

Special e-Book For First Time Home Buyers

Provided to You by
John Myers Associate Broker
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Dear First Time Buyer:

We can help you purchase a home and move in for only \$500 under a special first time home buyers program. Buying your first home can seem overwhelming and we have included a tremendous amount of information in this special e-book for first time home buyers. However, don't worry as we are experts in helping first time home buyers and will be there for you throughout the entire process. In fact we handle all the details to make this as easy as possible.

A home is a financial asset and more: it's a place to live and raise children; it's a plan for the future; it's an investment in your community. There is a special financing program to help first-time homebuyers. This program allows first time home buyers to move into their first home for only \$500. That's right, first time home buyers can move into their first home with a special government sponsored finance program. The first step in the home buying process is to consult with a lender to determine if you qualify under the first time home buyers program and how much you home can buy. We work closely with lenders that specialize in helping first time home buyers. We will arrange a free private phone consultation to determine if you qualify for the first time home buyer program.

Knowledge is said to open doors. This is literally true when it comes to buying a home. To become a first-time home buyer, you need to know where and how to begin the home buying process. The following questions and answers have been carefully selected to give you a foundation of basic knowledge. In addition to helping you begin, this e-book will give you the tools necessary to navigate the entire process - from deciding whether you're ready to buy, all the way to that final proud step, getting the keys to your new home.

Requesting this e-book was your first step. Now you can use this information to determine if you're ready to buy a home. Contact us at 505 401-7500, when you are ready for your free private phone consultation. Buying your first home can be overwhelming; we will be there to guide you through every step of the process as your private consultant. We have provided you with a tremendous amount of information about purchasing your new home, but don't worry about the complexity because we have the expertise to help you through the entire process and will take care of all the details.

You might be wondering how much we charge you for our professional services. Here is the great news; you do not pay us anything for our professional services. The seller of the home will pay all of our commissions. It makes no sense to try and buy your home alone; you get our professional services and expertise at no cost to you. Where else can you get a deal like this? Call us today at 505 401-7500 for your free private consultation.

Questions & Answers For First Time Home Buyers

GETTING STARTED

1. HOW DO I KNOW IF I'M READY TO BUY A HOME?

You can find out by asking yourself some questions:

- Do I have a steady source of income like a job?
- Have I been employed on a regular basis for the last 2-3 years? Is my income reliable?
- Do I have a good record of paying my bills
- Do I have a few outstanding long-term debts, like car payments?
- Do I have \$500 to purchase the home?
- Do I have the ability to make the mortgage payment plus additional costs?

If you can answer "yes" to these questions, you are probably ready to buy your own home. We work with mortgage brokers that specialize in helping first time home buyers, call us today at 505 401-7500 and we will arrange a private phone call to speak with a mortgage broker. The mortgage broker will ask you questions about your financial situation and inform you if you qualify for the special first time home buyers financing program. This call is painless and normally takes about 15 minutes and there is no charge for this private consultation.

2. HOW DO I BEGIN THE PROCESS OF BUYING A HOME?

Start by thinking about your situation. Are you ready to buy a home? How much can you afford in a monthly mortgage payment? How much space do you need? What areas of town do you like? After you answer these questions, make a "To Do" list and start doing casual research. Talk to friends and family, drive through neighborhoods, and search our website <http://albuquerquehomeandhomes.com>.

3. HOW DOES PURCHASING A HOME COMPARE WITH RENTING?

The two don't really compare at all. The one advantage of renting is being generally free of most maintenance responsibilities. But by renting, you lose the chance to build equity, take advantage of tax benefits, and protect yourself against rent increases. Also, you may not be free to decorate without permission and may be at the mercy of the landlord for housing.

Owning a home has many benefits. When you make a mortgage payment, you are building equity. And that's an investment. Owning a home also qualifies you for tax breaks that assist you in dealing with your new financial responsibilities- like insurance, real estate taxes, and upkeep- which can be substantial. But given the freedom, stability, and security of owning your own home, they are worth it.

