



Cities

Real Estate

HOME

BUYER GUIDE

YOUR HOME BUYING ROADMAP

WHAT MAKES THIS MACHINE HUM?

“...surpass the expectations of every client who chooses us...”

We operate in a supportive, professional, positive environment that helps each member of our team provide the highest level of service in the real estate industry. This atmosphere allows our team to act on the passion and drive it takes to surpass the expectations of every client who chooses us to help fulfill their home buying or selling goals.

Whether you are looking to sell your property or buy a new home, Cities Real Estate offers a dedicated, skilled team of pros with an innovative marketing approach.

Our team of experienced, full-time real estate agents and staff are ready to lead and advise you through the process of buying the perfect home or selling your existing home for the most amount of money in the shortest amount of time.

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YOUR HOME BUYING ROAD MAP

Strategy

- Find a REALTOR® you can trust
- Strategic home buyer consultation
- Set up your "Backstage Pass" to the MLS

Financing

- Mortgage application
- Obtain pre-approval letter

Showings

- Concierge home showing specialist
- View your favorites
- Find your home

Offer & Negotiations

- Market analysis
- Write your offer
- Negotiations & counter offers

Protection

- Offer accepted
- Earnest money/due diligence
- Inspections

Closing

- Appraisal
- Final underwriting
- Title work
- Insurance
- Utilities in your name
- Final walk through
Close on your home
- Deed recorded
- Get your keys

YOUR NEW HOME!

This is a road map of what the typical home buyer process looks like. Our HOME BUYER GUIDE includes more information about each step.

YOUR STRATEGY STARTS HERE

Every decision in a real estate transaction
could save or cost home buyers

TENS OF
1000S
OF DOLLAR\$
IN UNNECESSARY EXPENSES

We look out for **80** different variables involved in
Your 7-Step Home Buying Strategy

1. Expert Advice to Setting Your Strategy
2. Funding Your Dream
3. Selecting Your Home
4. Negotiating Your Terms
5. Protecting Your Home
6. Closing on Your Home
7. Your Lifetime Resource



EXPERT ADVICE FOR SETTING YOUR STRATEGY

Market Intelligence

- Economic indicators
- Trends analysis
- Interest rates
- Loan programs and qualifications
- Real estate cycles
- Seasonal advantages
- Local market conditions Micro markets
- National market conditions
- Absorption analysis
- Inventory of corporate-owned homes
- Inventory of short sales
- Inventory of foreclosures
- Inventory of vacant homes
- Rental housing vacancy rates
- Builder confidence
- Shadow inventory
- Inventory fluctuation
- Rent vs. buy trends
- Market stability
- Knowledge of co-op agents negotiation strategy
- Knowledge of mortgage options
- Knowledge of insider deals
- Knowledge of appreciation rates
- Knowledge of inventory

Smart Home Buying Strategy

- Determine timing & motivation
- Evaluate needs & wants
- Out-of-pocket expenses
- Financing needs & pre-approval
- Neighborhood & lifestyle
- Quality of life
- Set expectations according to market
- Customized plan



FUNDING YOUR DREAM

Trusted Lenders

- Best rate & terms
- Close on time
- No surprises
- Over deliver vs. Over promise
- Get documents on time to the closing attorney

Decisions on Cost

- 15-year vs. 30-year mortgage
- Long-term hold
- Short-term hold
- Buy first or sell first
- Rental property
- 13th payment

Your Home as an Investment

- Mistakes that cause you to overpay for your home
- Mistakes that cause you to overpay for your loan
- How to accelerate your equity and build wealth with your home purchase
- Why choosing the right lender makes all the difference
- Equity buyer vs. emotional buyer



MORTGAGE PRE-APPROVAL

How Much Can You Afford? *Key Factors to Consider*

- The down payment
- The interest rate
- Your debt-to-income ratio
- The closing costs associated with the transaction

DOWN PAYMENT REQUIREMENTS

LOAN TYPE	DOWN PAYMENT	DETAILS
CONVENTIONAL	5%+	You can put as little as 5% down and as much as you want. Anytime you put less than 20% down, you will have to pay some mortgage insurance.
FHA	3–5%	The lowest traditional down payment program; there is additional mortgage insurance.
DOWN PAYMENT ASSISTANCE*	\$1,000+	A program for people who qualify with credit and income but do not have enough savings for a down payment.
VA	0%	A special program for military buyers that allows them to put almost nothing down toward the purchase.
FHA 203k	3–5%	A special product that allows you to wrap into your mortgage the costs of repairs or improvements to the home you buy.
CONTRACT FOR DEED	10%+	An ideal program for those without qualifying credit scores. Interest rates are slightly higher than market rates but it allows for home ownership for those who would otherwise have to rent.

