

Shopping for a mortgage?

Here's what happens when multiple mortgage lenders check your credit.



The credit check is reported to the credit reporting agencies as an "inquiry."

Inquiries tell other creditors that you are thinking of taking on new debt. An inquiry typically has a small, but negative, impact on your credit score. Inquiries are a necessary part of applying for a mortgage, so you can't avoid them altogether. But it pays to be smart about them. As a general rule, apply for credit only when you need it. Applying for a credit card, car loan, or other type of loan also results in an inquiry that can lower your score, so try to avoid applying for these other types of credit right before getting a mortgage or during the mortgage process.



You can shop around for a mortgage, and it will not hurt your credit.

Within a 45-day window, multiple credit checks from mortgage lenders are recorded on your credit report as a single inquiry. This is because other creditors realize that you are only going to buy one home. You can shop around and get multiple preapprovals and official Loan Estimates. The impact on your credit is the same no matter how many lenders you consult, as long as the last credit check is within 45 days of the first credit check. (Note: the 45-day rule applies only to credit checks from mortgage lenders or brokers. Credit card and other inquiries are processed separately.)



You can check your own credit with no impact on your score.

When you check your own credit — whether you're getting a credit report or a credit score — it's handled differently by the credit reporting agencies and does not affect your credit score. If you are applying for a mortgage and haven't already checked your credit report for errors, do so now. You can get a free copy of your credit report at www.annualcreditreport.com. If you find any errors, get them corrected as soon as possible.

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Contact us to discuss your home buying options!



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