4. HOW DOES THE LENDER DECIDE THE MAXIMUM LOAN AMOUNT THAT CAN AFFORD?

The lender considers your debt-to-income ratio, which is a comparison of your gross (pre-tax) income to housing and non-housing expenses. Non-housing expenses include such long-term debts as car or student loan payments, alimony, or child support. The lender also considers cash available, debt, credit history, etc. when determining your maximum loan amount.

5. HOW DO I SELECT THE RIGHT REAL ESTATE AGENT?

You want to select a Real Estate Agent that has the expertise and knowledge to help first time home buyers. We have that expertise and knowledge. We have helped many first time home buyers and look forward to the opportunity to help you. Please call us at 505 401-7500 for your free private consultation.

6. HOW CAN I DETERMINE MY HOUSING NEEDS BEFORE I BEGIN THE SEARCH?

Your home should fit way you live, with spaces and features that appeal to the whole family. Before you begin looking at homes, make a list of your priorities - things like location and size. Should the house be close to certain schools, your job, to public transportation? How large should the house be? What type of lot do you prefer? What kinds of amenities are you looking for? Establish a set of minimum requirements and a "wish list." Minimum requirements are things that a house must have for you to consider it, while a "wish list" covers things that you'd like to have but aren't essential. Your home must also meet your financial situation and budget.

FINDING YOUR HOME

7. WHAT SHOULD I LOOK FOR WHEN DECIDING ON A COMMUNITY?

Select a community that will allow you to best live your daily life. Many people choose communities based on schools. Do you want access to shopping and public transportation? Is access to local facilities like libraries and museums important to you? Or do you prefer the peace and quiet of a rural community? When you find places that you like, talk to people that live

there. They know the most about the area and will be your future neighbors. More than anything, you want a neighborhood where you feel comfortable in.

8. HOW CAN I FIND OUT ABOUT LOCAL SCHOOLS?

You can get information about school systems by contacting the city or county school board or the local schools. Your real estate agent may also be knowledgeable about schools in the area.

9. HOW CAN I FIND OUT ABOUT COMMUNITY RESOURCES?

Contact the local chamber of commerce for promotional literature or talk to your real estate agent about welcome kits, maps, and other information. You may also want to visit the local library. It can be an excellent source for information on local events and resources, and the librarians will probably be able to answer many of the questions you have.

10. HOW CAN I FIND OUT HOW MUCH HOMES ARE SELLING FOR IN CERTAIN NEIGHBORHOODS?

We will run a report that will provide you with recent sales comparisons from our data base. This will give you a ballpark figure of the value of a home.

11. HOW CAN I FIND INFORMATION ON THE PROPERTY TAX LIABILITY?

The total amount of the previous year's property taxes is usually included in the listing information. Tax rates can change from year to year, so these figures may be approximate.

12. WHAT OTHER TAX ISSUES SHOULD I TAKE INTO CONSIDERATION?

Keep in mind that your mortgage interest and real estate taxes will be deductible. A qualified accountant can give you more details on other tax benefits and liabilities,

13. IS AN OLDER HOME A BETTER VALUE THAN A NEW ONE?

There isn't a definitive answer to this question. You should look at each home for its individual characteristics. Generally, older homes may be in more established neighborhoods, offer more ambiance, and have lower property tax rates. People who buy older homes, however, shouldn't mind maintaining their home and making some repairs. Newer homes tend to use more modern architecture and systems, are usually easier to maintain, and may be more energy-efficient. People who buy new homes often don't want to worry initially about upkeep and repairs.

14. WHAT SHOULD I LOOK FOR WHEN WALKING THROUGH A HOME?

In addition to comparing the home to your minimum requirement and wish lists, use the this Home Scorecard and consider the following:

- Is there enough room for both the present and future?
- Are there enough bedrooms for both present and the future?
- Do you like the floor plan?
- Is the house structurally sound?
- Do the mechanical systems and appliances work?
- Is the yard big enough?
- Will your furniture fit in the space? Is there enough storage space? Bring a tape measure.
- Does the home need repairs? Will the seller make the repairs at their expense?
- Consider the home in good and bad weather conditions?

Take your time and think carefully about each house you see. Ask your real estate agent to point out the pros and cons of each home from a professional standpoint.

