

## What is the difference between being prequalified and preapproved for a loan?

The difference between being prequalified and preapproved is simple:

If you're prequalified it means that you POTENTIALLY could get a loan for the amount stated to you, assuming that all of the information given was accurate and true.

If you're preapproved, it means that you have undergone the extensive financial background check - which includes looking at your credit history, previous tax returns and verifying your employment - and the lender is willing to give you a loan. You're APPROVED! So, they give you a letter that states such and it is valid for a approximately 60 days thereafter.

Notwithstanding the above, you will have an accurate figure which shows the maximum amount that you are approved for. Most sellers prefer buyers that have been preapproved because they know that there will not be any problems with the purchase of their home.