ALIGN LENDING

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ALIGN LENDING GUIDE · NO. 03

Mortgage Pre-Approval Checklist

What a pre-approval does for you, and exactly what to gather.

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- Prequalified and preapproved are not the same thing
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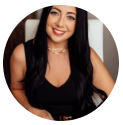
- W2 wage earners
- Self-employed borrowers

For buyers getting ready to make offers, whether you are a W2 earner or self-employed.



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Getting a mortgage pre-approval is not just a formality. It is a strategic move that sets you up for success. Here is what it does for you, and what to have ready.

Why a pre-approval is worth doing first

Know your buying power

You find out what you can actually borrow before you fall in love with a house, rather than after.

Competitive edge

Sellers take an offer more seriously when a lender has already reviewed the buyer's documents.

Avoid last-minute surprises

Issues in your income, credit or documentation surface now, when there is time to deal with them, instead of days before closing.

Faster closing process

Much of the review work is already done, so the file moves sooner once you are under contract.

Greater negotiation power

A seller weighing two similar offers has a reason to pick the one that is already verified.

BEFORE YOU GATHER ANYTHING

Send whole documents, every page, even the pages that look blank or say this page intentionally left blank. A statement missing page 4 of 5 is the single most common reason a file stalls at the start.

Prequalified and preapproved are not the same thing

The words get used interchangeably, including by people who should know better. The difference matters the moment you write an offer.

Prequalification

An estimate based on what you tell a lender. Nothing has been verified. Useful for a rough idea, and not much more.

Preapproval

A lender has reviewed your actual documents and credit. This is what a listing agent is looking for when they weigh your offer.

The letter itself

Ask your lender to reissue the letter at your offer amount rather than your maximum. A seller who can see your ceiling has no reason to negotiate below it.

What a preapproval is not

- [ ] **It is not a commitment to lend** It is a considered opinion based on what has been verified so far.
- [ ] **The house still has to qualify** The property has to appraise and meet the program's condition guidelines. That review happens after you are under contract.
- [ ] **Conditions still apply** Final approval comes after an underwriter reviews the complete file, including anything that changed since you were preapproved.
- [ ] **It can move if your finances move** A new car payment, a job change or a large unexplained deposit can all change the answer.

WORTH ASKING

A preapproval does not last forever. Documents and credit reports age out, so ask how long yours is good for and what it takes to refresh it. If your search runs long, plan on updating paystubs and statements rather than starting over.

W2 wage earners

- [ ] **W2s for the two most recent years**
- [ ] **The most recent 30 consecutive days of paystubs**
- [ ] **Government issued photo ID**
- [ ] **Most recent checking, savings and 401K statements** All pages.

IF YOU CURRENTLY OWN A HOME, ADD:

- [ ] **Most recent mortgage statement**
- [ ] **Declaration page for homeowner's insurance**
- [ ] **Most recent property tax bill**
- [ ] **HOA invoice** If applicable.

Self-employed borrowers

- [ ] **Current business license**
- [ ] **Two most recent years of business and personal tax returns** All schedules and all pages.
- [ ] **Year to date profit and loss statement**
- [ ] **Two most recent years of 1099s** If applicable.
- [ ] **Government issued photo ID**
- [ ] **Most recent checking, savings and 401K statements** All pages.

IF YOU CURRENTLY OWN A HOME, ADD:

- [ ] **Most recent mortgage statement**
- [ ] **Declaration page for homeowner's insurance**
- [ ] **Most recent property tax bill**
- [ ] **HOA invoice** If applicable.

After you send everything in

- [ ] **Keep your file still** No new credit, no closed accounts, no large unexplained deposits, and no job change without telling your loan officer first.
- [ ] **Expect follow-up questions** A request for one more document is normal and is not a sign something is wrong. It usually means an underwriter is being thorough.
- [ ] **Save everything in one place** A single folder, named clearly. You will be asked for updated versions of the same documents later.
- [ ] **Ask what your number actually includes** Taxes, insurance and any association dues belong in the payment you plan around, not just principal and interest.

Questions worth asking your lender

- [ ] **What are my actual scores, and what do they change** All three bureaus, and which one your file will be read from.
- [ ] **What is included in the payment you quoted me** Taxes, insurance and any association dues belong in the number you plan around.
- [ ] **In Michigan, whose tax bill is that based on** The year after a Michigan home sells, its taxable value resets to half of the assessor's market value, so the seller's tax bill is not your tax bill.
- [ ] **What would change this number** Knowing which variable matters lets you decide what is worth working on.
- [ ] **How long is this letter good for, and can you reissue it** Ask before you need it, not the night you are writing an offer.

IF YOU ARE SELF-EMPLOYED

The number you think you make and the number a mortgage can use are often not the same, because lenders work from what is on your returns after deductions. Complicated is not the same as impossible. It just means the conversation should start earlier.

NEXT STEP

Talk it through before you decide anything

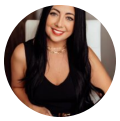
The first conversation does not have to turn into anything. No application, no credit pull, and no obligation to go further.

Tell Samantha what you are trying to do and she will tell you what actually matters in your situation. If the answer is that you should wait, she will say that too.

Open the Mortgage Readiness Review →

alignlending.com/purchase/mortgage-readiness-review/

Scan to open the Mortgage Readiness Review



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