

CREDIT SCORE

Getting pre-approved is 100% a benefit to you as the buyer because it will give you confidence to write offers and prevent any heart ache down the road. In a competitive market like ours a good agent and a smart seller will not even consider looking at a financed offer without a preapproval letter.

CREDIT BUREAU SCORING

Credit bureaus use a subtle formula that they don't publicize how they crunch your credit history down into a single credit score. One of the things that can cost you points on your credit score is to have a bunch of inquiries coming in very close to each other. So, should you worry about what mortgage pre-approvals will do to your credit reports? Probably not.

THE "DING" FOR ONE INQUIRY IS VERY SMALL

The most a single inquiry on your credit report will cost you is five points. Often, your score, which can range from 300 to 850, will suffer even less than that. Unless you are seeking a new mortgage and are right on the cusp between a good credit score and a fair credit score, five points shouldn't make any difference in your loan terms.

MAKING THE MORTGAGE PROCESS EASIER

All of the credit bureaus understand the complex timing of getting a mortgage. Therefore, they have instituted measures to avoid reflecting pre-approval inquiries on credit reports. For instance, if you are shopping around for the best rate, and several mortgage companies make credit inquiries about you within 45 days of each other, all of those inquiries will be bundled into a single event with a miniscule effect on your credit report.

Your credit report also does not include any credit inquiries made within 30 days prior to your loan application. It is, therefore, nearly impossible that the mortgage process of pre-approval will cause enough damage to your credit score to hurt your mortgage terms, so don't worry if your real estate agent asks to see your letter of pre-approval.

IN SHORT, GETTING PRE-APPROVED FOR THE MORTGAGE YOU WANT WON'T HURT YOU.

