



Benefits of “Pre-Approved Home Loan”

Owning a house is one of the major achievements in an individual's life. Buying a house is a complex process that requires a huge amount of money. Most individuals spend their entire savings and take-home loan to buy a house. Most lending institutions (banks) finance up to 80% of the total value of the property after scrutinizing various factors. The banks will look into the location of the property, builder's history, overall time taken to complete the project, etc. in order to calculate the eligible loan amount. Considering the fact that not most individuals have the sufficient money saved to buy a house, banks play a major role in making your dream come true.

- The application process for home loans is sought to be a difficult task since it requires an extensive amount of paperwork, follow-up, fee payments, etc.
- Even after carefully filling in all the details and following up with the concerned officers, home loan application gets rejected from banks for various reasons.
- Apart from the normal home loan application that requires you to choose a property beforehand, a pre-approved loan from a bank takes you a step closer to your application's progress.
- Most banks carry out an assessment of risk factors for various types of properties, once the bank finds a suitable property where the bank can invest its money to generate income through interest, the bank will list the property for pre-approved loans.
- The pre-approved loans help the borrowers to **saves time and helps in quick and easy way to purchasing a home.**

When it comes to a pre-approved loan

- The bank would have already assessed the property and hence a **Zero Risk on titles.**
- The bank needs borrowers to submit their application along with the fee to determine their financial credibility.
- If the documents provided by the individual gets approved for a home loan, it is then that the borrower needs to worry about choosing the property.

*Based on the source of income and location, applicants are expected to submit different kinds of documents. Another crucial aspect here is, the bank will look into the borrower's **Credit Report** and score to determine whether a loan can be provided to an applicant or not. The credit score is a vital three-digit information that represents the credit management skills of an individual.*

Once the banks approve an applicant's request for a pre-approved home loan, the applicant will be required to choose and finalized one of the listed properties within a period of six months. The rest of the process for the application is similar to a normal home loan application. There are many advantages of a pre-approved loan. Following are few of the features that makes pre-approved home loan popular.

Benefits of a Pre-Approved Home Loan:

Fast & Zero Risk: Unlike the normal home loan, the application for a pre-approved home loan is faster and simpler. Taking into account that the lender has verified the property already, the borrower doesn't have to wait to find out whether a home loan can be given or not, especially for property-related concerns that tend to show up at a later stage. Also, the time required for the application process is reduced by more than half due to inspection by the lender itself. In the case of a pre-approved loan, the bank doesn't have to perform a property check which is necessary for a normal home loan.

Budget: When applying for a normal home loan, the applicants go through hundreds of properties, choose the most liked property, carry out the paperwork, and end up with a rejected application. This happens mainly because the applicants have no knowledge about their loan worthiness. For e.g., the applicants applying for a home loan worth Rs.70 lakhs while he/she is only eligible for Rs.40 lakh is bound to end up in a rejected application. A pre-approved loan helps the applicants know their loan worthiness even before choosing the property. When the applicants know about his/her loan worthiness, it helps in narrowing down property options. A pre-approved loan lets the borrower buy a house within the budget and saves time that could have been wasted on the inspection of a property that was out of the budget.

Negotiations: Considering the fact that you already have the pre-approved loan sanction from a bank, a builder or developer will be more interested in selling that property to you compared to someone who is still in the paperwork process. This will give you an upper hand while negotiating the property price.