15. WHAT QUESTIONS SHOULD I ASK WHEN LOOKING AT HOMES?

Many of your questions should focus on potential problems and maintenance issues. Does anything need to be replaced? What things require ongoing maintenance (e.g., paint, roof, HVAC, appliances, carpet)? Also ask about the house and neighborhood, focusing on quality of life issues. Be sure the seller's or real estate agent's answers are clear and complete. Ask questions until you understand all of the information they've given. Making a list of questions ahead of time will help you organize your thoughts and arrange all of the information you receive.

16. HOW CAN I KEEP TRACK OF ALL THE HOMES I SEE?

We strongly recommend you take photographs of each house: the outside, the major rooms, the yard, and extra features that you like or ones you see as potential problems. And don't hesitate to return for a second look.

17. HOW MANY HOMES SHOULD I CONSIDER BEFORE CHOOSING ONE?

There isn't a set number of houses you should see before you decide. Visit as many as it takes to find the one you want. Just be sure to communicate often with your real estate agent about everything you're looking for. It will help avoid wasting your time.

YOU'VE FOUND IT

18. WHAT DOES A HOME INSPECTOR DO, AND HOW DOES AN INSPECTION FIGURE IN THE PURCHASE OF A HOME?

An inspector checks the safety of your potential new home. Home Inspectors focus especially on the structure, construction, and mechanical systems of the house and will make you aware of only repairs that are needed. Generally, an inspector checks: the electrical system, plumbing and waste disposal, the water heater, insulation and Ventilation, the HVAC system, water source and quality, the potential presence of pests, the foundation, doors, windows, ceilings, walls, floors, and roof. Be sure to hire a home inspector that is qualified and experienced. We will include an inspection clause in the offer when negotiating for a home. An inspection clause gives you an 'out' on buying the house if serious problems are found, or gives you the ability to renegotiate the purchase price if repairs are needed. An inspection clause will also specify that the seller must fix the problem(s) before you purchase the house.

19. DO I NEED TO BE THERE FOR THE INSPECTION?

It's not required, but we strongly encourage you to attend the inspection. The home inspection is for you to determine the condition of the home you want to buy. This is an opportunity to hear an objective opinion on the home you'd like to purchase and it is a good time to ask general, maintenance questions.

20. ARE OTHER TYPES OF INSPECTIONS REQUIRED?

If your home inspector discovers a serious problem a more specific Inspection may be recommended. It's a good idea to consider having your home inspected for the presence of a variety of health-related risks like radon gas asbestos or possible problems with the water or waste disposal system.

21. HOW CAN I PROTECT MY FAMILY FROM LEAD IN THE HOME?

If the house you're considering was built before 1978 and you have children under the age of seven, you may want to have an inspection for lead-based paint. It's important to know that lead flakes from paint can be present in both the home and in the soil surrounding the house. The problem can be fixed temporarily by repairing damaged paint surfaces or planting grass over

effected soil. Hiring a lead abatement contractor to remove paint chips and seal damaged areas will fix the problem permanently.

22. ARE POWER LINES A HEALTH HAZARD?

There are no definitive research findings that indicate exposure to power lines results in greater instances of disease or illness.

23. DO I NEED A LAWYER TO BUY A HOME?

A lawyer is not required to purchase a home in New Mexico. Very few home buyers utilize a lawyer to purchase a home in New Mexico. However, you may want to hire a lawyer to help with the complex paperwork and legal contracts. A lawyer can review contracts, make you aware of special considerations, and assist you with the closing process.

24. DO I REALLY NEED HOMEOWNER'S INSURANCE?

Yes. All lenders will require homeowners insurance as part of the agreement to loan you money on your home. Insurance agents are a great resource for information on home safety and they can give tips on how to keep insurance premiums low.

25. WHAT STEPS COULD I TAKE TO LOWER MY HOMEOWNER'S INSURANCE COSTS?

Be sure to shop around among several insurance companies. Also, consider the cost of insurance when you look at homes. Newer homes and homes constructed with materials like brick tend to have lower premiums. Think about avoiding areas prone to natural disasters, like flooding. Choose a home with a fire hydrant or a fire department nearby.

