

How to get a Pre-approval letter

Habitat homebuyers need to secure financing from a *Washington State Housing Finance Commission-approved lender*. To buy a Habitat home, you must be pre-qualified for financing that is equal to or greater than the minimum buyer financing. You can get a pre-qualification at any step of the process, but it can take a couple of weeks to get so the sooner the better.

What is a Pre-approval letter?

A pre-approval letter is an offer from a lender to loan you a certain amount under specific terms. The pre-approval provides information on the amount of the mortgage and down payment assistance that you qualify for based on your income and helps determine if you qualify to buy a Habitat home. The pre-approval does not need to equal the estimated market value, but it does need to equal the minimum buyer financing price, which is Habitat's minimum financing requirement. Habitat can provide financing for the difference between the estimated market value and your loan approval amount, if it is less than the sales price of the home.

How do I get a Pre-approval letter?

Step 1: Gather financial documents

All lenders require you to turn in a variety of financial documents, so it's a good idea to gather them ahead of time. Keep these documents handy as Habitat will ask you for a lot of the same things. These documents usually include:

- IDs
- The last 3 years of full tax returns
- Bank statements for the last 3 months – all accounts
- Pay stubs from the last 3 months

Step 2: Get your numbers

It is important to realize when buying a Habitat home, the total sales price will be higher than what the loan amount of the pre-approval letter needs to be. These numbers can be found in the email we sent you or under the

It's also a good idea to know your credit score and debt-to-income ratio, as these affect the amount of money you could be approved for. To calculate your debt-to-income ratio, divide your minimum payments on any debt you have by your monthly income.

Link to free credit report - <https://www.annualcreditreport.com/index.action>

Debt-to-income ratio =
$$\frac{\text{Monthly gross (pretax) income}}{\text{Monthly minimum payments toward debt}}$$

Step 3: Choose a lender

We have provided a list of lenders below that we have worked with before. But you can use any lender that has been approved by the Washington State Housing Finance Commission. More can be found on the WSHFC website. - <http://www.wshfc.org/buyers/index.htm>

- Ali Sheibani – Homesight ali@homesightwa.org

Web Portal: <https://evergreenhomeloans.mymortgage-online.com/?loanapp&siteid=5424607576&workFlowId=51865>

- Evergreen home loans - Cheryl Leidle 800-459-5331

Web portal: <https://evergreenhomeloans.mymortgage-online.com/?loanapp&siteid=5424607576&workFlowId=51865>

- Banner Bank - Katy Hawley 425-830-4493, katy.hawley@bannerbank.com

Web Portal: <https://bannerbank.mymortgage-online.com/LoanOfficerKhawley.html>

- Cristie Stapp – Guild Mortgage – 206-310-3402

Web Portal: <https://myaccount.guildmortgage.com/guild-home/apply-online/sign-up/>

- Bill Ajaero –Northwest Mortgages - 253-266-1246 Bill.Ajaero@NorthWestMortgage.com

Web portal: <https://www.northwestmortgage.com/>

Step 4: Apply

Most of these lenders have online portals to start the application process. You can also contact them directly to start the process. Keep in mind that the time it takes for a lender to get you a pre-approval can vary from a few days to a couple of weeks. Because of this we encourage you to do this as soon as possible.

Step 5: Submit and Shop

Once you get your pre-approval letter, submit it to the below email with other application documents. You will receive an email confirming your submission. This pre-approval letter is good for 2 months and can be used to purchase a home not just from Habitat, but can provide you with information on how much of a loan you qualify for, and can be used outside of Habitat to purchase a house on the conventional market.

Selection coordinator – apply@habitatskc.org