

- ***Pre-qualification*** -- The process of determining how much a borrower (home buyer) can afford to borrow, based on a *basic review* of their finances. Gives you a general idea of what you can borrow. Generally, does not require a formal mortgage application. Pre-qualification is non-binding, which means there is no guarantee you'll actually get approved for this amount.
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- ***Pre-approval*** -- Similar to the pre-qualification process described above, but based on a more *in-depth review* of the borrower's financial history. Gives you a more accurate idea of how much you can borrow. Generally requires a mortgage application. This process takes place *before* you have selected a home, which distinguishes it from the final approval described below. Pre-qualification is non-binding.
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- ***Approval*** -- This is the final approval by the mortgage lender. It takes place *after* you have

chosen a home and made an offer. It usually requires a home appraisal as well.