

Homebuyer's Guide

Expert Realtors, Trusted Partners

Redefining Real Estate through Client Service Excellence



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Omid Yousofi

Omid Yousofi

Omid has considerable experience in all things real estate-related and he brings a proven track-record of success representing clients throughout Southern California, with a particular focus on Orange County, San Diego, and Los Angeles, where he represents buyers and sellers of single-family homes and condos, as well as both new and experienced real estate investors for all types of investment properties ranging from multi-family residential to commercial office buildings, industrial warehouse properties, and raw land with development potential.

Omid's ability to guide his clients toward success throughout such a wide-array of real estate property types stems from his extensive and diverse background of experience which includes earning the 2018 Top Negotiator Award from HomeLight, negotiating the single largest purchase price reduction in Newport Beach, CA as a buyer's agent, and setting the second highest price per square foot sale in the city of Mountain View, CA as a listing agent.

He became a licensed Realtor in 2005, but as the son of two veteran SoCal Realtor parents, he grew up immersed in all things real estate-related, so his real estate education effectively began well before then. After he earned his Bachelor of Sciences degree in civil engineering with an emphasis in construction management from the University of Southern California, he went on to earn a Juris Doctorate in Law from the Thomas Jefferson School of Law while simultaneously working as a Realtor.

As a seasoned Realtor and the Principal Partner of the Titan Pacific Group - Real Estate Sales & Investments, Omid is a firm believer in doing what you love, which for him is real estate, where he thrives by applying his legal and technical knowledge to effectively negotiate on behalf of his clients, protecting their interests at every juncture, always ensuring that they are successful whether they're buying, selling, investing, or flipping.

More often than not, when a new client starts working with Omid for the first time, they'll give him a compliment about how different he is as compared to other realtors they've worked with in the past, so if you're ready to buy or sell, make sure to reach out to Omid so you can at least get his input, and when you do, you will undoubtedly understand why Omid (and Titan Pacific's) motto is "Expect more from your Realtor!"



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Top Negotiator

Agents earn this award when they save their clients more money on home purchases. It is granted to the top 5% of agents in the area based on sale to list ratio for buyer side transactions.



Omid earned the Best of HomeLight Award in 2018 for being in the Top 1% of agents in the area.

[Learn about Best of HomeLight >](#)



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The Homebuying Process

Follow these Steps

Get prequalified - Your lender will look at your income, credit scores, revolving debts, obligations such as child support as well as the type of loan you choose. Other factors that impact how much home you can buy is the down payment; smaller down payments mean higher monthly payments. Last, the interest rate and terms (30-year, fixed or adjustable rate) will determine what you can afford in monthly payments.

Make your wish list - Decide where you want to live and how many bedrooms and baths you'll need. Consider lifestyle - condominiums offer shared amenities, with little responsibility. Single-family homes offer more space and privacy, but much more exterior and yard maintenance.

Hire a real estate professional - Your real estate professional should be expert in the area where you want to live and familiar with the type of home you want to buy. Your agent has house-by-house experience in your neighborhood and can offer the best advice on homes in your range.

Select your home - No home is perfect, so don't let minor flaws influence you. Think long-term. Which home best suits the activities and needs of your household now and in the years ahead? Don't buy more than you need or can comfortably afford.

Make an offer - Your offer depends on the current market. If a home has been on the market a long time, you can ask the seller for a price reduction, but if it's new on the market, the seller is unlikely to accept a low offer. Ask your real estate professional for advice.

Get an inspection - A home inspection is a professional third-party opinion of the home's condition. The inspector will point out the age of systems, and large and small repairs that are needed, so you'll know what you're facing as the next owner.

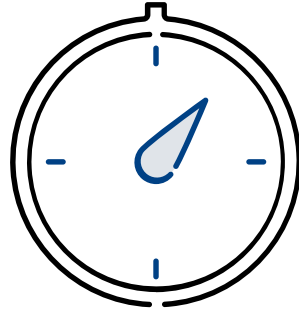
Get an appraisal - The bank appraisal determines market value. If the home doesn't appraise for the purchase price, the bank will refuse to make the loan unless you renegotiate with the seller. If it appraises, the lender will move toward closing.

Go to closing - Once final negotiations are complete, the parties to the transaction meet at the escrow office. This could be a title company, real estate attorney, or whatever is customary in your area. All paperwork is signed by both parties. The lender pays the seller, minus any liens against the home such as the seller's mortgage. Once all the disbursements have been made, you get the keys to your new home, according to your agreement. ***Congratulations! You're ready to move into your new home***



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Guidance



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Why Buyers Need Their Own Real Estate Agent

Buying a home is a complex process. There is a wealth of information at your fingertips to help you get started, including homes for sale, market statistics, and how-to advice. When you add in the guidance and perspective of a seasoned professional, you have the best chance for a smooth, relatively stress-free transaction.

To make the best possible home buying decisions, you should have the best guidance and information. An experienced real estate agent can assist you through the search process, give you details on comparable recently sold homes, help you craft an offer and negotiate successfully, and advise you through the inspection, repair, and appraisal processes. Your agent can help you find the best value, neighborhood, and quality for your budget and requirements.

To simplify how commissions are routed, sales commissions are paid out of the seller's proceeds, according to the terms of the listing agreement and/or the sales contract. Thus, the buyers' agent commission is paid by the sellers, as a portion of their listing commission. You likely will not have to pay anything out of pocket for the services of a buyers' agent.

If you are at all tempted to go directly to the listing agent for a home that interests you, keep in mind that the listing agent has a fiduciary duty to the seller. This means they are obligated to act in their clients' best interests. If you try to use the listing agent of a home to help you write an offer, they can only represent you if they act as 'dual agent' and get written permission from the sellers to do so - and in that case, the agent can't advise either side on price or negotiation strategy. If they help you write the offer without acting as a dual agent, you have NO representation as a buyer, and no one to advise you or look after your interests.



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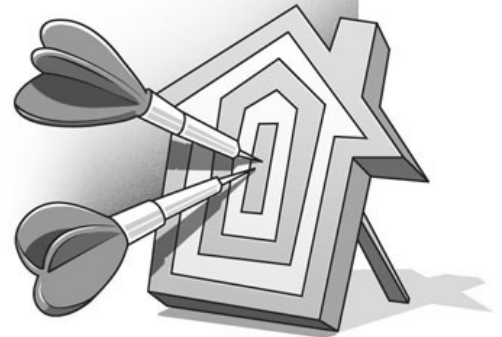
Homebuying Goals

With the dramatic rise and fall of housing prices over the last decade, consumers have new respect for homes as investments. But the flip side, is that your investment is still a home, one you're likely to occupy for several years or more.

Ownership

According to the annual Profile of Home Buyers and Sellers, compiled by the National Association of REALTORS[®], the primary reason buyers cite for purchasing a home is simply the desire to own, followed closely by the desire for more space, and a change in the family situation.

For most people, buying a home is more about giving household members more comfortable living arrangements and putting them closer to jobs, favorite activities, other family and friends. What are your goals for buying a home? You might want a better home and neighborhood. You might want a different kind of living experience, such as moving from an apartment to a single-family home with a private garage and yard. Your family may be growing, so you have to think about school districts and proximity to parks and other recreation.



*In the long run, people usually hit what they aim at...
What are you aiming at?*

If you're not certain, you might think about what would change about your situation if you became a homeowner. You'll definitely be more established. If you're like most homebuyers, you expect to stay in your new home about 10 years.

Equity

You'll also build equity for yourself, instead of for someone else. Every payment you make, plus the rules of inflation will eventually allow you to recoup most if not all of your investment, or make a profit when you sell. Affordability may also be an important factor for you. The combination of low interest rates and low prices allows you to buy more home for the money. Rents are rising, making ownership more affordable than renting in many areas, especially when you factor in tax incentives such as mortgage interest deductions and property taxes allowable as deductions against your income.

When you buy, make your goals long-term. Choose the home you think will serve your household's needs the best for the longest period of time, as it's been proven that the longer you own a home, the more equity you'll build. Today's market conditions and affordability, make it more likely that you will reach your homebuying goals, no matter what they are.



