

The logo features a central dark blue circle with the letters 'UIC' in light blue. This circle is surrounded by a yellow ring, which is further enclosed by a red ring. Four thick lines radiate from the center: a yellow line pointing up and to the right, a red line pointing up and to the left, a yellow line pointing down, and a red line pointing down and to the right. The background is a solid light blue.

**UIC**

# Alumni Exchange

**ALUMNI  
ASSOCIATION**

# ABOUT DANIEL

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- Over 3 years of experience as a mortgage loan originator.
- Over 6 years of experience in banking.
- Over 12 years of experience in real estate.



# AM I READY TO BUY

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IF YOU'RE READY TO BUY  
YOU SHOULD BE ABLE TO SAY:

*"I'm better off buying than renting."*

*"I understand the cost of homeownership."*

*"I'm financially stable."*

*"I understand how my credit score  
affects my ability to buy."*



# WHAT DO I NEED TO KNOW BEFORE I APPLY FOR A LOAN

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IF YOU'RE READY TO APPLY FOR A LOAN  
YOU SHOULD BE ABLE TO SAY:

*"I know how much home I can afford."*

*"I know how to determine my  
down payment."*

*"I know what kind of mortgage  
is right for me."*



# UNDERSTANDING THE COST OF HOMEOWNERSHIP

Your mortgage payment is just one of the expenses of buying a home. You'll take on some one-time fees, as well as new monthly costs.

## ONE-TIME COST or FEES

- **Your down payment.**
- **Home appraisal:** A professional analysis of the market value of the property.
- **Home inspection:** A detailed report on the condition of the house, highlighting any significant problems that might affect the property's value.
- **Termite inspection:** An evaluation of pest damage. The initial inspection will be less than \$100, although if they find evidence of termites, which is common, the extermination can cost several thousand dollars.
- **Origination fees:** Fees assessed by the bank to cover the processing of the loan and administrative costs.
- **Closing costs:** Bank fees and third-party vendor fees that may include, but are not limited to: attorney fees, settlement fees, title insurance, recording fees and appraisal fees.

# UNDERSTANDING THE COST OF HOMEOWNERSHIP

## MONTHLY FEES

- **Mortgage Payment( principal, interest, taxes and insurance).**
- **Mortgage insurance:** Insurance the lender will require if your down payment is less than 20% of the home's value.
- **Condo/maintenance fees:** These fees typically cover the cost of insurance, taxes, maintenance (i.e., lawn care) and reserves for a condominium project.
- **Homeowners association (HOA) dues:** If you choose a property in a neighborhood with an HOA, these annual or monthly fees cover neighborhood maintenance costs.
- **Utilities and fees:** Regular water, gas, electricity, sewage treatment and garbage pickup. Lawn and property maintenance.
- **Exterior and interior home repairs:** Depending on the age and type of your house, there will be periodic maintenance or repairs needed to keep your home in good condition

# UNDERSTANDING THE COST OF HOMEOWNERSHIP

## ADDITIONAL COSTS TO CONSIDER

- **Major repairs**- Factor in major repairs to plumbing, roofing, electrical, heating, etc. that need to be made to your existing home before you move. You should also include the cost of home improvements like renovations, landscaping, carpeting, etc. that may help sell your home.
- **Moving costs and rental fees** - Be sure to plan for costs associated with the move to your new home. You also may have to rent a place if you move before you find a new home, so consider these costs as well.
- **Existing mortgage payments** - If you still own your existing home, the mortgage payments for both homes may be included in the debt-to-income ratio used to qualify you for the mortgage on your new home

# UNDERSTANDING THE COST OF HOMEOWNERSHIP

## YOUR CREDIT SCORE IMPACTS YOUR ABILITY TO BUY

A strong credit score increases your ability to buy. There is no quick fix to improve your credit score, but there are several ways you can improve it over time. Here are a few:

- **Pay your bills on time** - Sounds simple enough, but if you have trouble remembering this task, consider setting up email or text payment reminders with your creditors, or automatic bill payment.
- **Pay at least the minimum on your credit card bill** - Pay more if you can
- **Keep your existing credit card accounts with a zero-balance open** - Don't close these accounts. Having available credit lessens your credit risk and closing the accounts could decrease your score.
- **Correct errors on your credit report** - Look for things like incorrectly listed late payments. Contact the three credit reporting agencies if you see discrepancies.
- **Reduce your debt** - Create a plan to pay off your highest interest rate debts first while maintaining minimum payments on your other accounts. You may want to get help from a credit counseling service.

