

# THE RENTER'S GUIDE TO BUYING A HOME

A GUIDEBOOK FOR FIRST-TIME  
HOMEBUYERS

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# Chicago feels like HOME



**Are you renting in Chicago and thinking about buying your first home? You don't have to figure it all out on your own. This guide will break down the process and help prepare you for what's ahead.**

You've spent years paying rent, watching prices rise, and wondering if homeownership is within reach. The truth is, *it absolutely is*. And it might be more achievable than you think. Owning a home isn't just about having a place to call your own, it's about **building wealth, gaining stability, and investing in your future** instead of your landlord's. But let's be real - navigating the home buying process for the first time can feel overwhelming with all the decisions, paperwork, and financial jargon.

That's exactly why I created this guide. It **breaks down the process into clear, simple steps**, so you know what to expect at every stage. Whether you're figuring out how much you can afford, getting pre-approved, or ready to make an offer, this guide will help you move forward with confidence. As a Chicago-based real estate agent, I specialize in helping first-time buyers, including renters like you, turn homeownership from a dream into reality. Let's get started!

*Deborah Libby*



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# HOW MUCH HOME CAN YOU AFFORD?

KNOW YOUR NUMBERS BEFORE YOU FALL IN LOVE WITH A HOME. A DREAM HOME SHOULD FIT YOUR BUDGET, NOT JUST YOUR VISION.



Before you start scrolling through listings and picturing yourself in your dream home, it's important to get real about what you can comfortably afford. Lenders typically use the 28/36 rule to gauge affordability, meaning no more than 28% of your gross income should go toward housing costs (mortgage, property taxes, homeowners insurance, HOA fees), and no more than 36% toward total debt (including student loans, car payments, and credit cards). This rule isn't just a lender guideline; it's a way to make sure you don't become "house poor" and still have money left for travel, brunch, and, you know, actually enjoying life in your new home!

But here's the thing: your mortgage payment is only part of the picture. Don't forget to factor in property taxes (which can vary wildly by location), homeowners insurance, utilities, and maintenance, especially if you're used to a landlord handling repairs. If you're buying a condo or townhome, HOA fees can add a significant monthly expense. To get a clear sense of affordability, use an online mortgage calculator to estimate payments based on different price points, loan types, and interest rates. Want to boost your buying power? Check your credit score early and pay down high-interest debt—a higher score can help you lock in a better mortgage rate and save thousands over time.

# GETTING PRE-APPROVED, THE RIGHT WAY

**THINK OF A PRE-APPROVAL AS YOUR TICKET TO SHOPPING WITH CONFIDENCE AND WINNING THE HOME YOU LOVE!**

Before you even think about scheduling home tours, getting pre-approved is a must. A pre-approval letter shows sellers you're a serious buyer and gives you a clear idea of your borrowing power, so you're not falling for homes outside your budget. But not all mortgages are created equal. Interest rates, loan terms, and down payment requirements vary between lenders. That's why it's smart to shop around and compare offers from at least three lenders before choosing one. This small step can save you thousands over the life of your loan. And when it comes time to apply, you'll need your financial documents ready—pay stubs, tax returns, W-2s, and bank statements—so lenders can verify your income, assets, and debt-to-income ratio.

Once you're pre-approved, press pause on major financial moves until you close. Lenders check your credit again before finalizing your loan, and taking on new debt—like financing a car, opening a credit card, or switching jobs—can derail your approval. The goal is to keep your finances stable so there are no surprises at closing. Think of pre-approval as your financial green light. It keeps you competitive in a fast-moving market and lets you make strong, confident offers when you find the perfect home.





Many first-time buyers focus on saving for a down payment but forget about the other upfront costs that come with buying a home. Earnest money (typically 1-3% of the purchase price) acts as a deposit to show sellers you're serious. This amount is credited toward your purchase but requires cash on hand. Closing costs (usually 2-5% of the home price) cover lender fees, title insurance, and other transaction expenses. These costs add up quickly, so it's essential to budget beyond just the down payment. Some buyers negotiate with the seller to cover part of the closing costs, but this depends on market conditions and the strength of your offer.

