

Why You Need to Get Pre-Approved (Script Only)

If you've ever gone shopping for car, I'm sure that one of the first things you might have done was to figure out if you can afford it, and secondly, if you're not paying cash, make sure that you can get financing.

When buying a home it's basically the same thing, but on a much bigger scale. So I'd like to share with you what to expect when I pre-approve you for a mortgage loan, and some of the reasons why it's important – and I mean critical – that you know your options before you buy a home.

The very first thing is to provide your financial information, like your income, bank accounts, monthly payments that you make now, and your social security number so we can order a credit report on your behalf.

And speaking of credit reports, in addition to your list of debts, your credit score will be on the report. And depending on which type of loan you qualify for, there are minimum credit scores that must be met. If your credit score is not high enough to qualify for a mortgage loan now, don't worry, because there are things we can do to help you increase your score so you can buy a home in the future.

We'll also be asking you for copies of paycheck stubs, tax returns and bank statements. While we get to know you personally, even if you apply by phone, email, or on our website, the person pre-approving your loan only gets to know you as "pieces of paper" that tell a story as to why you should or should not be approved. So the more pieces of paper you provide, the better your chances of getting pre-approved.

Here are some reasons why getting pre-approved is a good thing, as Martha Stewart would say. If you're working with a real estate agent, they'll need to know the price range of the homes to show you. And oh, by the way, if you haven't chosen a real estate agent yet, we can refer two to three awesome Realtors for you to interview.

Next, based on your credit score, income, and monthly payment, we'll be able to determine the financing options that are best for you. And the reason you need to know that is because the real estate agent will have to include that into the financing section of the real estate contract.

Oh, and the seller of the home that you want to purchase wants to know that you've been pre-approved too. Now, we've seen instances in the case of multiple offers where a lower sales price was accepted by the seller because the buyers had been pre-approved, while the other buyer did not have a preapproval letter.

So thanks for viewing this Mortgage Education class. And even before you go shopping for a home, let's make sure that you get pre-approved first.

Slide 9

While VA does not require private mortgage insurance, they do charge what is called a VA funding fee, which can be added to your loan amount or paid by the seller. The dollar amount and percentage can vary, and may even be waived if you're a veteran with partial or full disability benefits.

Slide 10

When it comes to negotiating your sales contract, that's more flexible too. The seller is allowed to pay up to 4 percent of your normal closing costs, and another 4 percent for other costs such as your VA funding fee, money to fund your escrow account for taxes and insurance, discount points to help you reduce your interest rate, and even household items like a microwave or a refrigerator. If your real estate agent has questions on how to present this to the seller, I can help you explain those options to your real estate agent.

Slide 11

And one last thing – under certain conditions, you can use your VA mortgage benefits over and over and over again.

Slide 12

So thanks for viewing the Mortgage Education Class regarding VA loans, and please contact us for more information to see if you qualify.