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Helping Realtors and homebuyers close faster with clarity, strategy, and speed.

CREDIT KARMA VS FICO: WHY YOUR MORTGAGE SCORE CAN BE 20–60 POINTS LOWER

What Every Homebuyer Should Know Before Applying for a Mortgage

By Steve Kyles

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You're Welcome to Share This Resource

If you're a Realtor or buyer, feel free to share this guide with anyone preparing to buy a home. It's designed to simplify the credit side of the mortgage process, helping you make confident, informed decisions.

1. Why the Scores Don't Match

One of the most confusing parts of buying a home is discovering that your "free" credit score doesn't match what your lender sees. You might log into Credit Karma or a credit card app and see a 740 score, but when your lender runs a mortgage credit report, it shows 700 or even 680. That 20–60 point difference can be shocking, especially when you're told your rate or program depends on it.

VantageScore (Credit Karma)

This is the model most free websites use. It was created by the three major credit bureaus Experian, Equifax, and TransUnion to help consumers monitor general credit trends. VantageScore is useful for keeping an eye on progress but it's not the score used for lending.

How it works: Designed for education, not lending decisions. Uses a newer formula that updates more frequently. May place less weight on older accounts or minor delinquencies. Good for tracking direction but not for qualifying.

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FICO Score (Mortgage Lenders)

This is the industry standard lenders must use for mortgages backed by Fannie Mae, Freddie Mac, FHA, and VA. Your mortgage FICO score is based on older, more conservative algorithms known as FICO 2, FICO 4, and FICO 5.

How it works: Focuses heavily on long-term credit behavior, not short-term trends. Weighs late payments and revolving balances more strictly. Doesn't update as frequently as consumer models. Designed to predict lending risk, not just show your progress.

That's why your Credit Karma score might be higher; it's using a newer model that's more forgiving. Your mortgage FICO, however, is what determines your actual approval, loan program, and interest rate.

2. Why the Difference Matters

Even a small score difference can make a big impact.

A 20-point drop could change your interest rate by as much as 0.25 percent. A 40–60 point difference could shift you into a different loan program or reduce how much you qualify for. The lower your score, the more you'll typically pay in monthly payment and interest over the life of your loan.

For example, if two buyers both purchase a \$400,000 home and one has a 760 score while the other has 700, the difference in interest rates could cost the lower-score buyer \$100–\$150 more per month or tens of thousands over time.

Your lender doesn't just pull one score. We pull a tri-merge report; one score from each of the three bureaus. Then we use the middle score to qualify you. That's the one that counts.

Knowing your true FICO mortgage score upfront is the best way to protect your buying power and avoid surprises later.

3. What to Expect When We Pull Your Credit

When we do your mortgage pre-approval, we order what's called a tri-merge mortgage credit report. It combines data from Experian, Equifax, and TransUnion into one report and calculates your FICO 2, FICO 4, and FICO 5 scores.

What we're looking for: Your middle FICO score; that's what determines your eligibility. Your debt-to-income ratio (DTI); how much of your income goes toward debt payments. Your credit profile history; including balances, utilization, payment patterns, and inquiries.

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The credit pull might temporarily reduce your score by a few points, but it's a small tradeoff for the clarity it provides. Multiple mortgage inquiries within a short period (usually 30–45 days) count as one inquiry in FICO's system. That means you can shop for a mortgage without fear of damaging your credit.

4. How to Improve Your Mortgage Score

If your mortgage score comes in lower than expected, don't panic. It's temporary and fixable.

A. Pay on Time

Payment history makes up 35 percent of your score. Even one late payment can hurt, so setting up autopay or reminders is key.

B. Reduce Revolving Balances

Credit card balances can make or break your score. Keep usage below 30 percent of your available credit and under 10 percent for the best results. If you can pay down balances before your statement date, even better.

C. Don't Open or Close Accounts

Opening new credit or closing old accounts before or during the mortgage process can shift your utilization and shorten your credit history. Hold steady until after closing.

D. Review Your Credit Reports

Mistakes happen and they can cost you. Go to AnnualCreditReport.com to get free access to all three reports and check for errors. If you find inaccuracies, we can help you dispute or simulate the potential score impact.

E. Work With a Lender Who Can Run What-If Scenarios

We use credit simulation tools to predict what specific actions, like paying off a card or removing a collection, will do to your score. This allows us to build a custom plan for improvement before you make any major moves.

5. The Bottom Line

Credit Karma and other free tools are great for education but they're not designed for mortgages. Your true mortgage FICO score is what lenders use to determine your rate, loan program, and approval level.

If you're serious about buying a home, it's essential to know where you really stand. By understanding your FICO score early, you'll have time to make small improvements that can

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save thousands, position yourself for the best loan terms possible, and shop confidently knowing your exact buying power.

6. Build Your Mortgage Plan with Clarity, Not Chaos

Buying a home should feel exciting, not confusing. The truth is, uncertainty causes stress, and stress kills progress. That's why our mission at ProLending Mortgage is simple: We remove chaos and replace it with clarity.

When we build your plan, you'll know what your true mortgage credit score is, what steps to take to improve it, what price range and programs you qualify for, and how to close with confidence and peace of mind. Whether you're a homebuyer or a Realtor helping clients prepare, this clarity gives everyone confidence in the process.

7. Let's Build Your Clear Mortgage Plan

If you're thinking about buying a home in Houston or the surrounding areas or you want to help your clients do the same, now is the perfect time to take action.

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Visit: www.HoustonMortgageExpert.com

Schedule Your Clear Mortgage Plan: FreedomPlanningCall.com

Let's eliminate the guesswork and give you a step-by-step plan for success.

At ProLending Mortgage, we remove chaos and replace it with clarity so every homebuyer can move forward with confidence.