



Getting Pre-Approved

Taking that first step to becoming a homeowner.

Before loan shopping, you should first understand the difference between "pre-approval" and "pre-qualification". Neither will guarantee you a loan, but these tips will help you get closer to buying a house..

Pre-qualification is the first step you can take -- but it's not mandatory. If you want a ballpark idea of how much a bank will loan you so that you can shop within your price range, pre-qualification is a quick and easy way to find out. Most banks and credit unions will do this over the phone, and your credit history will usually not be checked. A loan officer asks you about your income, assets, debts and projected down payment and then calculates what kind of loan you'd likely qualify for. The process takes just a few minutes.

Pre-approval is more involved and usually requires an appointment. In this step, the lending institution gathers all the information it requires to offer you a loan, and your credit report will be checked; you may be charged a fee for this at the time of the appointment.

Getting pre-qualified will let you know what price range of home you should be looking for. Having a pre-approval letter in hand when you find the perfect home will put you in a stronger negotiating position.



Items needed for pre-approval:

- A copy of your most recent bank statements (this includes your daily checking account as well as any money market, savings or other accounts)
- Your most recent W-2 (or entire tax return if you're self-employed)
- Proof of IRAs or retirement accounts and their current balances
- Ditto for any stocks or mutual funds you own outside of retirement accounts
- Your driver's license
- The most recent month's paystub(s) from your job
- An application fee (varies by lender)