

Pre-Approval or Pre-Qualify?

Pre-Approval gives the Borrower much more credibility. They are electronically approved for \$xxx,xxx. They have:

- Completed the loan application
- Pulled Credit
- Supplied all necessary documentation (pay stubs, W-2, asset verification, etc)
- The loan would be electronically underwritten and approved.

Pre-Approval lets the seller know you are seriously interested in purchasing the home. If two like offers are on a home at once the sellers will take the Pre-Approved buyer over the Pre-Qualified buyer. The Approved file would then be reviewed by a third party and then a closing can be scheduled.

To be **Pre-Qualified** a borrower must supply to the loan officer:

- A Loan Application
- Pulled Credit
- Income Documents

A Pre-Qualification states the borrower is qualified for \$xxx,xxx. Not Approved for the loan. This does not carry the same credibility as an approval. Ultimately the borrower may not be approved for the mortgage, for many previously unseen conditions. This could result in loss of earnest money and rights to the purchase of the home. The Pre-Qualified borrower has not begun the underwriting procedure as the Pre-Approved borrower has.



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