



**Horacio Hernandez**  
Honest | Experienced | Never Pushy  
#01331320, Zillow 5-Star

---

# ABOUT HORACIO HERNANDEZ

---

In 1993, I stepped into a real estate office and it was history! It was an interesting time for real estate as our interest rates were about 9% and we had listing books. Yes, books! Nowadays, we have sites like Zillow, where I have been blessed to be recognized as a 5-Star agent.

My great reviews speak to my desire to help people, through my gifts such as patience, marketing and negotiations. I love helping a first time home-buyer or a struggling seller transition into a better property. I use every tool that I can in order to fulfill my fiduciary to my clients and you will never question who I am representing.

25+ yrs experience means I've seen a market or two. I bring this crucial knowledge to you and your real estate needs! My adherence to ethics has made me a 5-star Zillow agent and ensures I treat others the way I want to be treated. For this reason, I don't represent both buyer and seller of a property. I feel it's vital for my clients to receive my 100%.



**Horacio Hernandez**

**Honest | Experienced | Never Pushy**

#01331320, Zillow 5-Star

BERKSHIRE HATHAWAY HOMESERVICES CALIFORNIA PROPERTIES

I joke that I live a simple life now... real estate, my family, including Jack the Dog, being a proud uncle to two crazy pre-teens and healthy outdoor San Diego living, which includes a bit of cooking. I've learned to make killer hummus and Pad-thai. To say that the kitchen has become my favorite room in the house is an understatement!

We all have our favorite places in our homes. If you are a buyer, I look forward to helping you purchase as there is no better feeling than to say "I own my home!" If you are a seller, my only job is to get you top-dollar through Berkshire Hathaway HomeServices California Properties -La Jolla Offices' marketing presence. Through this amazing affiliation I offer Buyers and Sellers the best in Traditional and Auction Real Estate specializing in San Diego Coast & Metro properties.

Why share so much about myself? I share because I believe knowledge is power and knowing who you work will be a crucial part of your real estate journey. It's about finding the best agent for you and your needs!

**Contact me for a confidential consultation.**

**Need professional help?  
Market questions?  
I'm excited to help!**

---

619 855 6255  
brokerhoracio@gmail.com

brokerhoracio.com  
brokerhoracio  

Investing @ sd-invest1.com  
Value @ yourhomevaluesd.com







---

# CLIENTS SAY IT BEST!

---

"Horacio has proven himself a man of integrity. He staged my homes, prepared complex paperwork, marketed the properties and brought in record breaking profits at that time."

-LORIE, BUYER AND SELLER, 4 TRANSACTIONS

"If this site would allow it I would give Horacio and his team an infinite number of stars! We struggled to sell our condo with our previous agent who was lazy and didn't want to do his job properly. After a few months we got lucky to meet Horacio at one of the open houses in Poway. He told us what could be the reason why our place was not selling, and we decided to change our agent. We are so happy we did!

-TATI AND VITALII, BUYER AND SELLER, 3 TRANSACTIONS

"I just want to say Thank you to Horacio for a wonderful experience I had with him selling my condo last year! He is the man of his word ! Even though I have several friends that are Real Estate Agents, I used his service and I am a very happy client of his! And, next time I am going to use his service when I am ready to buy for sure!"

-MARCIE, SELLER

"Horacio was wonderful to work with! He is very skillful and professional, and a very positive person, who kept us well informed throughout the process. We couldn't be happier with our experience with him!"

-CAROLINE AND ANDY, ESTATE PROPERTY BUYERS

"Horacio is knowledgeable, patient and a great negotiator!"

- MR. AND MRS. MARTUCCI, SELLERS

"Thanks for your help. I enjoyed working with you. Appreciate your resources in the area and thanks for referring me to them when I needed them. Will send you referrals down the road. Stay in touch. Would like to include you in my network."

- JASMINE, BUYER

"I had the pleasure of working with Horacio from August 2021 until I closed escrow in October 2021. I had been looking for an Agent that would be patient and help me through the process of my first home buying experience. Horacio was knowledgeable about local market and was able to nail down what was important to me in a home. He had excellent follow through and was always accessible by phone, email and text. I also appreciated him keeping all parties involved on schedule to close my loan on time! If you are looking for an agent that is willing to go the extra mile for you, Horacio is definitely the person to work with! I would recommend him to anyone looking to buy or sell a property."

#### -JOVEN, BUYER

"Horacio was able to immediately understand the style of house we wanted and what we're looking for in a neighborhood. As a result, the time we spent with him visiting homes was very productive, and he was able to take us to areas that really fit our needs but which we had not thought of before (including the area where we actually found our home.) Horacio Hernandez is professional, courteous, extremely dependable and very efficient. He gives a lot of great advice and insight, but is not pushy in any way, which makes it a pleasure to work with him."

