

# REFINANCING MADE EASY

Know what you need  
to get it right.



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# YOUR GUIDE TO REFINANCING

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Whether you want to save money or just want a little extra flexibility in your budget, **refinancing is all about making your mortgage work better for you.**

Use this guide to walk you through everything you need to know about refinancing, from the types of lending solutions available to the application and closing process.

**Also, keep an eye out for this icon:**



Whenever you see it, you can click on it for more information on our website, [pnc.com/homehq](https://pnc.com/homehq).

And remember, we're always here for you with knowledge, guidance and support to help make everything go as smoothly as possible throughout the entire process.

# IS REFINANCING RIGHT FOR YOU?

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## WHY REFINANCE?

### Would you like to:

- Lower your monthly mortgage payments?
- Eliminate Private Mortgage Insurance (PMI)
- Consolidate your debt?
- Pay off your loan faster?
- Get cash from the equity in your home for projects such as home improvements?

**If you answered yes to any of these questions, refinancing may be a smart choice for you.** But there are plenty of factors to consider before you get started. Keep reading to learn more about:

- Which lending solution may be right for you
- How to get the best rates
- How to estimate the costs of refinancing

# HOW REFINANCING WORKS

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Get to know how each type of lending solution works to find out which one best suits your needs.

## TRADITIONAL REFINANCE

When you refinance, you replace your current mortgage with a new mortgage loan that typically offers a lower rate.

**With a traditional refinance, you can typically expect:**

- Lower interest rates



**CHECK RATES IN YOUR AREA**

- Lower monthly payments
- Longer minimum loan terms
- More fixed-rate options

And ask us about a no-closing-cost option.\*

\*A no-closing-cost loan generally carries a higher interest rate than a loan where the consumer pays the closing costs.

# HOW REFINANCING WORKS

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## SECOND MORTGAGE OPTION

If your current first mortgage rate is better than the rates now available, and you are looking to refinance to access the equity in your home, a second mortgage may be an option to consider. A second mortgage places an additional lien against your home and requires a separate monthly payment from your first mortgage.

A second mortgage is a product available to eligible customers who have equity in their homes. That equity can be leveraged and converted to a Home Equity Line of Credit that may help finance additional expenses that arise, such as home improvements, college expenses and more.

Ask a PNC Mortgage Loan Officer for additional details.

# HOW REFINANCING WORKS

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**With a PNC home equity line of credit, you can typically expect:**

- Lower closing costs than a traditional mortgage
- The ability to borrow up to 89.99% of your home's market value with no Private Mortgage Insurance (PMI) required
- The option to access the funds for your line of credit with a Visa® Choice Access Card



**FULL COMPARISON CHART  
OF THESE OPTIONS**

# ESTIMATING COSTS AND PAYMENTS

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Understanding the cost of refinancing is important to help find the right solution for you. Here are the key factors that impact the total cost of refinancing.

## GETTING THE BEST RATES

Lenders look at your risk profile to determine the exact refinancing rate they will offer — usually based on a combination of the following factors:

### 1) Credit score

Your credit score is the first and biggest factor a lender considers when determining your rate. It takes an excellent score — usually 740 and above — to get the best possible rate.

#### What factors impact your credit score?

- The length of your credit history
- The amount of outstanding debt you owe
- Your payment history
- New credit that you've recently opened
- The type of credit you're using



# ESTIMATING COSTS AND PAYMENTS

## How can you track your score?

You can order three free credit reports per year from [annualcreditreport.com](https://annualcreditreport.com), and buy a copy of your FICO score from [MyFICO.com](https://MyFICO.com). FICO scores range from 300 to 850, and anything above 670 is generally considered good. Excellent scores, usually above 740, can typically help you qualify to get the best rates.

FICO SCORE	RANKING
800 Plus	Exceptional FICO Score
740-799	Very Good FICO Score
670-739	Good FICO Score
580-669	Fair FICO Score
579 & Lower	Poor FICO Score

Source: experian.com

## 2) Loan to Value Ratio (LTV)

This is the difference between the loan amount you are requesting and the appraised value of your home. Typically, the higher the LTV, the higher the rate.



**CHECK RATES IN YOUR AREA**

# ESTIMATING COSTS AND PAYMENTS

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## ESTIMATING CLOSING COSTS

When your refinancing is finalized, you won't pay all of the same closing costs that you did when you purchased your home, but be prepared for the following:

### **Origination Fees**

These are the lender's charges for processing your mortgage.

