

MORTGAGE Q&A GUIDE

31 real questions from Capital Region homebuyers and homeowners, answered in plain English.

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Questions in this guide

These are the questions people actually ask me, with the answers I give them. Every situation is different, so treat this as a starting point and call or text me with yours.

01 What credit score do I need for a VA loan?

VA itself sets no minimum credit score. Lenders do, and most land around 580 to 620, but VA files get more flexibility than almost anything else because VA underwrites residual income alongside the debt ratio. Residual income is what is left over each month after the mortgage, all debts, taxes and estimated utilities. A veteran with a high debt ratio but strong residual income can approve where a conventional file with the same numbers would not. It is the most under-used qualifying tool in the business.

02 Does a business debt count against my personal debt ratio?

It can be excluded, and this is worth pushing on. If a debt appears on your personal credit but is paid by the business, most guidelines allow it to be omitted with 12 months of cancelled checks or business bank statements showing the business made the payments, and evidence the payment is reflected in the business expenses. A business vehicle loan or a line of credit is the usual candidate. Getting one $650 payment removed from your ratio can be the difference between an approval and a denial, and it takes documents you already have.

03 What credit score do I need for SONYMA?

Generally a 620 minimum, and files in the low 600s get looked at more closely rather than run through automatically. SONYMA also allows up to a 45% debt-to-income ratio, which is more room than some conventional first-time programs. Because SONYMA layers a state program on top of an insured loan, both sets of guidelines apply. A score that clears one and not the other is a common reason a SONYMA pre-approval takes an extra conversation.

04 What credit score do I need for an FHA loan?

FHA guidelines allow 3.5% down with a 580 score, and scores as low as 500 with 10% down on eligible files. Individual lenders add their own overlays on top, which is why the answer changes depending on who you ask. One lender stops at 620, the next writes to 580, and a few of us go lower. Below 580 the file is usually a manual underwrite, meaning a human reviews it rather than an automated system. That is not a bad thing. It means compensating factors, reserves, a long job history, a low debt ratio, a documented reason for the damage, actually get considered.

05 Do I have to pay off collections to get an FHA loan?

Not always. FHA does not require most collections to be paid off. What triggers extra work is the total: when non-medical collection balances add up to $2,000 or more, the lender has to either count 5% of the balance as a monthly debt, use a documented payment plan amount, or have them paid off. Medical collections are excluded from that calculation. And paying an old collection can sometimes lower your score by re-dating the activity, so talk it through before you write a check.

06 How long after a bankruptcy or foreclosure can I use FHA?

Chapter 7 requires two years from discharge, and it can be as little as 12 months with documented extenuating circumstances and re-established credit. Chapter 13 can work while you are still in it. 12 months of on-time plan payments plus written court approval. Foreclosure and deed-in-lieu run three years from the date the title transferred, not the date you moved out. A short sale is also three years. Those two dates are often a year apart, and using the wrong one is a common reason someone thinks they have longer to wait than they do.

07 Can I get an FHA loan if I owe the federal government money?

Not until it is resolved. FHA screens every borrower through CAIVRS, a federal database of delinquent debt and prior agency losses. A defaulted student loan, an unpaid SBA loan, or a previous FHA foreclosure will show up and stop the file. An IRS balance is different: a payment plan in good standing with documented payments is generally acceptable, and the monthly payment gets counted in your debt ratio. A tax lien is a harder problem and depends on whether it attaches to the property.

08 Should I apply with multiple mortgage lenders?

Shopping is smart, and the scoring models are built for it. FICO and VantageScore treat multiple mortgage inquiries pulled inside the same shopping window as a single inquiry, so comparing two or three lenders costs you essentially nothing on your score. What actually matters is the window. Newer FICO versions use a 45-day window; some older versions still in use run 14 days. Because you can't control which version a lender pulls, the safe move is to do all your shopping inside 14 days. The real risk in applying with several lenders isn't your credit. It's duplicated effort and appraisal money. An appraisal fee paid to one lender doesn't transfer, so shop rates and terms first and only order an appraisal with the lender you're going to close with. Ask each one for a Loan Estimate and compare page 2, not the rate someone quoted you over the phone.

09 How many times can a mortgage lender pull my credit?

As many times as the file requires, and on most loans it happens at least twice: once at pre-approval, and once more shortly before closing. That second pull is the one that surprises people. Fannie Mae, Freddie Mac and FHA all require the lender to re-verify that nothing changed before the loan funds, so a credit card you opened for furniture, a car you financed, or a new collection that posted after pre-approval can all show up days before closing and change your debt ratio. I've seen approvals come apart over a $400 monthly car payment taken on in week three. Both pulls are the same hard inquiry type, and because they're from the same lender on the same file they don't compound against you. The rule is simple: from application to keys, don't open, close, or finance anything without telling me first.

10 Will shopping lenders hurt my credit?

Barely, and far less than most people fear. A single mortgage inquiry typically costs fewer than five points, and all mortgage inquiries in the same shopping window count as one. FICO also ignores mortgage, auto and student loan inquiries entirely for the first 30 days, so shopping this month doesn't affect a score pulled this month. The effect is also temporary. Hard inquiries stop affecting your FICO score after 12 months and drop off the report entirely after two years. The thing that costs you money is not shopping. A quarter-point difference on a $300,000 loan is roughly $45 a month, every month, for 30 years. A handful of score points is not worth protecting at that price.