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Should You Wait

What makes people want to buy a home? Space, privacy, proximity to family and friends, and a sense of community all contribute to the emotions of buying a home. Tax breaks, transportation, amenities, and the opportunity to build equity are also factors.

But the biggest reason cited by home buyers year after year is simply the desire to own. According to the National Association of REALTORS®, 75% of first-time buyers are former renters. They prefer to build equity for themselves than for someone else. There's always a risk that home prices will fall further, but prices and mortgage interest rates have bounced along the bottom long enough that sooner or later one or both will start rising again. That means the risk is greater that prices and mortgage interest rates will rise, rather than fall.

Researchers at the Center for Economic and Policy Research studied 100 communities and found that affordability is a strong incentive to buy now. You can build equity within four years, and take the money you've put in the home back out again when you leave, which is not possible for renters.

So how do you know if it's the right time to buy?

It's affordable

Only you know if you're in a position to buy a home. Your lender will let you know how much home you qualify to buy. Work with your real estate professional to find neighborhoods and homes that are within your borrowing limits. Compare the rent you're paying now with the monthly payment you'll be making including property taxes and hazard insurance.

The time is right

Buying a home is one of the greatest lifestyle changes you can make. It goes hand in hand with forming a family and becoming a productive member of the community. If you want the amenities of home ownership, you will enjoy owning.

Incentives are huge

Mortgage money is the cheapest money you'll ever borrow. Couple that with low prices that are sure to rise and you have the makings of a great investment. Further, you can deduct your mortgage interest rate and property taxes from your income taxes. And you can sell your home after two years and not pay capital gains on any profits. You can rent your home to others and start building a portfolio of self-sustaining properties. Don't worry about timing the market. Even the smartest investors don't wait for the bottom to buy – because you don't know where the bottom is until it's already passed you by.



Don't worry about timing the market. Even the smartest investors don't wait for the bottom to buy.



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Is Now the Right Time to Buy?

People choose to purchase a home for a variety of reasons. Space, privacy, proximity to family and friends, and a sense of community can contribute to the decision to buy a home. Tax breaks, transportation, amenities, and the opportunity to build equity are also factors. But the biggest reason cited by homebuyers is simply the desire to own. According to the National Association of REALTORS®, 75% of first-time buyers are former renters. They prefer to build equity for themselves rather than for someone else.

What are your goals for buying a home? You might want a better home and neighborhood. You might want a different kind of living experience, such as moving from an apartment to a single-family home with a private garage and yard. Your family may be growing, so you have to think about school districts and proximity to parks and other recreation.

Renting is a short-term convenience, and a great hedge when property prices are spiraling downward. But for long-term gains, tax benefits and building equity, owning a home is better. So how do you know if it's the right time to buy?

Only you know if you're in the right position to buy a home. Your lender will let you know how much home you qualify to buy. Your real estate professional can help you find neighborhoods and homes that are within your borrowing limits. Compare the rent you're paying now with the monthly payment you'll be making including property taxes and hazard insurance.

Ultimately, you will know if it is the right time to buy if you can picture yourself living in your new home, comfortable with your new neighborhood as well as with your mortgage payment.



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Deciding Which Home to Buy

Buying a home is a long-term commitment. The home you buy should fit your budget, yet offer the size, features and amenities you and your family want.

Affordability

Your monthly payments should be comfortable for you to handle, in relationship to your total obligations, about 28% of gross monthly income. A good guideline is for your mortgage payment and your debts to not exceed 36% of your income, including revolving credit, student loans, and child support.

You should also be in the correct loan for your needs. A fixed rate is more expensive, but offers more protection than an adjustable rate mortgage that can reset to a higher amount, making your monthly payments higher.

Don't forget to consider the monthly operating costs of the home as well, including utilities, HOA fees, landscaping, commuting, and other costs.

Location

Location is about convenience, and you'll pay a premium to be closer to work centers, parks, shopping and transportation. You can buy a smaller home or a home in need of updates to be closer. To get a larger home or more yard, you may have to move further away from core city centers and compromise on commuting time.

Features

When considering potential homes, it's important to know the difference between what you need to have in your new home, and what you want to have. Use the needs list to begin narrowing your choices. While a front porch, a two-car garage, hardwood floors, and eat-in kitchen can add to the enjoyment of your home, they might be of lower importance to you than a fenced backyard or an unfinished basement area that you can grow into. If you frequently work at home, you'll need a home office or at least a quiet designated workspace.

Just make sure the home you choose allows room for your family to grow.

Talk to your lender and see what you can qualify to buy, then talk with your real estate professional about the home you have in mind. With professional guidance, you should be able to find and buy the home of your dreams, where you'll be happy for a long time to come.



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Lower Price or Lower Interest Rate

In a buyer's market, buyers wait for signs that prices are going lower. In a seller's market, buyers don't wait because they're afraid prices will go higher. Both markets move on the fear of paying too much.

Should you wait for lower prices or lower interest rates before you jump in?

Consider the following:

The price of a home is fixed. Buyers have figured out that interest rates can change, so they wait for prices to go lower, but what they should consider is that prices have to drop significantly to equal a minor fluctuation in mortgage interest rates.

A quick visit to a mortgage calculator will show you the following:

- If you buy a home at \$200,000 and a 30-year, fixed-rate mortgage at 4.5%, your monthly payment will be \$1,013 and you'll pay \$164,813 in interest over the life of the loan.
- The same home at 5% interest costs \$1,073, a difference of \$60 more per month and \$186,511 in interest over the life of the loan. The difference in interest payments alone is \$21,698.
- If your home dropped 5% in value and you were able to buy it at \$190,000 and 4.5% interest, your payment would be \$962, a difference of \$50 per month, with \$156,572 in interest over the life of the loan. You'd save \$50 per month than if you'd paid \$200,000.
- At 5%, your \$190,000 home costs \$1019, or \$53 more per month than if you'd gotten the loan at 4.5%. Your interest payments would total \$177,185 over the life of the loan. The difference in payments is \$20,613.



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Your Down Payment

The longest running myth in home buying is that you have to have 20% down and perfect credit to buy a home. Not true!

FHA has programs as low as 3.5 percent down for qualifying borrowers who buy within maximum loan limits. If you are a veteran or active-duty military, loans are available with no down payment through the Veterans Administration.

Borrowers with less than perfect credit can get loans, as well. Higher credit scores help qualify borrowers for better rates. For example, if you have a credit score of 500 or better, you can buy a home through FHA with 10% down.

The rule of thumb is simple - less money down requires a higher credit score and vice versa. A down payment is simply your way of showing the lender that you are willing to risk your money to buy the home you want. The larger the down payment, the more likely the lender is to make the loan.

Your credit score will tell you how much money you have to put down; it's a factor in your interest rate. If you put 20 percent down, you can get a loan even if you have a low credit score. With a higher credit score, the lender will approve a loan with less money down.

Where the down payment money is coming from is also important. Lenders expect first-time buyers to get help from family to buy a home, so there may be limits to the size or percentage of the down payment gift that the lender will allow. Check with your lender before a gift is given to ensure it is handed to you in an acceptable, trackable manner.

Talk to your lender before you make an offer. Get prequalified, and be up front about the source of your down payment money. A good lender will explain the true costs of borrowing to you so you can comfortably afford the home you want as well as the monthly payments.



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How Long Do You Plan to Stay?

Home transactions are expensive, totaling as much as 14 percent of the purchase price, by the time you buy and sell your home. That means the length of time you live there has a lot to do with how you can sell your home at break-even or a profit and buy another home.

Adjustable rate loans are ideal for short occupancy because they are often a point or two lower than fixed-rate loans, but make sure the reset period is far enough away that you can sell the home before your payments increase.

If you're planning to occupy the home for years to come, or turn it into a rental after a few years, a fixed-rate loan is much better. While it costs more, your payments will always stay the same. (Keep in mind that hazard insurance and property taxes can still change.) It may take living in the home two to four years or longer for you to break even at selling time. Your lender can help you run the numbers.

You have three options once you own it - live in it, lease it as an investment, or sell it. The terms of your loan may dictate what you can do and how soon you can do it.

