

VETTING PREAPPROVAL LETTERS

You should always verify the validity of a preapproval you are receiving from a buyer. First, you should check the stats about the loan officer on this website: www.nmlsconsumeraccess.org (you will need the loan officer's license number (which should be on the preapproval letter) to look up the stats. Then, you should call the loan officer (if they haven't already contacted you). Here are some questions to ask the lender regarding their preapproval letter you are reviewing:

1. How long has the loan officer been in the business? (a loan officer with at least 8 years experience is key, as they have been through the last real estate cycle and understand the markets) – verify the loan officer's license history at: <http://nmlsconsumeraccess.org>;
2. Is the mortgage company a bank, mortgage banker, or mortgage broker? (this will determine the timeline, as banks and brokers usually take longer);
3. Does the letter verify application has been made and documents have been received to verify the data? (ie. credit report pulled, bank statements, paystubs, tax returns reviewed);
4. Has this loan been approved by an automated underwriting system? (DU for Fannie Mae, LP for Freddie Mac, GUS for USDA);
5. Does the letter specify the loan type and downpayment terms for the offer?
6. Is this a primary home, 2nd home or investment purchase? (this can affect the type of loan and downpayment requirements);
7. Is the property address included on the letter (some loan programs are specific to address/county loan limits, etc.)?
8. What will the vesting be for the purchase? (this is important to verify who will be qualifying for the mortgage – ie. co-borrowers, spouses, etc.);
9. What is the closing timeline? (is it logical for the loan program, lender - broker, bank, or banker, based on calendar days vs. business days/holidays)?; and
10. Does the lender use a local appraisal team or AMC (an AMC can cause more delays and the use of appraisers that are not familiar with the subject property/market).

Hope this helps! Call me if you have any questions about this.



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