

## BANK BETTER

[BACK TO ATLANTIC UNION BANK HOME](#) | [SEARCH ARTICLES](#) 🔍

YOUR LIFE

YOUR BUSINESS

YOUR WEALTH

YOUR COMMUNITY

YOUR BANK

[Back to Blog Main](#)

YOUR LIFE

## Mortgage 101: Pre-qualified vs Pre-approved

01.17.22

Congratulations, you've decided it's time to buy a home! If you are a first-time homebuyer, you've probably been told by your friends, Realtor, or bank that you should be pre-qualified or pre-approved for a mortgage before you begin searching. That's good advice, but are you sure you know exactly what the differences between the two are?



Although commonplace among Realtors and lenders, being either pre-qualified or pre-approved is still a misunderstood topic among many individuals and families who are in the market for a home.

The reason for the confusion is simple: They describe similar situations in which a lender, after reviewing a homebuyer's financials, estimates how much mortgage the homebuyer may be able to afford. While pre-qualification represents what might be viewed as a "ballpark" figure, pre-approval is more definitive and takes into account W-2s, income statements, tax returns, etc. to provide a more accurate measure of a homebuyer's financial history and buying power.

### Getting pre-qualified

Pre-qualification can usually be done over the phone or online. By providing your Atlantic Union Bank Loan Officer some basic financial information (income, outstanding debt, assets, etc.), they'll compare your debt to your income – calculating a debt-to-income (DTI) ratio – to give you an estimate of how much you are eligible to borrow.

It's usually a quick process that takes a day or less. Because none of the information is verified by us, the pre-qualification is only, as mentioned, an estimate.

Getting pre-qualified is a great place to start the home buying process. You'll know your budget and price range, and you can get started on your research, including what neighborhoods you might want to look in and what some of your various mortgage options may be.

#### *Pre-qualification at a glance*

- 1 Provides a "ballpark" estimate of your buying power
- 2 Is based on summary information of your income and assets

### Getting pre-approved

Obtaining a pre-approval is a little more involved than pre-qualification and may take a few days to process. When you are pre-approved, your income and asset information is verified. To do this, your Atlantic Union Bank Loan Officer will request your W-2s, tax returns, income stubs, financial statements, etc. They'll also do a credit check.

If you meet our requirements, your Loan Officer will get you an official pre-approval letter from Atlantic Union Bank which will state how much you can afford, what type of mortgage we are willing to provide, and terms and conditions.

#### *Pre-approval at a glance*

- 1 Provides proof to sellers that you are pre-approved for a specific loan amount
- 2 Is based on verification of your income, credit and assets

When you've done some initial research on neighborhoods, prices, and then looked at various houses and find yourself ready to buy, it's in your best interest to have a pre-approval letter from a bank. The pre-approval letter shows you're a serious buyer and strengthens your position at the negotiating table, especially in a multiple offer situation.

### Which is right for you?

Although similar, pre-qualification and pre-approval are indeed different. Think of it in simple terms: When you're doing some initial research and looking to buy, you may want to get pre-qualified to see how much you can afford to help inform your decisions on size of house, neighborhood choice, etc. When you are ready to buy, it's recommended to get pre-approved and receive an official letter from a lender that states you are approved for specific amount of mortgage – it will strengthen your buying power and overall credibility as a prospective homeowner.

Whatever your mortgage or home buying needs are – including getting pre-qualified or pre-approved – an Atlantic Union Bank Loan Officer is here to help you along the home buying journey, from first steps to closing.

*Learn more about our mortgage offerings or find a local mortgage professional here.*