BUYING YOUR FIRST HOME

Live the dream of owning your own home.
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For most of us, buying our first home is a dream come true. It’s also a lengthy process where potential — and sometimes very costly — pitfalls can trap the unprepared buyer. That’s where this guide comes in. It’ll help you avoid those pitfalls by walking you through the steps of buying your first home.

Also keep an eye out for this icon:

Whenever you see it, you can click on it to be taken to more information on our website, 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.
BENEFITS OF HOME OWNERSHIP

Home ownership brings a lot of added responsibilities. It may also bring a lot of advantages for you, from financial gain to a secure place to raise your family.

For example:

• Your home may **appreciate in value**.

• You can **build equity** to use for home improvement loans, education and other expenses.

• **Your home is your own** — you can do what you like with it to reflect your lifestyle.

• Home ownership can give your children **roots in a community**.

• You may **save money at tax time** by deducting mortgage interest and property taxes.*

A home offers stability, especially as your children grow up. It’s a place where you can live the life you want, and where you can create the memories of a lifetime.

*Consult a tax advisor regarding the deductibility of interest.
KNOW WHAT YOU CAN AFFORD

Knowing what you can afford makes buying a home a whole lot easier. To help you get started, know these basics:

- Your home price generally should be no more than 2.5 to 3 times your annual income.
- Monthly debts usually should not be more than 36% of your gross monthly income.
- You can calculate your monthly housing budget by taking your total income, then subtracting:
  - fixed expenses (car payment),
  - variable expenses (credit cards or utilities),
  - monthly savings.

The result is the money you could have available to budget for housing.

See how much home you may be able to buy based on your budget.
GET PRE-APPROVED FOR A LOAN

Getting pre-approved* by a mortgage lender shows real estate agents and sellers that you are a serious, qualified buyer, and helps you know your budget.

To establish your employment history and financial capabilities, you must provide:

- Pay stubs for 2–3 months
- W-2 forms for the past 2 years
- Most recent 3 months’ bank statements
- All credit account and debt information

GIVE YOURSELF CREDIT

Pre-approval requires having qualifying credit. Like all lenders, we consider the Three Cs of Credit:

- **Character**: Indicates your financial integrity
- **Capital**: Provides the value of your assets
- **Capacity**: Shows you can afford to repay your loan

*Pre-approvals are subject to property underwriting and appraisal. Borrower must satisfy pre-approval conditions outlined in commitment letter. Loan amount subject to property appraisal.
SELECT A MORTGAGE
We provide mortgages to fit your situation, including:

• **Fixed-Rate Mortgage**: interest rate never changes

• **Adjustable-Rate Mortgage (ARM)**: lower starting rate that may increase or decrease over time
  » PNC ARMs have rate adjustment caps

• **FHA loans** for expanded eligibility and low down payments

• **Veterans Affairs mortgages** for U.S. military service members

• **Affordable loans for low- to moderate-income** borrowers

WHICH IS BETTER: FIXED OR ADJUSTABLE?

WHICH LOAN IS RIGHT FOR ME?

SHOP FOR A HOME
Once you’re pre-approved, you can start looking at houses! Now’s the time to contact a reputable real estate agent who can show you homes you can afford.
You might also consider hiring a real estate attorney to:

- Review contracts and research liens and encumbrances
- Be your advocate during negotiations with the seller
- Make sure there are no legal surprises ahead

**KNOW THE COSTS**

There are three main costs you’ll need to consider and prepare for:

- Your **down payment** — generally 3% or more of the sale price

  **HOW MUCH SHOULD I PUT DOWN FOR A NEW HOME?**

- Your **monthly payment and interest rate** — knowing current rates will help you more accurately estimate your future monthly payments

  **WHAT ARE CURRENT RATES IN MY NEIGHBORHOOD?**

- **Closing costs** — which include a variety of fees and other expenses

  **WHAT WILL MY CLOSING COSTS BE?**
Other costs to consider include:
- Taxes & insurance
- Utilities
- Repairs & maintenance
- Homeowner association dues or assessments

While these costs will vary from home to home, you’ll want to know what they are before making a final offer.

**HOME APPRAISAL AND TITLE SEARCH**

Found a home you like?

Once the seller accepts your offer, you may want to hire a certified home inspector who can verify there are no structural problems, code violations or other potential concerns.

In addition, the lender will order an independent, third-party appraisal to determine what the home is worth. Prior to closing, the lender or seller will also order a title search to:
- Discover any other claims on the property
- Make sure you can get a clear title to your new home
CLOSE THE SALE

At last — you’re ready to finalize the sale!