#### -ABI AND ANDERS, BUYERS

"Thanks Horacio! Appreciate everything you've done. Thank You!"

#### - ES, SELLER

"Horacio picked up very quickly on my properties and preferences and tailored his efforts to meet my needs. Horacio was always willing to go above and beyond to ensure that I found the right home for me!"

#### - WALTER, BUYER, 2 TRANSACTIONS

"I wanted to write this letter much sooner, however as you know, preparing to move into a new house can be very hectic! Thanks to Horacio Hernandez, my incredible real estate agent, I have now realized my dream of owning my first house in the Bay Area! I first began working with Horacio earlier this year when he sold my condo for me. He did an incredible job! Horacio is the epitome of professionalism and integrity. When he sold my condo, i didn't think it was possible to be more impressed -I was wrong!"

#### - HEATHER, BUYER/SELLER, 3 TRANSACTIONS

"My mom and I would like to thank and recommend Horacio Ron Hernandez to anyone needing to buy, or in our case, selling a home.

My mom moved into my home in Arkansas, so it meant extra work, extra phone calls to keep us up on the status of the sale -and a lot of talking to reassure my mom that all was well.

Horacio also helped us get extra help with painters and carpet-layers we needed after my mom and I moved here with me.

Lastly after we got into "escrow," Horacio kept us well informed, and helped with all the paperwork needed to close the sale, along with problems he ironed out in a very short time so that escrow could close in short order!

Again, thanks Horacio and best always from us!!!!"

#### - CARLAN AND MRS. WADE, SELLERS

"You have been 100% committed to us all through our home search and purchase. We truly appreciate your patience with our particular needs and your outstanding advice throughout the contract negotiations and close of the sale. Your warmth and professionalism have made this entire experience a positive one on our behalf."

#### - MIKE, SHELLY AND VAL, BUYERS



---

HELPING  
SAN DIEGO COUNTY  
BUYERS & SELLERS  
MAKE THEIR BEST REAL  
ESTATE DECISIONS!

---

SAN DIEGO COAST & METRO  
NORTH COUNTY | SOUTH COUNTY | EAST COUNTY  
RELOCATION

WHERE DO YOU WANT TO LIVE?





---

# ASSISTING SELLERS GET TOP DOLLAR!

---

**A SAMPLING OF SAN DIEGO LISTING SALES**





---

PROUDLY HELPING  
BUYERS GET HOME!

---

**A SAMPLING OF SAN DIEGO BUYER SALES**

---

# 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***

---

Horacio Hernandez

BERKSHIRE HATHAWAY HOMESERVICES CALIFORNIA PROPERTIES



---

# DIGITAL STRATEGIES

---

## Mobile App

With our custom mobile app, you can search for a property anywhere, anytime, from any device. Mobile and tablet use is on the rise, and our responsive design ensures that you see stunning properties on every platform.

*Available on iOS and Android*

## Digital Communications

**E-Newsletter** - Offering carefully curated featured listings, buying and selling advice, the latest in home trends, and more.

**Open House Alerts** - Receive a weekly alert detailing upcoming open houses in the most desirable neighborhoods





---

## THE RIGHT STEPS TO A MORTGAGE

---

### A Strategic Approach

Many buyers obtain a loan to complete the purchase of their new home. Our partnership with HomeServices Lending ensures that our agents can put you in touch with an experienced loan officer.

To put yourself in the strongest negotiating position, follow these steps:

1. Get pre-approved before you submit an offer.
2. Understand the various financing options that may be available:
  - Fixed-rate mortgage
  - Adjustable-rate mortgage (ARM)
  - Government-assisted (FHA or VA) financing
  - Seller-assisted financing
3. Be prepared to provide the lender standard information regarding your income, expenses, and obligations.

### Contact HomeServices Lending

HomeServices Lending provides a vast menu of home financing products, and the convenience of a one-stop source for fast, efficient service. The lending team is knowledgeable in purchase and refinance products, investment properties, and vacation homes.

For additional information:

visit [socal.homeserviceslending.com](https://socal.homeserviceslending.com) or call **858.436.3483**



---

# COMMITMENT OF SERVICE LETTER

I understand that buying a home is a major decision that can be filled with apprehension and concern. My job is to help you find the home that meets your needs, and to help make the homebuying process efficient, stress-free, and successful.

As your Berkshire Hathaway HomeServices California Properties sales associate, my goal is to help you find the perfect home.

