

Credit Scores & Mortgage Impact: An Agent Guide

A clear, practical resource to help real estate agents understand how credit scores influence mortgage approval, rates, and timing—without crossing into credit advice. Use this guide to set realistic expectations, protect your transactions, and know when to bring in the lender.

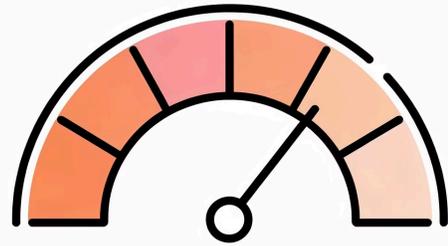
FOUNDATION

Credit Scores: What Agents Need to Know

The Basics

Credit scores measure borrowing behavior—payment history, debt levels, and account management. Mortgage lenders use specialized FICO models that weigh factors differently than consumer scores. This is why clients often see different numbers on Credit Karma versus their loan application.

When multiple borrowers apply, lenders typically use the middle score from each person's three credit reports, then the lower of the two middle scores for qualifying.



Payment History

Most influential factor—on-time payments build scores



Credit Utilization

How much credit is used vs. available

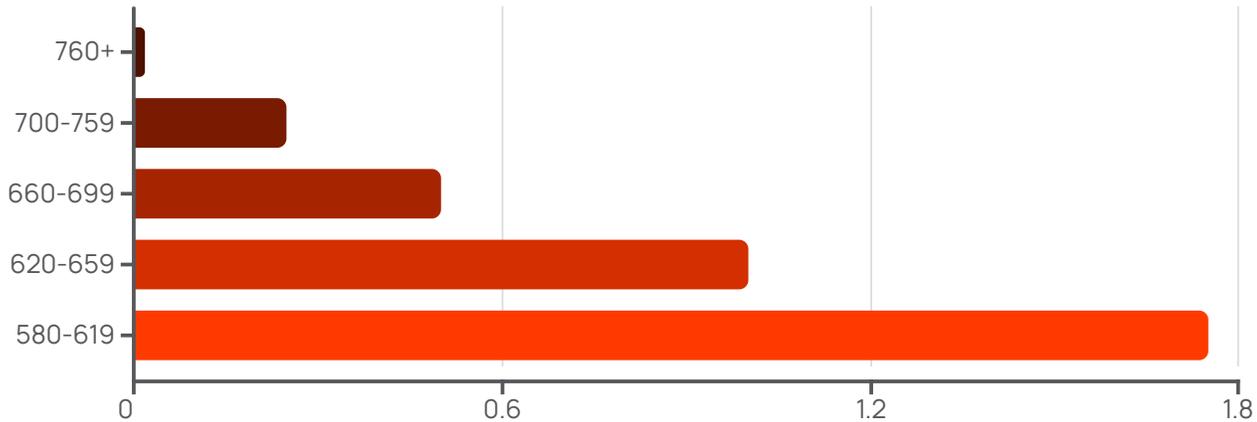


Account Age

Longer credit history supports higher scores

How Credit Scores Affect the Mortgage

Small score differences can mean big changes in loan terms. Understanding these impacts helps agents set proper expectations and avoid deal-threatening surprises.



Higher scores unlock better rates, lower monthly payments, and broader loan program access. Scores also determine mortgage insurance requirements and approval likelihood.

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Loan Approval

Minimum thresholds vary by program—
Conventional typically 620+, FHA 580+, VA
more flexible

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Interest Rates

Rate tiers mean even 20-point differences
can cost thousands over the loan term

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Program Eligibility

Some loan types and special programs
require higher minimums

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Monthly Payment

Rate impacts compound—a 0.5% difference
on \$400K = \$120/month

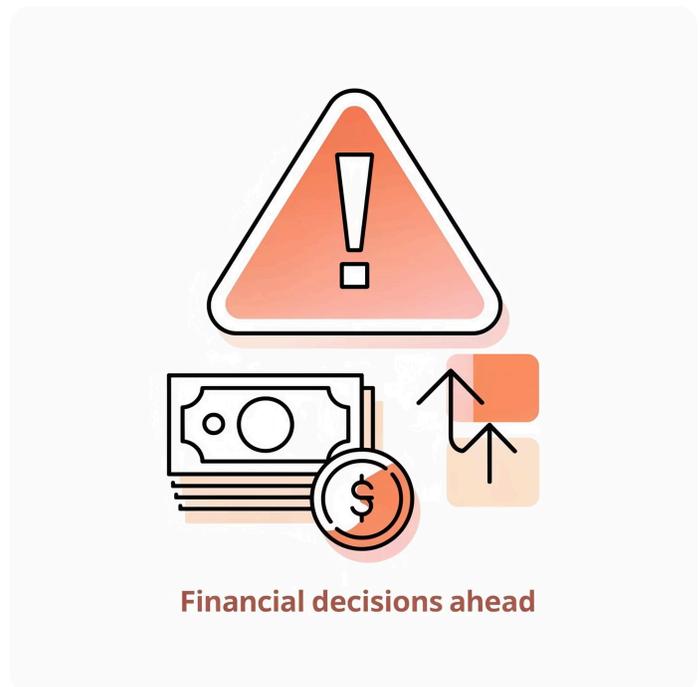
Score Thresholds to Remember: Excellent (760+) | Good (700-759) | Fair (660-699) | Challenged (620-659). Program sensitivity varies—FHA is more forgiving than Conventional on lower scores.

