

When To Get Preapproved for a Mortgage (Hint: Before Scrolling on Zillow)



Jennifer Roland Cadiente
HOME.COM CONTRIBUTOR
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Looking for a new home is exciting. There are so many great houses to look at and dream about owning. Who can resist browsing online listings on a daily basis (OK, more like on a several times daily basis)?

But there is one step you should take before you get your heart set on any home — applying for a mortgage preapproval*.

Although it isn't as fun as scrolling real estate apps, taking the time to get preapproved will actually make the process of finding (and buying) your new home much faster.

[Ready to buy a home? Get preapproved here.](#)

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What is mortgage preapproval?

A mortgage preapproval tells you two things. First, whether you qualify for a home loan. Second, how much home you can afford.

The mortgage preapproval process is a lot like what you'd see when you apply for a home loan.

- Submit financial documents and give a lender permission to run your credit
- The underwriting team vets your finances
- If you meet guidelines, they'll issue a preapproval letter stating how much they may be willing to loan you.

It's essentially a full approval minus any property-related requirements.

Once you find a home and a seller accepts your offer, you'll move into the processing stage again. But this time, that includes a home appraisal and title search. The lender may also request updated financial documentation if it's been a while since the original preapproval.

But none of that can happen until you have a sale contract for a home. And to get to that point, you likely need to get preapproved.

Here's a tip: You may be able to buy a home with a prequalification or "prequal." But a prequal is a best guess at your approval status. In today's market, you want a full preapproval.

First comes preapproval, then comes home-shopping

If you've been scrolling through Redfin and Zillow listings online, favoriting properties long before you've talked to a lender, congratulations. You're a normal homebuyer. You were (understandably) so excited about finding your new home that you skipped over the critical preapproval step.

The mistake makes sense. After all, browsing properties is a lot more fun than organizing your financial documents. Unfortunately, you can't get a house without those docs, so you might as well get them together now.

Applying for preapproval forces you to do just that — and trust us, this is a good thing.

The complete financial picture helps the lender determine whether you qualify for a mortgage, your eligibility for different loan programs, and how much they can lend you.

Lenders are legally required to justify their lending decisions. They take no pleasure in cutting your desired home price or denying your application. After all, they get

paid when you buy a home. But more harm than good comes from approving and allowing a buyer to get in over their head.

That's for your good as well as theirs. Few things are more disappointing or stressful than buying a home and realizing the mortgage payment isn't manageable. That situation can force you to sell the house or go into foreclosure. Buying within your means allows you to enjoy your new home without stressing about your budget.

A preapproval also opens the door, literally. Some real estate agents won't show you homes unless you are preapproved. They, and their sellers, want to know that if you put in an offer, the deal is likely to close.

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I'm really good with my money, and I've already estimated my home buying budget. Do I still need to get preapproved?

To make a long story short: Yes.

Maybe you're the type of person who keeps really great track of your finances. You know your credit score, monthly expenses, and the balance on your student loans down to the cent.

Given how on top of your financial situation you are, you might think you can accurately estimate how much you can afford for a home. Why bother with a preapproval when you've already got a handle on your money, right?

Well, not so much. Being financially savvy *is* super helpful in the homebuying process. But you can only go so far on your own.

It's easy to make assumptions about loan amounts and payments. But there are many factors that go into a mortgage approval, including your income, credit history, and your debt-to-income ratio (your monthly debts divided by your gross monthly income). All of these factors, plus how much of a down payment you plan to make, affect your preapproval amount.

So if you've estimated your homebuying budget based on your income, the guesses you've made might not be correct. Your best bet is to get preapproved and find out how much you can really afford.

For example, any one of the following things can change your approval.

- Mortgage rate
- Debt-to-income ratio
- Your perceived income versus what the lender can count toward qualifying income
- Credit score (most free credit scores are inflated)
- Source of funds that you plan to use for down payment and closing costs

It's impossible to know every rule within the 1,000+ page rule books that lenders use to approve your loan. Confidence only comes from having the lender look at your complete situation.

When to get preapproved for a mortgage

If you're ready to buy a home, get preapproved now. Already started looking? Contact a lender ASAP.

In many cases, you may get a preapproval letter in a matter of days. However, it can take up to a few weeks for more complex situations to get a preapproval letter because of the documentation needed and underwriting turnaround times.

But if you've got your eye on a property and need to get preapproved urgently, talk to your lender. They may be able to get it done faster based on your circumstances.

How long does preapproval for a mortgage last?

Most preapprovals are valid for 60-90 days, so if it takes you longer than that to find a place, you may need to submit updated paperwork.

That's why it's best to get preapproved when you're serious about starting your home search. Get preapproved too early, and your preapproval letter might become outdated. But get preapproved too late, and you may miss out on great homes because your offer without pre-approval isn't as strong as one with pre-approval. In today's competitive market, every advantage counts.

And if you get preapproved but it's taking longer than expected to find a home, touch base with your lender after a couple of months. Find out whether they need new documents from you and submit those *before* you find the perfect home. That way, you avoid wasting any time once you get an offer accepted.

Mortgage prequalification vs preapproval: What's the difference?

The terms prequalification and preapproval are often used interchangeably, but they are different.

Prequalification is an estimate based on data you submit to a mortgage lender, but it may not be backed up by your financial documents.

A preapproval uses credit reporting data and supporting documents such as your pay stubs, tax returns, and bank statements.

Preapproval isn't a sure thing. But it is a conditional agreement to give a specified loan amount, assuming all of your financial information checks out and the property meets the guidelines of the loan program you want to use.