26. IS THE HOME LOCATED IN A FLOOD PLAIN?

We will help you answer this question. If you live in a flood plain, the lender will require that you have flood insurance before lending any money to you. But if you live near a flood plain, you may choose whether or not to get flood insurance coverage for your home. Work with an insurance agent to construct a policy that fits your needs.

27. WHAT OTHER ISSUES SHOULD I CONSIDER BEFORE I BUY MY HOME?

Always check to see if the house is in a low-lying area, in a high-risk area for natural disasters or in a hazardous materials area. Also consider local zoning laws, which could affect remodeling or making an addition in the future. Your real estate agent should be able to help you with these questions.

28. HOW DO I MAKE AN OFFER?

We will assist you in making an offer, which will include the following information:

- Complete legal description of the property
- Amount of earnest money
- Down payment and financing details
- Price you are offering
- Proposed closing date
- Length of time the offer is valid
- Details of the deal

Remember that a sale commitment depends on negotiating a satisfactory contract with the seller, not just making an offer.

29. HOW DO I DETERMINE THE INITIAL OFFER?

Unless you have a buyer's agent, remember that the agent works for the seller. This is the main reason to have us on your team. We are your private consultant there to represent you throughout the transaction. Listen to your real estate agent's advice, but follow your own instincts on deciding a fair price. Calculating your offer should involve several factors: what homes sell for in the area, the home's condition, how long it's been on the market, financing terms, and the seller's situation. By the time you're ready to make an offer, you should have a good idea of what the home is worth and what you can afford. And, be prepared for give-and-take negotiation, which is very common when buying a home. The buyer and seller may often go back and forth until they can agree on a price.

30. WHAT IS EARNEST MONEY? HOW MUCH SHOULD I SET ASIDE?

Earnest money is money put down to demonstrate your seriousness about buying a home. It must be substantial enough to demonstrate good faith and is usually between 1-10% of the purchase price, though the amount can vary with local customs. We will attempt to negotiate earnest money deposit of \$500. If your offer is accepted, the earnest money becomes part of your down payment or closing costs. If the offer is rejected, your money is returned to you. If you back out of a deal, you may forfeit the entire amount.

31. WHAT ARE "HOME WARRANTIES", AND SHOULD I CONSIDER THEM?

Home warranties offer you protection for a specific period of time, typically one year against potentially costly problems, like unexpected repairs on appliances or home systems, which are not covered by homeowner's insurance. Warranties are becoming more popular because they offer protection during the time immediately following the purchase of a home, a time when many people find themselves cash-strapped.

GENERAL FINANCING QUESTIONS: THE BASICS

32. WHAT IS A MORTGAGE?

Generally speaking, a mortgage is a loan obtained to purchase real estate. The "mortgage" itself is a lien (a legal claim) on the home or property that secures the promise to pay the debt. All mortgages have two features in common: principal and interest.

33. WHAT IS A LOAN TO VALUE (LTV) HOW DOES IT DETERMINE THE SIZE OF MY LOAN?

The loan to value ratio is the amount of money you borrow compared with the price or appraised value of the home you are purchasing. Each loan has a specific LTV limit.

34. WHAT TYPES OF LOANS ARE AVAILABLE AND WHAT ARE THE ADVANTAGES OF EACH?

First time home buyers will enter into a 30 year fixed rate mortgage. The advantages to a fixed rate loan are your mortgage payment will not change. However, property taxes and homeowners insurance do change over time and will affect your total payment.

35. CAN I PAY OFF MY LOAN AHEAD OF SCHEDULE?

Yes. By sending in extra money each month or making an extra payment at the end of the year, you can accelerate the process of paying off the loan. When you send extra money, be sure to indicate that the excess payment is to be applied to the principal. Most lenders allow loan prepayment, though you may have to pay a prepayment penalty to do so. Ask your lender for details.