Mortgage interest rates, property taxes and capital gains taxes are more favorable to owner-occupants than non-occupying owners or investors:

- To qualify for a homestead interest rate, you must occupy the home you are buying. Otherwise, non-occupying buyers are required to put 25% down and pay a higher interest rate as investors.
- FHA loans require you to occupy your home on a continual basis for one year after closing. After that, you can rent or sell it with no restrictions. The reason for the restriction is that low FHA rates are intended for homesteaders, not as a subsidy for investors.
- If you have to move for any reason, you can rent your home or sell it at any time, but tax consequences may apply.

If you live in your residence for an aggregate of two years out of the last five, you are eligible to exclude up to \$250,000 of capital gain on the sale from your income as an individual (\$500,000 for couples that file jointly), as long as you haven't excluded the gain from the sale of another home during the two year period before the sale of your home.

It takes time to build equity in a home. The longer you occupy your home, the more equity you will build. You'll pay down your mortgage, and over time, your home's value should rise.



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Look Beyond the Staging

Falling in love with a beautifully staged home is easy, especially if it smells like freshly baked chocolate chip cookies. Sellers utilizing staging to make their home as attractive as possible to buyers. They clean, declutter, depersonalize, and redecorate so that potential buyers will be able to picture themselves living in the home.

There's nothing wrong with a seller presenting their home at its best - sparkling clean and ready for viewing. But before you let yourself be enchanted by the romantic table set for two, the aroma of cookies coming from the oven, or the spa robe laid out by the bathtub, remember to focus on the size and layout of the rooms, and what changes you might need to make after their furnishings are removed.

When you view homes for sale that are staged, ask yourself the following questions:

Does the staging make sense? Would you really put your own furniture as close to the fireplace or as far from the window? An attractive but odd arrangement is a tipoff that the room is either not well designed or that a problem is being minimized.

Is the staging hiding outdated fixtures? Bathrooms and kitchens are the most expensive rooms to repair and update. Move the bottle of bubble bath and look behind the shower curtain. Is the caulk fresh? Is the porcelain tub or sink stained? Is the finish worn off of the fixtures?

Is the staging overdone? Candles burning in every room or tons of air freshener may be masking pet odors. Heavy drapes may cover windows that are too small or with ugly views.

If you like the home well enough for another viewing and to make an offer, take measurements and make sure your things will fit. Walk through the home with an eye on how it could look with your own furnishings in place.



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Get a Home Inspection

A home inspection is designed to give buyers a better understanding of the systems and overall condition of the home they're buying. Depending on the current market conditions, you may be able to include a home inspection contingency as part of your purchase contract, even if it's just for informational purposes. You may be able to negotiate some repairs to bring items up to code or to repair deficient problems.

A few things to keep in mind

No house is perfect.

A home inspection should point out questionable conditions, code violations, and/or potential safety-related concerns in the home you want to buy. It should cover the exterior, porch, deck, foundation and walls, chimneys and roofs, windows and doors, attics, electrical components, plumbing, appliances, central heating and air conditioning, basement/crawlspaces, and garage.

You should attend the inspection.

Walk through the home with the inspector so he or she can point out conditions to you that will go into the written report you will receive. Make your own notes so you can discuss the findings with your real estate agent.

A structural home inspection may not be enough.

Depending on what is covered in your home inspection, and what is customary in your area\ you may order several types of inspections - structural, termite, and environmental.

Home inspectors may have differing qualifications.

Make sure your home inspector is an expert, with a background in plumbing, HVAC, electrical work or general contracting, or is a member of a professional organization such as the National Association of Home Inspectors, Inc. (NAHI). Ask your inspector for credentials and certifications.

Your inspector will give you a written report so that you can make informed decisions about what needs repair, and whether you or the seller will be responsible for handling them.



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Making an Offer

The most exciting (and potentially stressful) time in the home buying process is when you've found the home that you want to buy, and you are putting together an offer that will both get you under contract and also ensure that you get a good deal. Your agent will be your guide and your resource as you craft the offer, wade through the negotiations, and then ultimately jump all the contractual hurdles to get to the closing table.

Your real estate professional will help you draft the offer with a price, your intended financing information, estimated closing date and terms, including earnest money (a guarantee that you'll perform as a buyer in good faith), and contingencies for financing, appraisal, and inspections.

When deciding on an offer price, you should take into consideration the most recent market data for the surrounding neighborhood and comparable homes. Your agent can give you the information you need to answer questions like, what have other homes sold for, and how do they compare to the home you've chosen in terms of size, features, and amenities? Are there other offers on the table that you are competing against? Depending on how active the market is and whether there are competing buyers, you may structure your offer to entice the sellers to pick yours. If it's more of a buyer's market you may be able to include concessions (like a closing cost credit) that will benefit you.

A pre-approval letter from your lender should accompany your offer, so that the sellers have confidence that your financing is in order and you are capable of proceeding to closing on the house. When you write the offer, you'll also include an earnest money deposit, a percentage of the purchase price, as 'consideration'. After you initial, sign and date your offer, your agent will submit it to the sellers' agent, who will in turn present it to the sellers.

The waiting is the hardest part. If you haven't written in a deadline for response, the offer probably states that "time is of the essence". When you hear back from your agent, you may have more negotiations if the seller countered your offer. When both sides have agreed to and signed off on all terms and details, the offer is considered 'ratified', and you have a binding contract to purchase.



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All About HOAs

More and more often, homebuyers are choosing homes in association-governed communities in order to have access to a greater number of amenities than they care to upkeep on their own.

Home Owners Associations

A homeowners association (HOA) is a legal entity of homeowners that manages the financial and property assets of the community. Its primary goal is to protect and grow home values. HOA-managed homes sell for higher prices than similar nearby homes, according to the Community Associations Institute.

About 20 percent of the nation lives in a community governed by some kind of homeowners association (HOA), condominium association or co-op. And the trend isn't going away - three out of five housing starts since 2000 were under homeowner management. As land becomes more precious and cities sprawl outwards, public spaces (including parks, roads and community centers) are cost-prohibitive to provide. Cities are requiring developers and builders to provide services such as roads and streetlights. Communities are taking on services such as trash removal and managing amenities such as swimming pools, playgrounds, fitness areas, and more. Cities also require developer/builders to create a community association to manage these services. Once the development reaches a certain percentage of owner-occupancy, the builder/developer transfers management of all common areas to the homeowners.

How do HOAs work?

Homeowners operate HOAs. Homeowners elect a volunteer board of directors and committee chairs. These volunteers are responsible for the management of the community; this includes overseeing everything from landscaping maintenance to event planning, and more importantly, the HOA's budget. The board creates the annual operating budget which handles the daily and monthly bills and salaries of the community. Another budget is created for reserves - money set aside for emergencies or toward large repairs and remodeling that may not be needed for some years. The community association collects assessment fees from home buyers, with the goal that each homeowner pays a pro rata share of the expenses. The board is responsible for collecting assessments and spending the proceeds wisely. If a homeowner doesn't pay their dues, the board has strong legal powers, including using a collection agency or filing a lien on the property. The advantage to having a community association is that much of the drudgery and maintenance associated with homeownership is done for you. As a dues-paying member, you'll have full access to documents, budgets and monthly operating costs to be sure the board is making sound decisions on your behalf. Before you buy a home that is under HOA management, ask about fees and when they are due – monthly, quarterly or annually. You can also ask to see the budget and finances.



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How Much Home Should You Buy?

Conventional wisdom says you should buy as much home as you can possibly afford and own it long enough to build equity over time. But that only works if you choose the right home.

Choose Wisely

To choose wisely, you have to see as far into the future as possible. The trick with buying a home is getting as much as you can on your wish list without becoming house poor. House poor means you can afford your house payments but you can't afford to do much of anything else. This is why lenders have a conforming loan standard that they use as a benchmark for pre-qualifying you as a borrower. This is true whether you're a first-time home buyer or a millionaire move-up buyer.

Typically, you want your house payment to be within 30 percent of your gross annual income. While you may be able to get a bigger loan with a smaller income, the 30 percent rule should keep your payments affordable enough that you can afford to buy furniture, pay off student loans, or whatever you may need extra money to do. Qualifying to buy a home is only the first step. You also want to be able to handle surprise expenses that come your way; this includes repairs, a spike in the cost of utilities, remodeling or ongoing maintenance costs.

