

# Buyer's Packet

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**Dear Prospective Buyer:**

**Attached is a “Buyer Broker Agreement which establishes New Mexico Real Estate Brokerage Relationships.” The State of New Mexico Real Estate Commission requires that all buyers be given this document prior to a Purchase Agreement being written. In the past, all Real Estate Brokers represented the seller, even when working with a buyer. The exciting news is that this has changed. Buyers can now be represented by a Real Estate Broker at no cost. The seller pays the Real Estate Broker, but all Licensee duties are owed to the buyer.**

**Basic Duties owed to the Buyer are:**

- (1) Honesty and Reasonable care.**
- (2) Compliance with all Local, State and Federal Fair Housing Laws.**
- (3) Presentation of all Purchase Agreements and Counter-Offers.**
- (4) Assistance in complying with terms and conditions of contracts.**
- (5) Acknowledgement by Buyer Broker of matters outside scope of knowledge and recommend Buyer seek expert advice.**
- (6) Prompt accounting of all monies.**
- (7) Buyer Broker to disclose relationship or material interest in property, prior to a Purchase Agreement being written.**
- (8) Disclose any adverse material facts known about the property or transaction.**
- (9) Maintenance of confidential information about Buyer, prior Agency relationships or previous pricing information.**

**Please review the Buyer Broker agreement I have enclosed.**

**Sincerely,**

*John & Tracy Ingles*

**Enclosure: Buyer Broker Agreement**

# **With a Buyer/Broker Agreement, Your Interests are the Bottom Line**

**When you're shopping for a home, only a Buyer/Broker can offer these exclusive services:**

- (1) Enter into written agreement representing the Buyer's interest only. This is required by the New Mexico Real Estate Commission.**
- (2) Search for all properties for sale in the "Multiple Listing Service (MLS)", "For Sale By Owner", "Bank Foreclosures", "VA/FHA Foreclosures" and "New Home Construction".**
- (3) Locate and show properties that meet your price range, pointing out strengths and weaknesses of each property.**
- (4) Counsel you about the "best" property values and provide you with a Comparative Market Analysis (CMA), prior to making an offer on a home.**
- (5) Respond honestly and accurately to all of your questions.**
- (6) Obtain full disclosure on any property before making an offer to purchase. Help you determine your needs for "Full Home Inspections" and "Warranties".**
- (7) Make arrangements for any inspections you require prior to finalizing any purchase agreement on a home and confirm that all repairs have been completed to your satisfaction.**
- (8) Consult with you concerning counter offers and negotiate only in your best interest.**
- (9) Be present at the time you close on your new home, to verify all documents conform to the conditions of the purchase agreement.**

**The services we provide will help you in making one of the largest investments in your life. We feel that you deserve to have someone completely dedicated to working in your best interest.**

# Types of Loans Available

## (1) CONVENTIONAL LOANS:

- (a) Down Payment as low as 5%
- (b) Typically at least 20% is used towards a down payment
- (c) If less than 20% is used towards a down payment, you will be charged "Private Mortgage Insurance"
- (d) Maximum Loan Amount for Conventional Conforming \$417,000

Example: (With Private Mortgage Insurance)

Sale Price:	\$400,000
Down Payment (5% of \$400,000)	<u>20,000</u>

Sale Price	\$400,000
Less Down Payment	<u>-20,000</u>
Mortgage Loan	\$380,000

Payment: (4% interest rate for 30 years)

Principle and Interest	\$ 1814
Taxes	417
Insurance	84
PMI (.94)	<u>298</u>
Total Monthly Payment	\$ 2613 (With PMI)
Total Monthly Payment	\$ 2315 (Without PMI)

## (2) FHA LOANS (Federally Insured Loan):

- (a) Down Payment of 3.5% or less, based on the loan program
- (b) Mortgage Insurance Premium is charged (1.00% of loan financed back into the loan). Seller can pay up to 6% toward buyer closing cost.
- (c) Monthly Mortgage Insurance Premium is also part of your total payment
- (d) Maximum Loan Amounts:

Bernalillo County	\$271,050
Sandoval County	\$271,050
Valencia County	\$271,050

Example: (With Mortgage Insurance Premium)

Sale Price:	\$200,000
Down Payment	7,000 (3.5% of \$200,000)
Mortgage Insurance Premium (1.00%)	1930 (1.00% of \$193,000)

Sale Price	\$200,000
Down Payment	<u>-7,000</u>
Mortgage Loan	\$193,000
Mortgage Insurance Premium	<u>+1930</u>
Mortgage Loan Amount	\$191,070

Payment: (4% interest rate for 30 years)

Principle and Interest	\$ 912
Taxes	166
Insurance	55
MIP (1.15 x \$191,070 = \$2197.31 / 12 months)	183
Total Monthly Payment	\$ 1316

**(3) VA LOAN: Guaranteed Loan by the Veterans Administration**

- (a) A VA Funding Fee is charged depending on down payment and if a Veteran has used his/her entitlement previously
- (b) Maximum loan amount \$417,000 no down

**Example: Veteran who has previously used their entitlement and is not putting a down payment**

Sale Price:	\$200,000
VA Funding Fee (3.3%) Used	6,600 (3.3% of \$200,000)
(2.15%) Never Used	4,300 (2.15% of \$200,000)

Sale Price	\$200,000
VA Funding Fee Never Used	<u>+4,300</u>
Mortgage Loan Amount	\$204,300

Payment: (4% interest rate for 30 years)	
Principle and Interest	\$ 975
Taxes	166
Insurance	<u>50</u>
Total Monthly Payment	\$ 1191

**(4) Special Loan Programs**

- (a) New Mexico Finance Authority provides loans for first time home buyers.
- (b) Each program varies according to specific guidelines.

