

## Should I Pre-Qualify or get Pre-Approved?

To determine the maximum price of a home you can afford, or as expressed in the industry as How Much House Can You Buy, you need to find out how much mortgage you qualify for.

Mortgage values are largely determined by the value of the property, your income to support the mortgage payments, and other debt that you need to pay from your monthly income. Other factors may also play a role in individual cases.

### Pre-Qualification

A pre-qualification is a budgetary estimate and indicates the mortgage amount you MAY qualify for. It is based on limited information you provided such as income, assets, and liabilities. It is not a guarantee that you will qualify for a mortgage of that amount.

Most pre-qualifications are based on information provided over the internet without an official credit check or document submission. The biggest benefit is speed – results are immediate and are a good 1<sup>st</sup> step in the home shopping process.

Realtors do not put much weight in a pre-qualification because the information you provided has not been verified. The benefit is more on your side knowing How Much House Can I Buy.



## Pre-Approval

Pre-Approvals are the formal process to start a mortgage application. You will be asked to submit income and employment verification, and other financial documents. Your credit score will also be verified.

A Mortgage Underwriter will review your application file and issue a written pre-approval document indicating you have been approved for a certain mortgage amount subject to an appraisal of the actual house you intend to buy.

Real estate agents value pre-approvals and understand you have a lender in place who is prepared to advance the mortgage funds when your offer is accepted. Many realtors will only work with pre-approved buyers. Pre-approved buyers can also act faster when they find the house of their dreams because the financing process is already in place.

**Sometimes it's better to get pre-approved instead of pre-qualified right from the start.**

Ask your Mortgage Professional what is the best strategy for your situation.

## Disclaimer.

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