Talk To Your Lender

The amount you qualify for directly affects the compromises you make in consideration for purchase of a home. If you factor in other considerations, you may find that living with a little less house is safer for you financially. You can always look for a smaller home in a better neighborhood, or if size is important, look for a larger home adjacent to your dream neighborhood. Can you possibly borrow more money and have it all with no compromises? Yes, it's possible, depending on your credit scores and your other debt obligations. You can always get an adjustable rate loan, but in a low-interest environment like we have now, your annual adjustments will certainly be higher.

Talk to your lender and see what you can qualify for before you go shopping for a home. Lock in your rate, so you can calculate your payments and obligations accurately. Be sure to add in what you'll pay in property taxes by calculating the tax rate against your purchase price. Knowing what you have available to spend will help you determine how much house to buy.

- How long will you likely live in the home and how large will your household be?
- How many bedrooms and baths do you think you'll need?
- How much space do you require for hobbies or a home office?
- Where do you want to live - near work, in a certain school district?
- How important are amenities such as spa tubs and granite countertops?



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Know the Numbers

When you buy a home, it's all about the numbers and the choices they afford you. Your credit scores, income to mortgage debt, income-to-debt, and down payment can all affect your mortgage interest rate, or how much it will cost you to borrow money to buy a home.

Know Your Credit Scores: Your credit score can be between 300 and 850. Compiled by credit bureaus and FICO, an analytics corporation, credit scores are a snapshot into your credit-worthiness. Lenders are in a low-risk mood and are requiring high credit scores from borrowers. To qualify for the best mortgage interest rates – the benchmark 30-year fixed rate - your credit scores must be approximately 720 or more. To find out what your credit scores are, visit annualcreditreport.com, where you can get free copies of your credit report and scores.

Know Your Income to Debt Ratios: To qualify for a 30-year fixed rate conforming loan that is insured by the Federal Housing Administration (FHA), your income to mortgage debt ratio can be no higher than 29% of your gross annual income. For example, if you make \$5000 gross income per month, your house payment (principal, interest, hazard insurance and property taxes) should be no larger than \$1,450.00. If you're carrying credit card debt, student loans, or pay child support, the monthly debt service must be accounted for. To get the income to total debt ratio, multiply your monthly income by 41%. For example, if you gross \$5000 per month, your total debt (including your house payment) can be no larger than \$2050. That means to qualify for a \$1450.00 house payment, your debt service can be no higher than \$600 per month.

Know Your Down Payment: For most loans, your credit scores affects down payment requirements. If you have a high credit score, you can get an FHA-guaranteed loan with only 3.5% down, but if your scores are low, you may be required to put as much as 10% down. Conventional loans are sold by banks as securities to Fannie Mae and Freddie Mac, and require a 20% down. You can obtain FHA or conventional loans with less money down, but expect to pay a mortgage insurance premium, which reduces the risk for the lender.

Where your down payment originates also makes a difference to lenders. If you have saved the money yourself, or it comes from a recent real estate transaction, lenders tend to be more relaxed than if your parents are giving you the money as a gift. Your credit scores, income to debt ratio, and down payments dovetail together in a way that makes sense to your lender. By determining these numbers, you can comfortably afford the home you want to buy.



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What Does Fee Simple Mean?

There are many types of property ownership. You can own a home part-time, own just the airspace or own the house and the land underneath it. You can own raw land, but not the mineral rights, and you can own mineral rights, but not the land, and so on.

Ownership

Fee simple is a means of holding title to the property so that it can be transferred with no limitations, except for liens against the home and any neighborhood restrictions or zoning. Fee simple refers to title ownership rights of possession and disposition. As long as you're obeying the law, you can control how your property is used and who can come and go. You can occupy it, rent it, sell it or give it away.

Zoning Regulations

Despite possessing title ownership to the property, you must still follow zoning regulations. Community zoning for residential use prevents a person from opening a retail store in their living room. City laws prevent a homeowner from disturbing the peace with loud music. Neither can impact your ownership or disposition of your fee simple home.

Community Rules

Your fee simple home may be part of a planned community that is governed by a homeowner's association. The association is made up of homeowners who may insist that you paint your front door the same as everyone else, that you don't put political signs in your yard, and that you park in your driveway and not on the street. When you purchase a home, these are covenants to which you agreed. However, these covenants do not interfere with your title of ownership or your ability to dispose of your property.

Because communities can place restrictions on how fee simple homes are managed, it's easy to confuse fee simple ownership with types of housing, such as single-family homes or condominiums. Single-family refers to a type of housing in which no walls are shared with other homes. By that definition, it's possible to purchase a home fee simple, even if it has shared walls, such as a townhome. You can also purchase a townhome that is a condominium, which means you own the airspace, but not the land your unit rests upon.

When you own the title to a fee simple home, you can bring value to the community by keeping your home in good repair and condition. In return, your community protects you and your investment by imposing regulations for the greater good.



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The Importance of Communication

If the goal of communication is to understand and to be understood, then sharing information can only help your real estate professional do the best job possible for you.

Your real estate professional should listen to your dreams, goals, and hurdles that must be overcome. By the same token, you should be ready to hear and act upon the expertise and information they bring to you. With this knowledge, your real estate professional has a better grasp of who you are and what you want to achieve. Without it, they may be working at cross purposes to your needs.

The key word is sharing. Share information about yourself and ask your real estate agent to share information as well. Consider how they received their training, their specialties, and how knowledgeable they are about the marketplace where you are buying or selling your home.

Goals: Consider your long term goals. What is your objective in buying or selling your home, is it an investment or a long-term occupancy? Where are you planning to move? How soon?

Interests: Take into account personal interests and its locations. Do you want to be near work, near a specific school, or near certain amenities? What are the interests of the other members of your household? Which are the priorities when it comes time to select a home?

Challenges: Given the current lending environment, even those with good credit face challenges when buying or selling a home. Do you have a home to sell before you purchase? Have you checked your credit scores? Do you have a down payment? Have you been prequalified by a lender?

Lifestyle and Preferences: The type of home you purchase can make a difference to your personal comfort. Is there a type of architecture you prefer? How many bedrooms and baths do you think you'll need? Do you prefer one or two story homes? Or three? Do you prefer a walkable community?

There are pros and cons to every choice you make. Exploring both sides of any question or consideration can help you to truly understand that you're buying more than a condo or a single-family home - you're buying an environment for the next few years at least. Good communication can help you meet your goals and avoid disappointment. Your real estate professional wants you to be as happy and satisfied with your choices as possible. Ask your real estate professional as many questions as you want. Ample communication will increase your likelihood of making the best choice possible for your household.



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Tips For First-Time Home Buyers

Before you begin seriously shopping for a home, there is some groundwork that you need to do, if you'll pardon the pun. A little preparation before you buy can put you in a great negotiating position.

Start Now

Hire a real estate professional. Communicate your wants and needs and let him or her start looking for the right home to meet your needs. Yes, you can look at homes on sites such as Realtor.com and Zillow.com, but your real estate professional has access to homes as soon as they come on the market. He or She can also network with other professionals to be on the lookout for you. He or She might hear about the perfect home before it hits the market, giving you – his or her client – the advantage.

Check and Repair Your Credit

If you haven't already been approved by a lender, you need to make certain your credit is in order. The Fair Credit Reporting Act requires that the three nationwide consumer credit report companies (Equifax, Experian, and TransUnion) must provide you with a free copy of your credit report and FICO scores once a year, upon request.

You can order the reports by visiting annualcreditreport.com or call 1-877-322-8228. This organization is authorized to give free credit reports and scores, with no contingencies. If you find a ding or an error on your credit report, take care of it immediately. Dispute an inaccurate item on the report by contacting the consumer reporting company and the information provider in writing.

Don't Inadvertently Raise Your Credit Scores

Lenders look at more than how much credit you use. They also take into consideration how much credit you have available (debt-to-income ratio). Now is not the time to be opening any new accounts or closing any accounts. Don't purchase furniture or a new car or any big ticket item before buying a home.

