



BUYERS

PRE-APPROVAL

A pre-approval is a written indication from a lender to loan a specific amount of money to a borrower, based on certain assumptions and information provided. It is not a guarantee of loan commitment but is the industry standard demonstrating a borrower's ability to perform. Pre-approvals inform buyers of their loan qualifications and are a critical part of submitting a compelling purchase offer.

THE PRE-APPROVAL PROCESS

The process is fairly simple as the documentation required and outlined by your lender is most likely saved electronically or accessible online. Be thorough in providing your mortgage professional with as much documentation as possible and confirm they have all they need to issue your pre-approval. Key documents typically include:

- *Two most recent pay stubs*
- *Two most recent federal tax returns*
- *If self-employed, two most recent business returns*
- *All asset statements - two most recent months for all checking, savings, 401k, IRA, stocks, bonds, etc.*
- *You will need to provide all numbered pages, even if they are blank*
- *Authorization to pull credit*
- *Contact information for your human resources representative*
- *Copy of current mortgage statement (if applicable)*

LIST OF QUESTIONS TO ASK WHEN MEETING WITH A LENDER

- *Which mortgage products would you recommend for my situation?*
- *What is the minimum down payment required?*
- *What will my monthly payment be?*
- *What can I afford if I am obligated covering my agent's commission?*
- *Do I qualify for any special grants?*
- *What costs are associated with the loan? Are your rates, terms, fees and closing costs negotiable?*
- *What are my options for discount points?*
- *What are the interest rate and APR (annual percentage rate)?*
- *How long can I lock in a rate? Will I be able to obtain a lower rate if market rates go down before I close?*
- *Who will service this loan?*
- *What escrow requirements do you have?*
- *Will I have to pay mortgage insurance?*
- *Is there a prepayment penalty?*

COMMON MISTAKES OF HOMEBUYERS

- *Talking to only one lender or choosing the lowest quoted rate without considering the lender's track record and ability to perform*
- *Buying more house than you can afford*
- *Spending all or most of your savings on a down payment*
- *Not checking credit reports and checking errors*