## I commit to you that I will:

- Communicate with you in a timely and efficient manner.
- Plan a home search based on your needs.
- Introduce you to properties and neighborhoods that meet your requirements based on our plan.
  - Pre-select properties that match your criteria.
  - Provide sources of information on questions of interest to you, such as schools, neighborhoods, and transportation.
  - Prepare a preliminary estimate of costs associated with buying a property.
- Help you obtain the financing you may need for a home purchase.
  - Provide you with information on becoming pre-qualified or pre-approved for a mortgage.
  - Help you find a reliable financial institution.
- Assist in preparing a purchase offer on the property of your choice.
  - Review information on sales of comparable homes to help you decide on the price and financing terms that you want to offer.
  - Recommend that you obtain professional home, termite, or other inspections. I will review the inspection reports with you.
- Represent you in the transaction with the seller.
  - Present your offer to the seller, through their real estate professional.
  - Negotiate in your best interests, including the handling of counteroffers, to reach an agreement that is acceptable.
- Work to protect your interests during the completion of the transaction.
  - Work with the seller's broker, the lender, and others to see that all requirements of the purchase agreement are satisfied, and to help keep the transaction on schedule.
  - Keep you informed of the progress of the transaction.
  - Accompany you on a comprehensive walk-through of the property before closing (if provided for in the agreement), and assist you in managing any problems discovered during the walk-through.
  - Follow up on any remaining details after the close of sale, and provide you with information on additional services you may need.

---

Signature of Agent

Date

---

# BUYER INTERVIEW

Buyer's Name \_\_\_\_\_ Date \_\_\_\_\_

Phone (home) \_\_\_\_\_ Phone (mobile) \_\_\_\_\_ Email \_\_\_\_\_

Address \_\_\_\_\_

1. How long have you been looking? \_\_\_\_\_
2. Are you working with another agent? If yes, who? \_\_\_\_\_
3. Are you under contract with another agent/broker? \_\_\_\_\_
4. Do you own now? Are you renting? \_\_\_\_\_
5. Are you able to buy a home without selling your present home? \_\_\_\_\_
6. Have you seen any homes that you really like? \_\_\_\_\_
7. If yes, why didn't you buy it? \_\_\_\_\_
8. How soon would you like to be moved? \_\_\_\_\_
9. If we find the right property, are you prepared to make a decision at that time? \_\_\_\_\_
10. What price range have you been considering? \_\_\_\_\_
11. How much cash do you want to use for purchase? \_\_\_\_\_  
Have you met with a lender to be pre-approved? \_\_\_\_\_
12. Do you have a budget for monthly payments? \_\_\_\_\_
13. If you could live anywhere, where would that be? Why? \_\_\_\_\_
14. What are the three things in a home you can't live without? \_\_\_\_\_
15. How many bedrooms? Square feet? Baths? \_\_\_\_\_
16. Any special requirements for your new property? \_\_\_\_\_
17. Is there anyone else who will help you make the decision to buy? \_\_\_\_\_
18. Does any member of your family have a real estate license? \_\_\_\_\_  
Will they participate in the transaction? \_\_\_\_\_
19. What are the best times for you to look at property? \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



# LOOKING AHEAD TO THE HOME-FINDING PROCESS

The following questions will help identify how finding and buying a home can be an enjoyable experience for you.

---

1. How far along are you in the home-finding process?  
(Just thinking about the possibility of buying a home, or definitely committed to making a move?)  
How long have you been looking for a home?

2. Why are you contemplating the purchase of a home at this time?

3. What is your time frame? Is there a definite time by which you must be settled in your new home?

4. Who will be included in the home-finding and buying decisions?

5. Have you purchased a home before?  
If so, how many, and how recently?

6. Thinking of previous home-finding experiences, what were the most positive features of those experiences? If you have never bought a home before, what are you looking forward to most in the experience?

7. Were there any unpleasant features of your previous home-finding experiences that you hope to avoid this time? If you are buying your first home, are there any problems or concerns you are worried about?

8. How do you plan to handle the financing of your new home? Are you aware of your financing options?

9. What are your expectations of me as your real estate professional? What specific services and support do you expect?

---

# HOME-FINDING PROCESS

---

Finding and buying a home typically includes many of the following elements. I will be your resource and guide every step of the way.

## INITIAL CONSULTATION

- Determine your needs and priorities
- Review "agency" choices and select appropriate working relationship
- Discuss financing options

## FINDING THE RIGHT HOME

- Sales professional to show you properties based on your criteria
- Evaluate each property with sales professional
- Choose the right home

## PREPARING AN OFFER

- Review comparable sales to determine offer price
- Review progress of loan pre-approval; decide on financing
- Decide on other terms (inspections, possession date, personal property, etc.)
- Prepare earnest money deposit

## REACHING AN AGREEMENT WITH A SELLER

- Present your offer
- Negotiate terms and possible counteroffers
- Reach an agreed-upon sales contract with seller

## COMPLETING THE SETTLEMENT PROCESS

- Deposit of earnest money
- Review property disclosures
- Review preliminary title report and other documents
- Roof, termite and other inspections
- Arrange for homeowner's insurance
- Remove any remaining contingencies
- Arrange for home warranty

## OBTAINING FINANCING

- Find a mortgage company
- Consult with a loan officer
- Pre-qualification
- Complete loan application
- Obtain loan pre-approval
- Provide requested documentation

- Property appraisal
- Loan processing
- Final loan approval

- Arrange for movers
- Final walk-through of property with sales professional
- Provide balance of down payment and closing costs
- Sign documents
- Loan funding
- Recording of title
- Receive keys from sales professional
- Move in!





