



Prequalification vs. Pre-approval

Two different ways to start your journey home.

Prequalification and pre-approval are two types of mortgage approval you'll encounter as you begin your homebuying journey. Both help determine how much you can borrow before you even start to shop, but there are some key differences to keep in mind. While each is often used interchangeably, only one gives you an advantage when you're ready to buy. Here's what you need to know.

WHAT'S INVOLVED WITH PREQUALIFICATION.

Let's say you're just getting started. You've researched home options, know you'll need a mortgage, but want to get an idea of how much you can afford. Prequalification is a great first step to take.

Think of prequalification as the starting point in your mortgage application. It involves providing basic financial information — like income, assets, debt and credit score — to a lender, who then crunches the numbers and calculates an estimate of how much you can borrow. All details are self-reported, meaning your prequalification is only as accurate as the information you provide.

Unlike pre-approval, prequalification is an informal look at your finances. The process can be as quick as a phone call or as thorough as an online application. But in every instance, prequalification is only an estimation — it's never a guarantee that you're approved for a mortgage loan. It's more of a ballpark figure showing how much a lender is willing to loan you once you're ready for homeownership.

WHAT'S INVOLVED WITH PRE-APPROVAL.

Pre-approval takes the mortgage process to the next level. If you're preparing to buy a home, there's no better way to get started. While pre-approval involves much of the same financial information as prequalification, it's far more comprehensive and accurate. That's because it requires detailed documentation on nearly every part of your financial life.

When you apply for pre-approval, lenders will request a wide variety of financial documents. Alongside your basic financial information, they'll ask for pay stubs, bank statements, tax returns and other relevant paperwork to get the full picture of your finances — and figure out how much you can borrow.

After taking all your financial information into account, they'll provide your pre-approval details like loan amount, rate, available loan options and terms. You'll also receive a pre-approval letter, which acts as a conditional commitment highlighting just how much they're willing to lend you.

Key Takeaways:

Starting Point: it's perfect for the early stages of homebuying.

Not a Guarantee: it's an estimation, not a promise, of what you can borrow.

Informal & Quick: the process is self-reported and can be done over the phone or online.

WHY PRE-APPROVAL IS PREFERRED.

Because it's so extensive, pre-approval is always the preferred way to start the homebuying process. It's an in-depth evaluation of your finances, helping mortgage lenders better assess the potential risk of lending to you — and better understand your budget.

Its appeal isn't limited to lenders either. A pre-approval letter stands out to sellers and realtors alike because it shows you're serious about making an offer if the situation is right. You know exactly how much you can afford ahead of time, keeping all parties on the same page, speeding up the process and putting you in a stronger position when you decide to buy.

WE'RE BUILT TO GET YOU HOME — AND PRE-APPROVED.

Here at Frost Mortgage, our pre-approval process is designed to get you home faster. It's fully underwritten and good for 90 days as you house hunt. That way, you'll have all the peace of mind you need when you're ready to buy your own piece of Texas.

Whether it's your first home or fifth, we're by your side from the moment you apply to 30 years down the road. There to offer guidance when you want it and a helping hand before you need it. It's what makes Frost Mortgage different — because it's what you deserve.

VISIT WITH A MORTGAGE LOAN ADVISOR TODAY.

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Key Takeaways:

In-Depth & Accurate: it's an extensive look at your finances, requiring a variety of documents.

More Purchasing Power: shop with confidence knowing how much you can afford up front.

Competitive Advantage: speeds up the homebuying process and helps you stand out to sellers.

