

Get Pre-Approved ... Not Pre-Qualified.

There is a difference between being "pre-approved" and being "pre-qualified" for a mortgage. "Pre-qualified" means that you called a lender, gave them information over the phone, and they told you what they thought you could afford. It was just their opinion, and it really does not mean much since it is not based on verified facts. Don't try to buy a home based on information a loan officer gave you over the phone or on-line. In the end you will have to be "pre-approved" anyway.

"Pre-approved" means that you have actually applied for a mortgage, provided tax returns, paycheck stubs, bank statements, and paid for a credit report. An underwriter (the person approving your loan) has actually reviewed the information and issued you a letter stating that you have a mortgage loan available to you.

If you want to purchase a new home from either a builder or an existing home, and you have been "pre-approved" you can approach the seller with confidence knowing exactly the price of the home for which you qualify.

Beware of fake pre-approvals or "free" pre-approvals and read the fine print. It usually says that you are not pre-approved at all unless you pay a dollar amount for the application fee.

And if you are not be able to get "pre-approved" for a mortgage right away, don't be discouraged, there are ways you may be able to do so up to six months or a year from now. Get advice on how to restructure your debt or credit to qualify for a mortgage. A qualified loan officer can help you or refer you to someone who can help.

Likewise the seller knowing you are "pre-approved" is confident you have the means to purchase his house and is more willing to work with you to get his house sold.