, comfortable driving nearby
- Prefer more space and privacy over walkability

NOISE LEVEL

Do you prefer a quiet neighborhood or don't mind some noise?

- Prefer quiet
- Don't mind noise
- Indifferent

PROPERTY TAX TOLERANCE

Austin has varying tax rates depending on district.

- Lower tax rate is a priority
- Willing to pay higher taxes for location/amenities
- Unsure, need guidance

GROWTH & DEVELOPMENT

How do you feel about rapidly growing areas?

- I prefer established neighborhoods
- I'm open to emerging areas
- I want strong resale and long-term value focus

BUYER NEEDS & WANTS

Checklist



Property: _____

Primary Goal With Purchase

- Long-term home
- First-Time Homeownership
- Growing Into More Space

- Downsizing / Simplifying
- Lifestyle Upgrade
- Investment & Resale Potential
- Other _____

Deal Breakers

- Long commute
- Undesirable Location Factors
- Major Structural or Foundation Issues
- Excessive Renovation Required
- Monthly Payment Exceeds Comfort
- _____
- _____
- _____

Non-Negotiables

1. _____
2. _____
3. _____
4. _____
5. _____

Trade-Off Check

If a home meets my top 3 needs but lacks some wants:

- I would *still* consider it I would *not* consider it

If the home is strong overall but not perfect in every category:

- Can compromise Prefer to wait for a closer match

If the home is priced well but requires updates or improvements:

- I would consider it I prefer move-in ready

Important BUT Flexible

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

Think Ahead.... In the Next 3-5 Years I May....

- Make renovations
- Increase space
- Downsize
- Rent the property
- Relocate
- Other _____
- Other _____



Property Address:	
Listing Price:	

Category	Score (1-5)
Location	
Layout & Flow	
Kitchen	
Bathrooms	
Storage	
Natural Light	
Condition	
Outdoor Space	
OVERALL RATING	_____ /40

Biggest Strength: _____

Biggest Concern: _____

Estimated Repair Concerns: _____

Feelings?: I can see myself living here I'm unsure Not for me

Pricing?: Well-priced Fair Overpriced

30 Days Before Closing

- Finalize loan and submit all requested lender documents promptly
- Schedule appraisal and inspection
- Negotiate and resolve inspection repairs
- Avoid major purchases, new credit, or job changes
- Begin moving prep (gather quotes, start packing non-essentials)

2 Weeks Before Closing

- Secure homeowner's insurance and send binder to lender (run CLUE report)
- Review Closing Disclosure and confirm cash-to-close amount
- Schedule utilities transfer (electric, water, gas, internet, trash); forward mail (USPS)
- Confirm HOA transfer requirements (if applicable)
- Schedule movers or reserve truck

Week of Closing

- Confirm wire instructions verbally with title company
- Send wire (if required)
- Complete final walkthrough and verify agreed repairs
- Confirm closing time, location, and required ID
- Prepare funds for minor last-minute adjustments (if needed)

Post-Closing Essentials

- Receive keys, remotes, and access codes
- Change locks and garage codes
- Update mailing address and subscriptions
- Set up automatic mortgage payments
- Store closing documents securely and file homestead exemption (if applicable)

Thank You For Trusting Us!

DID WE EARN A REVIEW?



Buying a home is one of the most significant decisions a person makes, and the fact that you trusted us to be part of that process is something we do not take lightly. Whether this was your first home or your fifth, whether the path was smooth or had a few turns in it, we are genuinely grateful you chose Shipman Partners. We built this business around the belief that buyers and sellers in Austin deserve personal, honest, and thoughtful representation, and every time a client trusts us with something this important, it reminds us exactly why we do this work.

If working with us made your purchase clearer, smoother, or just a little less stressful, we would genuinely appreciate you sharing that experience. A Google review is one of the most meaningful ways you can support a small, family-owned business. It helps other buyers and sellers in Austin find the kind of representation they deserve, and it means the world to our team. Scan the QR code below to leave a Google review in just a couple of minutes. And if you prefer to share your experience directly with us, or on Facebook or social media, that is just as welcomed and just as appreciated.

Thank you for trusting us with one of the biggest decisions of your life,

- Allen, Melissa & Sadie Shipman



QR Code To Google Review!

Feel free to follow us on our socials too!



ShipmanPartners



Shipman.Partners

YOUR NEXT STEP STARTS HERE

Let's Find Your Home

Before you tour a single home, let's talk strategy. One conversation changes how you search, how you offer, and how you close. It costs you nothing and changes everything.

Call or Text Us Today

No obligation · No pressure · Just a conversation about your real estate goals

WEBSITE

ShipmanPartners.com

PHONE

512-222-6958

BUYER RESOURCES

ShipmanPartners.com/buying