36. ARE THERE SPECIAL MORTGAGES FOR FIRST-TIME HOMEBUYERS?

Yes. Lenders now offer several affordable mortgage options which can help first-time homebuyers overcome obstacles that made purchasing a home difficult in the past. We will put you in contact with a lender that specializes in first time home buyers mortgages and you can move in to your new home for only \$500.

37. WHAT IS INCLUDED IN A MONTHLY MORTGAGE PAYMENT?

The monthly mortgage payment mainly pays off principal and interest, real estate taxes, homeowner's insurance, and mortgage insurance.

38. WHAT FACTORS AFFECT MORTGAGE PAYMENTS?

The amount of the down payment, the size of the mortgage loan, the interest rate, and the length of the repayment term and payment schedule will all affect the size of your mortgage payment.

39. HOW DOES THE INTEREST RATE FACTOR IN SECURING A MORTGAGE LOAN?

A lower interest rate allows you to borrow more money than a high rate with the same monthly payment. Interest rates can fluctuate as you shop for a loan, so ask lenders if they offer a rate "lock-in" which guarantees a specific interest rate for a certain period of time. Remember that a lender must disclose the Annual Percentage Rate (APR) of a loan to you. The APR shows the cost of a mortgage loan by expressing it in terms of a yearly interest rate. It is generally higher than the interest rate because it also includes the cost of points, mortgage insurance, and other fees included in the loan.

40. WHAT HAPPENS IF INTEREST RATES DECREASE AND I HAVE A FIXED RATE LOAN?

If interest rates drop significantly, you may want to investigate refinancing. Most experts agree that if you plan to be in your house for at least 18 months and you can get a rate 2% less than your current one, refinancing is smart. Refinancing may, however, involve paying many of the same fees paid at the original closing, plus origination and application fees.

41. WHAT ARE DISCOUNT POINTS?

Discount points allow you to lower your interest rate. They are essentially prepaid interest, with each point equaling 1% of the total loan amount. Generally, for each point paid on a 30-year mortgage, the interest rate is reduced by 1/8 (or .125) of a percentage point. When shopping for loans ask lenders for an interest rate with 0 points and then see how much the rate decreases with each point paid. Discount points are smart if you plan to stay in a home for some time since they can lower the monthly loan payment. Points are tax deductible when you purchase a home and you may be able to negotiate for the seller to pay for some of them.

42. WHAT IS AN ESCROW ACCOUNT? DO I NEED ONE?

Established by your lender, an escrow account is a place to set aside a portion of your monthly mortgage payment to cover annual charges for homeowner's insurance, mortgage insurance (if applicable), and property taxes. Escrow accounts are a good idea because they assure money will always be available for these payments. If you use an escrow account to pay property tax or homeowner's insurance, make sure you are not penalized for late payments since it is the lender's responsibility to make those payments.

FIRST STEPS TO GETTING PRE-QUALIFIED FOR A LOAN

43. WHAT STEPS NEED TO BE TAKEN TO SECURE A LOAN?

We will arrange a free private consultation over the phone with our lender that specializes in helping first time home buyers just like you. Our lender will determine if you qualify for a first time home buyers loan and the price of the home you qualify to purchase. If you are pre-qualified, our lender will ask you to complete a loan application. To do so, you'll need the following information:

- Past pay stubs for 2 or 3 months
- W-2 forms for the past 2 years
- Information on debts
- Recent bank statements
- Tax returns for the past 2 years

During the application process, the lender will order a report on your credit history.

After we have a fully executed purchase agreement, the lender will require a copy of the purchase agreement and will order a professional appraisal of the property you want to purchase. The application process typically takes between 3-6 weeks.

44. HOW DO I CHOOSE THE RIGHT LENDER FOR ME?

We will arrange a free private consultation with a lender that specializes in working with first time home buyers. However, you can choose to work with the lender of your choice. Choose your lender carefully. Look for financial stability and a reputation for customer satisfaction. Be sure to choose a company that gives helpful advice and that makes you feel comfortable. A lender that has the authority to approve and process your loan locally is preferable, since it will be easier for you to monitor the status of your application and ask questions. Plus, it's beneficial when the lender knows home values and conditions in the local area. Do research and ask family, friends, and your real estate agent for recommendations.