What Agents Should Say & Avoid—Plus Timeline Tips

Actions That Lower Scores Fast

- Opening new credit cards or loans
- Large purchases on credit
- Late or missed payments
- Closing credit accounts
- Multiple hard inquiries during escrow

Critical period: From pre-approval through closing, credit changes can derail deals. Advise clients to maintain status quo.



What Agents Should & Should NOT Say

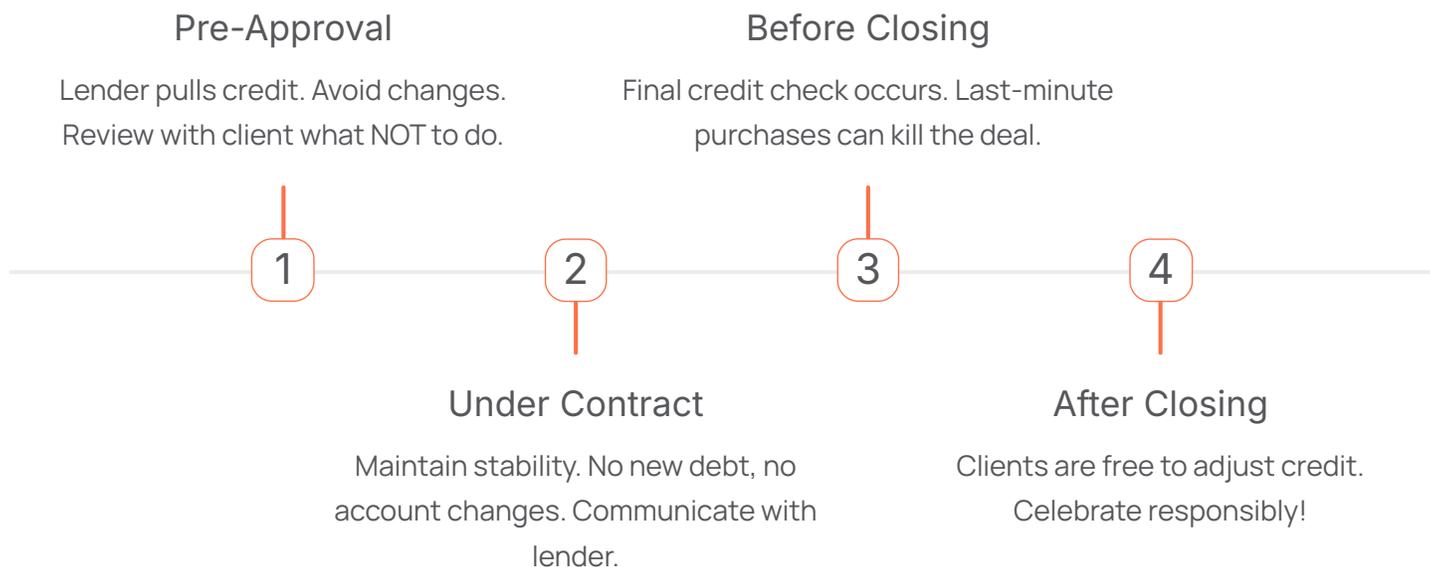
✓ Agents SHOULD

- Encourage early lender consultation
- Reinforce timing and stability
- Set expectations, not promises
- Loop in lender immediately when credit questions arise

× Agents SHOULD NOT

- Give credit repair advice
 - Tell clients to open or close accounts
 - Suggest paying off debts without lender input
 - Promise approval based on a score range
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Credit Timeline & Transaction Phases



Agent Pro Tips

- **Explain simply:** "Your mortgage score may differ from what you see online—lenders use specialized models."
- **Protect deals:** Remind clients early and often: no big purchases, no new credit until after closing.
- **Know when to call the lender:** Any credit question = immediate lender consultation.

Quick Reference Summary



- Mortgage scores differ from consumer scores—set this expectation early
- Small score changes = big rate and payment impacts
- Credit stability from pre-approval to closing is critical
- Always defer credit advice to the lender—your role is to connect and guide
- Know the key thresholds but avoid making approval promises

For educational purposes only. Credit requirements vary by loan program and lender. Agents should not provide credit repair advice or guarantee loan approval.



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