



Quarterly Focus: Advantages of Pre-Approval

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Our [Personal Loan Website](#) has more information.

Pre-approval gives a buyer a good idea of the type of mortgage they will qualify for and the price range of homes they can afford.

It can help homebuyers:

- Know how much they can borrow.
- Confirm ability to qualify for a mortgage based on credit, financial, and employment information.
- Strengthen their position to make an offer on a house. Sellers are usually more willing to accept offers from pre-approved buyers.

To get preapproved, a homebuyer needs to work with a mortgage lender. The lender will review their credit, financial, and employment information after filling out an application and providing documentation. A fee might be involved to cover application costs. Make sure preapproval

documents are filled out completely and honestly. Misrepresenting information on these documents can invalidate a preapproval, put buyers at risk of borrowing more than they can afford, and jeopardize their relationship with the lender.

If they qualify, a homebuyer will get a letter that says they are approved to borrow a certain amount of money—for a certain amount of time. Being preapproved does not mean the loan has been finalized or that they must use this lender.

Pre-Qualification is NOT the Same as Pre-Approval

A prequalification is a free test run of the loan application process that usually takes a few hours. The mortgage lender uses a buyer's credit, financial, and employment information to come up with a rough estimate of the amount of money they can potentially borrow. When a buyer is ready to purchase, take the time to get preapproved. While it is a lengthier process, it is worth it. And, remember, just because a person is pre-approved or approved for a certain amount of money, it is ultimately up to the buyer's decision if they can afford the monthly payment based on their spending habits.

Be Wary of Online Pre-Approvals

There are a number of reputable online mortgage companies, but choose wisely. There are some who are fishing for your personal information.

These "faulty" or invalid approval letters could mean the breakdown or delay of the sale of the home. Therefore, do your research before getting an online preapproval letter and before giving your private information to online agencies.

[From Freddie Mac - Click for more information](#)

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