



# **Welcome to the Lakeshore CAP, Inc. Down Payment Program**

**This program has been developed to insure buyers understand the home purchase process through a suggested curriculum of counseling and education required by most first mortgage lenders and down payment programs.**



A Community Action Agency Serving Door, Kewaunee, Manitowoc and Sheboygan Counties.



# Contact your Lender to be *Pre-Qualified* for a 1<sup>st</sup> Mortgage

## **Pre-Qualified**

Getting pre-qualified is the initial step in the mortgage process, and it's generally fairly simple. You supply a bank or lender with your overall financial picture, including your debt, income and assets. After evaluating this information, a lender can give you an idea of the mortgage amount for which you qualify. Pre-qualification can be done over the phone or on the internet, and there is usually no cost involved. Loan pre-qualification does not include an analysis of your credit report or an in-depth look at your ability to purchase a home.

The initial pre-qualification step allows you to discuss any goals or needs you may have regarding your mortgage with your lender. At this point, a lender can explain your various mortgage options and recommend the type that might be best suited to your situation. (For more, see *How Much Can You Afford*.)

Because it's a quick procedure, and based only on the information you provide to the lender, your pre-qualified amount is not a sure thing; it's just the amount for which you might expect to be approved. For this reason, a pre-qualified buyer doesn't carry the same weight as a pre-approved buyer who has been more thoroughly investigated. (To read more, see *Shopping For A Mortgage*.)

## **Pre-Approved**

Getting pre-approved is the next step, and it tends to be much more involved. You'll complete an official mortgage application (and usually pay an application fee), and then supply the lender with the necessary documentation to perform an extensive check on your financial background and current credit rating. (Typically at this stage, you will not have found a house yet, so any reference to "property" on the application will be left blank). From this, the lender can tell you the specific mortgage amount for which you are approved. You'll also have a better idea of the interest rate you will be charged on the loan and, in some cases, you might be able to lock-in a specific rate.

With pre-approval, you will receive a conditional commitment in writing for an exact loan amount, allowing you to look for a home at or below that price level. Obviously, this puts you at an advantage when dealing with a potential seller, as he or she will know you're one step closer to obtaining an actual mortgage.

The other advantage of completing both of these steps - pre-qualification and pre-approval - before you start to look for a home is that you'll know in advance how much you can afford. This way, you don't waste time with guessing or looking at properties that are beyond your means. Getting preapproved for a mortgage also enables you to move quickly when you find the perfect place. When you make an offer, it won't be contingent on obtaining financing, which can save you valuable time. In a competitive market, this lets the seller know that your offer is serious - and could prevent you from losing out to another potential buyer who already has financing arranged.

Once you have found the right house for you, you'll fill in the appropriate details and your pre-approval will become a complete application.

## **Getting Committed**

The final step in the process is what's called a "loan commitment", which is only issued by a bank when it has approved you, the borrower, and the house in question. This means the home should be appraised at or above the sales price. The bank may also require more information if the appraiser brings up anything he or she feels should be investigated (i.e. structural problems, accessibility issues, outstanding liens or litigation in progress). Your income and credit profile will be checked once again to ensure nothing has changed since the initial approval. (For more, see *Understanding Your Mortgage*.)

A loan commitment letter is issued only when the bank is certain it will lend, so the commitment date on your purchase contract should be closer to Pre-Qualified Vs Pre-Approved. *What's The Difference?* By Brian O'Connell 9/28/2015 *Pre-Qualified Vs Pre-Approved What's The Difference?* <http://www.investopedia.com/articles/basics/07/prequalifiedapproved.asp?view=print> 2/2 © 2015, Investopedia, LLC. closing than to the date of your offer. (The seller can ask to see that letter as soon as the date has passed, so beware of anyone who tries to put an early commitment date into your contract).

## **One Last Word**

Be warned. Pre-approved and pre-qualified are not the same thing, so don't assume that the bank will provide your loan until you have the former. The mistake could cost you your new home!

# **Phase One (1)**

## **Complete Homebuyer Education**

Please go to this link:

<https://app.ehomeamerica.org/lakeshorecap>

**Please Note:**

***There may be a  
fee for this service.***

# *Phase Two (2)*

## Attend Financial Counseling

Please contact the instructor near your current home.

