

## Why Mortgage Pre-approval Is Important

In today's difficult economic times, it has never been more important to obtain mortgage pre-approval if you're in the market for a new home. It's not all doom and gloom as the media continually conveys. There is still plenty of money available to creditworthy borrowers, but lender guidelines have tightened significantly and the days of easy credit with no down payment and no documentation are all but over. With this in mind, it is a necessity to get pre-approved in order to avoid the kind of painful last-minute surprises that can destroy a real estate transaction.

The mortgage pre-approval letter is a written statement from one or more mortgage lenders that have examined your credit and financial situation in detail and have determined that you qualify for financing. It is a commitment letter from a lender to give you financing for a specified amount of money. This document shows sellers and real estate agents that you are formally qualified to purchase a property in the price range of homes you are currently examining.

One of the biggest mistakes a first-time home buyer will make is not getting loan pre-approval. You don't want to find the perfect home before having your credit pulled and then being told you do not qualify. Unbeknownst to you, your credit report may contain inaccurate information and errors. Should errors surface on your credit report, the process of correcting the inaccurate information could take weeks or even months to correct. Alternatively, if there are concerns that need to be addressed and areas for improvement on your credit report, most mortgage lenders will help you step-by-step through the entire process to repair those issues and work with you to prepare you for successful pre-approval.

If you have ever purchased a home, you know first-hand that buying a home can be a very stressful time as well as a challenging process. It is important for home buyers to know that obtaining a mortgage pre-approval is generally the longest contingency to satisfy in a purchase contract. Therefore, it is to your advantage to obtain a pre-approval letter as soon as you're ready to begin your search. By obtaining the pre-approval letter first, even before you go house hunting, you will benefit greatly by knowing what price range to look in, as well as how much your monthly payments are going to be. As a result, you will save time looking for a home because you will know exactly what price range to look in.

The second benefit of the pre-approval letter in hand is that you will see a new level of respect and service from sellers and real estate agents alike. Why? They both know you are a serious, qualified buyer and not just a "tire kicker" and you have eliminated much of their concern or questions over whether you can get financing to complete a home purchase. In addition, they know your financial situation has already been examined thoroughly and one or more lenders want to make you a loan.

In my opinion, by obtaining a mortgage pre-approval letter in the beginning of your new home search, you can go from being a frustrated victim to becoming the person truly in charge of your new home search. It's a home buying prerequisite in today's market conditions.

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