Get Loan Pre-Approval

Don't start house hunting without knowing how much home you can buy. In order to determine how much you can buy, you must apply for a loan. In doing so, you will have to share information concerning income, work history, debts and other personal information with the lender. A preapproval letter will open doors with sellers because it demonstrates that you are serious and prepared to buy.

Don't Expect Perfection

Have realistic expectations about the home you may purchase. If you're shopping for an older home, expect to do some cosmetic work. Ignore the wallpaper and carpet color, and instead, take a good look at the bones of the house. Does the floorplan work for you? Is it spacious enough? Does it have the amenities you want? Can you fix what doesn't work reasonably? Most cosmetic changes are relatively inexpensive. In some case, you can even pay for the cost of remodeling with your mortgage loan. It is important that your communicate remodeling possibilities this with your lender.



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Think Long-Term Investment

Buying a home can be a wise financial investment, if you buy right and hold your home for long-term gain. Because of closing and moving cost, it is nearly impossible to buy a home and sell it immediately for a large gain. However, it is possible to sell the home after a few years with no capital gains tax and ideally make a profit. Look at your home as a *home*, rather than part of your portfolio. Home is where you'll collect your happiest memories, and that can be the best investment you ever make.



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Buying An Income Property

Investing in real estate is different from other kinds of investments. Your holdings don't gain value immediately due to borrowing costs and slow gains in equity. That's why property investment is a long-term proposition. The potential for a reasonable return over time is very real, but building equity and profitability takes time.

Do You Have What It Takes?

- Are you comfortable with marketing?
- Are you willing to allow strangers to occupy your property?
- Are you comfortable with evictions if tenants don't pay the rent?
- Can you financially weather several months without your property being rented in a down market?
- Can you afford to hire a maintenance crew or do the work yourself?

If you're going to be a landlord, you must do the work that landlords do or hire a management company to do it for you.

Understand The Market

Before you buy, hire a real estate professional who specializes in investment properties. He or she will help you pick a neighborhood to get started, and possibly help you find a lender. Get to know the market prices for rentals and properties for sale. Visit many properties so you can recognize value when you see it. A good rental should rent for approximately 10 percent of your purchase price, but that's not possible in many markets.

Talk to your real estate professional about returns in your marketplace. He or she will help you with a formula that is achievable.

Learn what you need to know Buying an income property means that you will become a landlord. You need to be well versed in state laws, tenant rights, and know how to write a valid contract that protects you - the property owner. Make sure you understand the eviction process and buy the appropriate hazard insurance for your rental property.

Older homes need work The advantage to buying an older home as an income property is that the neighborhood is already established. The disadvantage is that as homes age, they need updates and repairs. Never buy a home without getting it inspected. Make sure plumbing, electrical, and heat and air systems are in good working order. Set aside funds to replace or repair these items as needed.

Talk to your tax professional When borrowing to buy a home, you don't get the favorable loan rates or tax breaks that an occupying homeowner gets. Your monthly payment is not considered a tax-deductible expense. While you do enjoy some tax deductions like property taxes, typical maintenance expenses such as replacing a roof aren't deductible because you're already deducting the depreciation on the property. Make sure you understand your monthly bottom line and how much you need in reserves to maintain the property before committing to buy.

Don't wait for the bottom to get started Some investors believe that waiting for prices to hit bottom is the right time to buy, but how do you know where the bottom is? Most don't recognize the bottom until it's already passed by and home prices are rising again. Instead, look for value - the older home that could use a few updates in a solid, in-demand neighborhood.



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Buying a Foreclosed Home

Every home buyer wants to get a great deal when they purchase their next home. Foreclosure listings provide a tempting opportunity to buy a home for less than market value. However, keep in mind that this kind of purchase comes with some risks.

Foreclosures can be bought either through an auction or on the open market. Once the foreclosure process has been completed, the bank may offer the home at public auction. Auctions are announced in local newspapers, so you know when a particular home will be put on the block.

Before the day of the auction, you will be able to drive by the home, and you will most likely not be allowed to view the inside of the home unless public viewing times are scheduled. Auction properties are conveyed 'as-is', and without an opportunity to inspect the home, you are at risk for whatever defects exist. You will also be responsible for any additional claims that could come up on the title of the property. Your real estate agent can help you with your research and a plan for maximum bid price.

At the auction, the home goes to the highest bidder. Be prepared to bid against other investors and pay cash if your bid is accepted. For homes that don't sell at auction, the bank takes the home back as a 'real estate owned' (REO) property. The property is then typically turned over to an asset manager and listed for sale on the open market. It may take anywhere from a few weeks to a few months before a foreclosed home shows up in the multiple listing service.

Once the REO is listed with a real estate broker, though, you can buy it just as you would any other listed property. However, low-ball offers may not get a response at all, and the asset manager may be unwilling to negotiate on price, as the goal is to get the highest return possible for the bank.

When you shop for an REO, consider the same things you would in any other home - location, condition, features and price. Because REO properties are typically listed 'as-is', you want to do as much due diligence as possible to know what will need to be repaired, replaced, and renovated in the home. Writing a home inspection clause into your contract to purchase, even for informational purposes only, gives you a chance to assess how much work needs to be done, and to determine how much time and money it will take.

The home may qualify for an FHA 203k home improvement loan. Guaranteed by the federal government, this kind of loan allows you borrow funds to make the purchase and make the necessary improvements using licensed contractors. Consult with your lender and your real estate agent for more details on the program's guidelines.

No matter what kind of loan program you use, however, the process from contract to closing on an REO property is no different than a traditional resale home. Once you've purchased the home and made whatever repairs are needed, you may have created some equity in your new home right away.



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What Buyers Should Expect in a Short Sale

A short sale is a transaction approved by a lender to clear the seller's mortgage debt for less than what the seller owes. Since a short sale means that a home is marketed below the seller's purchase price, the next buyer could get a bargain if they are able to purchase it below the market value.

Because it's the lender who is taking the loss, short sales can take significantly longer than a typical home purchase and may never happen. That uncertainty can be a problem for a homebuyer who has locked in a low interest rate, or who is interested in moving into their new home within a certain timeframe.

To get a short sale approved, the seller must first prove financial distress to the lender, including W-2s, bank statements, payroll stubs, termination letter, financial statements, a letter explaining the hardship, and more. The lender will then substantiate the current market value of the home to verify that the seller can't sell the home for enough money to clear their debt and transaction fees.

Lenders also have to protect themselves from fraud, ensuring that a straw buyer can't turn around and sell the home back to the homeowner cheaply.

Before you make an offer on a home that is advertised as a short sale, talk to your real estate professional. They will help you to:

- Verify that the seller has provided required short sale documentation to the lender.
- Verify that the seller's lender has agreed to a short sale.
- Find out the amount remaining on the seller's note and if there are any secondary notes owed.
- Verify market value as well as pending market value, especially if it is lower.
- Make your offer contingent upon the lender's written acceptance of the short sale terms.

Keep in mind that a short sale has its risks and rewards. While you may get a home for a lower price, you'll have to be patient for it to close.



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Home Features That Matter Most

When choosing to buy a home, you're buying more than just a house. You're buying:

- **Location** - access to the neighborhood's amenities.
- **Condition** - the building quality, style, repair of your home.
- **Affordability** - owning a home that functions for the size and needs of your household more affordably than you can rent.

A Back-to-Basics Economy

In 2012, bigger wasn't better, and over-the-top home features were undervalued in the new back-to-basics economy. Today's homebuyer is "very focused on affordability", says John Burns Real Estate Consulting. Consumers prefer smaller homes and are less willing to pay for extravagant features such as outdoor kitchens and media rooms.

High-end home sales over \$500K have dropped by more than half since 2007, from 13% to 6% of all new home sales, while homes under \$200K rose from 33% to 42% of all transactions. Homes under \$300K account for 75% of all new homes built today. Homebuyer preferences are growing for single-story homes with greater accessibility for older people and flexible floor plans that allow aging parents or boomerang kids to have a second master suite.

Most Wanted Features

According to a recent study, nearly three quarters of home buyers look for homes that are energy efficient and use sustainable materials.

