



FIRST TIME HOME BUYERS

STEP THREE PRE-QUALIFICATION

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Pre-Qualification vs. Pre-Approval

Before you start house hunting, it's essential to get pre-qualified for a mortgage. This helps you understand how much you can afford and streamlines the homebuying process.

Key Differences:

- 📌 Pre-Qualification: A preliminary assessment based on self-reported financial information.
- 📌 Pre-Approval: A more in-depth review requiring documentation like income verification and credit checks.
- 👉 Why It Matters: Sellers often take offers more seriously when backed by a pre-approval letter.

WHAT AFFECTS YOUR LOAN PRE-QUALIFICATION?

CREDIT SCORE

Impacts loan eligibility and interest rates.

DEBT-TO-INCOME RATIO (DTI)

The percentage of your income used to pay monthly debts.

LOAN AMOUNT

Based on your financial profile, income, and liabilities.

DOWN PAYMENT

The amount you can contribute upfront, including savings or gift funds from family.

Quick Debt to Income Calculation

DEBT TO INCOME CALCULATOR			
	Primary Borrower		Co-Borrower
Yearly Gross Income	\$120,000.00		\$65,000.00
Debts (Minimum Monthly Payment):		Debts (Minimum Monthly Payment):	
Car	\$500.00	Credit Card	\$25.00
Student Loans	\$135.00	Credit Card	\$30.00
Credit Card	\$60.00	Credit Card	\$120.00
Child Support	\$1,100.00	Student Loan	\$160.00

Combined Monthly Income	\$15,416.67
Total Monthly Debt	\$2,130.00
Total Available Housing Payment	\$5,578.33

*This is a preliminary calculation
final verification will be done once
income and credit documents have
been reviewed

** Debts are monthly payments
that would show up on your credit
report generally utility and cell
phone bills do not show up on your
credit report and would not be
included.

KEEP IN MIND:
Most Lenders will
accept a maximum
DTI of 50%

$$\frac{\text{Combined Monthly Income} - \text{Total Monthly Debt}}{\text{Total}}$$

$$(\text{Total} / 12) / 2 = \text{Maximum DTI}$$

To download a copy of this DTI calculator vist: <https://westcalfinancial.com/dti-calc-download>

Next Steps After Pre-Qualification

Once you've been pre-qualified, the next step is to get pre-approved. This involves gathering the necessary documents and undergoing a more thorough financial review.

Are You Self-Employed or a W-2 Employee?

📌 W-2 Employees – Typically need pay stubs, tax returns, and bank statements.

📌 Self-Employed Buyers – May need additional documentation, such as business financials and tax filings.

📢 Pre-Approval Letter: Once income, assets, credit score, and down payment are verified, you'll receive a pre-approval letter, strengthening your offer on a home.

🏠 Maximum Purchase Price: Lenders set a limit based on your financials or preferred monthly budget.

Your Next Steps

- ✓ Check Your Credit Score – Review your credit report for accuracy.
- ✓ Assess Your Budget – How much do you feel comfortable spending monthly?
- ✓ Get Pre-Qualified – Understand what you can afford before searching for homes.
- ✓ Gather Documentation – Be prepared for the pre-approval process.
- ✓ Schedule a Consultation – We can guide you through the next steps!

Contact Information

Get in Touch

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WEST CAL FINANCIAL

HOME BUYER CREDIT

PURCHASE PRICE : \$800,000

DOWN PAYMENT : \$160,000 (20%)

LOAN AMOUNT
X LOAN COMMISSION (1.25%)
BUYER CREDIT

$\$640,000 \times 1.25\% = \$8,000$ CREDIT

If you would rather obtain a lower rate with this credit we use it to buy down the interest rate.



Thank You!

WE HOPE TO HEAR FROM YOU SOON.