



PRE-APPROVAL VS. PRE-QUALIFICATION

What's the Difference? Why It Matters for Your Home Purchase

Prepared by Aaron Bath
Senior Mortgage Loan Officer | NMLS #2110744
Capital Financial Group Corporation | Jupiter, FL

Welcome from Aaron Bath

As a top-producing mortgage loan officer serving South Florida, I've helped hundreds of families and investors navigate the home financing process. These guides are designed to give you clear, actionable information so you can make confident decisions. My goal is to be your trusted resource — today and for years to come.

Understanding the Key Difference

Many buyers (and even some real estate agents) use "pre-approval" and "pre-qualification" interchangeably — but they are very different, and the distinction can significantly impact your ability to win a home in a competitive market.

- **Pre-Qualification:** A quick, informal estimate of what you might be able to borrow. Usually based on self-reported information, a soft credit pull (no score impact), and basic calculations. It is **not** a commitment from the lender and carries little weight with sellers.
- **Pre-Approval:** A more thorough process where you submit a full loan application, provide documentation (income, assets, debts), and undergo a hard credit pull. A loan officer or underwriter reviews your file and issues a pre-approval letter stating the maximum loan amount you qualify for, along with any conditions.

What Lenders Actually Look At During Pre-Approval

A proper pre-approval involves analysis of the "Five Cs" of credit:

- **Character (Credit History):** Your credit scores (all three bureaus), payment history, length of credit, utilization, and any recent inquiries or negative items. We look at the full picture, not just the score.
- **Capacity (Income & Debt):** Your stable monthly income vs. your monthly debts (DTI ratio). Front-end DTI (housing payment) and back-end DTI (all debts). Self-employed borrowers require additional documentation like tax returns and P&L; statements.
- **Capital (Assets & Reserves):** Your down payment funds, closing cost reserves, and post-closing reserves (especially important for jumbo or investment properties).
- **Collateral (The Property):** While the specific home isn't known yet, we consider the type of property you're targeting (single-family, condo, multi-unit) and any potential appraisal or condition issues common in Florida.
- **Conditions:** Loan program guidelines, interest rates, market conditions, and your overall financial picture including employment stability and future income prospects.

■ Why Full Pre-Approval Gives You a Competitive Edge

In multiple-offer situations (common in desirable South Florida neighborhoods), sellers and their agents often prioritize buyers who have a strong, documented pre-approval from a reputable lender. It signals that you are serious, financially qualified, and less likely to have the deal fall apart due to financing issues. A pre-approval letter from CFGC carries weight because of our reputation for thorough underwriting and smooth closings.

The Pre-Approval Process at CFGC — What to Expect

When you work with me, here's how we make it seamless:

- Initial consultation to understand your goals, timeline, and unique situation (self-employed, credit challenges, investment property, etc.).
- Secure document collection portal for uploading paystubs, tax returns, bank statements, and ID.
- Credit report pulled and reviewed with you — we explain any issues and discuss strategies to strengthen your file if needed.
- Full underwriting review (not just automated approval) — we identify potential conditions early and work to clear them.
- Detailed pre-approval letter issued, often within 24-48 hours of receiving complete documentation, including your maximum purchase price and any conditions.
- Ongoing support: As you shop, we can update your pre-approval if needed and provide "rate lock" strategy guidance when you find the right home.

Common Questions Answered

- **How long is a pre-approval valid?** Typically 60-90 days, though we can update it as needed. Some sellers prefer more recent letters.
- **Does pre-approval guarantee I'll get the loan?** No — it is subject to final underwriting, appraisal, and verification of information. However, a thorough pre-approval dramatically reduces the chance of surprises later.
- **Will multiple pre-approvals hurt my credit?** Each hard pull has a small, temporary impact. We recommend focusing on 1-2 lenders you trust rather than shopping multiple pre-approvals.
- **What if I have credit challenges or self-employed income?** This is where we excel. We have access to Non-QM and alternative documentation programs that many lenders don't offer. Don't assume you can't get approved — call us first.

Ready to discuss your specific situation?

Aaron Bath — Senior Mortgage Loan Officer | NMLS #2110744

■ (239) 249-1266 | ✉ abath@thecapitalfinancialgroup.com

■ 110 Front Street, Suite 300, Jupiter, FL 33477

■ www.cfgcloans.com

I'm here to help you achieve your homeownership or investment goals with personalized solutions and white-glove service. Whether you're a first-time buyer, self-employed professional, or real estate investor, let's build your financial future together.

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