

# Renters

## Now Is The Time To Buy!



**Full Circle Realty**

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# About Full Circle Realty



The owner and founder of Full Circle Realty, Deanna Hodges-Walker's passion for real estate began in 2004 when she became a Realtor. In 2010, she opened Full Circle Realty. The company has built its name on the relationships it has established while working with their many clients. Full Circle Realty possesses a uniqueness that you will not find with other real estate agencies. Deanna and her team provide personalized service and make themselves available to handle clients' needs far beyond the expected basic services.

Chicago neighborhood experts, the Full Circle Realty team is intimately familiar with areas such as Hyde Park, South Shore, Woodlawn, the West Loop, the South Loop, Bronzeville, and Chatham. A longtime Chicago resident, Deanna knows each area of the city very well and has established lasting business relationships with building owners, contractors, lenders, and other real estate professionals throughout these very neighborhoods.

Deanna and the team at Full Circle Realty enjoy working with clients wherever they're at with the real estate process. If you are looking to purchase a home, Full Circle Realty will provide you with incomparable service and personal attention every step of the way.



# Chicago Renters

## Now Is The Time To Buy!

If you are one of the many renters who is fed up with rising rents but not sure about what your options are to buy in today's market, this guide is for you. It is to inform you about the many low and no down payment options available for homebuyers in Chicago. Did you know that it is not uncommon for new homebuyers to end up paying less in monthly mortgage payments than they were paying in rent? High rent and low mortgage rates make owning a home an increasingly wiser financial choice for most people. The two most common misconceptions about buying a home that hold most renters back from homeownership are that they need great credit and a 20% downpayment. This simply isn't the case.

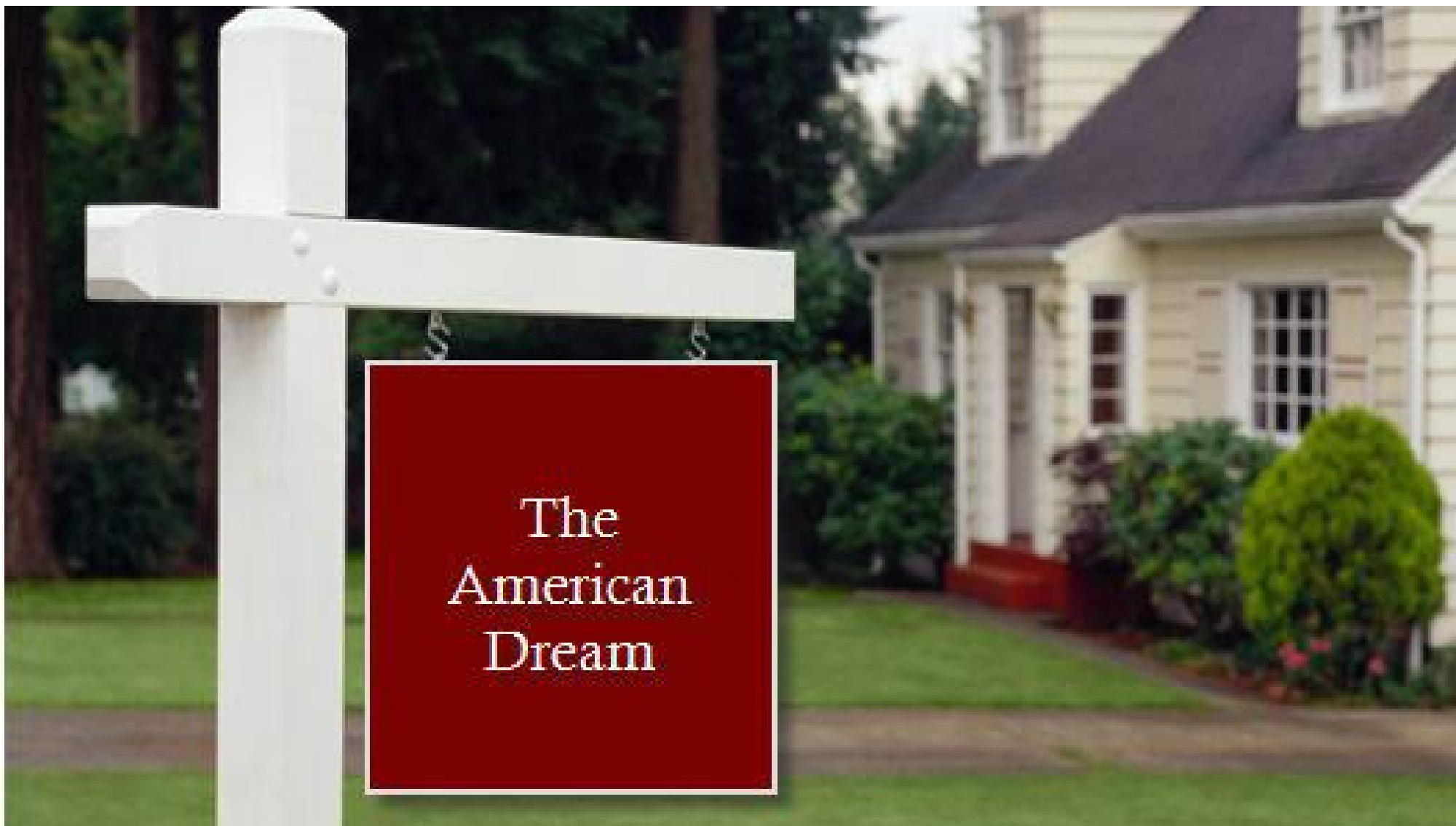
### You Do **NOT** Need 20% Down To Buy A Home!

