

Pre-Approval & Pre-Qualification

For many new homebuyers, the terms pre-qualification and pre-approval seem interchangeable. But they are not — and the distinction is an important one.

When you get pre-qualified, we perform a quick check to determine generally how large a home loan you can afford. Essentially, when a buyer is pre-qualified, the lender is saying it would most likely approve the buyer for “x” amount.

In order to get pre-qualified, you’ll need to provide us with some basic information on gross monthly income, other reliable reoccurring income, the balances and payments on current debts, and how much money has been saved for a down payment. Qualifying ratios are applied to those figures to determine what percentage of your gross monthly income can be used to pay for the home loan and attached expenses.

Pre-approval goes much deeper. In order to issue a pre-approval, we need to examine and verify your debt, income, savings, assets and credit report to ensure you can repay the loan amount. Where pre-qualification is a sort of educated guesstimate of the buyer’s purchasing power, pre-approval says the prospective lender would definitely be approved for the loan.

This is particularly useful when home shopping for multiple reasons. To begin with, pre-approval instantly lets you know what your actual budget is. When you begin home shopping, knowing what you can afford from the outset will help you and your real estate agent better focus your efforts to find the best home for your money. It sets the scope of your home-buying strategy.

Once you find a home within your budget that you like, being pre-approved provides you with an advantageous position over other buyers, because pre-approval assures the seller that you have access to the loan necessary to back your offer. We will provide you with a letter or certificate demonstrating that you are pre-approved for a certain amount of money, which you can provide as part of your offer.

The Loan Process

We realize the home loan process can be intimidating. Selecting a home loan is a very important financial decision that can affect your personal finances for many years to come. It’s a substantial transaction with many aspects that may be unfamiliar to you. We promise to listen carefully to your concerns and questions, and take all the time necessary to make sure you are comfortable with the transaction. Our most important goal is to ensure that you are totally satisfied with our service, and that your lending solution meets your financial needs.

Below are the 10 steps to completing a loan application and purchasing a new home. You can read through each step, or click on the links to jump to a step you’d like to learn more about. There’s also a chart at the bottom of the page that covers the home buying process as a whole.,

Step 1:

The Lender will review your mortgage options with you based on your specific financial needs.

The Lender will discuss with you your mortgage goals and determine the appropriate loan program that fits your short- and long-term needs. There are a lot of choices and it is our goal to help you find the program that you are most comfortable with and to ensure you are completely educated on the features associated with your choice.

Step 2:

Complete the loan application.

We will take your application via Internet or an in-person meeting. Once the terms and conditions are agreed upon you will sign and date the application and appropriate disclosures, which are forms required by law that provide in-depth details about your loan. We will ask you to provide important documentation, such as pay stubs, W2s, bank statements, etc., at an early point in the process. See our [Document Checklist](#) page for a more complete list of documentation you'll need at this early stage.

Step 3:

Your personal documentation is gathered.

If this a land and home transaction, the title and all verifications are ordered when you are refinancing or have a purchase contract. The title company will send disclosures for you to complete and return. Please follow their instructions and call the title company directly with any questions regarding their paperwork.

Step 4:

Appraisal on the home or land and home is ordered.

If you are purchasing a land and home, or land in lieu of down payment loan, the appraiser will call you to set up an appointment to take pictures and measurements of the property. If you are purchasing a home only or chattel loan, a Data comp appraisal will be ordered by the lender.

Step 5:

Loan is submitted to a professional underwriting team for review.

The loan will be given to the processor. This is the first review of your application to check all the pieces are there and all the numbers are adding up properly. Your loan is assigned a loan number. You'll be sent the Good Faith Estimate (GFE) and Truth in Lending (TIL) documents for you to sign and return. Please note that the GFE and TIL may be the exact same disclosures you previously signed at application with your loan officer. Any missing or incomplete information will be gathered in order to submit the loan to the underwriter. You may receive a [pre-approval needs letter](#) via email or mail from the processor providing a list of "conditions" (i.e., missing information) that will need to be met prior to the closing of your loan. If this list requires action on your part (providing a pay stub, bank statement, etc.) please complete as soon as possible.

Step 6:

You receive periodic loan status throughout the process.

It is important to the whole Mortgage team that you are informed on the progress of your loan. You will be getting numerous calls or emails from us, which include but are not limited to:

- When we receive your appraisal back from the appraisal company
- When we receive the final approval from underwriting
- When your loan docs are being sent to the title company
- When your loan funds

In addition, we can check on the status of your loan at any time, and can even look up the name of the person who has it at any moment in case we need to contact them for a status update or to provide them with additional information.

Step 7:

Loan is submitted to underwriter for final approval.

Once the loan package is complete with all of the pertinent documentation, it is submitted to the underwriter for approval. The underwriter will review your documentation and determine whether the information listed on the application meets the guidelines.

The final approval will list the terms and conditions of the loan. Once again, if the underwriter is requiring additional documentation that is missing or was not asked for earlier, the processor or the loan officer will notify you. To expedite the loan process, it is extremely important to fax or mail requested documents right away. If you have questions or need assistance, just call us and we'll be happy to help you keep your loan moving forward. If the package is considered complete, the processor will request the final documentation be sent to the title company

Step 8:

If it is a Land and Home, or a land In lieu loan, Title company sets up an appointment to sign documents.

Once the title company receives the loan documentation, they will call you to set up an appointment. At this time, they will give you the FINAL closing figures. The exact amount of money you will be required to bring to closing will not be known until the title company calculates the Settlement Statement. You will need to provide certified or wired funds from one of the accounts you listed on your initial application to pay the closing fees.

Step 9:

Signed documentation is sent to funder.

Once you have signed the closing documentation, the title company will provide your complete file to the Funding department for review. The loan will go through quality control in which a funder makes sure everything is in the file to make it compliant with state and federal law. If anything is missing,

additional disclosures may need to be signed or additional documentation (updated pay stub, bank statement, etc.) may need to be provided. In this case, the title company or the processor will contact you.

Step 10:

Loan funds and you take possession of your new home.

Once the funder determines the loan is compliant, he or she will wire the money to the title company. Once the title company receives the funds, they will send the deed to the county recorder's office to be registered and filed. After the loan has recorded, the transaction is complete and your agent may now give you the keys to your new home.

Congratulations!