During the closing, you’ll meet with all parties involved in the sale to make it official by signing documents and paying your closing costs, which may include:

- Attorney, credit report and/or processing fees
- Title search and insurance
- Appraisal and inspection fees
- Points — a predetermined fee similar to prepaid interest
  - Paid to the lender to receive a particular interest rate
  - Each point typically represents 1% of the loan amount
- Other costs depending on your particular loan

KNOW YOUR APPLICATION STATUS

You can use Home Insight® Tracker on your desktop, tablet or smartphone to get a comprehensive view of where you stand in the process from application through closing.* Plus, you can keep your real estate agent up to date with real-time status updates at key milestones.

*Carrier fees for data usage may apply.
SPECIAL MORTGAGE OPTIONS FOR UNIQUE LENDING SITUATIONS

If you’ve always wanted to buy your own home but were unsure if you could qualify for a mortgage, PNC has programs to help make your dream of home ownership come true.

A PNC Mortgage Loan Officer can help you understand your best options among several special loan programs that feature:

• Low- to moderate-income lending guidelines
• Limited down payment requirements
• Flexibility for those with less-than-ideal credit history
PNC COMMUNITY MORTGAGE

Our PNC Community Mortgage* is designed to make home ownership easier and more affordable. This program is exclusive to PNC and features:

• **Low, flexible down payments** — You can buy a home with as little as 3% down, and only $500 of the down payment must be your own cash. The rest can come from family members or through down payment assistance programs from local governments or non-profit organizations.

• **Lower monthly payments** — When making a down payment of less than 20%, private mortgage insurance (PMI) is a common requirement. But, because a PNC Community Mortgage does not require PMI, you avoid this added expense.

• **Relaxed loan terms** — Many find it easier to qualify for a PNC Community Mortgage than a traditional one.

*PNC Community Mortgage is offered to borrowers who are financing a property located in a low- to moderate-income census tract or whose household income is 80% or less than the median household income for the Metropolitan Statistical Area (MSA). Consult a PNC Mortgage Loan Officer to determine eligibility and for full details.
GOVERNMENT LOAN OPTIONS

PNC participates in several federal loan programs that can help make buying a home a reality:

- Federal Housing Administration (FHA) loans:
  - Require a low down payment
  - Offer more flexible qualification criteria than conventional loans

- Veterans Affairs (VA) loans:
  - Available to veterans, active-duty service personnel, reservists, National Guard members and spouses
  - Guaranteed by the U.S. Department of Veterans Affairs
  - Low or even NO down payment required

PNC HOMEOWNERSHIP GRANT

You may qualify for a grant of up to $1,500* from PNC that you can use toward closing costs or to help fund an escrow account to cover property taxes, insurance or other expenses that may need to be prepaid. Unlike a loan, a grant never needs to be paid back!

*The PNC grant is available in select markets only.
PRIVATE MORTGAGE INSURANCE (PMI) OPTIONS

PMI is a special insurance policy that allows borrowers the flexibility to make down payments smaller than 20%. It protects your lender in case you default on the payments. If your mortgage requires PMI, PNC gives you the option of paying the PMI premium in a single lump sum at closing or as part of your monthly mortgage payment.

Contact a PNC Mortgage Loan Officer today to explore your affordable lending options.
Congratulations! We hope you enjoy your new home. To help you make the most of it and to keep your financial house in order, PNC continues to provide you with ongoing services that include:

- **Establishing an escrow account** for paying property taxes and insurance
- **Producing your annual mortgage statement** for tax purposes
- **Mortgage refinancing** if and when rates go down

In addition, we offer you a variety of products* and financial services that may help with your everyday expenses, your future financial plans and other aspects of your life, such as:

- Checking and savings accounts
- Credit cards
- Auto loans
- Home equity lines of credit
- Personal loans and lines of credit

At PNC, we’re always here to help you reach your financial goals and dreams.

*Credit is subject to approval.
PNC offers a variety of helpful resources, including PNC HomeHQ, an online lending experience that helps guide you through the home-buying process.

This site helps you determine how much you can afford, which mortgage option may be right for you, and what your closing costs may be. Features include an application checklist, educational videos and mortgage calculators.

From estimating payments to improving your credit, PNC HomeHQ is the ideal place to fully prepare and educate yourself about new home ownership.

» Find a loan officer
» Call toll-free 1-855-762-9523