

Pre-approved problems and dangers that buyers need to be aware

Pre-approval means not yet approved. But to most of the people, they think it is an approval. You have been conned. That's life.

Why the bank is giving pre-approval?

It's fast and cheap to do so!

To give the people a sense of false security! This method, buyers will not panic and do not go and shop around with other banks.

Why doesn't the bank give the full approval?

The short answer is that it cost a lot to do a full approval.

What can do wrong?

Once you have bought a house or land or unit, then the bank will do a full assessment.

Example of what they will now look for:

1. You still have the job.
2. The income is strong enough to service the loan.
3. You have enough deposit.
4. You have a good saving pattern.
5. You have no bad records.
6. The bank likes the property that you are buying. Some property the banks will no touch if the properties are deemed undesirable. This are properties they will not reveal to you before hand.

The above are only some of the criteria that the bank will use.

In order to process all of the above, most banks will want you to sign a contract to buy first. This way they are sure that you are committed. They will not waste their money and resources otherwise to do all the work if you are not serious.

Here is a hard lesson to swallow.

Did you know that the bank can withdraw your loan at any time for any reason? Yes, they can because the pre-approval is only an indicative approval and it's not a formal approval.