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A PRACTICAL GUIDE FOR
REAL ESTATE PROFESSIONALS

# The Realtor's Guide to Credit-Ready Buyers

What to know when your buyer is working on their credit — and how to stay in your lane while still closing the deal.


Presented by **NU ERA Financial Consulting**
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# Why credit matters to Realtors

You are not expected to be a credit expert — that is the lender's job. But you are usually the first professional a buyer talks to, which makes you the first person in a position to notice when the financing picture doesn't quite add up.

Knowing the basics helps you ask better questions, set expectations honestly, and hand the client to the right professional before anyone falls in love with a house they can't finance yet.

## WHERE CREDIT SHOWS UP IN THE DEAL

### Mortgage eligibility

Whether the file can move forward at all, and under which guidelines.

### Available loan programs

Programs carry different requirements, so options widen or narrow.

### Rate & financing terms

Pricing is influenced by the overall strength of the application.

### Purchasing power

The payment a buyer can support sets the price range you shop.

### Down payment

Requirements vary by program, which changes cash needed to close.

### The buyer's timeline

Some items resolve in weeks, others take longer. Timing shapes the plan.

KEY MESSAGE

The earlier potential financing obstacles are identified, the easier it is to build a realistic path toward homeownership.

# Credit score basics

Scoring models differ, but most weigh the same five categories. These are commonly cited general weightings — useful for conversation, not for calculating anyone's score.

| 35% | 30% | 15% | 10% | 10% |
|---|---|---|---|---|
| **Payment history** | **Amounts owed** | **Length of history** | **New credit** | **Credit mix** |

In plain terms: whether payments were made as agreed, how much is owed against available limits, how long accounts have been open, how much new credit was applied for recently, and the mix of account types on file.

> "A credit score is only one part of mortgage qualification."
>
> A lender may also review income, employment history, assets and reserves, debt-to-income ratio, property type and occupancy, the appraisal, and other underwriting requirements. A strong score does not guarantee approval, and a lower score does not automatically rule a buyer out.

! You do not need to know a buyer's score to do your job well. You need to know whether a lender has looked at it.

# The score your buyer sees vs. the score their lender uses

This is the single most common source of confusion in a pre-approval conversation. Many buyers monitor their credit through a free app, their bank, or a credit-card provider — and may only ever see one or two scores from one bureau.

**WHAT THE BUYER SEES**

- A free app, bank dashboard, or card provider
- Often one or two bureaus, not all three
- Frequently an educational scoring model
- Updated on the app's own schedule

**WHAT THE LENDER PULLS**

- A tri-merge report through the mortgage channel
- Scoring models used for mortgage lending
- Reviewed alongside the full application
- The number that actually drives the decision

The two numbers can differ — sometimes meaningfully. **Never determine mortgage readiness from a consumer-facing score**, in either direction. A promising app score is not an approval, and a discouraging one is not a disqualification.

### WHY THE NUMBERS DIFFER: SCORING MODELS

There isn't one credit score — there are dozens of models, each pulling from a different bureau. Mortgage lending has historically relied on older "classic" FICO versions, one per bureau:

**FICO 2**
Experian

**FICO 4**
TransUnion

**FICO 5**
Equifax

The lender pulls all three and generally works from the middle score. Free apps commonly show FICO 8 or a VantageScore instead — different model, often a different number. Requirements evolve, so confirm current practice with the lender on the file.

**INSTEAD OF**

**"What does your Credit Karma score say?"**

**TRY**

"Have you had a mortgage professional review your credit yet? The score you see through your bank or a free app may not be the same score used for a mortgage."

# Common credit roadblocks

None of these automatically ends a transaction. They are simply the items that most often need a closer look — and the reason an early lender conversation pays for itself.

### Late payments
Recent ones weigh more than older, isolated ones.

### High card balances
Affects scoring and raises debt-to-income ratio.

### Collections & charge-offs
Program requirements vary; documentation may be needed.

### Limited credit history
Thin files may not score; alternatives sometimes exist.

### Recent inquiries or new accounts
Anything opened mid-process gets explained and re-verified.

### Errors on the report
Inaccurate information happens and can be disputed.

### Bankruptcy or foreclosure
Programs generally apply waiting periods.

### High monthly debt
Cars, student loans, and cards use the same DTI room.

! Your role here is observation, not diagnosis. Noticing that one of these may be in play is genuinely useful. Telling a client what to do about it belongs to the lender or a qualified credit professional.

# Three myths worth retiring

| MYTH | REALITY |
| --- | --- |
| **A buyer needs perfect credit to purchase a home.** | Programs carry different requirements, and credit is only one part of the application. |
| **Closing a credit card always improves a score.** | It can change available credit, utilization, and history length — sometimes the wrong way. |
| **A Realtor can tell a client exactly how to raise their score.** | Individualized advice belongs to qualified professionals. Your value is the introduction. |

## Ask these early

None of these asks for a score, a document, or a diagnosis. They simply surface whether a lender should be in the conversation sooner.