*You can find additional information about how to improve your credit and maintain good credit on sites like [myfico.com](https://www.myfico.com) and [creditreport.com](https://www.creditreport.com)*



# THE HIGH COST OF A LOW CREDIT SCORE

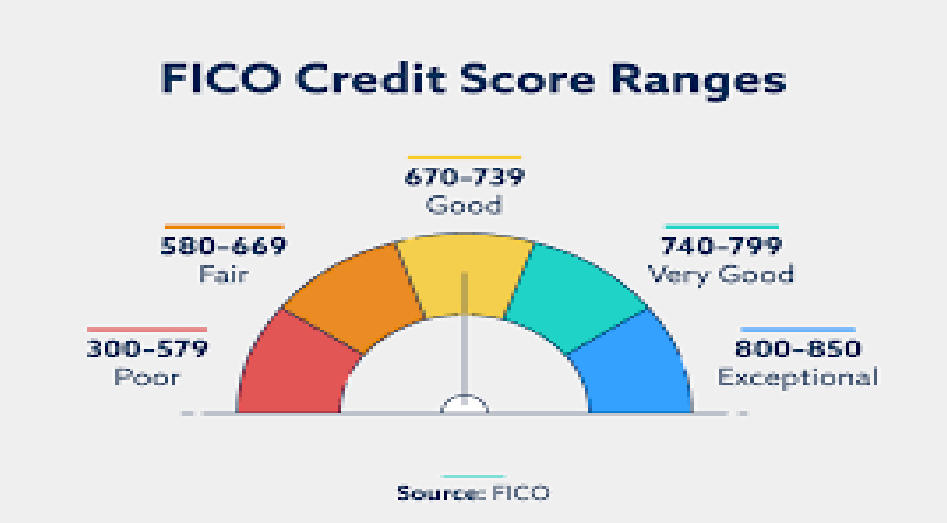
The range of “poor” to “excellent” credit scores differs between scoring companies and most provide an overview of the score and the definition.

Federal Law( Fair Credit Reporting Act) gives you the right to order your credit report once from each of the national bureaus every 12 months

Each of the three national credit bureaus offers your reports FREE online:  
[www.annualcreditreport.com](http://www.annualcreditreport.com)

Chase customers and non customers, can go to [www.chase.com/creditjourney](http://www.chase.com/creditjourney) to view your score and credit report at no cost

# WHERE ARE YOU ON THE FICO RANGE?



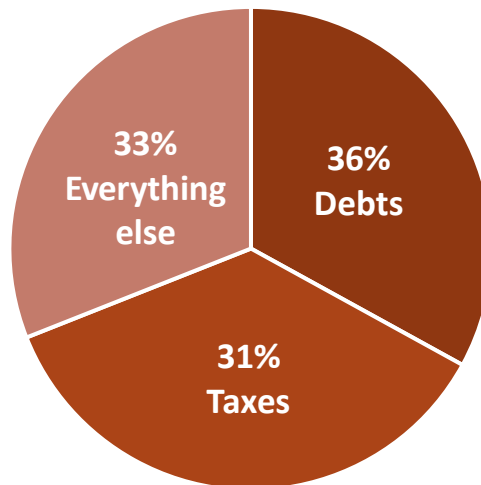
# HOW MUCH CAN I AFFORD?

You'll hear different advice on what you can afford to borrow depending on who you ask, but a good rule of thumb is to keep to these limits

**36% goes to pay debts** - Banks generally advise that your mortgage payment not be more than 28% of your gross monthly income, leaving 8% for other debts like a car loan.

**31% of your income goes toward taxes** - That's the national average.

**33% goes toward everything else** - Food, clothes, entertainment, vacations, as well as savings and investments that you put away for a rainy day.



# GATHERING A DOWN PAYMENT

For most people, the down payment on your house will likely be one of the biggest cash investments that you'll make. Here are some more common ways to get that amount of cash together.

**Savings** - Buyers often save regularly for years by reducing expenses, taking a second job or getting a smaller apartment if they are renting.

**Gift** - If you accept a gift, you'll need to get it clearly in writing that the person making the gift has no financial interest in or obligation toward the property. A bank will not accept it if your "gift" is really a loan.