45. HOW ARE PRE-QUALIFYING AND PRE-APPROVAL DIFFERENT?

Pre-qualification is an informal way to see how much you may be able to borrow. You can be 'pre-qualified' over the phone with no paperwork by telling a lender your income, your long-term debts, and how large a down payment you can afford. Without any obligation, this helps you arrive at a ballpark figure of the amount you may have available to spend on a house.

Pre-approval is a lender's actual commitment to lend to you. It involves assembling the financial records without the property description and sales contract and going through a preliminary approval process. Pre-approval gives you a definite idea of what you can afford and shows sellers that you are serious about buying.

46. HOW CAN I FIND OUT INFORMATION ABOUT MY CREDIT HISTORY?

There are three major credit reporting companies: Equifax, Experian, and Trans Union. Obtaining your credit report is as easy as calling and requesting one. Once you receive the report, it's important to verify its accuracy. Double check the high credit limit, total loan, and past due columns. It's a good idea to get copies from all three companies to assure there are no mistakes since any of the three could be providing a report to your lender. Fees, ranging from \$5-\$20, are usually charged to issue credit reports but some states permit citizens to acquire a free one. Contact the reporting companies at the numbers listed for more information.

CREDIT REPORTING COMPANIES

Company Name	Phone Number
Experian	1-888-397-3742
Equifax	1-800-685-1111
Trans Union	1-800-916-8800

47. WHAT IF I FIND A MISTAKE IN MY CREDIT HISTORY?

Simple mistakes are easily corrected by writing to the reporting company, pointing out the error, and providing proof of the mistake. You can also request to have your own comments added to explain problems. For example, if you made a payment late due to illness, explain that for the record. Lenders are usually understanding about legitimate problems.

48. WHAT IS A CREDIT BUREAU SCORE AND HOW DO LENDERS USE THEM?

A credit bureau score is a number, based upon your credit history that represents the possibility that you will be unable to repay a loan. Lenders use it to determine your ability to qualify for a mortgage loan. The better the score, the better your chances are of getting a loan. You will need a credit score of 620 to qualify for the special first time home buyers financing program.

49. HOW CAN I IMPROVE MY SCORE?

There are no easy ways to improve your credit score, but you can work to keep it acceptable by maintaining a good credit history. This means paying your bills on time and not overextending yourself by buying more than you can afford.

FINDING THE RIGHT LOAN FOR YOU

50. HOW DO I CHOOSE THE BEST LOAN - PROGRAM FOR ME?

There are a few options with the special first time home buyers financing program. Our lender will help you decide which option best fits your needs.

51. WHAT IS THE BEST WAY TO COMPARE LOAN TERMS BETWEEN LENDERS?

First, devise a checklist for the information from each lending institution. You should include the company's name and basic information, the type of mortgage, minimum down payment required, interest rate and points, closing costs, loan processing time, and whether prepayment is allowed.

Speak with companies by phone or in person. Be sure to call every lender on the list the same day, as interest rates can fluctuate daily. In addition to doing your own research, your real estate agent may have access to a database of lender and mortgage options. Though your agent may primarily be affiliated with a particular lending institution, he or she may also be able to suggest a variety of different lender options to you.

52. ARE THERE ANY COSTS OR FEES ASSOCIATED WITH THE LOAN ORIGINATION PROCESS?

Yes there are, however you will only need \$500 to move into a home with the special first time home buyers program. Cost you are responsible will be included in your overall mortgage.

53. WHAT IS RESPA?

RESPA stands for Real Estate Settlement Procedures Act. It requires lenders to disclose information to potential customers throughout the mortgage process. By doing so, it protects borrowers from abuses by lending institutions. RESPA mandates

that lenders fully inform borrowers about all closing costs, lender servicing and escrow account practices, and business relationships between closing service providers and other parties to the transaction.

54. WHAT IS A GOOD FAITH ESTIMATE, AND HOW DOES IT HELP ME?

It's an estimate that lists all fees paid before closing, all closing costs, and any escrow costs you will encounter when purchasing a home. The lender must supply it within three days of your application so that you can make accurate judgments when shopping for a loan.

