

# THE MORTGAGE PRE-APPROVAL PROCESS

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ARBOR FINANCIAL GROUP



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    Reference:                 <https://www.arborfinancialgroup.net/mortgage/get-approved/mortgage-preapproval-process.php> \_\_\_\_\_ **8**

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## THE MORTGAGE PRE-APPROVAL PROCESS

### WHAT YOU NEED TO KNOW PRIOR TO GETTING PREAPPROVED FOR A MORTGAGE HOME LOAN!

Before you approach a lender to get pre-approved for a mortgage loan, it is imperative to understand the difference between "pre-approval" and "pre-qualification". Let's get right into it.

### PRE-APPROVAL VERSUS A PRE- QUALIFICATION

As you browse the internet for information regarding buying your new home you will encounter many articles regarding pre-qualifying AND getting pre-approved for a mortgage. This begs the question...what is the difference and which should you choose.

A pre-qualification is an informal review of your financial profile. Typically a pre-qualification will be issued after you disclose your information via the phone or over the internet. The pre-qualification is not based on the actual review of information. The lender is basically "taking your word for it" and issuing a pre-qualification based on the data you provided. That said, the pre-qualification is only as good as the information you provided. If you thought your credit score was 720 but is actually 685 this will have a dramatic impact on your pre-qualification. A pre-qualification can be valuable in the very early stages of the home ownership process. If you just want to know if buying a home is in the realm of possibilities a pre-qualification could be valuable for you.

Once you determine that buying a home is possible and you are ready to actually start shopping for homes you need to move from the pre-qualification stage to the pre-approval stage. This simply means it is time to gather all the documents that prove the information you provided for the pre-qualification. For example, if you told the bank that you make \$12,000 a month to obtain your pre-qualification it is time to send in your paystubs, w-2s and tax returns so the bank can



verify your income as part of your pre-approval. A proper pre-approval will allow you to simply find a home and not have to worry about whether or not your loan will go through. Your loan is approved and all the bank needs is an address so they can do an appraisal and close your loan.

## **MORTGAGE HOME LOAN PRE-APPROVAL PROCESS**

The process for getting pre-approved for a mortgage is rather simple. The more you prepare...the easier it will be. The concept behind a mortgage pre-approval is to determine whether you are capable of repaying a mortgage. To make this determination ARBOR needs to review your credit history and score, employment history, current gross income, and current savings. There are hundreds of variables that can affect a person's ability to qualify for a mortgage which is why it is so important to get pre-approved. You don't want to engage in a purchase transaction only to uncover a variable that will prevent you from buying your home at the last minute. It not only could cost you your dream home but thousands of dollars as well.

Here is the process:

### **STEP 1: GATHER AND PROVIDE FINANCIAL INFORMATION TO ARBOR**

You will need to provide ARBOR with the following:

1. Most recent 2 years personal federal tax returns. All pages and all schedules. \*\*
2. IF you own 25% or more of any LLC, S-Corp, Partnership etc we will need the most recent 2 years business returns (1120s, 1065s, etc) & K-1s for these entities
3. Most recent 2 years W-2s
4. Most recent paystubs to cover a 30 day period
5. Current Driver's licenses
6. 2 months banks statements for any funds that will be used for closing.



7. A complete ARBOR Loan Worksheet
8. Current credit report (we can provide for you)

## **STEP 2: ARBOR WILL PROCESS AND REVIEW THE INFORMATION YOU PROVIDED.**

Typically this step will take 48 to 72 hours.

## **STEP 3: PHONE OR PERSONAL LOAN CONSULTATION TO NARROW DOWN PRE-APPROVAL RESULTS.**

After we have processed your pre-approval we will be able to advise you of your loan options.

The pre-approval consultation will review the following key points:

- How much you can afford or your maximum purchase price.
- Available loan programs based on your credit score, loan amount, and down payment profile.
- Break down of your future housing payment including your mortgage payment, property taxes, home owners insurance, home owner's association dues and mortgage insurance if applicable.
- Three interest rate and closing cost options for the program that best fits your needs.

## **STEP 4: PRE-APPROVAL LETTER ISSUED**

You will receive a valid pre-approval letter to be used when shopping for your home! In addition your pre-approval letter will have the contact information of your loan officer so that he or she can be contacted by any real estate agent that may have questions regarding your mortgage pre-approval.

## **FINANCIAL LOCK DOWN – PRESERVE YOUR PRE-APPROVAL**

If you're pre-approved, you can still be denied a mortgage. A pre-approval is not a final loan approval. The documentation you provide for your pre-approval typically expires every 60 to 90 days. Therefore,



it is critical that you do not make any major life or financial changes until after you have purchased your home. Any significant change could jeopardize your pre-approval and your ability to obtain a mortgage.

Please observe the following DO NOT's until you get the keys to your new home!

1. Do not change jobs, become self-employed or quit your job.
2. Do not buy a car, truck or van.
3. Do not charge up credit cards or make late payments.
4. Do not spend money you have set aside for closing.
5. Do not omit debts or liabilities from your loan application.
6. Do not buy furniture.
7. Do not allow anyone other than your Lender to run your credit.
8. Do not receive gift Funds or make large deposits without first checking with your loan officer.
9. Do not change bank accounts.
10. Do not co-sign a loan for anyone.

## IF IT'S NOT A GUARANTEE, WHY SHOULD I GET PRE-APPROVED?

Pre-approval gives you a good idea of how much house you can reasonably afford. You can target your home search in such a way that you only consider houses that are within your price range.

A pre-approval letter also makes real estate agents and brokers more willing to deal with you. Some even require that you provide a letter of pre-approval along with your offer. Additionally, if multiple offers on a property are received, the person who provides the strongest mortgage pre-approval is likely to be considered ahead of those who don't.

## HOW LONG DOES IT TAKE TO GET PRE-APPROVED FOR A MORTGAGE?

Usually, when working with Arbor Financial Group, if you fit our lender's guidelines, we can get you **pre-qualified for a mortgage**



**online** in minutes. Once you decide to move to a full a pre-approval you can expect a processing time of up to 72 hours.

## WHAT HAPPENS IF I CAN'T GET PRE-APPROVED

Knowing is half the battle! Even if you don't get your pre-approval you will have identified why you cannot be pre-approved. Our team of professionals understands that embarking on the road to home ownership may take some longer than others. We are committed to helping and advising our clients how to get approved for mortgage. Whether that is in the form of credit repair or savings goals you can rest assured that if you don't walk away with a pre-approval you will walk away with a plan that if followed will get you in a home.

## THE WHOLE PROCESS – WHERE DOES THE PRE-APPROVAL FIT?

1. Get Pre-Qualified – online or call
2. Get Pre- Approved – online or call
3. Find the Right Home – [home search](#)
4. Make an Offer That's Just Right
5. Offer is Accepted
6. Home Inspection
7. Home Appraisal
8. Submit Mortgage for Final Approval
9. Final Mortgage Approval
10. Sign Mortgage Loan Documents and Wire Funds
11. Get your Keys!

## GET MORE INFORMATION/HELP

Contact one of our agents in Orange County, California to discuss your available options in order to increase your likelihood of having your offer accepted. You can also review our mortgage calculator page if you would like more information on potential payments and options.

REFERENCE:

<https://www.arborfinancialgroup.net/mortgage/get-approved/mortgage-preapproval-process.php>

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