**Home affordability is not about the size of your down payment. It's about whether you can manage the monthly payments.**

There are many low and no down payment options available through conventional lenders as well as the FHA (Federal Housing Administration), the VA, and HomeReady.

### Homebuyers Do **NOT** Need Perfect Credit!

Similar to the misconceptions surrounding down payment requirements, many either aren't aware or are misinformed about what credit score is necessary to qualify for a home loan. Having good credit helps, but the credit score requirement for most conventional lenders with low-down payment programs is usually somewhere around 620 - 640. If your credit score does not meet the requirements of conventional lenders, there are many other options available to prospective homebuyers with lower scores. For example, the credit score requirement for an FHA home loan is typically in the ballpark of 500 – 579. If you have a credit score of 580, you only need 3.5% down. For homebuyers with a score of less than 580, the down- payment will be closer to 10%.



## Low Downpayment Options

**Conventional Mortgage Lender** - For those of you with a credit score of 620 and above, there are many lenders that only require a 3% downpayment. You'll just need to do a little shopping to see who can offer you the best terms.

**FHA (Federal Housing Administration)** - With a low down payment of 3.5 percent, an FHA loan is the low down payment option for people with tainted credit histories. The FHA charges an upfront mortgage insurance premium of 1.75 percent of the loan amount. On a 30-year loan with the minimum down payment, there's an annual premium of 0.8 percent of the mortgage amount, or \$800 a year for each \$100,000 borrowed which comes out to \$66.67 a month for a \$100,000 loan.

**HomeReady** - The HomeReady mortgage offers low and no downpayment mortgages that are backed by Fannie Mae. These loans come with below market mortgage rates, and reduced mortgage insurance costs. With a HomeReady loan, the income of everyone living in the home can be used to get mortgage qualified and approved. For example, if you are a homeowner living with your parents, and your parents earn an income, you can use their income to help you qualify. Similarly, if you have children who work and contribute to household expenses, those incomes can be used for qualification purposes, too. HomeReady home loans were designed to help multi-generational households get approved for mortgage financing. However, the program can be used by anyone who is qualified and meets the household income requirements.