### **Settlement Services**

This covers expenses paid to other parties on your behalf, including fees for appraisals, title search, credit reports and document recording.

### **Interest Prepayment**

If you close a loan before the end of the month, the lender may require you to prepay interest on the loan for the number of days until the end of the month, depending on the option chosen.

### **Tax & Insurance Escrow Deposits**

Depending on your situation, you may have to make initial deposits into an escrow account to pay for real estate taxes, homeowners insurance and flood insurance as applicable.



**What will my closing costs be?**

# ESTIMATING COSTS AND PAYMENTS

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## LOWERING CLOSING COSTS

Some services required for closing must be purchased by the lender, such as the appraisal on your home. But for other services, you can shop around to get the lowest possible price, such as title services. And in some cases, the loan can be structured to include the closing costs in the loan amount and reduce the amount of cash you need at closing. In any case, putting aside 3% of the loan value for closing costs should cover your bases.

Ask a PNC Mortgage Loan Officer about our no-closing-cost option.\*

## LOWERING OVERALL COSTS

Sometimes you can negotiate a lower interest rate by paying discount points at closing. Typically, each point represents 1% of the loan amount. Think of it like “buying” a lower interest rate that you can enjoy for the life of your loan.

Ask a PNC Mortgage Loan Officer for additional details.



**Should I pay points to lower the rate?**

\*A no-closing-cost loan generally carries a higher interest rate than a loan where the consumer pays the closing costs.

# ESTIMATING COSTS AND PAYMENTS

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## ESTIMATING MONTHLY PAYMENTS

Many people choose to refinance to lower their monthly mortgage payments and add flexibility to their budgets. Your new monthly payment after refinancing will depend on the following factors:

- The amount you need to borrow
- Your new interest rate
- Annual property taxes and insurance
- The number of years in the term of your mortgage

And, if you are currently paying Private Mortgage Insurance (PMI), be aware that you may be able to cancel it, especially if the principal balance of your loan is less than 80% of your home's original value. Ask your PNC Mortgage Loan Officer for more information.

Use our calculator to determine how much your monthly mortgage payments will be after refinancing.



**How much will my mortgage  
payments be?**

# ESTIMATING COSTS AND PAYMENTS

## IS REFINANCING RIGHT FOR YOU?

Now that you know how to estimate the costs of refinancing and your monthly payments, you can find your break-even point. This is the length of time you need to stay in your home to offset refinancing costs, and it can help you decide if refinancing may be worth it.

**Here's how to calculate your break-even point:**

$$\left( \frac{\text{Cost of Refinance}}{\text{Monthly Savings}} \right)$$

(Proposed Payment - Current Payment)

**= Months to Break Even**

For example, if the total cost to refinance is \$1,800 and your monthly savings is \$300, your break-even is  $\$1,800 / \$300 = 6$  months. If you plan to stay in your home for more than 6 months, refinancing is likely the right option for you. You should consult a Mortgage Loan Officer for a full analysis of your specific situation.



**Am I better off refinancing?**

# WORKING WITH PNC

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Now that you've determined refinancing may be right for you, what can you expect?

## BEFORE YOU GET STARTED

To apply for a refinance, you'll need to provide information about your income, assets and debts, plus any special circumstances that may impact your ability to repay.

Use our application checklist to ensure you have all of the materials you need to refinance.



### APPLICATION CHECKLIST

**Start a conversation with a  
PNC Mortgage Loan Officer today**



### FIND A LOAN OFFICER

or

**Call our Home Lending Center  
at 1-855-762-9545.**

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# WORKING WITH PNC

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## AFTER CLOSING

Managing your mortgage is easier than ever with Online Banking. It's your one-stop hub to sign up for automatic payments, receive online statements and more.

**And if you ever need additional support, just call our Customer Service Center at 1-800-822-5626.**



# GETTING STARTED

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## WE'RE HERE TO HELP

For more than 150 years, we've been working hard to give you good reasons to choose us as your financial partner.

Whether you want to review your refinancing options or need help after the close, we're available online, on the phone or face-to-face in your neighborhood branch or Mortgage office.

Start a conversation with a PNC Mortgage Loan Officer today.



**FIND A LOAN OFFICER** or

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