
SOUND OFF *Jean O'Neill*

Loan pre-approval, when it expires and why it matters?



Pre-approval's matter mostly because every real estate transaction hinges upon the buyer showing the seller the money. While a pre-approval doesn't guarantee a buyer can actually buy, it does give the seller some reassurance that the buyer has at least had a conversation with a lender and based upon the information they provided to the lender, they are confident that this buyer is in a good position to secure a mortgage.

While every lender can vary the details of their pre-approval, most contain the mortgage and down payment amounts, the

omortgage type, the interest rate, the points, the term and the rate commitment. I have seen clients who have theirs valid from 30 to 90 days.

Most pre-approvals contain language that states something along the lines of: "A loan decision cannot be made until a complete mortgage application with supporting documentation is received and approved by a qualified underwriter. Any change in your current position from what was analyzed may result in a different opinion than above.

Acceptable appraisal valuation of property, documenting source of

down payment, and meeting the requirements established by the underwriter."

It's important for buyers to know what they will qualify for and what their monthly payment will be. A lender will discuss the process in detail.

Additionally, a pre-approval is included when presenting an offer. With current low inventory locally, buyers are facing multiple offer situations. Having an up-to-date, preapproval in hand will make a difference from sellers' point of view, who will also weigh where the pre-approval came from.

I always recommend working with a local lender who is reachable and knowledgeable with the customs and practices in our area, as well as someone who will answer the phone and be proactive. Your Realtor is instrumental in discussing the importance of the mortgage process with both their buyer and seller clients.

"Before anything else, preparation is the key to success."
Alexander Graham Bell

*Jean O'Neill,
William Pitt Sotheby's
International Realty,*

(203) 300-2332 (cell), joneill@wpsir.com