*There are many down payment assistance programs available through our preferred vendors, just ask us for more information to find out if you qualify.

Closing Costs

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the closing, unless you are able to include them in your financing. Typically, total closing costs will range between 4–5% of your mortgage amount. In today's market, it is common to ask for the seller to pay around 2% of the mortgage amount toward your closing costs; this is called "Seller Paid Closing Costs."

EXAMPLES OF CLOSING COSTS

- Prepaid Insurance (\$300–\$1500)
- Prepaid Taxes (up to 6 months)
- Prepaid HOA Fees (when applicable)
- Mortgage Origination Fee (2%)
- Appraisal Fee (\$450)
- Title Fees (\$1200–\$1500)
- Closing Fees (<\$1000)

$$\text{\$250,000} - \text{\$5,000} = \text{\$245,000}$$

YOUR OFFER

(Total amount of your purchase price)

SELLER'S CONTRIBUTIONS

(Amount of your closing costs you ask the seller to pay for you)

NET OFFER

(Final amount the seller is actually receiving, viewed as your actual offer)

SELECTING YOUR HOME

Showings

- Select homes of interest
- View your favorites
- Proactively suggest listings that match your needs
- On call “concierge” Showing Specialist

Right Price — Right Home

- Property type (condo, townhouse, single family, manufactured, multi-unit, investment)
- Preferred subdivisions
- Price range
- Year built (age of home)
- Bedroom/bathroom/garage needs
- Square footage
- Landscape/lot preference
- Floor plan
- Amenities
- ADA disability features
- Appliances

Lifestyle and Neighborhood

- School rankings
- Crime level
- Demographics
- Planned community
- Parks & playgrounds
- Privacy of neighborhood/gated community
- Location of home in neighborhood
- Proximity to: work, restaurants, recreation, public transportation, major roads, entertainment, etc.

Managing Risk

- Foreclosures/bank owned homes
- Short Sales
- Vacant homes
- City inspections



TYPES OF HOME SALE TRANSACTIONS

Traditional Sale (30–60 Days)

These are homes that have a regular seller on the other side of the transaction. They are not “upside down” on their mortgage, meaning they don’t owe more on the home than the home is worth. However, if they do, they have the cash to bring to the table to sell without negotiating with the bank. The response time on your offer from a traditional seller is usually pretty prompt (generally within 24 hours, if not less). The traditional homes are going to reflect the “market value” for a neighborhood and will usually be the highest priced home sales in the market and they are usually going to be in the best condition of any homes on the market.

New Construction (Varies, typically 4–6 months unless already completed)

Brand new homes, built to your tastes and warrantied. With new construction, you get exactly what you want. New construction homes can be already built, in the process of being completed or entirely custom.

Bank Owned Sale (30–60 Days)

A bank owned sale is one in which the bank owns the home. Usually the bank will own the home because the seller tried to do a short sale and the bank wouldn’t agree to it, or the seller just decided to let the home go back to the bank by not making their payments. The bank owned transaction is a two party transaction, 1. Buyer 2. Bank. The listing agent is the go-between with the bank and they really help the bank’s asset manager (the decision maker at the bank) make the decisions about the property and about the pricing of the home. Bank owned sales are almost always “As Is” sales. Bank owned purchases are usually priced well below the price of a comparably sized “Traditional Sale,” but they may be in poor condition and will most likely need some sort of work or cleaning done.

FSBO (30–60 DAYS)

This is the sale of a home directly by the owner rather than having representation by a real estate professional. One of the most popular reasons that owners choose to sell their homes without the help of a real estate agent is to avoid paying an agent’s commission. If the owner sells their home to a person that is also not represented by an agent, the owner pays no commission. If the buyer is represented by a real estate agent, that agent may request that the owner pay them a commission (typically 3%) for bringing the buyer to them. The owner can agree to pay or refuse. The seller is not legally obligated to pay the commission. Often times, if the owner refuses, the buyer will compensate their agent on their own. FSBO homeowners will often market their own properties or choose to employ the services of an online marketing company or listing service.

