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Let's Talk About Real Estate

“THE PRE-APPROVED BUYER”

Many lenders today offer a service that is referred to as a preapproval. Unlike the typical mortgage loan approval, this service is provided to a buyer **before** he or she agrees to purchase a certain property. An abbreviated application is taken, and the lender provides a document stating the amount of money that the buyer will be able to borrow when making a home purchase. The pre-approval also states that it is conditional pending the appraisal of the actual property being purchased and written proof of the buyer's employment and income. Here are the benefits to both the buyer and seller.

BUYER'S BENEFITS: With a pre-approval, the buyer knows what price range he or she can and cannot afford. This knowledge in advance prevents a person from falling in love with a home that is not within his or her financial grasp. After looking at more expensive houses, it can be a real disappointment to begin looking at lesser properties that are affordable. The pre-approval allows the buyer to begin in and stay in the correct price range when shopping.

SELLER'S BENEFITS: Whenever an offer is made, it is usually dependent upon the buyer obtaining the necessary loan amount from a lender in order to complete the purchase. It may take a few weeks or a month to find out if the buyer has been approved. During this time, the house is off the market and not available to other would-be buyers. If the buyer is unable to qualify for adequate financing, the seller loses the time that the house was off the market and must begin again to attract another buyer. If the buyer has been pre-approved, however, the seller knows that this is a buyer who is indeed capable of completing the purchase.

ADVICE: Ask your Realtor to help you obtain a pre-approval.