

Written Proof of Mortgage Qualification

The first step in the home buying process is getting qualified for a loan. This will help you focus on the amount of mortgage you may obtain and the price range of homes to consider. Since sellers will be reluctant to take their property off the market for buyers who may not qualify, they will require written proof of financial qualification to negotiate with you.

There are two kinds of written proof of mortgage qualification. The first is a pre-qualification letter. This document provided by a lender tells an interested party that the buyer has provided the lender with certain financial details. A lender will agree to make a loan based on a later verification of these details. In this case, the lender will not investigate a buyer's credit or verify the buyer's income or debts prior to issuing a pre-approval letter.

Oftentimes the wording in pre-qualification letters states that based on information provided by the buyer, the buyer will qualify for a certain loan amount. The lender will take the buyer's word for information such as income and assets. The lender does not pull a credit report. This is the weaker of the two letters because a buyer may report income, assets, debts, or credit inaccurately, and might not get the loan.

The second written proof is a pre-approval letter. This is the stronger letter of the two because the lender has placed you through a loan approval process. The lender will pull a formal credit report from one or several credit bureaus to check your credit and debt information. The lender will verify your income usually through a copy of recent pay stubs or a copy of the buyer's W2. This type of approval takes longer because of verification of the buyer's finances, but it provides greater likelihood of loan funding.

Learn more about your credit history.