DBK Realty LLC

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BUYER RESOURCE · MISSOURI & ILLINOIS

Why You Need to Get Pre-Approved

…and how to do it!

A pre-approval tells you what you can really afford, shows your agent and every seller that you're ready to buy, and helps your offer stand out when it counts.

60–90
days a pre-approval letter is typically good for

1
credit check, in effect, when you compare lenders within a short window

6
simple steps from start to letter in hand



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THE BASICS

Pre-qualified vs. pre-approved

You'll hear both terms, and they sound alike. They aren't. A **pre-qualification** is a quick estimate based on what you tell a lender. A **pre-approval** means the lender has actually checked your credit, income, and savings and is willing to put a loan amount in writing.

	PRE-QUALIFICATION	PRE-APPROVAL
What the lender uses	Information you report, often online or by phone	Your documents: pay stubs, W-2s or tax returns, bank statements
Credit check	Usually none, or a soft check	A full credit report and score
How long it takes	Minutes	Often 1–3 business days once documents are in
What you get	A ballpark price range	A letter stating a loan amount and program, subject to conditions
How sellers see it	Helpful, but carries little weight	Evidence you can likely get financing

> **Lenders don't all use these words the same way.** Some call a quick estimate a "pre-approval." Ask your lender directly: *"Did you review my credit report, income, and asset documents?"* If the answer is yes, you have the real thing.

What a pre-approval is not

Not a final loan approval

Once you're under contract, the lender still orders an appraisal, reviews the title, and sends your file to underwriting. A pre-approval means you're in good shape going in.

Not your budget

Lenders approve the most they think you can borrow. Only you know what monthly payment feels comfortable alongside childcare, savings, travel, and everything else.

WHY IT MATTERS

It shows everyone you're serious

Buying a home is a team effort, and a pre-approval tells your whole team, including the seller, that you're ready. Here's who notices.

TO YOUR BUYER'S AGENT

You're ready to go

- Your agent can focus on homes you can actually buy, so you don't fall for one that's out of reach.
- When the right house hits the market on a Thursday, you can write an offer that day instead of scrambling for a letter.
- Many listing agents ask for a letter before a showing or with every offer. Your agent can send it right away.
- Since August 2024, buyers sign a written agreement with their agent before touring homes. Being pre-approved makes that first conversation about strategy, not paperwork.

TO SELLERS

Your offer is real

- Sellers want offers that will close. A letter from a known lender shows your financing has already been checked.
- In a multiple-offer situation, a pre-approved buyer often beats a slightly higher offer with no letter.
- It lets you offer a shorter financing contingency and a firm closing date, which sellers value.
- It puts you closer to competing with cash buyers, who win mostly because their money is certain.

TO YOU

You shop with confidence

- You'll know your price range and what your monthly payment might be, including taxes and insurance.
- You'll find surprises early, such as a credit report error or a debt you forgot about, while there's time to fix them.
- You can compare loan programs and costs before you're on a deadline.
- Your loan can close faster because much of the paperwork is already done.

Real-world tip: ask your lender to tailor each letter to the offer price (not your maximum). That way you never reveal to a seller how much more you could pay.

HOW TO DO IT

Six steps to your pre-approval letter

1. **Check your credit**
   Get your free reports at AnnualCreditReport.com and dispute any errors. Pay bills on time and keep card balances low.

2. **Set a comfortable budget**
   Decide on a monthly payment you're comfortable with, including taxes, insurance, and HOA dues, and how much cash you can put toward the down payment and closing costs.

3. **Choose two or three lenders**
   Talk with a bank, a credit union, and a mortgage broker or online lender. Ask about loan programs, rates, fees, and how fast they close.

4. **Gather your documents**
   Use the checklist below. Having everything ready can turn a week of back-and-forth into a day or two.

5. **Apply and compare Loan Estimates**
   Each lender must give you a standard three-page Loan Estimate within three business days of your application, so it's easy to compare rates and fees side by side.

6. **Get your letter and share it**
   Send the letter to your DBK agent. Note its expiration date and ask the lender how to refresh it if your search runs long.

What lenders usually ask for

Income & job

- [ ] Pay stubs from the last 30 days
- [ ] W-2s from the last two years
- [ ] Two years of tax returns if self-employed, commissioned, or with rental income
- [ ] Employer name, address, and dates for the last two years

Money & identity

- [ ] Two months of bank statements (all pages)
- [ ] Retirement and investment statements
- [ ] A gift letter if family is helping with the down payment
- [ ] Photo ID and Social Security number

Lenders may also ask about divorce or child support, a past bankruptcy or foreclosure, or VA eligibility. Every lender's list is a little different.

KNOW YOUR OPTIONS

Pick your loan, then protect it

Your lender will help you pick a program. These are the most common for home buyers in Missouri and Illinois.

Conventional

The most common loan. Some programs allow as little as 3% down for qualified buyers. Mortgage insurance usually applies under 20% down and can be removed later.

FHA

Government-insured, with 3.5% down for credit scores of 580 or higher. More flexible on credit history, with mortgage insurance for the life of most loans.

VA

For eligible veterans, service members, and some surviving spouses. Often no down payment and no monthly mortgage insurance.

USDA

No down payment in eligible areas, which include many towns and rural parts of the counties around St. Louis. Income limits apply.

First-time buyer? The Missouri Housing Development Commission (MHDC) and the Illinois Housing Development Authority (IHDA) offer programs that can help with down payment and closing costs through participating lenders. Ask each lender whether they offer them.

Once you're pre-approved

Do

- ✓ Keep paying every bill on time
- ✓ Keep your job, hours, and pay structure the same
- ✓ Keep copies of anything you deposit, and where it came from
- ✓ Tell your lender right away if anything changes
- ✓ Ask before co-signing for anyone

Don't

- ✗ Open new credit cards or car loans
- ✗ Finance furniture or appliances before closing
- ✗ Make large cash deposits you can't document
- ✗ Move money between accounts without a paper trail
- ✗ Close old credit accounts without asking

Lenders typically re-check your credit and employment shortly before closing. A change that seems small can delay or even derail your loan.

NEXT STEPS

Questions to ask every lender

- Which loan programs do I qualify for?
- What rate and fees would I pay? Can I see a Loan Estimate?
- Did you verify my income, assets, and credit?
- How long is my letter good for, and how do I update it?
- Can you send a letter matched to each offer price?
- Do you offer down payment assistance or first-time buyer programs?
- How quickly can you close, and do you underwrite in-house?
- Who is my contact, and how quickly do you answer the phone?

READY TO START LOOKING?

Get pre-approved, then call us.

DBK Realty helps buyers on both sides of the river. We can share the names of local lenders our clients have had good experiences with (you're always free to choose your own), and we'll help you write an offer sellers take seriously.

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My pre-approval

LENDER & LOAN OFFICER _____

PHONE / EMAIL _____

LOAN PROGRAM _____

PRE-APPROVED AMOUNT _____

DOWN PAYMENT _____

COMFORTABLE MONTHLY PAYMENT _____

LETTER DATE _____

EXPIRES _____

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