55. BESIDES RESPA, DOES THE LENDER HAVE ANY ADDITIONAL RESPONSIBILITIES?

Lenders are not allowed to discriminate in any way against potential borrowers. If you believe a lender is refusing to provide his or her services to you on the basis of race, color, nationality, religion, sex, familial status, or disability, contact HUD's Office of Fair Housing at 1-800-669-9777 (or 1-800-927-9275 for the hearing impaired).

56. WHAT RESPONSIBILITIES DO I HAVE DURING THE LENDING PROCESS?

To ensure you won't fall victim to loan fraud, be sure to follow all of these steps as you apply for a loan:

- Be sure to read and understand everything before you sign.
- Refuse to sign blank documents
- Don't buy property for someone else
- Don't overstate your income
- Don't overstate how long you have been employed
- Don't overstate your assets
- Accurately report your debts
- Do not change your income tax returns for any reason
- Tell the whole truth about gifts
- Do not list fake co-borrowers on your loan application
- Be truthful about your credit problems.
- Be honest about your intention to occupy the house
- Do not provide false supporting documents

CLOSING

57. WHAT HAPPENS AFTER I'VE APPLIED FOR MY LOAN?

It usually takes a lender between 3-6 weeks to complete the evaluation of your application. It's not unusual for the lender to ask for more information once the application has been submitted. The sooner you can provide the information, the faster your application will be processed. Once all the information has been verified the lender will call you to let you know the outcome of your application. If the loan is approved, a closing date is set up and the lender will review the closing with you. And after closing, you'll be able to move into your new home.

58. WHAT SHOULD I LOOK OUT FOR DURING THE FINAL WALK-THROUGH?

This will likely be the first opportunity to examine the house without furniture, giving you a clear view of everything. Check the walls and ceilings carefully, as well as any work the seller agreed to do in response to the inspection. Any problems discovered previously that you find uncorrected should be brought up prior to closing. It is the seller's responsibility to fix them.

59. WHAT MAKES UP CLOSING COST?

There may be closing cost customary or unique to a certain locality, but closing costs are usually made up of the following:

- Property taxes
- Interest paid from date of closing to 30 days before the first monthly payment
- Loan origination fee
- Recording fees
- Survey fee
- First premium of mortgage insurance if applicable
- Title insurance, yours and the lender's
- Loan discount points First payment to escrow amount for future real estate taxes and homeowners insurance
- Document preparation fees.

Your fees will be covered within the loan for first time home buyers and you will only need \$500 to move into your new home.

62. WHAT CAN I EXPECT TO HAPPEN ON CLOSING DAY?

We will be with you at closing along with your lender. The closing agent will then list the money you owe the seller, and then the money the seller owes you. The seller will provide proofs of any inspection, warranties, etc.

Once you're sure you understand all the documentation, you'll sign the mortgage, agreeing that if you don't make payments the lender is entitled to sell your property and apply the sale price against the amount you owe plus expenses. You'll also sign a mortgage note, promising to repay the loan. The seller will give you the title to the house in the form of a signed deed.

You'll pay the lender's agent all closing costs and, in turn, he or she will provide you with a settlement statement of all the items for which you have paid. The deed and mortgage will then be recorded in the county courthouse and you will be a homeowner.

63. WHAT DO I GET AT CLOSING?

Settlement Statement, HUD1 forms that itemizes services provided and fees charged; it is filled out by the escrow agent and must be given to you at or before closing.

- Truth in lending statement.
- Mortgage note.
- Mortgage or deed of trust.
- Survey.
- Appraisal

You will typically get the keys to your new home after the deed has been filed and all parties have been paid. This is typically the day after closing.

HOW CAN MFA AND THE FHA HELP ME BECOME A HOMEOWNER

The New Mexico Mortgage Finance Authority is a quasi-public entity that provides financing for housing and other related services to low- to moderate-income New Mexicans. As the state's official housing agency, MFA administers more than 30 programs that finance housing for the homeless, develop new affordable housing, and help families become first-time homeowners. MFA partners with lenders, realtors, non-profit, local governments and developers throughout the state to make its programs available to all eligible New Mexicans.