---

## HOW TO LOOK AT HOMES

---

Discovering the right home should be an exciting event. As a Berkshire Hathway HomeServices sales professional, my commitment is to make your home search as stress-free and efficient for you as possible.

- Identifying up front what is affordable will save time and frustration in the home-finding process. It is important to consider the financing options available and to begin the mortgage pre-approval process as soon as possible.
- From the multitude of properties currently on the market, I will select those that most closely meet your unique needs and interests. It is best to preview only a few homes at a time.
- We will schedule time to look at homes and neighborhoods. I will arrange showing appointments with the sellers or their brokers.
- If the seller or their real estate professional is at the property when we are there, it would be best for you to limit your conversation with them.
- In order to help me find the right home for you, I will ask you to tell me your thoughts about each property you see—the positives and the negatives. We will continue to assess your needs and buying criteria.

---

# FINANCING YOUR HOME PURCHASE

---

Unless you are in a position to pay all cash for your home, you will need to obtain a home loan (mortgage) to complete the purchase. I will assist you in this process to help ensure that you obtain the financing that meets your needs.

- Being pre-approved for a loan before you submit an offer will put you in a stronger negotiating position, and can save time in the loan-approval process.
- I can put you in touch with experienced loan officers at leading mortgage companies. Your loan officer will be your principal guide through the financing process.
- Various financing options may be available to you, including:
  - Fixed-rate mortgage
  - Adjustable-rate mortgage (ARM)
  - Government-assisted (FHA or VA) financing
  - Seller-assisted financing
- You can expect the lender to ask for standard information regarding your income, expenses and obligations.





# ESTIMATE OF COSTS

It is helpful to have an estimate of the costs associated with purchasing a home.\*

## 1. COSTS REQUIRED TO CLOSE THE TRANSACTION

Title insurance	_____
Escrow fees	_____
Recording fees	_____
Property tax (prorated)	_____
HOA Dues (prorated)	_____
Loan origination fee	_____
Appraisal	_____
Credit report	_____
Other loan fees	_____
Interest on new home (prorated)	_____
Inspections (roof, property, geological, etc.)	_____
Homeowner's insurance	_____
Notary Fee	_____
Other	_____
Total estimated closing costs \$	_____

## 2. ESTIMATED MONTHLY PAYMENT

Principal and interest	_____
Property tax	_____
Homeowner's insurance	_____
Private mortgage insurance (PMI)	_____
Homeowners association dues	_____
Total estimated monthly payment \$	_____

## HOME PURCHASE SUMMARY\*

Purchase price of home	\$	_____
Down payment	\$	_____
Amount financed	\$	_____
Estimated closing costs	\$	_____
Estimated monthly payment	\$	_____

\* This is a preliminary estimate only. Actual costs will vary depending on the property, the lender and other factors. You will receive a detailed breakdown of costs prior to closing of the transaction.



---

# SUBMITTING AN OFFER

---

Once you have found the right property, the next step is to make a purchase offer to the seller.

## **DETERMINE THE PRICE YOU WANT TO OFFER**

- The price the seller is asking may or may not reflect realistic market value.
- The best way to determine market value is with a Comparative Market Analysis (CMA) showing similar properties that sold recently, those that are currently active on the market, and those that failed to sell.
- I will discuss with you an estimate of costs associated with purchasing this property.

## **DECIDE ON FINANCING**

- We will review together the status of your loan pre-approval.
- We will work together with your loan officer to explain financing options and help you determine the mortgage plan that best fits your requirements.

## **DECIDE ON OTHER ISSUES THAT ARE IMPORTANT**

- Items of personal property you want included with the house.
- Warranty, inspections, repairs or other home enhancements by the seller.
- Closing date and possession.

## **I WILL PRESENT YOUR OFFER**

- The seller will have three choices: accept your offer as it is presented; reject it completely; or propose adjustments to your offer (counteroffer).
- If there is a counteroffer, you can choose whether to accept it, reject it, or counter it.

Once you have reached an agreement with the seller, you will have a firm contract to purchase the home.



---

# A SMOOTH TRANSITION TO YOUR NEW HOME

Here are some things to consider as you make the move to your new home.  
I can suggest local professionals for many of these services.