- [ ] **"Have you spoken with a mortgage professional yet?"**
- [ ] **"Have you been pre-approved — or pre-qualified?"**
- [ ] **"Are you working on any credit concerns right now?"**
- [ ] **"Any recent changes to income or employment?"**
- [ ] **"Any plans to open new credit or make a large purchase?"**

Framing matters more than wording. Adding "so we can make sure we're shopping in the right range" turns each of these from an interrogation into advocacy.

# Before closing: think twice

Credit and income are typically re-verified late in the process. A change that seemed harmless in week two can resurface days before closing. Share this list at contract signing.

### Opening new credit cards

New accounts and inquiries change the file the lender already approved.

### Financing furniture or appliances

"No payments until next year" is still a new debt on the report.

### Buying or leasing a vehicle

One of the fastest ways to push debt-to-income out of range.

### Unexplained large deposits

Funds generally need to be sourced and documented.

### Missing any payment

Including the ones that feel small or unrelated to the mortgage.

### Maxing out credit cards

Utilization and minimum payments both move the wrong way.

### Changing jobs quietly

Not automatically a problem — but the lender has to know before it happens.

### Co-signing someone else's debt

A co-signed payment usually counts as the buyer's own obligation.

Always encourage buyers to check with their mortgage professional before making major financial changes during the loan process.

# When your buyer is in credit repair

Credit improvement is a process, not a transaction. A credit professional works with the profile that exists — reviewing the report, addressing items that appear inaccurate, incomplete, or unverifiable, and advising on how the profile is managed going forward. What the buyer does in the meantime either supports that work or undoes it.

## WHAT THIS MEANS FOR YOU

1. **Timelines are estimates, not promises**
   Reporting cycles, response windows, and the buyer's own profile all affect how long things take.

2. **Keep the home search realistic in the meantime**
   Touring homes far outside a likely range creates pressure that works against the plan.

3. **Stay looped in without steering**
   With the client's permission, a quick check-in with the lender or credit professional beats guessing.

4. **Expect progress to be uneven**
   Scores can move sideways or dip briefly while a profile is being reorganized. That is normal.

### SAY THIS

"You're in good hands with the credit team. My job is to make sure we're ready to move when they give the green light — and to keep us from doing anything in the meantime that sets the process back."

# We're not magicians — this takes teamwork

No credit professional can out-work a brand-new repossession. Progress made over three months can be offset in a single afternoon at a dealership. The buyer is part of the team, and the buyer's habits are part of the plan.

#### BUYER RESPONSIBILITIES DURING CREDIT IMPROVEMENT

- [ ] Pay every account on time, every month — including the small ones.
- [ ] Don't open new credit without checking with the appropriate professional first.
- [ ] Don't finance anything mid-process — vehicles, furniture, electronics — without asking first.
- [ ] Don't max out cards or run balances up to their limits.
- [ ] Don't close accounts without guidance — it can work against the profile.
- [ ] Don't co-sign for anyone unnecessarily while preparing for a mortgage.
- [ ] Don't make major financial changes without asking first. Ever. It's one text message.

> A credit professional can work on the profile. Only the buyer can stop adding to it.

# What can make credit improvement take longer?

When a buyer says "I thought this would be done by now," it is usually one of these. Knowing the list helps you set expectations before frustration sets in.

| | |
|---|---|
| **New late payments** | The fastest way to reset progress. Recency matters most. |
| **New collections or negatives** | A new item added mid-process becomes new work. |
| **New inquiries or accounts** | Changes the profile the plan was built around. |
| **Rising utilization** | Balances creeping up can offset gains made elsewhere. |
| **New debt of any kind** | Affects both the profile and the debt-to-income the lender needs. |
| **Income or employment changes** | Can change how income is documented and how much is usable. |
| **Not following the plan** | Recommendations only work when they're actually followed. |
| **Unrealistic expectations** | Reporting cycles take time; nothing updates the same afternoon. |

! Notice how many of these are behavioral. The most valuable thing a Realtor can do during this stage is remind the buyer to ask before acting.

# Credit repair vs. mortgage readiness

A better score is progress. It is not automatically an approval. These are two different finish lines, and buyers routinely assume they are the same one.

**CREDIT IMPROVEMENT ADDRESSES**

- Items that appear inaccurate or unverifiable
- How the existing profile is organized
- Payment habits going forward
- Utilization and balance management
- The credit side of the picture only

**MORTGAGE READINESS ALSO REQUIRES**

- Documented, qualifying income
- Debt-to-income within program limits
- Assets, reserves, and cash to close
- Stable, verifiable employment history
- Program requirements and underwriting

**THE PRACTICAL VERSION**

A buyer can finish credit work and still need time on the income or assets side. Another buyer can be strong everywhere else and only need the credit piece. Only the lender can tell you which one you're working with — which is why the two conversations should happen in parallel, not one after the other.

Improving credit moves a buyer closer to eligibility. Only a lender can confirm they've arrived.

