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Pre-Qualified Vs. Pre-Approved What's The Difference?

Before visiting your realtor, you can make the entire purchase process easier by getting a **pre-approval** from the lender. When you visit a mortgage professional, they will either "pre-qualify" or "pre-approve" your mortgage application. Understand the difference and set your expectations accordingly.

The Skinny on Pre-Qualified

If you are looking for a quick indication of whether you will qualify for a loan, many mortgage bankers will pre-qualify you. This conversation is generally takes place over the phone and the lender will *estimate* an approximate amount of a mortgage that you should be able to qualify for once you commit to the formal loan application process.

A note of caution: A pre-qualify is NOT a guarantee that you will get a loan. This is only an estimate.

The Skinny on Pre-Approved

With a pre-approval, you actually *apply for a mortgage* with an address "To Be Determined Later" and the application is submitted to a lender and an approval is issued subject to the home qualifying. The lender will verify your credit, down payment, employment history, etc. If your loan is pre-approved, you are then issued a pre-approval certificate (i.e. approval letter).

The benefit: a pre-approval allows you to close very quickly when you do find a house. It can also help you negotiate a better price with the seller, since being pre-approved is very close to having cash in the bank to pay for the house!

The difference.....

- If you only talked to someone on the phone, you are not pre-approved.
- If a lender has not thoroughly reviewed your credit, employment history, etc., you are not pre-approved.
- If you have not signed an application, you are not pre-approved.

If you insist on looking first and are not willing to get pre-approved **first**, you are not a serious buyer. Know your "mortgage status" and get pre-approved first!