The most desirable home features include:

- Green/energy efficient
- Building a custom home
- Water views
- Mountain views
- Suburban home
- Near the beach
- Cottage in the woods

How Important Is Square Footage?

MLSs use it. Insurers use it. Appraisers use it. Tax Assessors use it. When it comes to real estate, there's no avoiding square footage as a measure of a home's value. But how much is square footage worth to you as a homebuyer? Knowing the square footage can be helpful, but it shouldn't be the main tool to determine your offer price. Square footage measurements aren't exact, nor are they taken the same way by every person.

For example, your local tax assessor or appraiser may determine square footage by measuring the outside of the house. A real estate professional, on the other hand, typically counts only indoor living space to determine square footage. Real



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estate listings for single-family homes do not include square footage for covered "outdoor" spaces, including porches, verandas, balconies and porte-cocheres. Yet, in high-rise buildings, square footage quotes often include balconies. Further, some elements such as stairways and closet spaces are also open to interpretation. If you're buying a home with a two-story foyer, is that foyer space also counted on the second floor?

Another subjective measure is the price per square foot, this is determined by the number of square feet divided into the price of the home. High-end homes with expensive materials such as granite countertops and finishes such as hardwood floors tend to have a much higher price per square foot than more affordable homes. But what if those high-end features are 20 years old, and you're comparing them to other similar homes in the area that are brand new? Hallways, landings and stairs can add hundreds of square feet to any home, but is that space really livable? An open floor plan may have smaller square footage, but be much more pleasant to live than a larger home with too much space allocated to getting from one room to another.

All this means that valuations based on square footage are and should be somewhat subjective. If you're confused about what you are paying per square foot for your next home, ask your real estate professional for interpretation.



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Negotiating with Sellers

How Do You Negotiate To Get What You Want?

You've found the right home, but it's a little out of your price range, or you need to move in a little sooner than the seller wants. How do you negotiate to get what you want? Sellers and buyers should expect to negotiate some parts of the purchase offer. Your agent and the seller's agent are experienced negotiators who will keep requests reasonable, non-emotional and on track. To put yourself in the best position to negotiate, make your offer strong from the beginning.

Provide Support For Your Offer

If you offer below the seller's asking price, support it by showing how you arrived at the number. Your agent can provide you with a comparable market analysis so you have a better idea of what homes similar to the one you're buying are selling for.

Negotiations Based On Financing

Strong offers come from preapproved buyers. Get preapproved by your lender, so the seller knows you have already begun the loan process and know how much you can afford. If you have a financing contingency and haven't begun the approval process yet, your seller has no reason to take your offer or negotiations seriously.

Find Out What The Seller Wants

Ask your agent to contact the seller's agent to find out more what the seller wants as far as terms, as well as what the seller is willing or unwilling to do. The more your offer matches up with the seller's needs in terms of move-out dates, closing date, etc., the more likely your offer will be accepted, or at least countered.

Find out when the house will be vacated, if it isn't already, which may tell you if the seller is under pressure, perhaps making two house payments. Also, you'll want to review a seller's disclosure of the condition and improvements to the house. Find out if any further repairs or improvements are intended by the seller.

Beat The Competition

Your agent must find out if other offers are on the table. The seller may be less likely to bend on price or repairs if there are other offers.

Limit Contingencies

Sellers want clean, uncomplicated transactions, with as few "ifs" as possible. If you have a contingency such as a home for sale, it puts you at a disadvantage, but sometimes they simply can't be helped. You may have a house to sell, or you may be transferred by your company and your purchase date must coincide with your start date. Explain in a letter to the seller what your contingency is and how it can be resolved. If your closing is in a week, it's reasonable to ask the seller for an extended closing. But if you haven't put your home on the market yet, there's no reason for the seller to negotiate on this point.



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Negotiating After Inspections

If your offer is accepted, negotiations may not be over quite yet. During the inspection process, your inspector may reveal something unexpected that needs to be fixed. Negotiate a repair or improvement is when the system is unsafe or a major repair is needed to make the system operate effectively. If the repair is minor, you may want the seller to fix it, but that could also be a risk. What if the seller received a back-up contract at a higher price? He could use your request for repairs to get out of the contract.

Keeping negotiations to a minimum is best. Every time you open negotiations, your purchase contract is no longer in play, so pick your battles carefully.



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Making an Offer Today

You're ready to write an offer on the home of your dreams. Your agent has gathered all the information that you need to write a reasonable offer. They've pulled up comparables and created a CMA for you that shows you side-by-side comparisons of similar homes currently for sale or recently closed. You'll be able to accurately judge size, condition, updates, and other variables to arrive at an offer price that you can afford and that the seller will accept.

Your offer should be clear on the price, terms, dates, and contingencies that you want the seller to meet.

Think Like the Seller

Now it's time to think like the seller. Introduce yourself in a letter, so the seller knows who you are, what your goals are, and why you want this particular home. If your offer includes a contingency that may inconvenience the seller, be sure to mention why that is necessary for you. If you're relocating and need an early closing date, or have a home to sell, explain your position in the letter, but point out that you are prepared to compensate the seller with a high or full-price offer.

The offer should be accompanied by a copy of the mortgage company's pre-approval letter, along with a cover letter summarizing your strengths as a buyer in terms of creditworthiness, ability to close, and the strength of your offer. If you're offering less to the seller than they're asking, you may need to explain your position by adding your agent's CMA to the offer so they know how you arrived at what you feel is a fair offer price. If you're in a hot market, be prepared to compete with other buyers. You may even find yourself in a multiple offer situation. If so, craft your offer to be the most appealing to the seller. Your real estate professional will advise you to make your best offer first. Do not assume you'll get a chance to rewrite your offer if it's rejected. The seller has the liberty of ignoring any offer and choosing only the best offer to negotiate.

Keep Your Own Goals Firmly In Mind

Believe it or not, the buyer offering the highest price doesn't always buy the home. Terms such as possession dates may be a determining factor. A seller who needs to sell but must wait until the end of the school year to move may be grateful for a lease-back clause that allows them to stay a longer while in the home after closing. The best way to position yourself as the buyer whose offer is accepted is to work closely with your agent. He or she can offer valuable input when it comes to making an offer and negotiating price and terms. Don't lose sight of your own goals.



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What to Know About Inspections

One of the few expenses the buyer pays upfront when purchasing a home is the home inspection. This is an examination of the home's structure, systems, and built-in features. The home inspection provides the best opportunity for you to find out the true condition of the property.

Don't Skimp On The Inspection

Home inspection requirements are determined by state law. They can be extensive, and don't always cover the features you want investigated. For that reason, you may need to hire separate companies for a termite/pest inspection, a structural inspection, and a general inspection. A termite inspection typically covers only the main building on the property. If the home you buy has a detached garage, for example, the inspection might not cover it, unless you pay extra. This is important, because if the garage reveals termites down the line, you have no recourse with the seller or the inspection company.

To examine the foundation, roof, and exterior condition of your next home, you need to hire a structural engineer to perform an inspection. The structural engineer will tell you if the foundation, roof, brick or siding need work or replacing. Oftentimes, a general inspection company can also provide a structural report for an additional fee. A general inspection covers the operating systems and fixtures inside and outside the home – plumbing, electrical, sprinklers, swimming pool filters, and so on. The inspector uses the latest state-mandated codes to look at the age and condition of these features for signs of leaks and inefficiencies. You can expect them to turn on every burner of your stove and every tap in the kitchen and baths.

What to Expect

Sometimes inspections can reveal expensive problems to fix. The inspector will tell you his or her opinion of the expected life of the roof or the air conditioning unit, which will help you plan your budget. You may require the seller to fix these items before you close, or you may ask for a reduction in the price of the home to allow you to fix the items yourself. While inspections are supposed to be detailed, they don't necessarily mean that the seller must fix everything, but you can require that they fix leaky faucets, broken handrails, and other items that may affect the terms of your loan. If you have an FHA or VA federally-insured loan, your inspector will know those standards and point out any condition that doesn't meet them. This could delay your loan until the seller fixes those items and shows proof they've been completed. A home inspection can be several hundred dollars depending on how comprehensive it is, but don't let the cost deter you. Most lenders will not loan you the money to buy a home without an inspection. Take the time to make sure that the inspection meets your lender's requirements.