### DOOR

FISC/Consumer Credit Counseling Services  
57 North 12<sup>th</sup> Avenue Ste 104  
Sturgeon Bay, WI 54235

Leslie Boden  
920-743-1862

### CALUMET

FISC/Consumer Credit Counseling Services  
1800 Appleton Road  
Menasha, WI 54952

Dana Berger  
800-366-8161

### KEWAUNEE

FISC/Consumer Credit Counseling Services  
57 North 12<sup>th</sup> Avenue Ste 104  
Sturgeon Bay, WI 54235

Leslie Boden  
920-743-1862

Catholic Charities  
206 North 8th Street  
Manitowoc, WI 54220

Beth Snyder  
920-684-6651

### MANITOWOC

Catholic Charities  
206 North 8th Street  
Manitowoc, WI 54220

Beth Snyder  
920-684-6651

### SHEBOYGAN

Family Services Association  
1930 North 8th Street  
Sheboygan, WI 53081

Susan or Merrie  
1-800-350-2227

**Please note:**  
***There may be a***  
***fee for this service.***

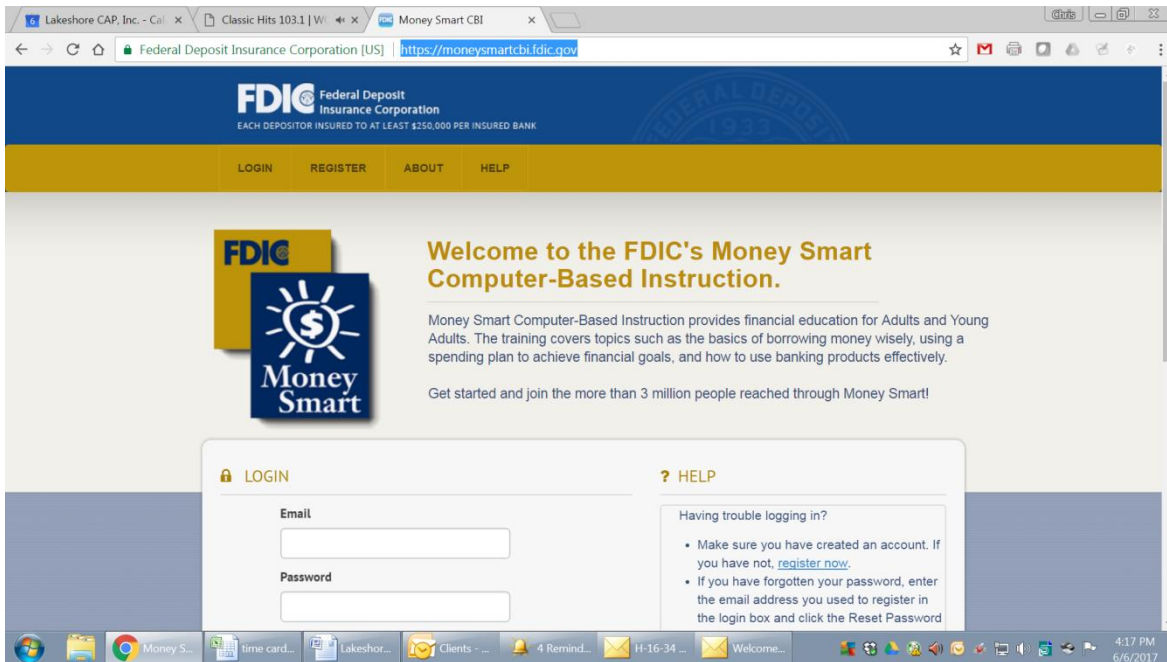


A Community Action Agency Serving Door, Kewaunee, Manitowoc and Sheboygan Counties



# Complete the Financial Education

Money Smart online: <https://moneysmartcbi.fdic.gov/>



**If you do not have access to the internet and/or a printer, please contact our office for alternative options.**

# **Phase Three (3)**

## **Contact our office:**

Lakeshore CAP, Inc.  
702 State Street  
PO Box 2315  
Manitowoc, WI 54221-2315  
PH: 920-682-3737  
FX: 920-686-8796  
[chrisl@lakeshorecap.org](mailto:chrisl@lakeshorecap.org)