## 4 WEEKS BEFORE YOUR MOVE

- Contact and contract with a reputable moving company
- Have school records transferred
- Arrange to transfer (or take with you) medical, dental and other important records
- Prepare to transfer your homeowner's and auto insurance to be sure you will be covered for any unforeseen disasters
- Hold a garage sale to get rid of unneeded items; arrange to place excess items in storage
- Keep track of moving-related expenses  
(Check with your accountant to find out which expenses will be deductible)

## 2 WEEKS

- Arrange for final utility reading at your former residence the day after your move, and have utilities and phone turned on at your new home the day before you move in
- Close or transfer bank accounts
- Terminate newspaper delivery service
- Arrange for change of address for driver's license, vehicle registration, and vessels, if any. In some states, including California, you must report a change of address to the Department of Motor Vehicles within 10 days of the change
- Have an extra supply of prescription medications for the next four weeks
- We will schedule a final walk-through of the property to make sure everything is in order

## WEEK OF YOUR MOVE

- Keep valuable financial records and personal papers with you; do not pack them with the rest of your household goods
- On closing day, the home-purchase documents record and the home is yours
- Move in

## AFTER YOU MOVE IN

- Consider plans for landscaping design, installation, and maintenance
- Review home-security requirements and systems
- New furnishings, appliances, and interior decorating will help make the house your home



---

## OUR LEADING LEGAL TEAM

---

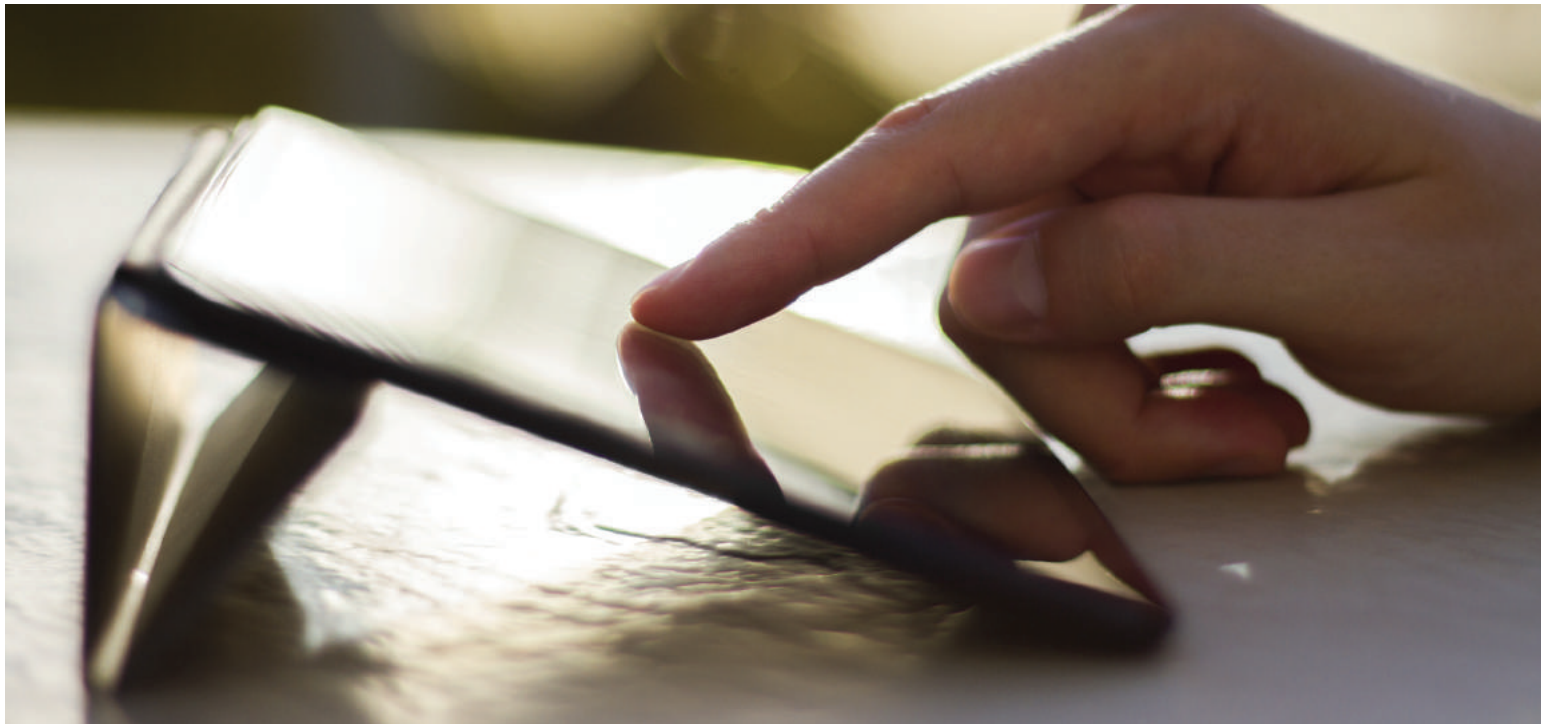
Berkshire Hathaway HomeServices California Properties is one of the only real estate brokerages with an in-house legal team. Their decades of industry experience in all facets of administrative and transactional real estate regulations and law will help your agent navigate legal issues if they occur. Our team also provides ongoing education to our agents to ensure that they are up to date and knowledgeable about the legal issues that can derail and delay even routine property transactions.

