REAL ESTATE EDUCATION SERIES

RE/MAX Properties

Before You Make an Offer

Why a lender letter matters - and what it really tells you

Doug Petersen
Broker Associate | RE/MAX Properties

A prequalification or preapproval letter outlines a lender's preliminary willingness to lend, subject to assumptions and conditions. Obtain a current letter before making an offer to help define your search, demonstrate preparation, and identify financing questions early.

01 Understand what the lender has reviewed

Lenders use the terms prequalification and preapproval differently. Some letters rely on information you report; others involve verification. Ask whether income, assets, debts, and credit have been reviewed, and whether an underwriter has evaluated your file.

02 Show the seller you are prepared

A current lender letter helps demonstrate serious intent and gives the seller information about your financing readiness. It can support offer credibility and negotiations, especially when competing with other buyers, but it does not ensure acceptance.

03 Set a budget that works for you

Use the letter as a starting point, not a spending target. Ask for estimated monthly payments and cash to close at your preferred price. Include taxes, insurance, HOA dues, maintenance, and reserves. Your comfortable budget may be below the lender's maximum.

04 Address financing questions early

Ask what documents the lender needs and provide them promptly. Early review may reveal credit, income, or down-payment issues while there is time to address them. Preparation can reduce surprises and delays, but it does not guarantee a faster closing.

05 Check the letter before submitting an offer

Review its date, expiration, loan amount, loan type, and conditions. Ask your lender and Doug Petersen whether it supports the proposed price, down payment, and closing schedule. Request an updated or offer-specific letter when appropriate.

06 Remember that final approval comes later

Neither letter guarantees funding. Final approval depends on satisfying the lender's requirements, including remaining borrower and property conditions. Discuss financing protections and deadlines with your broker; a lender letter is not a reason to waive them.

ASK YOUR LENDER

What have you verified? What conditions remain? When does this letter expire? A letter also does not commit you to that lender; compare official Loan Estimates when choosing your loan.

Doug Petersen | 970-290-3000 | Adapted from your prequalification outline. Sources: CFPB letter comparison; CFPB preapproval guidance. Educational summary; lender and contract terms control. Each office independently owned and operated.