

CULTURE MORTGAGE

How can I get prequalified for a mortgage?

Getting prequalified for a mortgage involves contacting a lender (broker, correspondent bank, direct lender, savings and loan, credit union), completing a loan application (1003), and running credit. Inside the loan application you will be asked for your income, employment history, housing history, assets, credit, liabilities, etc... In essence a completed loan application is going to include all the information about you that is necessary to warrant a decision to loan you money. The credit report pulled will confirm liabilities and infer through your credit scores your ability to pay back debts.

Assuming preapproval, you will be required (depending on the approval's guidelines) to provide supplemental paperwork that will substantiate the claims you have made on the application (W2s, or 1099s, bank statements, verification of rent or mortgage, etc...). With a completed application a competent finance agent can have a preapproval within an hour.

It is very important to represent your personal situation on the application accurately. For example if you make 4400 in income a month, do not round up to 4500 simply because it is easier to say, sounds better, or is a "clean" number. Doing so can result in preapproval only to find out later your loan has been denied. If you are forced to estimate, underestimate your income and assets, and overestimate your liabilities so there are no unpleasant surprises.

In conclusion, some sales require you to get preapproved from a specific lender. This does not mean you must use the lender they are requiring preapproval through. Moreover, it is illegal for someone to require you to use a particular lender. If you run into this situation, you may have to get preapproved from their lender, but feel free to move forward with the lender of your choice especially if the terms are better. For this reason, in volatile markets where guidelines and conditions are in constant change, it is recommended to use a broker. A well established broker will have a significant number of channels available to them allowing them to place your loan with the lender offering the best pricing while fulfilling any preapproval requirements from a particular lender.

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