# The buyer has a job too

Three people share this work. When one of them doesn't do their part, the timeline stretches — and it is usually not the professionals.

### Credit professional

- Reviews the full report
- Addresses items that appear inaccurate, incomplete, or unverifiable
- Advises on profile management
- Sets a realistic plan and timeline
- Communicates progress

### The buyer

- Pays everything on time
- Asks before opening credit or financing anything
- Keeps balances down
- Follows the plan
- Reports income or job changes early

### The lender

- Pulls the mortgage credit report
- Reviews income, assets, and DTI ratio
- Matches the file to programs
- Issues the pre-approval
- Confirms when the buyer is ready

**AND THE REALTOR?**

You keep the buyer moving, keep expectations honest, keep the introductions warm, and stay out of the diagnosis business. That is not a small role — it is the one that holds the other three together.

The buyer's part is the only one nobody else can do for them — and it's the part that most often decides the timeline.

# What to say — and what never to promise

## COPY-AND-PASTE LANGUAGE

> "While you're working on your credit, it's important not to make major financial changes without checking with your lender or credit professional first."

> "I'm not the credit expert, and I don't want to guess — let's ask the person who can actually see your file."

> "Let's keep looking at homes in the range your lender confirms, so we're never disappointed by a number later."

> "Before you buy anything big, send one text to your lender. It takes a minute and it protects your approval."

## NEVER PROMISE THIS

- "You'll be at a 700 in 30 days."
- "That collection will definitely come off."
- "You'll definitely qualify."
- "Just pay this card off and you're fine."
- "It'll be done before we close."
- Any guaranteed score, timeline, or outcome.

### DO

- Refer to qualified professionals
- Encourage early planning
- Encourage on-time payments
- Encourage communication with the team
- Set realistic expectations

### DON'T

- Give individualized credit advice
- Promise a score
- Guarantee removals
- Guarantee approval
- Interpret a consumer-app score

FOR THE BUYER

# If you're working on your credit, please read this first

Buying a home while improving your credit is completely doable — thousands of people do it every year. It just works best when everyone is on the same page. Here's what helps most:

- [ ] **Pay everything on time.** Even the small accounts. Especially the small accounts.
- [ ] **Ask before you open, close, or finance anything.** One quick text can save months.
- [ ] **Keep credit card balances low.** Rising balances can offset the progress you've made.
- [ ] **Tell us about job or income changes early.** Not a problem — just something we need to know.
- [ ] **Expect this to take some time.** Credit reports update on their own schedule, not ours.
- [ ] **Remember the app score isn't the mortgage score.** Your lender pulls a different report.

The one rule that matters most: **ask before you act.** No purchase, new card, or account change is urgent enough to risk your approval over.

This page is general education, not individual advice. Your lender and credit professional can speak to your specific situation.

# When a buyer isn't ready yet

"Not yet" is not "no." Handled well, it's one of the most durable relationships in your pipeline — and the buyer remembers who stayed in touch.

**Stay encouraging**
Most people expect judgment when finances come up. Not getting it is memorable.

**Make the introduction**
A lender and, where appropriate, a credit professional can review the actual file.

**Keep the timeline honest**
A clear, realistic plan beats an optimistic one every time.

**Follow up on a real cadence**
Every 60–90 days, in the CRM, with something useful. Consistency wins.

## WHEN SHOULD I REFER MY BUYER?

- [ ] They aren't pre-approved yet — or aren't sure whether they are.
- [ ] They mention credit concerns, recent late payments, collections, or charge-offs.
- [ ] They're carrying high balances or a lot of monthly debt.
- [ ] They're uncertain where they stand and have been putting off finding out.
- [ ] They're about to make a major purchase while preparing for a mortgage.

A "not yet" buyer can become a future homeowner — and a long-term client.

# The credit conversation cheat sheet

Screenshot this page. Same intent, better wording — and it keeps you firmly inside your lane.

| INSTEAD OF | TRY |
|---|---|
| "You need to fix your credit." | "A mortgage professional can review your situation and walk through what next steps may be available." |
| "You won't qualify." | "Let's connect you with someone who can take a closer look at your specific situation." |
| "That collection is no big deal." | "Requirements vary by program — a lender can tell you how that's treated in your case." |
| "Just start looking and we'll figure financing out later." | "Let's get the financing picture clear first so we're shopping in the right range from day one." |
| "It should be cleared up in a month or so." | "Your credit professional can give you a realistic timeline — I don't want to guess on that." |

## FIVE THINGS YOU CAN DO TODAY

- Encourage the financing conversation before the first showing.
- Build a real relationship with a lender and a credit professional.
- Learn enough to recognize an issue — not to solve it.
- Refer instead of advising. Every time.
- Keep nurturing the buyers who aren't ready today — your next twelve months of closings are sitting in that list.

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# You don't have to be the credit expert.

You just need the right people in your corner. Send your buyer to us for a straight answer about where they stand and what the path looks like — and we'll keep you in the loop so you know when to start showing homes.

**Refer a buyer to NU ERA →**


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