**On considering loan type that will best meet the buyer needs, it is important to make the loan application before looking at homes. Reasons:**

- (a) Determines what price range a buyer qualifies for.
- (b) Clarifies the loan process and what is required.
- (c) It makes the buyer a cash buyer and helps the Buyer's Broker negotiate the best price on a home.

**Please remember these examples are for illustration purposes only.**

**My goal is to make this process an enjoyable experience!**

# Standard Closing Costs

These costs can vary depending on loan type and closing costs negotiated on the contract.

Example: 6% interest rate for 30 years  
Mortgage Type: Conventional

Sale Price:	\$200,000
Less Down Payment (5%)	<u>10,000</u>
Mortgage Loan Amount	\$190,000

Closing Costs (\* = negotiable)

Loan Type	Conv.	FHA/VA
(1) Loan Origination (Lender Fees)	\$999	\$999
(2) Discount Points Optional	0	0
(3) Lender Title Insurance	95	95
(4) Credit Fee	25	25
(5) Tax Service Fee	90	90
(6) Buyer Recording Fee	54	54
(7) Escrow Accounts		
3 Months Taxes @ \$150	450	450
2 Months Insurance @ \$50	100	100
(8) One Year Home Owners Insurance	600	600
(9) Prepaid Interest (1 Day) End of Month	<u>26</u>	<u>26</u>
<b>Total Closing Costs:</b>	<b>\$2439</b>	<b>\$2439</b>

**CONVENTIONAL LOANS:** Conventional Loans allow the Buyer to pay any fee. The Seller is allowed to pay a percentage of the Buyer's Closing Cost based on the down payment. 10% down: 6% Closing Cost, 20% down: 6% Closing Cost, 25% down: 9 % Closing Cost.

**FHA LOANS:** FHA allows the Buyer to pay any fee except for the Tax Service Fee. The Seller must pay the Tax Service Fee. The Seller is allowed to pay up to 6% of the Buyer's Closing Cost.

**VA LOANS:** VA does NOT allow the Buyer to pay Underwriting Fees, Tax Service Fees, Escrow Fees, Lender Fees, Closing Fees, and Commissions of any kind. The Seller is allowed to pay up to 4% of the Buyer's Closing Cost.

The Above Closing Costs are estimates; these can vary depending on the motivation of the Seller, and the interest rate a Buyer selects.

**Our goal as your Buyer's Broker is to negotiate these costs to best suit your needs!**

## **The Journey Ahead**

**As you set out to buy your first home, you are bound to have many questions about the journey that lies before you. Will you find a home that suits your tastes in a location that meets your needs? If so, does it fall in line with your budget and financing limits? And will you be able to move in on a date that works with your plans?**

**While the experience can be filled with ups and downs, by choosing us as your guide you are selecting knowledgeable professionals who will see you safely through your real estate purchase.**

### **We have the Map and Compass!**

**At the outset, we will let you know what to expect during the home buying process and tell you various types of representation available. Once you make your choice of representation, if appropriate, we will lead you through your real estate transaction, minimizing the surprises and confusion often associated with a home purchase.**

**Finances determine the initial investment and monthly payment that realistically work for you. We will use our professional experience to estimate additional costs that might be incurred so there are no last minute surprises. If, once you have selected a home, you become nervous about timing or logistics of your move, we can help you with those details as well.**

### **Choosing the Right Home!**

**Throughout our professional relationship, if appropriate, we will be your personal resource on fair market pricing, communities, local services and schools. When comparing the value of prospective properties, we can help you prioritize your needs and weigh important variables and attributes of homes that interest you.**

### **Attention to Detail!**

**Your satisfaction depends on our performance. Once you decide to make an offer, we will oversee each step of the process, keeping you apprised of our activities, as well as alerting you to any action that must be taken to ensure success. We will stay in touch with you while we handle the details of your transaction.**

### **We're With You All the Way!**

**From the moment you open our office door to the moment we close the deal on your new home, you can count on us for professional guidance and technical expertise that will make your real estate purchase a dream come true.**

## **Eight Tips for a Successful Search**

- (1) Maintain an organized file of your search and comments on each property.**
- (2) Stay focused on your criteria - needs, desires and budget as you look at homes.**
- (3) Keep me posted on your timeline and expectations. Let me know how many homes you hope to view and how much time you would like to spend in each session.**
- (4) Alert me to any homes that interest you, including any you find on your own.**
- (5) If you prefer to look around on your own, request a list of drive-bys, which you can view from the outside first. I can arrange tours of those that appeal to you.**
- (6) If possible, leave youngsters with a sitter when you look at property so you can focus your attention on the houses.**
- (7) Let me know your opinion of each home and keep communication lines open.**
- (8) Let me know immediately when you have found a property you like and are ready to make an offer.**

## **Buyers Beware! Potential Pitfalls to Avoid!**

- (1) DON'T buy an outdated house, unless you are certain it can be remodeled to meet your personal and financial needs.**
- (2) DON'T buy a home when you are not represented by a Buyer/Broker.**
- (3) DON'T buy a new home from the builder or builder's representative without your Buyer/Broker present. You always want your interests represented not the Builder.**
- (4) DON'T let spur-of-moment impulses override sound judgment. Take your time and tour the neighborhood. Have your Buyer/Broker do an opinion of value on the home.**

**These are some potential pitfalls you should avoid in purchasing a home. As your Buyer/Broker we try to assist you in avoiding potential pitfalls.**