### Locally Known, Nationally Recognized, Globally Respected

When you work with Berkshire Hathaway HomeServices California Properties you can be confident our in-house legal team will help your agent rapidly address legal issues to help ensure a satisfactory resolution.

Gain peace of mind by working with some of the very best in the industry.





---

## STAYING CONNECTED THROUGH SOCIAL MEDIA

---

Close relationships are at the heart of all successful real estate transactions. At California Properties, we take full advantage of social media to provide timely and informative data to Southern California homebuyers. This includes:

- Showcasing featured listings
- Presenting video and virtual home tours
- Posting open house notifications
- Sharing helpful buying tips and real estate related news
- Helping buyers and sellers find their perfect agent

Connect with us on:



FACEBOOK IS  
RESPONSIBLE  
FOR 91% OF  
OUR SOCIAL  
MEDIA TRAFFIC

---

---

# GLOSSARY OF TERMS

## **ADJUSTABLE-RATE MORTGAGE (ARM)**

A mortgage where the interest rate is subject to change over the term of the loan as determined by market influences such as interest rates on Treasury securities.

## **AMORTIZATION**

The process of paying debt by installments of principal and earned interest over a fixed period of time.

## **ANNUAL PERCENTAGE RATE (APR)**

A measure of how much interest credit will cost, expressed as an annual percentage.

## **APPRAISAL**

An expert judgment or estimate of the value of real estate, made by an appraiser, generally for the purpose of obtaining a real estate loan.

## **BALLOON LOAN**

An amortized loan calling for one large payment for the remaining amount due at a specified time during the amortized period.

## **CLOSING COSTS**

All fees and charges paid at closing for services including the lender or mortgage broker, and certain other fees paid to third parties for services that the lender requires the borrower to purchase.

## **CREDIT APPLICATION**

A form used by a lender to obtain personal, financial and credit information to appraise an applicant's creditworthiness.

## **CREDIT REPORT**

Also known as consumer credit information, the report contains information about a consumer's identity, credit relationships, any court actions, consumer statements, and previous inquiries into that file.

## **CREDIT SCORE**

A number, typically between 330 and 830, that lets lenders and others determine how likely someone is to pay loans and credit cards.

## **DEBT**

A specified sum of money that is legally owed from one to another.

## **DEBT-TO-INCOME RATIO**

The ratio of a borrower's monthly payment obligation on long-term debt divided by the monthly income.

## **DISCOUNT POINTS**

A lump sum paid to the buyer's creditors to reduce the cost of the loan. This payment can either be required by the creditor or volunteered by the seller in a loan to buy real estate.

## **DOWN PAYMENT**

Amount paid up front when arranging credit, sometimes referred to as cash down.

## **EQUITY**

The financial difference between the current market value and the amount owed.

## **ESCROW**

Property or money held by a third party until the agreed-upon obligations of a contract are met.

## **ESCROW ACCOUNT**

Monies collected from the borrower's installment payments for the purpose of paying property taxes and insurance. An escrow account is typically required when the loan is more than 80% of the property value.

## **FIXED RATE**

A rate of interest charged for credit that does not change over the life of the loan.

## **FORECLOSURE**

The legal action of the lender to take back possession of any property used to secure repayment of the loan when the debtor fails to meet the payment obligations.



---

# GLOSSARY OF TERMS

## **INSTALLMENT LOAN**

Debt borrowed for a specific purpose such as automobiles or real estate. The debt is paid in regularly scheduled installments over a specified period of time. The account is closed when the debt is paid.

## **INTEREST**

The charge for the use or loan of money, typically expressed as a percentage. The interest rate remains constant in a fixed-rate mortgage.

## **LIEN**

Legal document used to create a security interest in another's property. A lien is often given as a security for the payment of debt. A lien can also be placed against a consumer for failure to pay what is owed.

## **LOAN ORIGATION FEE**

The fee lenders charge for making a loan. Example: 1% for a \$100,000 mortgage equals a \$1,000 loan origination fee.

## **MARKET VALUE**

The worth of something determined by a willing buyer and seller in an open market. Market value can fluctuate depending on supply and demand, and other market forces.

## **MORTGAGE**

A written agreement to repay a loan. The mortgage serves as proof of an indebtedness and states the manner in which it shall be paid.

## **PITI**

Refers to the combined monthly amount of "principal, interest, taxes, and insurance" paid in the financing of real estate.