**Proceeds from sale of existing home** - If you sell your home before you buy your next home, you may have proceeds from that sale that can be applied to the down payment on your new home.

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**Special programs** - State and local governments offer down payment assistance to homebuyers. Many nonprofit organizations also offer down payment assistance. Contact your bank or your state housing authority for information on these programs.

# WHAT TYPE OF MORTGAGE IS RIGHT FOR ME?

## FIXED-RATE MORTGAGE FIXED-RATE MORTGAGE

- You pay the same interest rate the entire length of the loan-this means the same principal and interest payment every month and no worrying about increasing interest rates
- Interest rates are slightly higher
- Maximizes security since payment doesn't change
- Best if you plan to stay in your home at least seven years

## ADJUSTABLE-RATE MORTGAGE

- After an initial period during which the interest rate stays the same, the rate will increase or decrease with changes in the market.
- Interest rates may be slightly lower during the initial period, then they change
- Your monthly payment can go up or down once the initial fixed-rate period ends
- Maximizes buying power and flexibility
- Best for buyers who know they'll sell in 5-10 years
- Usually available in 5-year, 7-year and 10-year fixed-rate periods
- Usually available in 15- and 30-year time periods

SECTION 3

# WHAT DO I NEED TO KNOW BEFORE I START SHOPPING FOR A HOME

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IF YOU'RE READY TO START  
SHOPPING FOR A HOME  
YOU SHOULD BE ABLE TO SAY:

*"I know what documents I'll need."*

*"I know how to choose the right lender."*

*"I know how to find out how much I can borrow."*



# IMPORTANT DOCUMENTS

Here is a list of important documents we'll need from you and any co-customers to get started. In some cases, additional documents may be needed but your lender will let you know if that is the case.

## YOUR MOST RECENT YEAR-TO-DATE PAY STUB(S)

Pay stub(s) cannot be more than one month old at the time you submit your application .

- If you're paid weekly, send your last five pay stubs.
- If you're paid every two weeks, send your last three pay stubs.
- If you're paid monthly, send your last pay stub

## YOUR MOST RECENT TWO YEARS OF YOUR W-2 FROM YOUR EMPLOYER

- Your W-2 is given to you every year by your employer so you can do your taxes.
- A copy of your W-2 should be attached to your tax return, so you should be able to find it there.
- If you filed electronically, you or your tax preparer should have a copy of your W-2.

## YOUR MOST RECENT THREE MONTHS OF BANK AND INVESTMENT STATEMENTS

- Be sure to copy all pages of your statements (front and back). If you don't receive paper statements, please print your entire online statement.
- Don't forget to include all of your accounts (checking, savings and investments). Your accounts must show that you have enough money to afford your down payment and several mortgage payments.
- You'll need to provide a detailed letter to explain any large deposits or withdrawals.
- **Double check!** Are the three months of statements your most recent?



# We are Here to Answer Your Questions...

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**If you have questions about the Journey to homeownership, please call/email:**

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- The Chase Homebuyer Grant is available on primary residence purchases only. Customer may be eligible for the \$2,500/\$5000 savings when applying for a DreaMaker, Standard Agency, FHA and VA home purchase mortgage loan product and where applicable income limits and census tract requirements are met.
- The Homebuyer Education Benefit is available on primary residence DreaMaker transaction purchase only. Customer has the option to complete a homebuyer education course from an acceptable education provider. Upon receipt of an acceptable education certificate.
- The Homebuyer Grant and Homebuyer Education Benefit funds will be applied at loan closing first to points on the loan, if any, then to Chase fees, then to non-Chase fees or down payment. Customer may be able to combine a grant amount from Chase with benefits from an FHA or VA loan, but if the customer close an FHA or VA loan the grant funds may not be used for down payment.
- The Homebuyer Grant and Homebuyer Education Benefit may be considered in miscellaneous income and may be reportable on Form 1099-MISC (Miscellaneous Income) or Form 1042-S (Foreign Person's U.S. Source Income Subject to Withholding) to the customer and the IRS, for the year in which they are awarded. We encourage the customer to consult with their personal tax advisor for questions about the impact to their personal income tax return.





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For a video of today's talk and  
presentation slides, visit:  
**[go.uic.edu/alumniexchange.](https://go.uic.edu/alumniexchange)**

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