



Sugar Creek Real Estate LLC
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Pre-Qualified VS Pre-Approved

In the past, buyers would search for a home and when they found their dream home they could get approved for the home. Today, **that method has proven to be less effective** in landing the home of your dreams.



Most lenders can pre-qualify you for a mortgage over the phone. Based on general questions about your income, debt, assets, and credit history, lenders can estimate how much mortgage you qualify for. However, being pre-qualified and pre-approved are two different things. Pre-approval means that you have applied for a mortgage; you have filled out the mortgage application, received your credit report, and verified your employment, assets, etc. When you are pre-approved, **you know exactly what your maximum loan amount can be.**

A pre-qualified letter is not verified and in essence, does not count much when you are competing with other buyers who are pre-approved. **When you are pre-approved, it gives you credibility as an interested buyer and lets the seller know immediately that you will qualify for a loan to purchase their property!**

After you are pre-approved it is very important that you do not go on a credit card spending spree. Your mortgage pre-approval is subject to a *final* evaluation of your financial situation right before closing.

Every \$100 you pay per month on a credit payment **could cost you about \$10,000 in home eligibility.** For example, a car payment of \$300 per month could mean that you qualify for \$30,000 less in a mortgage.

Even if you have accumulated enough savings, you should consider not making any large purchases until after closing.

Contact Team Sugar Creek today for a list of reputable lenders.

Team Sugar Creek

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Broker/Owner



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