## **PRINCIPAL**

The original balance of money loaned. As the loan is paid over time, the principal is the remaining loan balance.

## **PRIVATE MORTGAGE INSURANCE (PMI)**

Loans with smaller down payments involve greater risk for the lender, who requires protection in case the loan goes into foreclosure. Anything less than 20% down payment usually requires PMI.

## **PROPERTY TAXES**

The annual real estate taxes charged to property owners based on the assessed value of the property.

## **REVOLVING DEBT**

Debt on an account that the borrower can repeatedly use and pay back without having to reapply every time credit is used (such as credit cards).

## **TERM**

The length of time the borrower has to pay back a loan.

### Find an Experienced Real Estate Broker or Agent

Buying a first home is a complex process. An experienced real estate broker or agent will assist you all through the search, comparable homes sold, making an offer, inspection, repair, and appraisal processes, as well as help you find the best value, neighborhood, and quality for your budget and requirements.

*The seller's real estate broker pays your broker or agent out of the loan proceeds. If you don't use your own agent, the seller's broker keeps the commission, so you might as well avail yourself of professional advice. Your real estate broker or agent works in your best interest.*

### Don't expect perfection

There's no perfect home. You may want all the latest amenities of a new home, but even new homes come at a price, perhaps longer commutes and bigger pricetags.

Many sellers don't repaint or recarpet prior to selling, so if you're shopping for an older home, expect to do some cosmetic work.

Homes that need updating are priced below homes that are up to the minute and move-in ready. That could be to your financial advantage, so try to look beyond outdated fixtures and focus instead on the floorplan and dimensions. Ignore the seller's tastes and imagine each room clean and clear of clutter and with your own things in them.

Most cosmetic changes are relatively inexpensive, and you can even pay for them with your mortgage loan, in some cases. Talk to your lender.

### 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 costs, it's nearly impossible to buy a home and sell it immediately for a large gain, but it is possible to sell after a couple of years with no capital gains tax, should you make a profit.

According to the National Association of REALTORS®, home equity growth beats inflation by about one to two percent annually, not to mention government subsidies for home ownership in the form of tax relief and other incentives.

However, if you look at owning a home strictly as an investment, you'll miss many pleasures.

---

# WHAT ARE YOUR 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.

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.

---

**Horacio Hernandez**

BERKSHIRE HATHAWAY HOMESERVICES CALIFORNIA PROPERTIES



---

# SHOULD YOU WAIT TO BUY A HOME?

---

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.

---

**Horacio Hernandez**

BERKSHIRE HATHAWAY HOMESERVICES CALIFORNIA PROPERTIES

---

# HOW TO DECIDE WHICH HOME TO BUY

---

Buying a home is a long-term commitment. The home you buy should be affordable, 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. Your house payment and your debts should 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.

Also, consider the monthly operating costs of the home 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 you can buy a home in need of updates to get closer to where you need to be. Think about your commutes to frequent destinations, including jobs, schools, family and friends. To get "more house," you may have to move further away from core city centers.

## Features

Make a list of must-have features so you can narrow your home search. A front porch, a two-car garage, hardwood floors, and eat-in kitchen can all add to the enjoyment of your home. Just as important is how your home is designed. The number of bedrooms and baths should suit your household members, and the layout should suit your lifestyle. If you like to entertain, you should have plenty of dining space and storage for dishes and cookware. 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.

---

Horacio Hernandez

BERKSHIRE HATHAWAY HOMESERVICES CALIFORNIA PROPERTIES

---

# LOWER PRICE OR LOWER INTEREST RATE

---

## Which is better?

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.

## Mortgage Calculator

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.

---

Horacio Hernandez

BERKSHIRE HATHAWAY HOMESERVICES CALIFORNIA PROPERTIES



---

# YOUR DOWN PAYMENT

---

## Good News

Lately, it's been in the news that credit is tight, but if you believe that you need 20% down and perfect credit to buy a home, you may have good news coming.

Loans are available with as little as zero down through the Veterans Administration, for veterans and active-duty military. FHA has programs as low as 3.5 percent down for qualifying borrowers who buy within maximum loan limits.

## Credit Score

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 620 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.

The 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 of 580 or 620. If you have a 740 or 760, the lender will go with less money down.

## First Time Buyers

It also matters where the down payment money is coming from. 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.

Down payment assistance can also come from grants. The FHA no longer allows seller-assisted down payments, but does provide a link to national organizations that may be of help. Also, check your local housing authority to see if there are grants available in your area.

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.