**VA Home Loans** - Qualified veterans are guaranteed mortgages with no down payment. This applies to active-duty service members and certain members of the National Guard and Reserves. The way that it works is that private lenders originate the VA loans and the VA guarantees it. Because of this, mortgage insurance is not required. For first-time homebuyers making no down payment, the funding fee is 2.15 percent for members or veterans of the regular military, and 2.4 percent for those who qualify through their service in the Reserves or National Guard. The borrower pays a funding fee, which can be rolled into the loan amount. For purchase and construction loans, the VA funding fee varies, depending on the size of the down payment, whether the borrower served or serves in the regular military, Reserves or National Guard, and whether it's the veteran's first VA loan or a subsequent loan. The funding fee can be as low as 1.25 percent or as high as 3.3 percent.

**Navy Federal Credit Union** – The Navy Federal credit union's zero-down program is similar to the VA's. They offer 100% financing to qualified members for their primary homes. Navy Federal eligibility is restricted to members of the military, some civilian employees of the military and U.S. Department of Defense, and family members.

**Chicago Home Buyer Assistance Program** - Did you know that Chicago has home buyers assistance program? This program was initially created to assist first-time homebuyers that need help with the upfront cost of purchasing a home. But unlike most downpayment assistance programs, this grant is not just for first-time homebuyers. Anyone that meets the income and credit requirements is eligible for the program. This program offers grants for up to 7% of the total loan and is based on income. Borrowers are only required to put \$1000 or 1% of the purchase price down (whichever is less). To qualify, borrowers must have a minimum credit score of 580 and an annual income no higher than \$88,435. Through this program, applicants are permitted to buy single-family homes, town homes, condominiums and owner occupied properties with up to four units.



# **\$250,000 Home Loan**

## **Estimated Monthly Payments**

Below you will see an example of what mortgage payments would look like on the purchase of a home priced at \$250,000 with 3.5% down. With all of the many options available for homebuyers, this example is just meant to give you a realistic idea of what the possibilities look like. The monthly mortgage payment in this example is \$1678 which includes PMI (mortgage insurance), property taxes, and insurance:

**Purchase Price: \$250,000**

**Length of Mortgage: 30 years**

**Interest Rate: 5%**

**Downpayment: \$8,750 (3.5%)**

**Monthly Mortgage Payment: \$1,678**



# Homeownership

## Comes With Many Benefits

**Equity** - Homes typically increase in value, build equity and provide a nest egg for you future. On average, a two bedroom rental in Chicago is \$1300 to \$2,300 per month. Imagine that amount going towards in an investment in a home that you can call your own.

**Homeownership Provides Stability** - Rents can continue to go up. With a mortgage, your costs are predictable and more stable because they're ideally based on a fixed-rate mortgage.

**Tax benefits** - Did you know that the interest and property tax portion of a mortgage payment is tax deductible? Take a minute to look at what you are paying in rent versus what a mortgage would be with the deduction of the the tax credits. Pretty eye opening isn't it? Are you paying more in rent than you could be paying towards a home of your own?

Homeownership has many more benefits in addition to these. Just think about how nice it would be to have the freedom to make your home truly your own and be part of a community.

If buying a home is sounding better to you by the minute, then keep reading to find out what you need to do to get started.



# First Steps To Take

**Check Your Credit** - The first step to take is to check your credit. Once you find out what your score is, you can start looking for a lender to find out what you qualify for. If your score isn't as high as you'd like it to be, you can start taking action to make improvements and have errors removed.

**Find A Lender** – Now that you know your credit score, you can move on to the next step which is to find a lender. Pre-approval from a lender will give you a solid idea of how much you qualify for before you begin your search. Pre-approval is not a guarantee that you will receive a loan but it does indicate that you should be able to rely on receiving a mortgage if nothing changes with your situation and the home you choose meets the lenders requirements.

**Pre-qualification** – Pre-qualification is more casual and less reliable than a pre- approval. If you are pre-qualified, your lender will provide you with a letter stating that you are pre-qualified for a certain loan amount based on your income and expenses. Pre-qualification is easy to obtain and can give you a general idea of how much you will qualify for.

