

BuyHomeInPhoenix.com

Get Preapproved

Few people can buy a home for cash. According to the National Association of REALTORS® (NAR), nearly nine out of 10 buyers finance their purchase, which means that virtually all buyers required a loan.

The real issue with real estate financing is not getting a loan (virtually anyone willing to pay lofty interest rates can find a mortgage). Instead, the idea is to get the loan that's right for you – the mortgage with the lowest cost and best terms.

I advise all buyers to start the mortgage process well before you start looking for a home. By meeting with lenders and looking at loan options, you will find which programs best meet your needs and how much you can afford.

I also recommend preapprovals for another reason: The Purchase Contract requires you the buyers to apply for financing within a five days after acceptance of the Contract. By meeting with loan officers in advance and identifying mortgage programs, it won't be necessary to quickly find a lender, check credit, and rush into a financing decision that may not be the best option.

What is it?

"Preapproval" means you have met with a loan officer, your credit files have been reviewed and the loan underwriter believes you can readily qualify for a given loan amount with one or more specific mortgage programs. Based on this information, the lender will provide a preapproval letter, which shows your borrowing power. You can visit as many lenders as you like and get several preapprovals, but keep in mind that each one carries with it a new credit check, which will show up on future credit reports.

Although not a final loan commitment, the preapproval letter can be shown to listing brokers and the seller when making an offer to purchase a home. It demonstrates your financial strength and shows that you have the ability to go through with a purchase. This information is important to owners since they do not want to accept an offer that is likely to fail because financing cannot be obtained.

How do you get preapproval?

Real estate financing is available from numerous sources, Banks, Mortgage Bankers, and Mortgage Brokers. If you need a referral to a lender I will suggest one or more lenders with a history of offering competitive programs and delivering promised rates and terms. Just contact me at Preston@BuyHomeInPhoenix.com or call me at 602.743.1410.

The loan officer will carefully review your financial situation, including your credit report and other information. The lender will then suggest programs which most-closely meet your needs. Then submit your loan for preapproval.