Other expenses include home inspections and appraisals, which usually cost \$400-\$600 each but are crucial for protecting your investment. An inspection helps uncover hidden issues in the home, while an appraisal ensures you're not overpaying. Property taxes and homeowners insurance will also be part of your monthly payment, so understanding these costs in advance will help prevent surprises. The amount you'll pay for taxes depends on the location and assessed value of the home, so checking local tax rates before buying is a smart move. Before making an offer, ask your lender for a detailed cost breakdown so you know exactly how much you'll need at closing—because the last thing you want is an unexpected bill right before getting your keys!

# UNDERSTANDING THE HIDDEN COSTS

BEYOND THE DOWN PAYMENT, KNOW WHAT IT  
REALLY COSTS TO BUY A HOME.



# HOUSE - HUNTING LIKE A PRO

FINDING THE PERFECT HOME IS ABOUT MORE THAN JUST LOOKS. IT'S IMPORTANT TO KNOW WHAT TRULY MATTERS.

Before diving into house hunting, it's essential to separate your must-haves from your nice-to-haves. Location, home size, and commute time are key factors that will impact your daily life, while features like a fireplace or a walk-in closet might be great bonuses but not deal-breakers. Having a clear list of priorities will help you stay focused and avoid getting distracted by trendy finishes or staged furniture. Additionally, working with a real estate agent who can give you access to off-market listings (like those available on Zenlist) can give you a competitive edge in a hot market. The best homes don't always make it to the public MLS before getting snapped up!

As you tour homes, think beyond just your immediate needs and consider resale value. Even if you plan to stay long-term, factors like good schools, easy access to transportation, and neighborhood appreciation can impact your home's future worth. Visiting multiple properties will also help you get a realistic sense of what's available in your price range. Homes often look very different in person than they do in photos. Take notes, snap pictures, and use a house hunting checklist to compare properties side by side. The goal is to find a home that not only meets your needs today but also remains a smart investment for years to come!



# MAKING AN OFFER & CLOSING

**MAKING THE RIGHT OFFER IS ABOUT STRATEGY, NOT JUST PRICE. KNOW HOW TO PLAY IT SMART.**

Once you've found "the one," it's time to make a strong, strategic offer. Your real estate agent will guide you based on market conditions, comparable sales, and seller motivation to help craft a competitive yet realistic offer. In a hot market, you may need to move quickly and make an offer at or above asking price, while in a slower market, there may be room to negotiate. Price isn't the only factor; offering a larger earnest money deposit, a flexible closing date, or fewer contingencies can make your offer more attractive to sellers. If competition is high, consider adding an escalation clause that automatically increases your bid if other offers come in.

Once your offer is accepted, the real work begins! A home inspection is a must. Even if the house looks perfect, hidden issues could cost you thousands down the line. After the inspection, you and your agent can negotiate repairs or seller concessions if needed. Your lender will finalize the loan details, and you'll receive a Closing Disclosure, which outlines all financial terms. Review it carefully to ensure everything matches what you were promised. Before closing day, schedule a final walkthrough to make sure the home is in the agreed-upon condition. Then, all that's left is signing the paperwork, getting the keys, and officially becoming a homeowner!



WHAT HAPPENS

# AFTER CLOSING?

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## ✔ SET UP YOUR UTILITIES & ADDRESS CHANGE

Transfer or activate electricity, water, gas, internet, and trash service. Update your address with the post office, banks, credit cards, subscriptions, and insurance providers.

## ✔ SECURE YOUR NEW HOME

Change the locks or rekey your doors for added security. Set up a home security system if needed, and test smoke and carbon monoxide detectors.

## ✔ UNDERSTAND YOUR TAX BENEFITS

Keep records of your closing statement and mortgage interest for tax deductions. Research homestead exemptions or other property tax discounts in your area.

## ✔ PLAN FOR HOME MAINTENANCE

Routine upkeep prevents major repairs! Set reminders for HVAC servicing, gutter cleaning, lawn care, and plumbing checks to keep everything running smoothly. Set aside at least 1-2% of your home's value annually for maintenance and repairs.

## ✔ CONSIDER FUTURE REFINANCING

Keep an eye on interest rates. If they drop, refinancing could significantly lower your monthly payment or shorten your loan term.

## ✔ MEET YOUR NEIGHBORS & GET INVOLVED!

Building relationships can be helpful for security, recommendations, and making your new house feel like home!

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Buying a home in Chicago is a big step, but you don't have to do it alone! I'm here to make the process smooth and stress-free, by your side at every step!

**SCHEDULE A FREE FIRST-TIME HOMEBUYER  
CONSULTATION:**



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