Short Sale (4+ Months)

A short sale is a home that is selling for less than the mortgage balance that is owed. This is where the term “short sale” comes from: the home is selling “short” of what is owed. The seller is usually selling the home because they can’t make their payments any longer. The short sale is a three party transaction. There is 1. Seller 2. Buyer and 3. Bank (or banks) involved in the sale. The process is like a traditional sale in that the seller hires a real estate agent to market the home and get an offer, but once the seller and the buyer agree to a price, the bank then has to make the final decision on if the price is acceptable and if they will release the seller from the obligation of the debt they owe. The bank has to collect all of the seller’s financial records and review the offer and send out a third party to value the property. From there the bank will make a decision on whether or not they will accept the offer, counter the offer, or reject the offer. Short sales can be great deals, but the waiting time involved can be extreme and very hard on a buyer wanting to purchase quickly.

NEGOTIATING YOUR TERMS

Position of Strength

- Pre-approval in hand
- Type of financing
- Negotiating with listing agent
- Comparable sales to support offer
- Seller's purchase price per tax records
- Property tax assessment review
- Walk away leverage

Multiple Offer Strategy

- "Dear Seller" letter
- Zero repair allowance
- Increased earnest money
- Escalation Language
- Closing date

Seller Concessions and Offer Details

- Seller contribution to buyer's closing costs
- Home warranty
- Inspection repair costs
- Closing date
- Discount/buy-down points
- Ancillary closing costs
- Title policy
- 60 days no payments
- Contract acceptance
- Time line
- Property inspection time line
- Negotiate repairs



MAKING AN OFFER

Once we've found the home you wish to purchase, you'll need to determine what offer you are willing to make on the home. After all, you are the one making the payments!

Offer Terms

- Sales price
- Comparative market analysis (comps)
- Earnest money
- Financing terms
- Inspection period
- Closing date
- Personal property
- Other applicable addendum like Common Interest Community Disclosures, Short Sale Contingencies, etc.
- Seller contribution to YOUR closing costs (if requested)

Offer Terms

Example — Asking the seller to cover a portion of your closing costs.

$$\text{\$250,000} - \text{\$5,000} = \text{\$245,000}$$

YOUR OFFER

(Total amount of your purchase price)

SELLER'S CONTRIBUTIONS

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NET OFFER

(Final amount the seller is actually receiving, viewed as your actual offer)

A Note about Multiple Offers

It is important to remember that the more competition there is for the home, the higher the offer will have to be, sometimes even exceeding the asking price. Remember, be realistic, but it all comes down to market value and solid comparable sales. Make offers you want the other party to sign!

PROTECTING YOUR HOME

Home Inspection

- Eliminate potential surprises
- Preemptive negotiation strategy
- Identify potential “deal killers”
- Walk-away leverage

Lifestyle and Amenities

- Drive time
- Location of hospitals, restaurants, schools, gyms

Home Warranty

- Cover the mechanical systems and major appliances in the home for a year
- Can save buyers thousands of dollars
- Can be paid for by the seller
- Can renew after the first year is up

Future Home Maintenance Costs

- Heating and cooling costs
- Age of appliances
- Utility costs
- Home owners association dues
- Lawn and landscape maintenance



INSPECTIONS

Home Inspections

If you are purchasing a resale property, we highly recommend that you have a professional home inspector conduct a thorough inspection. Our Inspector is exceedingly thorough and detailed so as to minimize surprises for you. However, the inspection is not meant to be used to low ball the seller post-price negotiations, as all existing homes have minor imperfections.

The inspection is intended to report on major damage or serious problems that require repair. Your home cannot “pass or fail” an inspection. The inspector’s job is to make you aware of repairs that are recommended or necessary.

THE INSPECTION WILL INCLUDE THE FOLLOWING

- Appliances
- Plumbing
- Electrical
- Heating and Air conditioning (depending upon the season)
- Roof and Attic (if accessible)
- Foundation
- General Structure
- Radon tests are recommended — More than 40% of the homes tested have gas levels exceeding the safe threshold set by the EPA
- Thermal imaging can reveal issues unseen in a standard visual home inspection.

