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# Do You Really Need to Get Mortgage Preapproval?

By Mallory Carra | November 10, 2014

Mortgages can be a daunting thing, but the preapproval process may make your hunt for a new home much smoother.

You've decided to take the plunge and buy a home. Now what? You might think it's immediately time to go out there, find a trusted real estate agent, and hit up open houses, but maybe you should consider getting [mortgage \(http://www.trulia.com/loan/\)](http://www.trulia.com/loan/) preapproval first. Yes, it totally exists — you can get all that loan fuss out of the way before you fall in love with your dream house. But should you? Here are the benefits and downsides to the mortgage preapproval process.



(<http://dwtd9qkskt5ds.cloudfront.net/blog/wp-content/uploads/2014/11/Do-You-Really-Need-to-Get-Mortgage-Pre-approval.jpg>)

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## What about Prequalification?

Most agents will want you to get prequalified to purchase a home, which will give you a sense of your maximum price tag. But don't confuse this process with preapproval — prequalification is a much quicker process in which you're given the go-ahead based on the information you provide, meaning nothing is set in stone when it comes to your eventual loan.

"A big piece of that puzzle is the prequalification piece — some [buyers] will come already having spoken to a lender, either with their own initiative or at our suggestion," says Atlanta-based RE/MAX agent and team leader Maura Neill. "For the rest of them, we discuss the importance of getting prequalified, not just to protect themselves and to make sure that we're only viewing homes that they can afford, but also to strengthen their position as a buyer."

## Benefits to Mortgage Preapproval

The preapproval process takes a little longer than prequalification and probes deeper into your credit, but it definitely has several upsides. The process will give you extra time to address unexpected entries on your credit reports. You'll get the magic dollar amount that your mortgage is OK'd for, and you might even get a sense of the interest rate you'll be charged.

You'll also get a conditional commitment to the loan amount, which will give you an advantage with sellers, and you'll be able to set your sights on homes within your reach. Any offer you make won't have to be contingent on financing — you've already got that covered!

“You must know how much you can spend before you can spend it,” says Michael Barbolla, chief operating officer of New York City–based brokerage firm Charles Rutenberg LLC. “Sellers and their brokers will want to know you are qualified to purchase their apartment before they will begin negotiations. The preapproval will give the buyer a good-faith estimate at the outset as to what the closing costs will be for the transaction, and these numbers should be built into the financial picture for the transaction.”

## Downsides to Mortgage Preapproval

All of the above sounds awesome, right? Of course, with the good comes the not so good. Like most great things in life, mortgage preapprovals unfortunately come with expiration dates, so you may feel the need to rush into making offers. (But don't!)

The process can be pricey, since it involves application fees and other costs upfront, before you've even stepped foot into an open house. Additionally, loan preapproval comes with hard inquiries into your credit — and that could eventually hurt your score if multiple checks are made.

But most real estate professionals say if you can do it, you definitely should.

“There really is no downside,” says Neill. “There are so many benefits to getting pre-qualified, and even more to getting a full preapproval prior to making an offer.”



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Mallory Carra has been professional writer for more than 10 years. Mallory currently writes for WhoSay and Bustle. Her work has also appeared in the New York Daily News, Columbia Journalism Review, BuzzFeed, The Huffington Post, and more.