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## Home Financing

### Pre-Approval vs. Pre-Qualification

REALTORS® recommend that buyers get pre-approved prior to initiating the mortgage process to determine the best type of mortgage for you and avoid rushing into a mortgage decision. Pre-approval is an official agreement by the lender specifying the exact amount for which you've been approved. In order to get pre-approved, you'll meet with a loan officer who'll review your credit history and often suggest a mortgage type that fits your situation. This process requires supplying the lender with various financial documents discussed in the **Financing** section. By receiving pre-approval before making an **offer to purchase**, you'll demonstrate your serious intentions and financial ability to the buyer.

Pre-approval is not to be confused with pre-qualification, however. Pre-qualification provides an informal means to find out how much you may be able to borrow. Before setting your price range for how much you can spend on a new home, you may want to pre-qualify for a mortgage. You can be pre-qualified over the phone by answering a few questions about your income, long-term debt and the amount of your downpayment. Getting pre-qualified gives you a ballpark figure of the amount you may have available to spend on a home.

### Downpayments and Financial Assistance

Even first-time buyers are usually aware that they'll be required to make a downpayment in order to secure a home. But what you may not have heard is that within the past decade, downpayment assistance programs have been developed that either lower the deposit dramatically or eliminate it altogether. Before making your downpayment, you'll want to investigate these programs to see if you qualify. Several California and federal assistance programs are outlined in the **Financing** section.

While low downpayments might seem attractive to cash-strapped buyers, keep in mind that the larger the downpayment, the smaller the mortgage loan -- thereby allowing you to develop equity quicker. You'll also want to consider that mortgages with less than a 20-percent downpayment usually require mortgage insurance. When determining the size of your downpayment, you may want to weigh the other costs involved, including closing costs and relocating expenses.

You'll find information about the various types of mortgages, application process, homeowners' insurance and more in the **Financing** section.

### See Also:

- [Affordable Housing in California](#)
- [Homebuyer Assistance Programs](#)

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