

## The effect of mortgage shopping on credit scores....

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Below are a few highlights and links from third party news providers that support that mortgage borrowers have 45 days to shop around for a mortgage, without hurting their credit scores.

### Does the formula treat all credit inquiries the same?

No. Research has indicated that FICO Scores are more predictive when they treat loans that commonly involve rate-shopping, such as mortgage, auto and student loans, in a different way. For these types of loans, FICO Scores ignore inquiries made in the 30 days prior to scoring. So, if you find a loan within 30 days, the inquiries won't affect your scores while you're rate shopping. In addition, FICO Scores look on your credit report for rate-shopping inquiries older than 30 days. If your FICO Scores find some, your scores will consider inquiries that fall in a typical shopping period as just

one inquiry. For FICO Scores calculated from older versions of the scoring formula, this shopping period is any 14 day span. For FICO Scores calculated from the newest versions of the scoring formula, this shopping period is any 45 day span. Each lender chooses which version of the FICO scoring formula it wants the credit reporting agency to use to calculate your FICO Scores.

## What to know about "rate shopping."

Looking for a mortgage, auto or student loan may cause multiple lenders to request your credit report, even though you are only looking for one loan. To compensate for this, FICO Scores ignore mortgage, auto, and student loan inquiries made in the 30 days prior to scoring. So, if you find a loan within 30 days, the inquiries won't affect your scores while you're rate shopping. In addition, FICO Scores look on your credit report for mortgage, auto, and student loan inquiries older than 30 days. If your FICO Scores find some, your scores will consider inquiries that fall in a typical shopping period as just one inquiry. For FICO Scores calculated from older versions of the scoring formula, this shopping period is any 14 day span.  
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agency to use to calculate your FICO Scores.

But don't worry! That doesn't mean you can't go rate shopping for the best rates you can qualify for. There is an exception on two specific types of loans -- mortgages and auto loans. The FICO Score recognizes when someone is shopping for a mortgage or [auto loan] and disregards multiple inquiries when they happen in a 45-day window.\*\*\*\*

Source: <http://www.myfico.com/crediteducation/creditchecks/inquiries.aspx>

Source: <http://www.nytimes.com/2015/02/01/realestate/mortgage-shopping-and-credit-scores.html>

Source: [http://www.huffingtonpost.com/jeanne-kelly/does-rate-shopping-hurt-y\\_b\\_3103667.html](http://www.huffingtonpost.com/jeanne-kelly/does-rate-shopping-hurt-y_b_3103667.html)

Source \*\*\*\*: [http://www.huffingtonpost.com/jeanne-kelly/does-rate-shopping-hurt-y\\_1\\_b\\_3210857.html](http://www.huffingtonpost.com/jeanne-kelly/does-rate-shopping-hurt-y_1_b_3210857.html)

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Best Regards,

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