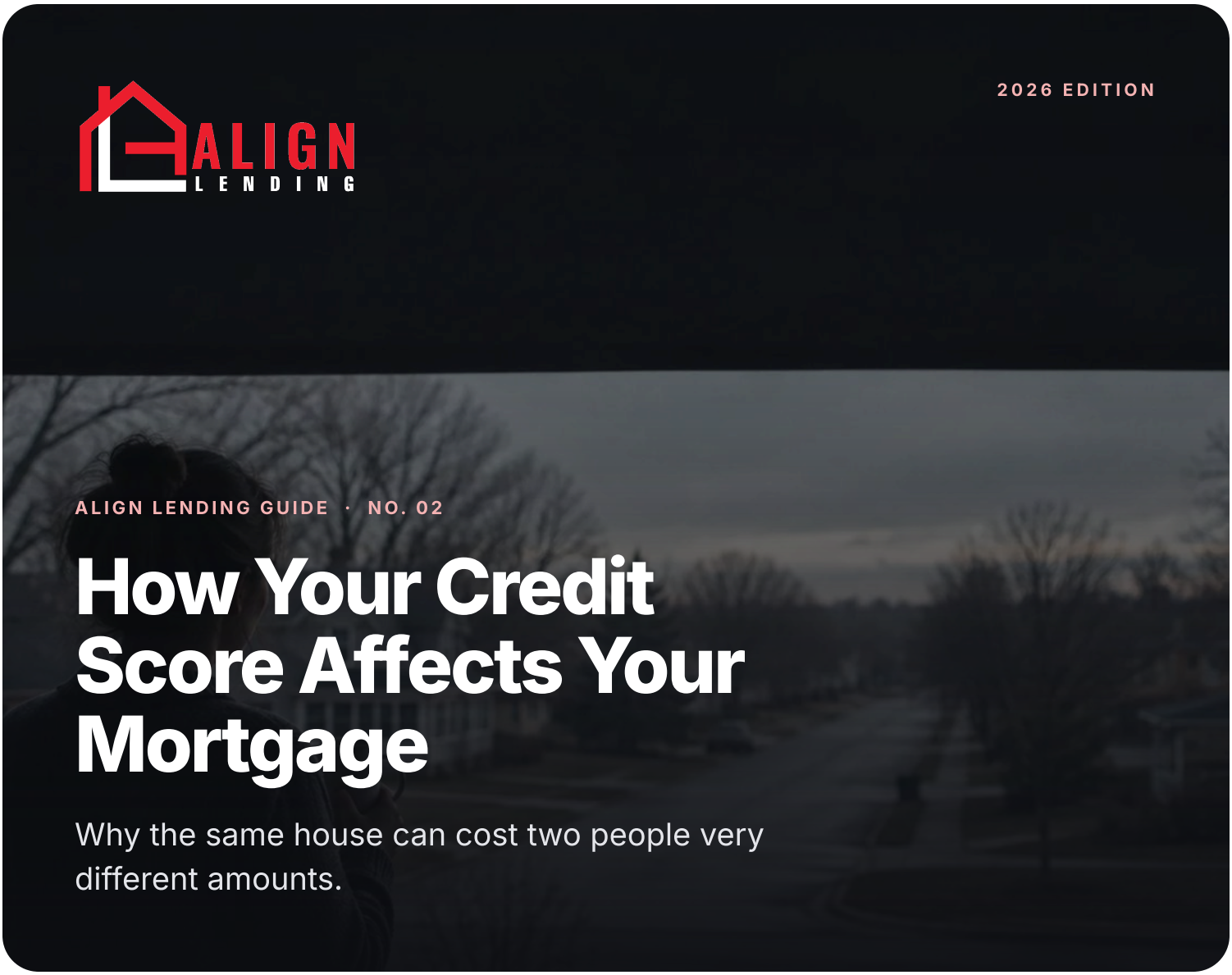
ALIGN LENDING

2026 EDITION



ALIGN LENDING GUIDE · NO. 02

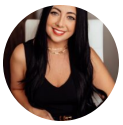
How Your Credit Score Affects Your Mortgage

Why the same house can cost two people very different amounts.

INSIDE THIS GUIDE

- What your score is actually telling a lender
- Which score your lender actually sees
- What a higher score actually changes
- How to improve your credit score and save money
- What is not in your credit score

For buyers and homeowners who want to understand what their score is actually doing.



