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The Wish Team
Leslie Wish NMLS #659535

Credit Score Differences **Explained**

Source: Consumer Financial Protection Bureau

We often get this question from **loan applicants:**

"Why are the credit score(s) that I received in the credit report you pulled lower than the credit score(s) that I received from elsewhere?"

It is important to know that you do not have just one credit score that applies for all situations. There are many types of credit scores available to you, as well as to banks, financial institutions and lenders. Any credit score depends on the data used to calculate it and may differ depending on the scoring model, the source of your credit history, the type of loan product the score has been requested for, and even the particular day when the score is/was calculated. Each credit score is highly dependent upon exactly who requested it, for exactly what purpose the score was requested, and exactly who provided the score to the requester.

The examples below demonstrate the credit score differences you may see upon receiving credit scores from different sources.

SOURCE #1 **SCORE = 726**	SOURCE #2 **SCORE = 698**	SOURCE #3 **SCORE = 711**	SOURCE #4 **SCORE = 650**
You got your credit score online, provided by your credit card company.	You signed up for a free credit monitoring service and checked your score there.	You applied for an auto loan, and the lender showed you the credit score they received when they pulled your credit.	You applied for a mortgage and were advised the lender received this score when your credit was pulled.

So why the differences in credit scores in the examples above? Think of it this way: The higher the risk, the more likely the score is to be lower than it may be for another source.

For example, an unsecured credit card would be a much lower financial risk to the credit card provider than a mortgage loan would be to a mortgage lender, right? Therefore, it's likely the credit score obtained by a credit card institution would be higher than the credit score obtained by a mortgage lender.

In addition, scores are calculated at different times, in different ways.

CREDIT REPORT DATA	TIMING	SCORING MODELS
A score uses data from a credit reporting company, and each may have slightly different data: • Equifax • Experian • TransUnion • Others	Your scores are not calculated on a fixed schedule, so they depend on: • When data is updated at a reporting company • When your score is actually calculated	Companies have created multiple versions of their scoring models and update them frequently: • FICO • VantageScore • Other custom scoring models

YOUR CREDIT HISTORY AND BEHAVIOR FORM THE BASIS OF YOUR CREDIT SCORES.

Parts of the credit score business are beyond your control. However, it's best that you make it a habit to check your credit reports each year through www.annualcreditreport.com and fix any errors. This will help ensure that your credit scores are based on accurate information.

The way you use and repay debt affects your credit score, so knowing your score can be helpful in tracking and improving your credit use and behavior. Paying loans on time and staying well below your credit limit helps you get and keep good credit scores.

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The Wish Team
Leslie Wish NMLS #659535

Leslie Wish
Senior Mortgage Advisor, NMLS #659535

Cell: 703-338-0125
leslie.wish@fairwaymc.com
www.lesliewishmortgage.com
10304 Eaton Place, Suite 100, Fairfax, VA 20304