

# Understanding Your Pre-Approval

## Required Documentation:

- Pay Stubs (last 2 periods)
- Bank Statements (Last 2 months)
- W2 / 1099 (Last two years)
- Tax Returns (Last two years)
- Current Mortgage Statements
- List of Assets & Real Estate Owned
- Copy of your Drivers License
- Copy of your Social Security Card

### FHA

3.5%

- Only for the purchase of a primary residence
- Downpayment does not change
- Recommended credit score of 620+

### VA

0%

- Only for purchase of a primary residence
- Must qualify for this benefit
- Credit score is not important
- Credit utilization does matter for the debt-to-income ratio

### USDA

0%

- Only for purchase of a primary residence
- Property and area must qualify
- Lower debt to income ratio allowed
- Recommended credit score 700+

### NONCONFORMING LOANS

15%-25%+

- For primary, secondary, and investment properties
- There are different programs for this loan type
- Slightly higher interest rates than other loan options
- Recommended credit score 640+

### CONVENTIONAL

3%-20%+

- For primary, secondary, and investment properties
- 3%-5% downpayment for primary purchases
- 10% secondary purchases
- 15%+ for investment properties
- Recommended credit score of 680+

## Important Points:

- Every 1% increase in interest rate lowers your buying power by 10%.
- Interest rates are not locked until we have a property under contract.
- Each pre-approval is based on maximum monthly payment. The final financed amount can vary depending on one of the following factors:
  - Principal
  - Interest
  - Property Taxes
  - Property Insurance
  - Mortgage Insurance
- HOA & flood insurance will negatively affect your buying power.