COMMON PRICES for the home inspector

1500 sq ft and less	.....	\$350
1500–2000	.....	\$450
2000–2500	.....	\$500
2500–3000	.....	\$550
3000+	.....	(Call for pricing)
Radon Testing	.....	\$150
Pest Inspections	.....	\$95
Thermal Imaging		
with inspection	.....	FREE
(Must request)		
without inspection	.....	\$150

The seller may be willing to negotiate completion of repairs, or you may decide that the home will take too much work and money and rescind the offer during the inspection period.

Your inspection is a contingency to the purchase agreement and needs to be completed and repairs negotiated within the due diligence date on the purchase agreement, usually a 9–10 day period.

WARRANTIES

Previously-Owned Home Warranties

When you purchase an existing home, you can purchase warranties that will protect you against most ordinary flaws and breakdowns in major mechanicals and appliances for at least the first year you own the home. The warranty may be offered by or negotiated with the seller, or can be purchased by you, the buyer.

New Home Warranties

When you purchase a newly-built home, the builder usually offers a warranty on things such as the quality of design, materials, and workmanship.



CLOSING ON YOUR HOME

Home Owner's Insurance

- Highly competitive rates
- Impacts your monthly payment

Title Company/Closing Attorney

- Quality management of process
- Manage all parties in transaction
- Leverage for getting problems resolved
- Closing on time
- Protecting your interests
- Transferring ownership of property to you

The Final Details

- All documents to lender in timely manner
- Appraisal
- Lender repairs where applicable
- Closing & settlement review
- Potential deal killers
- Transfer of utilities
- Moving into your new home

NOTE: Buyer's agent commission is paid at closing once we find you the right home.
Our win is your win!



WHAT TO EXPECT AT CLOSING

Who Will Be There?

- You, the buyer(s)
- Seller(s)
- Buyer's Agent
- Listing Agent
- Closing attorney, the party representing the title company and responsible for ensuring the title is transferred to you
- Occasionally, your mortgage officer

What Will You Need?

- Bring valid government-issued photo ID and a second form of ID showing your name.
- Bring a cashier's check for your cash to close (your mortgage officer will tell you the amount prior to closing)

What Is Expected from You at the Closing?

If financing the property, your lender will require you to sign a document, called a promissory note, as evidence that you are personally responsible for repaying the loan. You will also sign all title and deed documents putting you as the official homeowner!



YOUR LIFETIME RESOURCE

On-Going Real Estate Support

- Post closing questions
- Updated market information
- Helping your friends and family

Trusted Contractors

- Handymen
- Cleaning companies
- Carpet cleaning
- Exterior maintenance
- Painting & remodeling
- Siding/Windows/Decks

Raving Fan Club

- Parties
- Holiday give-away
(ex. Thanksgiving Pie & Valentine's Day)
- Helpful videos
- Market snapshot
- Coupons
- Quarterly giveaways
- Moving boxes



WHO WE ARE

Cities Real Estate was built on the notion that the secret to achieving incredible goals and getting true results is to dominate real estate with a team approach. One part-time agent does not have the capacity to cover every aspect of the real estate process. Cities Real Estate has diverse experts excelling at their roles, allowing them to focus on what they do best, at a high level, so our clients receive high level performance and unprecedented results in this industry.

We operate in a supportive, professional, positive environment that helps each member of our team provide the highest level of service in the industry. This atmosphere allows our team to act on the passion and drive it takes to surpass the expectations of every client who chooses us to help fulfill their home buying or selling goals.

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WHY CITIES REAL ESTATE?

One Team, One Plan, One Purpose: High Performance

- Go above and beyond
- Do what we say we will do
- Deliver prompt communication
- Build and maintain relationships
- Always solutions, never problems
- Deliver high performance and positive results

Are You Looking for High Performance?

- Continually increase yearly home sales (see graph)
- Invest in professional development and skills training
- Obtain specific certifications for working with buyers
- Seek continuing education classes
- Present a buyer agency disclosure in writing
- Set your home buying strategy
- Full-time Transaction Coordinators
- Team of Expert Buyer Agents
- Proactive listing suggestions
- Respond promptly
- Available 7 days/week
- Weekly Team Meetings
- Weekly Sales Training

Cities
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Average agent
only sells 6 per year





Cities Real Estate

SEE YOU AT THE CLOSING TABLE

4500 Mercantile Plaza, Ste 108
Fort Worth, TX 76137



817-313-0692
CitiesRealEstate.com