Still not sure about the difference? No problem. Check out our explainer on preapprovals [vs. prequalifications here](#).

How do I get preapproved for a mortgage?

Because it's the first step toward qualifying for a mortgage, preapproval might seem daunting or like a hassle. But with a little bit of proactive organization, it can be a lot easier than you'd think.

In fact, you don't need anything on-hand to get started. A simple 15 minute conversation, and a lender can tell you how you look initially, and the documents you need to submit.

But if you're the kind of person who likes to prepare, here's what it takes:

- 1. Organize your financial documents.** Expect to provide tax returns, pay stubs, and/or bank statements, as well as proof of any non-employment income you want to use to qualify (such as [Supplemental Security Income](#), child support payments, and alimony). The employment documents you need will depend on whether you're a full-time employee or self-employed. But in either case, you'll need to show two years of employment history. Your lender may require additional documentation.
- 2. Review your credit report.** You can request credit reports from the three credit bureaus for free each year at annualcreditreport.com. Check for any inaccuracies or signs of fraud that could lower your credit score.
- 3. Apply for preapproval with a lender.** After a loan officer receives your application, they may ask for supporting documents or more information. **The faster you provide them with that information, the faster they may be able to issue a preapproval letter.** That's why we recommend getting organized as your first step.

I already found my dream home. What do I do now?

That's fine, too. You can provide your loan officer with the property address, purchase price, as well as information about local property taxes and homeowners insurance (a homeowners insurance company can give you a quote even if you don't have a sale contract yet).

Your lender will use that data to determine whether you can buy that particular house.

Can I get preapproved for a mortgage online?

Yes. In fact, many lenders have online preapproval applications that can speed the process.

A few things to keep in mind, though:

- Be wary of programs that give you a decision “within minutes.” These will not have been vetted by an underwriter and are weaker than a full preapproval.
- A full preapproval may take longer than a prequalification, but it gives you and the seller more confidence to move forward with a purchase contract.
- If a lender calls you after you submit an application online, answer the phone.

We know it can be weird to get on a call with someone you don't know, but talking to your lender, rather than going strictly digital has two benefits: A quick conversation about the next steps can be a lot faster than emailing questions back and forth; and it gives you a chance to get to know the loan officer.

This is the person who will guide you through one of the biggest financial decisions you'll ever make, so you want to get a sense of their personality, competence, and whether you trust them.

So, yes, you can get preapproved online and that's an easy, fast way to get started. But make sure you're getting a full preapproval before you go out house hunting.

[Apply for preapproval with an experienced lender here.](#)

When to get preapproved for a mortgage FAQs

✕ Do mortgage preapprovals affect your credit score?

When you apply for mortgage preapproval, the lender will run a credit check, or a “hard inquiry.” Hard inquiries do appear on your credit report and they can temporarily lower your score.

However, credit reporting agencies treat multiple mortgage inquiries within 14 days as one inquiry, so applying for preapproval with several lenders at once so you can compare their offers should not drastically hurt your score.

+ What is the best way to get preapproved for a mortgage?

+ When should I get preapproved for a mortgage?

Take the first step

Now you know how important preapproval is, so what are you waiting for? Get your paperwork together and get preapproved. That one move will put you closer to your dream home.

[Get preapproved with a top lender. Start today.](#)

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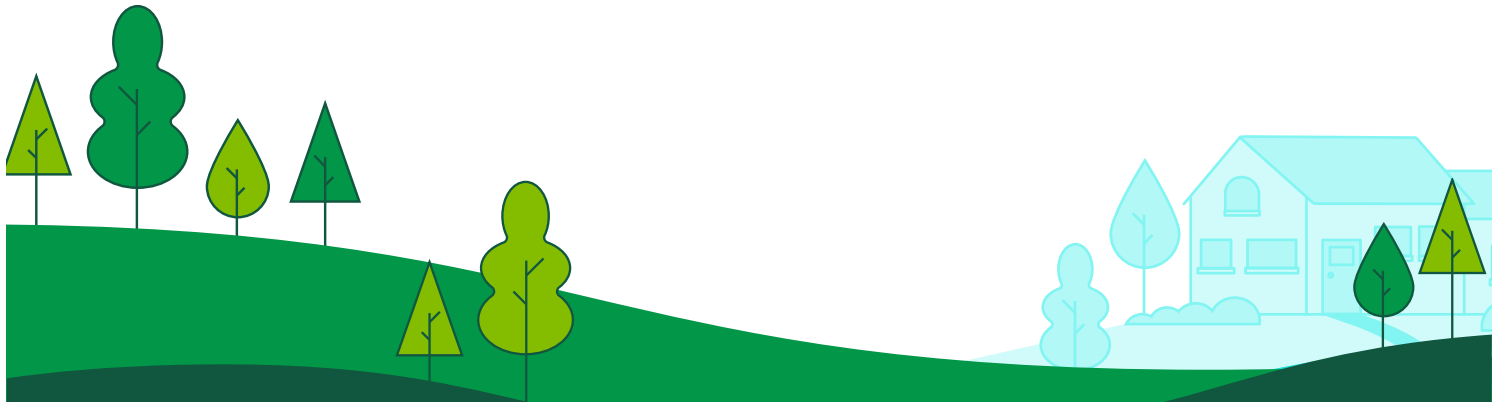
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Fairway Independent Mortgage Corporation

NMLS # 2289

4750 S. Biltmore Lane

Madison, WI 53718

(800) 885-4663



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