64. WHAT IS THE FHA?

Now an agency within HUD, the Federal Housing Administration was established in 1934 to advance opportunities for Americans to own homes. By providing private lenders with mortgage insurance, the FHA gives them the security they need to lend to first-time buyers who might not be able to qualify for conventional loans. The FHA has helped more than 26 million Americans buy a home.

65. HOW MUCH INCOME DO I NEED TO HAVE TO QUALIFY FOR A FIRST TIME HOME BUYER LOAN?

There is no minimum income requirement. But you must prove steady income for at least three years, and demonstrate that you've consistently paid your bills on time. However there is a maximum income you can have in order to qualify for this special first time home buyers loan. Ask your lender for this information.

66. WHAT QUALIFIES AS AN INCOME SOURCE FOR THE FIRST TIME HOME BUYERS PROGRAM?

- Salary or wage from a job
- Social Security Benefits
- Survivor benefits for a child under 18
- Money from a trust account
- Documented Child Support
- Net Profits from a business, self employment

67. CAN I CARRY DEBT AND STILL QUALIFY FOR FIRST TIME HOME BUYERS PROGRAM?

Yes. Short-term debt doesn't count as long as it can be paid off within 10 months. And some regular expenses, like child care costs, are not considered debt. Talk to our lender about meeting the first time home buyers debt-to-income ratio.

68. WHAT IS THE DEBT-TO-INCOME RATIO FOR FHA LOANS?

The first time home buyers program allows you to use 29% of your income towards housing costs and 41% towards housing expenses and other long-term debt.

69. HOW LARGE A DOWN PAYMENT DO I NEED WITH A FIRST TIME HOME BUYERS LOAN?

You will need \$500 to move in to your new home with the special first time home buyers program.

70. WHAT CAN I USE TO PAY THE DOWN PAYMENT AND CLOSING COSTS OF A FIRST TIME HOME BUYERS LOAN?

You will need \$500 to move into your new home.

71. HOW DOES MY CREDIT HISTORY IMPACT MY ABILITY TO QUALIFY?

Your credit score will impact your ability to qualify for a first time home buyers program.

72. CAN I ROLL CLOSING COSTS INTO MY FIRST TIME HOME BUYER LOAN?

Yes you can have closing costs included into a second mortgage on your new home. We will try to negotiate with the seller to pay some or all of your closing costs. Ask your lender for details.

MORTGAGE INSURANCE

73. WHAT IS MORTGAGE INSURANCE?

Mortgage insurance is a policy that protects lenders against some or most of the losses that result from defaults on home mortgages. It's required primarily for borrowers making a down payment of less than 20%.

74. HOW DOES MORTGAGE INSURANCE WORK? IS IT LIKE HOME OR AUTO INSURANCE?

Like home or auto insurance, mortgage insurance requires payment of a premium, is for protection against loss to the lender, and is used in the event of an emergency. If a borrower can't repay an insured mortgage loan as agreed, the lender may foreclose on the property and file a claim with the mortgage insurer for some or most of the total losses.

75. DO I NEED MORTGAGE INSURANCE? HOW DO I GET IT?

You need mortgage insurance only if you plan to make a down payment of less than 20% of the purchase price of the home. You will be required to purchase mortgage insurance since you are only making a down payment of \$500. Ask your lender for details.

76. WHAT IS PMI?

PMI stands for Private Mortgage Insurance or Insurer. These are privately-owned companies that provide mortgage insurance. They offer both standard and special affordable programs for borrowers. These companies provide guidelines to lenders that detail the types of loans they will insure. Lenders use these guidelines to determine borrower eligibility. PMI's usually have stricter qualifying ratios and larger down payment requirements than the FHA, but their premiums are often lower and they insure loans that exceed the FHA limit.

Congratulations if you made it this far. You are truly committed to becoming a first time home buyer. However, don't worry; we will be there to handle most of the details for you. You will be responsible to provide all the documentation to our lender to get approved for the loan. After that you just need to pick out the home that meets your goals and budget and we handle all of the details

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