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Serving the Greater Houston Area

How a Pre-Approval Is Actually Reviewed: Documents & Timeline

By Owen Ye, Licensed Loan Officer (Loan Factory, NMLS #2541101)

A pre-approval is not a form you fill in: the lender reviews four lines — income, assets, credit and debts — to confirm how much you can borrow and whether the payment fits, and only then issues the letter. This guide walks through the review order, the exact document list and the timing of each step. Prepare the file this way and a pre-approval usually lands within days, instead of stalling your offer later.

1. The Document List: Four Sets, Prepared Up Front

Prepare Before You Apply

1. Income documents

Tax returns, W-2s or 1099s for the past 2 years, and pay stubs for the past month. Self-employment or 1099 income also needs complete 2-year returns (with schedules) and a business license — it is underwritten on entirely different rules from W-2 income, so prepare to the self-employed list, not the salaried one.

2. Asset documents

Statements for the past 2 months for every account (bank and investment), every page included. Large deposits — generally a single deposit over half a month's pay — are questioned one by one: gifts, transfers and car sales all need a paper explanation. Prepare the explanations and transfer records in advance; chasing them mid-review is what slows files down.

3. Identity and property documents

Photo ID and proof of lawful U.S. residence where applicable; if you are already under contract, include the purchase contract. If parents are gifting part of the down payment, submit the gift letter at this stage too — waiting until underwriting asks for it costs another full round.

2. The Review Order: Credit First, Then Two Calculations

Usually 1–3 Days

1. Credit is pulled first

The review starts with the three-bureau credit report and scores, checking for unknown late payments, collections or identity theft. The score first decides whether you clear the threshold at all, then which pricing tier you land in.

2. Then the DTI is calculated

The new home's payment (principal and interest + taxes + insurance + HOA) plus your existing monthly debts, divided by gross monthly income. Most conventional programs want total DTI at or below roughly 45%–50% — that line sets your maximum amount, and no income level routes around it.

3. Income stability is checked

Underwriting reads two years of continuity and trend, not one good month. A job change is not automatically a problem, but moving from W-2 to self-employment, or a clear income decline, will be questioned — and may be counted at a discount.

3. The Timeline: From Documents to Letter

Usually 3–7 Days

1. Completeness check

Once the file is in, the loan officer runs a completeness check first and lists anything missing the same day. Slow pre-approvals are rarely slow reviewing — they are slow document-chasing.

2. Explanation letters (LOX)

In initial underwriting, anomalies are questioned one by one — a job change, a large deposit, credit inquiries — and each needs a short Letter of Explanation from you. Answer factually; this is routine, not a red flag by itself.

3. The letter — and its limits

The pre-approval letter states your maximum amount and its conditions. Remember: it is not a final approval — after you sign a contract, the loan still goes through appraisal, title and full underwriting. Until final approval, do not change jobs and do not take on new large debts.

4. After the Letter: Protect It

From Letter to Closing

1. No new debts

Do not buy a car, open a new credit card or start a large installment plan before closing. Final underwriting pulls credit again — if the DTI moves, the amount can move with it.

2. Do not move large sums

Keep the down-payment accounts quiet. If you must transfer money, ask your loan officer first how to do it so the paper trail stays complete.

3. Keep income continuous

Quitting, going self-employed or taking a pay cut — tell your loan officer immediately. Letting it surface only in final underwriting is the fastest way to have the whole file fall apart.

4. Line up the next step

Run the payment at your pre-approved amount with this site's [mortgage calculator](#) (PITI, not just principal and interest); watch daily rate moves in the [rate report](#); and compare loan types on the [loan programs page](#). Unsure whether your documents are enough? Send them over in a [free consultation](#) and I will review the list first.

Questions about a loan? Ask me — free consultation: (347) 774-5396 | owenrealestatetx.com

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