---

Horacio Hernandez

BERKSHIRE HATHAWAY HOMESERVICES CALIFORNIA PROPERTIES

---

# 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 period you live there has a lot to do with how you can sell or lease 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 get larger. 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. It costs more but your payments will always stay the same (hazard insurance and property taxes can 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. What if you have to move before you can sell at break-even or a profit?*

## Strategies for a short stay

If this is your first home, 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're going to buy. 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 for one year after closing. After that, you can rent it or sell it with no restrictions. The low FHA rates are intended for homesteaders, not as a subsidy for home flippers or investors, which is the reason for the restriction.
- If you have to move for any reason, you can rent your home or sell it at any time, but tax consequences may apply.

## Strategies for a long stay

Many investors acquire rental properties by occupying them first. They get a better loan rate, property tax rate, and they can sell them within five years without paying capital gains. You can buy as many homesteads as you wish, as long as you stay two years or more. 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. Keep your home in top condition and it will hold its value longer.

---

# WHAT IS SELLER STAGING HIDING FROM YOU?

---

Staging a home simply means making the home as attractive as possible to buyers. It's a broad term that includes cleaning, decluttering, depersonalizing and decorating the home.

At its best, staging helps buyers see the possibilities so they are more inclined to visualize themselves owning and living in the home.

At its worst, staging can divert buyers' attention from real problems a home may have that may be expensive for the buyer to address.

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, or the aroma of cookies coming from the oven, or the spa robe laid out by the bathtub, ask yourself if those are the things that really should be influencing you.

Instead, concentrate on the things that will impact your daily life – how the home flows and functions and if you'll need to make expensive repairs or updates.

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. For example, a heavy chair may be used to discourage buyers from lifting the area rug.

**Is the staging hiding a repair that needs to be made?** 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? Look under the sink for water stains.

**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, ask the seller to leave off the air freshener and to move that heavy chair aside. Take measurements and make sure your things will fit. Get the home inspected, so you know what you're really buying.

---

Horacio Hernandez

BERKSHIRE HATHAWAY HOMESERVICES CALIFORNIA PROPERTIES



---

# 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. Otherwise, you'd have to rely on your own knowledge and experience.

*When you hire a home inspector, there are a few things you need to know.*

## **No house is perfect.**

A home inspection should point out questionable conditions and/or potential safety-related concerns in the home you want to buy. A home inspection should cover:

- Exterior, porch and deck (contiguous)
- Foundation and walls
- Chimneys and roofs
- Windows, doors and attics
- Electrical components and plumbing
- 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 isn't enough.**

A structural inspection is what most buyers typically order, which may note such things as previous termite damage, but that's no guarantee there's not a new infestation. Depending on your lender's requirements and your own need to know, 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.

Once the inspector gives you the written report, you have the information you and your lender need to make informed decisions about what needs repair, and whether you or the seller is responsible.

---

Horacio Hernandez

BERKSHIRE HATHAWAY HOMESERVICES CALIFORNIA PROPERTIES

---

# MAKING AN OFFER

---

Before you submit an offer, have your agent pull up the most recent sold comparables (CMA) within a reasonable radius of the home, so you can compare the home fairly in terms of location, size, features, and amenities. Next, ask your agent about market conditions, so you can choose a strategy.

## Strategy

In a buyer's market, discounts are common because there are fewer buyers, more properties for sale, and home prices are soft or falling. In a seller's market, homes sell quickly for full price or higher because there are plenty of buyers and few homes for sale. Whether you are in a buyer's market or a seller's market, your goal is to buy the home at a fair price. If you were the seller, what is the lowest possible price you'd accept?

## Risk

Low-balling the seller is risky. If the seller feels insulted by your offer, you've lost the opportunity to negotiate. On the other hand, some sellers are simply unrealistic about their home's value. Maybe your offer will be their wake-up call. If the seller's home is offered at a reasonable price, pay asking price or close to it. A home priced to sell will sell quickly.

Is there a way to sweeten your offer with a quick closing or an all-cash sale? To show the seller you're serious, include a copy of your lender's pre-approval letter, along with a cover letter summarizing your strengths as a buyer in terms of creditworthiness, flexibility in closing, and why you love this home. Include a copy of your comparables to show why you feel your offer is a fair price for the property. If your offer is conditional, such as your need to sell another home before closing on the seller's, you'll have to find a way to sweeten the deal, such as a full-price offer. Few sellers would accept a discount and a contingency at the same time.

## Reward

Your real estate professional will help you draft the offer with a price, estimated closing date, and terms, including earnest money (a guarantee that you'll perform as a buyer in good faith), final approval by your lender, and your right to have an inspection. Once your offer is negotiated and accepted, your earnest money will be sent to the escrow agent's office. Now the inspections occur, and this is where the contract negotiations can break down. During the inspection process, the inspector will tell you about the condition of appliances, heat and cooling systems, roofs, electrical and plumbing systems, etc, and if your future home is up to current city codes. You should only renegotiate a repair when it wasn't obvious before, or when a system is unsafe or not functioning. Once the seller has agreed, your offer is now a binding contract, and you'll proceed to closing.