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Don't Go House-hunting Without Me!

When an agent contracts with a seller, they negotiate commission fees to cover the costs of paying the buyer's agent. Buyers often do not realize that most agents are paid at closing, and that they won't be out any upfront money to hire their own agent.

As a Buyer, You Should Have Your Own Agent

Today, more and more buyers are hiring their own agents to multiply their chances of finding the right home at the best price. Buyer's agents network with other agents to find the homes best fit for your needs and wants. They learn which homes are coming onto the market well before the general public. Many homes are bought and sold without a sign ever going into the yard.

As a buyer, it's wise to hire your own agent to represent *your interests*. If you go house-hunting without your agent for any reason, you must make sure that the seller's agent understands that you have representation. If the seller's agent does not understand that you have representation, your agent's ability to represent you properly can be put in jeopardy.

How It Works

Here's how it works. All agents showing open houses or builder homes have a registration log. When you enter, you sign your name and the name of your agent. If your agent is with you, he or she will do the signing. This reinforces your agent's responsibilities in representing your interest in that particular home.

What if you go to an open house or builder model home tour and never mention that you have an agent? If you decide to buy the home that you're looking at, the seller's agent has the right to refuse to pay your agent's commission. Without the seller's agent co-pay, your agent can't represent you. You will be subject to the seller's terms, which are in the seller's interests, not yours.

If you're shopping for homes without your agent, or using multiple agents to find a home, your agent will eventually hear about it because agents network to get more homes sold. Your lack of commitment to your agent could have consequences. If you choose to shop for homes without being represented, be aware that you are in competition with other buyers who are. The sellers that you'll be negotiating with also have their own representation, so you could miss out on a jewel of a home by simply not having an agent looking out for you.

A Highly Motivated Agent

Good agents build their businesses through repeat clients and referrals. They are highly motivated to do the best job possible for homebuyers. They understand that buyers eventually become sellers and "move up" buyers. It's about building a relationship of trust. Take advantage of that. Don't go house-hunting without your agent. Let your agent do the best job possible for you.



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Have the Advantage - Get Preapproved

One of the first things you should do when you decide to buy a home is get preapproved by a lender.

Preapproval Letter

A preapproval simply means that you're financially prepared. You've already shared your financial information with a lender by providing your work history, bank statements, and student loan and credit card statements.

The lender has checked your credit scores, income-to-debt ratios, down payment source, work history, income streams, and has made a preliminary decision to loan you X amount at Y percentage rate. The lender will provide you with a letter of preapproval, so you will know exactly what your interest rate will be and how much you can spend.

Advantages

There are many advantages to getting preapproved by a lender. Interest rates cannot be secured without applying for a loan, so getting preapproved means that you have an advantage by getting your interest rate locked in.

Now you can shop for a home with confidence, knowing you are buying within your affordability range. You'll also find that being preapproved gets respect from sellers. They know you are serious and have begun the loan process. While you don't have to present your preapproval letter to the seller, you can allow your agent to share the name of your lender to confirm that you have been preapproved.

Closing

Keep in mind that a preapproval is not a guarantee that your loan will close. Before closing, your lender will check your credit a second time, to make sure you haven't added more debt or allowed a current debt to go unpaid. If the lender finds a blemish, you must take immediate action to fix the problem. Once you write a purchase contract for a home and your offer is accepted, notify your lender immediately, so the approval process can continue.



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Look Beyond Staging

Professionally staged homes are designed to impact your emotions and your senses. If done well, they tell a story of how you will work, play and entertain in this home - You'll begin to imagine how well you could live if you owned this home. Staging can seduce you and make you want to put your money down and sign on the dotted line.

Fresh-baked cookies or freshly-brewed coffee are inviting aromas that make you want to linger.

The just-delivered look of spotless new furnishings and accessories can show you how to accent this home to perfection. Soft music invites you to relax, take your time, and make yourself at home. Clean uncluttered countertops, beds made with fluffy pillows, and dining rooms replete with elegant place settings show you life at its best - serene and organized. Of course you want to live this way. *But before you fall in love*, remind yourself that most of the things you're responding to are not included in the purchase price of the home. You're buying the structure, not the décor.

Staging presents the interior and exterior of a home in a way that depersonalizes it from the seller. It doesn't mean the seller lived with the dining table set for a party every day. The idea is to say, "Welcome to your new home", not "Buy my home". That can include rearranging furniture, moving accessories to a new location or starting over with a whole new look - fresh paint and updated "borrowed" furnishings.

Your goal is to buy the best home you can possibly afford that meets your needs. Look carefully at things that are fixed - systems, fixtures, and floorplans. Think about how you want to live. No home is perfect but does this home answer most of your needs? Ask yourself the following:

- Does it flow well and could you get groceries to the kitchen quickly and easily?
- Can more than one person cook or assist with meal preparation?
- Do household members have a nice balance of privacy and places to gather?
- Do you have enough storage and are the rooms large enough for their purpose?
- Is there a place for your home office, art studio, or woodshop?
- Does the house need updating to better meet your needs?
- Which systems need replacing or will need replacing soon, such as the roof, AC or a large appliance? Would they be reasonable or affordable, given the purchase price?

It's nice to see any home finished to look its best. You can get great ideas as you walk through a staged home. Just remember to give the systems, appliances, floorplan and condition the attention they deserve.



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What To Know About Your Credit Report

Credit Bureaus

Consumer credit information is obtained and stored by three credit bureaus:

- Experian
- Equifax
- Trans Union Corporation

Each bureau produces a separate credit report, based on your acquisition and payment history with credit cards, student loans, home loans, car loans and any other credit. They also record bankruptcies, civil judgments against you, and liens against your property.

FICO Score

Each report produces a score, called a FICO score. This is a summary or snapshot of your credit that is used by lenders to quickly determine if you are a good candidate for a loan and what interest rate you will pay based on your creditworthiness.

Unfortunately for consumers, credit reports are often full of errors. They may inadvertently post a negative mark by transposing your social security number, or they may fail to remove negative items that have been paid or resolved. All negative marks will lower your credit scores.

It's your responsibility to look at your reports and make sure they are accurate. You can visit annualcreditreport.com once a year to get copies of all three credit reports.

If you find an error that needs to be repaired, take action immediately. It can take weeks for an error to be removed from your report, so start immediately. If you show your lender proof that the negative mark is incorrect, they will likely proceed with the loan but insist that the credit bureau post the correction before closing.

The best way to protect your credit is to use it and pay off your debts quickly. Keep accounts that you've had a long time open, and use them occasionally. Again, quickly pay them off.

Tips For Keeping Your Credit Scores Higher

- **Don't close credit card accounts.** Keeping lines of credit open is beneficial to your income-to-debt ratio and will help you keep your FICO scores higher.
- **Don't max out or consolidate credit cards.** Credit card companies like it if you only use about 30% of your available credit on your card. You're better off having small balances on multiple cards than a large balance on one card.
- **Don't apply for new revolving credit, consolidate or transfer balances.** It's tempting to buy new furniture for your home, but don't open that account until after your loan closes. You don't want "inquiries" to be raised in the scoring algorithm.
- **Don't change jobs right before you apply for a home loan.** If you have to change jobs, changes within the same field



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are considered more favorably in scoring.

- **Do pay all bills on time and with at least the minimum payment due.** Lenders like on time payment histories.
- **Do pay down your debt.** Lower income-to-debt ratios are attractive to lenders. Start by reducing credit card balances first, beginning with the balances with the highest interest rates. Revolving credit is considered riskier debt than installment loans such as student loans or car payments.
- **Do shop lenders simultaneously.** Credit score software takes into account several inquiries from mortgage lenders as normal, but if you space rate-shopping out over weeks or months, it could impact your credit score.

Remember, mortgage lenders are most interested in your ability to repay the loan. The most important factors are job and debt payment history. Job security (long-term employment in the same field) and on-time credit payments are the best ways to build and protect your credit.



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What You Don't Know About Disclosures

Most states have laws that require home sellers to disclose what they know about the operating and environmental condition of their homes as well as any situation or encumbrance that may affect the home's value.