11 What are closing costs, and how much should I expect?

Appraisal, title, taxes, prepaids, and lender fees. They vary by loan and town, and a seller credit or the right program can offset a real chunk of them. You'll get a clear, itemized estimate up front, not a friendly "ballpark" that grows three thousand dollars by closing week. Start with the Number Crunch calculator for a first look.

12 Will checking my options hurt my credit score?

Not at the pre-qualification stage. That's a soft pull, which never touches your score. The full tri-merge at pre-approval is a hard inquiry, but the effect is small and temporary, and rate shopping inside a short window typically counts as one. What actually hurts: applying with five lenders at once to see who's cheapest, then opening a furniture card and running up a balance mid-process. Shop the person, not the pop-up ad. If you want the score higher before you apply, that's the Credit Game Plan.

13 My credit isn't perfect: are there programs for me?

Yes, and this is a large share of what I do. Real-life credit, medical collections, a rough stretch, a thin file, a score in the 500s, has programs built for it. A "no" from a big lender usually means their one program said no. It is not a verdict on you. Browse Loan Programs, and if the score needs work first, the Credit Game Plan is the honest starting point.

14 Do I have to pay off collections before I can get a mortgage?

Only if your total collections balance is $2,000 or more. Below that, they can be ignored entirely.

15 Do old charge-offs hurt my chances?

Non-mortgage charge-offs are excluded from your DTI calculation and don't need to be paid off. They generally don't block an FHA approval.

16 I'm disputing an account: does that affect my mortgage application?

If disputed derogatory accounts total $1,000 or more, your file gets automatically downgraded to a manual underwrite. Disputes older than 24 months or from identity theft are exempt.

17 How high does my credit score need to be to buy a house?

Conventional generally starts at 620. FHA goes to 580 with 3.5% down, and guidelines allow 500-579 with 10% down. VA and USDA set no hard minimum, though most lenders want 580-640. Individual lender overlays are why the same borrower hears three different answers from three different lenders. Mine is not the strictest list in town. Source: HUD Handbook 4000.1 · Fannie Mae Selling Guide

18 What can I do to improve my credit before I apply?

Get each card under about 30% of its limit, stop opening anything new, never close an old account, dispute genuine errors, and pay everything on time. Thirty to sixty days of that moves most scores meaningfully. The Credit Game Plan tells you which of those matters most for your specific report instead of guessing.

19 Should I pay off my credit cards before buying a house?

Paying balances down usually helps twice. Your score rises and the minimum payment leaves your debt-to-income. Just do not close the accounts, and do not spend your down payment doing it.

20 Should I pay off my car before applying for a mortgage?

Sometimes. It removes the payment from your ratios, but it also spends cash you may need to close. We run it both ways before you touch the loan, often the car payment costs you less approval than the missing reserves do.

21 How much does my credit-card balance affect my mortgage qualification?

Two ways: the minimum payment counts against your debt-to-income, and the balance-to-limit ratio drives a big chunk of your score. A card at 90% of its limit can cost you real points even when you have never missed a payment.

22 Can I qualify with no credit history at all?

Often yes. FHA and several portfolio programs allow a manual underwrite using alternative credit. Twelve months of rent, utilities, phone, and insurance paid on time. It is more paperwork, not a dead end.

23 Can I qualify with medical collections on my report?

Usually yes. FHA excludes medical collections from the collection-balance rules, the newest scoring models ignore paid and smaller medical collections entirely, and underwriting generally treats them differently than consumer debt. Source: HUD Handbook 4000.1

24 Can I get a mortgage if I owe back taxes?

Often yes, with a written IRS payment plan, proof you have made the payments, and the monthly payment counted in your ratios. A recorded tax lien is the harder version. It usually has to be paid or subordinated. Source: IRS · HUD Handbook 4000.1

25 Can I get a mortgage with student loans?

Yes. Most buyers I work with have them; they are just another monthly payment in the math.

26 How do student loans affect my debt-to-income ratio?

If you have a real payment, that payment is used. If you are deferred or on a $0 income-driven plan, conventional and FHA generally use about 0.5% of the balance as a hypothetical payment, which is why the program you pick can change your approval by a lot. Source: Fannie Mae Selling Guide · HUD Handbook 4000.1

27 Can I buy a house if I am behind on my credit cards?

Not while they are late. Recent 30- and 60-day lates, especially in the last twelve months, are the hardest thing on a file to explain away. Bring them current, wait for the reporting cycle, then we go.

28 How long should I wait after paying off debt before I apply?

Creditors usually report once a month, so 30 to 45 days. If we are mid-file and need it faster, a rapid rescore can update it in days with the right documentation.

29 Can I open a new credit card before closing?

No. Please, no. Your credit is re-checked right before closing, and a new account can change your score, your ratios, and your approval. Days before you get keys.

30 Can I finance a car before closing on my house?

No, and this one kills more loans than anything else on this page. A $600 car payment can take $90,000 off what you qualify for. Buy the car the week after closing, not the week before.

31 What should I NOT do after getting pre-approved?

No new credit, no financed furniture, no car, no job change, no large unexplained deposits, no emptying the account we documented, and do not co-sign for anyone. If something unavoidable comes up, call me first. Almost everything is manageable in advance and almost nothing is manageable the day before closing.

Call or text me. I answer my own phone, and I'll tell you straight whether it works and what it costs, before anyone pulls your credit.

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