**Pre-approval** – Getting a pre-approval from a lender will let you know what your required downpayment will be, what your interest rate will be, and the terms for the loan. This is where things start to get exciting! You can now start seriously home shopping with confidence because you'll know how much you are approved for. An important thing to remember is that most pre-approval letters are good for 60 – 90 days. Getting a pre-approval for a mortgage, essentially means that the lender is confident that you will be able to make the necessary down payment, and that your income expense ratio is sufficient to cover the payments for the loan. Pre-approval usually comes in the form of a written statement from the lender that provides the lender's preliminary determination that you will qualify for a certain loan amount.



# Do You Know

## What Your New Home Looks Like?

Now that you know how much you are pre-approved for, it's time to start seriously asking yourself some questions about what is going to best accommodate your needs and taste within your budget. It's time to start thinking about what neighborhoods, how many bedrooms and baths, house or condo, etc. Decide on what features you are flexible on and which ones you absolutely can not do without. What do you need versus what you want.

An important tip to remember is that when you purchase a new home, you are not just investing in a home, you are also investing in the neighborhood. Things to consider when narrowing down the location of your desired neighborhoods are safety, public transportation, nearby parks and green space, proximity to supermarkets, restaurants, and other shopping, commute time to and from, and noise levels. When it comes to determining potential neighborhoods, we are experts. Chances are that we will have some great suggestions that you might not have even considered. Once you've narrowed down what is important to you, we can guide you to neighborhoods that will suit your needs and budget best.

## This Is Where The Fun Begins!

Searching for your new home will be very exciting! As you search for that perfect place to call your new home – a home of your own, it is essential to have a solid plan. This will allow you to stay focused, narrow the search, have fun and avoid some potential stumbling blocks along the way. We can walk you through the whole process from beginning to end, each step along the way.

## Our Client's Testimonials Speak For Themselves

*Our journey to homeownership came in the form of a blessing from God-he sent Deanna Hodges- Walker into our lives!*

*She worked hard from day one to make our dream a reality. We absolutely could not have done it on our own. We had been trying for years. Our situation was no easy task. We put our trust in her abilities and she did not let us down.*

*When one wall went up (and many did), Deanna went around, under and eventually over it! Words cannot explain the dedication, time and effort she put in to help us. She was readily accessible by phone, fax, and email or in person days or evenings, including weekends!*

*She is truly a professional, reliable and knowledgeable real estate broker that can meet the needs of her clients. She had an A-List of professionals to assist us through the process. She was not just our agent but our friend!!*

Vince & Sandy Pool



**Deanna hosting a first-time homebuyer seminar**

*I met Deanna Hodges-Walker roughly 2 years ago. She was hosting an open house at a property I immediately fell in love with! This property, it had everything I was looking for. Deanna immediately went into action to help me purchasing my new home. Getting me pre-approved turned out to be a huge problem because of the residue of my pending divorce... Knowing how much I wanted this property Deanna negotiated a lease with option between the developer and myself. While in my lease she helped me clean up my credit, obtain pre-approval for purchase and get my building FHA approved to meet my financing approval... Once my divorce became final because of Deanna's support and hard work, I was able to close. From leasing to purchase I have been living in my home for 2 years and I could not have done it without Deanna. Thank you again for everything.*

Sheila Bryant

*Thank you for helping me to find my house! You are definitely a professional who knows “the Real Estate business.” My situation was not a ‘picture perfect credit score’ but that didn’t matter to you. You were CONFIDENT you could help me nevertheless to purchase a house. You kept me abreast of the homebuyer’s steps and you were thorough about looking into all benefits which I would qualify for as a first time home buyer.*

*It was amazing to see how you knew about the community events, the temperament of each community and the ranking of the school systems for each zip code areas where there was real estate for sale. Your professional connections and communication networks were so diverse which was a definite sign of a knowledgeable, well-rounded respected business woman.*

*Not only did you help me to purchase exactly, the type of house I wanted and in the price range, neighborhood, and next to a transportation line and near-by school; you also helped me to purchase a historical land mark brick bungalow! I feel like I hit the jack pot! Thank you for going that extra mile for your clients. You are sincerely dedicated and care about the best interest of your clients; and it shows in the end results of your client’s purchase of their desired real estate.*

*Roberta Williams*



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