Disclosure Statement

If a shower pan leaked on the floors, and was repaired, that must be disclosed to the buyer, even if there are no outward signs that there was ever a problem. A disclosure form is called a Real Estate Disclosure Statement, Property Condition Disclosure, or Condition Report. They are required by the federal government to disclose the presence of lead paint, and many states require seller disclosures with regard to radon, gas believed to cause cancer.

"As Is"

Some states allow sellers to disclaim disclosures to make an "as is" sale, which means the seller has no intention of guaranteeing the property, but they must do so in writing. Even then they must disclose any material defects they know of. Such forms say something to the effect of "the owner of the real property makes no representations or warranties as to the condition of the property and the purchaser will be receiving the property as is with all defects which may exist". Even then, the seller must fill out a federal and/or state-mandated disclosure form.

While the forms may ask sellers to disclose whether or not they know there is lead paint or radon present, sellers aren't usually required to do tests to determine the presence of toxic chemicals. But if the seller notes the existence of a problem, he or she may need to provide proof of tests and/or remediation for any problem that has been disclosed, including fire and water damage.

Sellers

If you are a seller, your real estate professional will provide you with the disclosure documents you'll need to sell your home. It's important to answer every question as truthfully as you can. Your real estate professional can not fill out the disclosure for you. If you're in doubt about what to disclose, such as a repair, it's best to err on the side of too much information than not enough. You don't want to give the buyer any room for complaint after the closing. Sellers aren't expected to know everything about their homes. Disclosure forms allow you to check the "I don't know" box, but you should only do so if you truly don't know the condition of a certain appliance or system. When you disclose a problem to the buyer that has been fixed, be sure to provide a copy of receipts and invoices. The repairs should correspond with the problem. Many agents provide a copy of the disclosure to interested buyers, so they can get an idea of the home's condition before making an offer or having an inspection.

Buyers

If you are a buyer, read the seller's disclosure carefully and use common sense when you see that something has been flagged. Leaks often produce mold, so ask the seller if the area with the leak has been tested for mold. If a seller-disclosed problem hasn't been fixed, you can either ask the seller to fix it, or offer a little less for the home. Keep in mind that sellers aren't expected to disclose what should be obvious or discernible to you as the buyer. Use the disclosure as a guide for what to look at throughout the home. If one shower pan has been replaced, chances are the shower pan in the second bath will need to be replaced soon.



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The best way to feel confident about the condition of your home is not to rely on the seller's disclosure. Have the home inspected by a licensed professional home inspector. For a few hundred dollars and a few hours of your time, you can follow along and learn as much as possible about the condition of your purchase.



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Don't Get Overwhelmed

Buying a home can be a paralyzing process. If you find yourself unable to sign on the dotted line, passing up one great home after another, you're probably feeling financially overwhelmed. You know that few purchases will provide you the quality of life that homeownership does. There are plenty of advantages as well - tax breaks, rising real estate values and a stable environment for the family, just to name a few.

Listen To Your Instincts

If you just can't seem to find the home that's right for you, something else may be holding you back - it's probably money and the fear of spending too much. Stretching to buy the most home you can possibly afford is a good strategy, but only under certain conditions. For example, if you're confident that your salary will rise, your job is stable, you have the ability to handle large surprise expenses like adding another member to your household. If you've been pre-qualified by your lender, then your housing costs should be no more than one-third of your gross income.

But if you fear you won't have enough in reserves should something happen, listen to your instincts. Ask your real estate professional to show you less expensive homes. If you buy less home, you'll have more to pay down other debt and to save.

Reasonable Financial Goals

Do you have a conflict in financial goals? Whether you are planning a family, returning to graduate school, paying off a student loan, or buying a new car, your financial pie can only be sliced so many ways. Your mortgage is the largest piece; the larger it is, the smaller the other pieces. Set reasonable financial goals for paying off or adding new debt, and your mortgage won't loom so large.

"What if" Scenarios

Do you have a fear of the future? Fear can be tamed by looking at the worst case scenarios compared to the best case scenarios. Examine the questions that are really bothering you, like "what if we can't make our payments?" or "what happens if our home loses value?" Without a crystal ball, you can't predict the future. But you should be prepared by setting aside savings for planned and unplanned expenses and by keeping low balances on your credit cards so you have a cushion when you need it.

Compare worst cases with best cases - "what if we manage our money so well that we can make double house payments?" or "what if our home goes up in value?"

Buy for the Long Term

You'll be upside-down in equity for several years after buying a home, because of closing costs, so plan for that. Buy for the long term. Property can go up or down in value, but it's more likely to stay up with proper maintenance. Rest assured that there will always be a buyer for an attractive, well-maintained property.

Buying a home really comes down to how confident you are about managing your money. If you are worried about cash flow, accelerate your credit card pay-offs and avoid creating new debt. Rebudget your expenses to pay off the largest-cost debts first. Make compromises on your wish list. Don't be dazzled by any home that is beyond your means. Shop in your price range with affordability in mind, and you just may find that your dream home will appear right before your very eyes.



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My Reach150 Reviews

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Alex Hazen

I cannot recommend Omid enough! His attention to detail, professionalism, problem-solver mindset, and most importantly his honesty and integrity are what set him apart from other agents. This guy LOVES his job and that passion really translates into a positive and comfortable home buying process for everyone.

As a first time home buyer, I was not familiar with all of the terminology or the best way to approach things but Omid's knowledge quickly put any of my uneasiness to rest. He knew what questions to ask from both my wife and I and the seller's agent, plus his civil engineering background gave us immediate insight to any possible remodel questions we had.

We LOVE our new house and could not be any happier thanks to Milaad and Omid at Titan Pacific! I don't envision us moving anytime soon but when we do I most certainly know we won't be using anyone else.

Greg Gombert

For most of us I think we have at least two real estate purchases in our lifetime. I've purchased and sold two homes and rented countless others. In all cases, I needed someone who could negotiate and conduct competitive research, and who understood a given market plus brought a powerful network with them.

Omid is all of these things.

Destiny Savage

If I could give 10 stars I would. Omid is a professional through and through. Excellent at providing advice on investment properties and market analysis. If you're serious, then you'll want Omid by your side for consultation and negotiations.

Shirana Navabha

What should I say I bought and sold a lot of house but working with Omid was a very easy and breeze first he listen then he did everything I didn't have to repeat what I wanted in buying house love the guy

Kerem Ozguz

Working with Omid, you realize he understands the business very well. He answers questions easy and hard. It's important



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for a realtor to provide more than just the minimum. So if you're buying or selling a home, use a great agent like Omid!

Stephen R. Ching

Omid and his partner Milaad are frequent collaborators and are the best in the business. I send my best clients their way because of the professionalism, diligence and ingenuity that they provide. I would, and do, recommend them to everyone!

Irwin Bruckner

Omid provided full service in the process of finding and purchasing our home. We covered a large area along the southern California coast. After a short while, he knew what we were looking for and only showed us properties that met our requirements. When we found the one, he led us through the negotiation process, getting us a significant reduction in the asking price. He guided us through escrow and introduced us to a similarly excellent mortgage broker. Even after the close, he has continued to help us to find good trades people to make repairs and small changes to the home. He even volunteers to meet a worker at our house if for some reason, we cannot be there. I give Omid Yousofi the highest recommendation. He is outstanding.

Neda Hazen

Omid is hands down, the best agent out there! This was our first time buying a house and he walked us through every step of the way. We had an issue come up on our end that had me worried but Omid remained calm, cool, and collected and handled it for us in no time. From the very beginning, he made us feel like family and was so great at listening to our needs and concerns and addressing each one thoroughly. He is extremely detail oriented and really does his research to make sure his clients are getting the best value for their home. If you want a stress free, no pressure home buying experience, Omid is your guy. He treats every deal like his own and we never got the impression he was leaving any value on the table. We bought our dream home at below what it appraised because of Omid's negotiation skills. We couldn't be happier and will definitely be using him again in the future!

Marcelo Baek

Omid was highly knowledgeable in the market and great negotiator to make the deal happen without any hesitation. Very responsive beyond measures while keeping his professionalism throughout the process. I will recommend everyone looking to sell or buy properties to work with Omid and his team.



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