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Your credit score plays a major role in determining how much you will pay for a mortgage. A higher score can secure lower interest rates, saving you a meaningful amount over the life of your loan, while a lower score can lead to significantly higher costs. Understanding how your credit score affects your mortgage, and taking steps to improve it, puts you in a stronger position.

What your score is actually telling a lender

Lenders use your credit score to assess how risky it is to lend you money. A high score signals that you are responsible with credit, making you eligible for better interest rates. Conversely, a low score makes you a riskier borrower, leading to higher interest rates to compensate for that risk.

WHY SMALL DIFFERENCES MATTER

Even a small difference in your credit score can have a significant financial impact. Half a percentage point on your interest rate might not seem like much, but across a 30 year term it can add up to thousands of extra dollars in payments.

That is an illustration of how pricing works, not a quote. What your score is worth in your situation depends on the loan, the property and the market on the day you lock.

Which score your lender actually sees

This is the part that surprises people most, because the number you have been watching is often not the number that decides your loan.

It is probably not your app score

Mortgage lending uses its own scoring models, generally older than the consumer-facing ones in banking and credit apps. Your mortgage score can come back higher or lower than the number you have been tracking.

All three bureaus, middle score

A lender pulls Equifax, Experian and TransUnion and generally works from the middle of the three, not the highest and not an average.

Two applicants, one number

When two people apply together, the lower of their two middle scores is typically the one that counts. It is worth knowing both before you plan around either.

Shopping does not wreck it

Mortgage inquiries made while you are shopping are generally treated as a single inquiry, as long as they fall inside a short window, commonly 14 to 45 days depending on the model.

THE PRACTICAL VERSION

Do not guess at your score and do not plan around a free app number. Ask a lender to pull the actual scores once, early, while there is still time to do something about them.

What a higher score actually changes

Pricing is the part everyone talks about, and it is not the only thing moving. A score affects what is available to you as well as what it costs.

The pricing on the loan

Lenders price in tiers rather than on a sliding scale, so crossing into the next band can matter more than the raw number of points you gained.

What mortgage insurance costs

On a conventional loan with less than twenty percent down, mortgage insurance is priced partly on credit. Two buyers with the same loan can pay different amounts for it.

Which programs you can use

Some loan programs have a credit floor. Below it the option is not more expensive, it is simply not available.

How much room you have elsewhere

Stronger credit gives an underwriter more tolerance on the rest of the file, such as debt ratio or reserves. Weaker credit tightens everything at once.

How to improve your credit score and save money

Pay bills on time

Payment history is the biggest factor in your credit score. Late payments can stay on your report for years, significantly lowering your score.

Keep old credit accounts open

The length of your credit history matters. Closing old accounts can shorten your history and negatively impact your score.

Reduce your credit card balance

Keep your credit utilization below 30 percent of your total limit. If possible, aim for under 10 percent to improve your score faster.

Diversify your credit mix

Lenders like to see a mix of credit types, such as credit cards, auto loans and mortgages, as it demonstrates responsible credit management.

Limit new credit applications

Each new application for credit triggers a hard inquiry, which can lower your score. Avoid unnecessary credit checks before applying for a mortgage.

Pay more than the minimum

Making only minimum payments keeps your balances high, which can hurt your credit utilization ratio and overall score.

Check your credit report for errors

Mistakes can drag down your score. Get a free copy of your report from AnnualCreditReport.com and dispute any errors.

Prioritize paying off high-interest debt

Focus on paying down debt with the highest interest rates first to free up money for other financial goals.

What is not in your credit score

A mortgage approval looks at more than your score, and your score looks at less than people assume. These do not appear in it at all, though a lender will review them separately.

- [ ] **Your income** A high earner and a modest earner can have identical scores.
- [ ] **Your savings and assets** Reserves matter to an underwriter. They are not part of the score.
- [ ] **Your job title or how long you have held it** Employment history is reviewed on its own, separately from credit.
- [ ] **Whether you rent or own** Rent payments only appear if the landlord or a service reports them.

WORTH KNOWING

Credit changes take time to show up. If you are planning to buy in the next few months, the most useful thing you can do is have someone look at your actual reports now, rather than guess at what your score means.

NEXT STEP

Talk it through before you decide anything

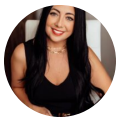
The first conversation does not have to turn into anything. No application, no credit pull, and no obligation to go further.

Tell Samantha what you are trying to do and she will tell you what actually matters in your situation. If the answer is that you should wait, she will say that too.

Open the Homebuyer Game Plan →

alignlending.com/purchase/homebuyer-game-plan/

Scan to open the Homebuyer Game Plan



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