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# Why Do I Get Rejected For A Mortgage When My FICO Credit Score Is High?

By [Ivan Daniel](#) on December 15, 2010 | [More Posts By Ivan Daniel](#) | [Credit Card Offers](#)

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You've found your dream home, you've got a good [credit score](#). So you complete stacks of paperwork to apply for a new mortgage on the house/condo/apartment of your dreams, and then you get the call. Your application has been refused.

Ever since the sub-prime mortgage crisis, homebuyers and refinancers in the US have found it more difficult to get a slice of the mortgage money. Banks are tightening amid the riskier lending environment, despite having the money to lend to borrowers. Lenders are no longer that eager to get your business, so even if you have a [FICO credit score](#) of more than 700 (which is considered 'good'), you are still not guaranteed to be approved for a home loan.

## Rejected For Mortgage Despite High Credit Scores

Tracy Becker, president and founder of [North Shore Advisory Inc](#), a credit education and restoration company headquartered in Tarrytown, New York, told DailyMarkets.com about some of her clients who got rejected for mortgage loans despite having credit scores of over 700.

- **John Mulligan of Suffolk County, NY**, had 1 open active account with Amex that was 10 years old, a closed car loan on his credit report, and a closed Macy's account. His score was a 749 and the loan he was applying for required a 720 and the banks wanted 2 credit accounts that were 12-24 months old. He could not get the loan although his scores were fine since he had no way of getting aged credit in his name other than building it. This would take an additional year.
- **Ahmed Singh of Brooklyn, NY**, was an immigrant in the country for 2 years. He had been added as an authorized user to a few relatives' credit cards. These cards were old and had excellent paying patterns. He had a Visa card that was 2 years old. His score was a 730 and he needed a 720 to buy a home for his family. Since the bank needed 2 trade lines that were over a year old, that he was the primary card holder, he was rejected for the loan.
- **Janet Devon of Florida** had an excellent 815 score and wanted to refinance her home in Florida. Her interest rate was 6.5 % and her mortgage was \$325,000. Her current mortgage payment is \$2054. If she is approved for the loan, her new payment will be \$1646 with a 4.5% interest rate. This is a huge savings over the life of her 30-year loan. Her property value comes in at a low of \$275,000 which is much less than the amount she originally paid for the property. Because of the economic downturn and the decline in property value, she is rejected for the loan.
- **John Davis of Albany, NY**, had a short sale on his property 3 months ago. His score was originally a 835, which is amazing, after the short sale he wanted to buy a much lower priced home for his family. His score dropped to a 700 after the short sale. With this score he was sure he could get a loan. He did not realize that there are time restrictions for getting approval on new loans after a short sale. Some banks make consumers wait 2-3 years. All banks have their own time restrictions on foreclosures, short sales, and bankruptcy in terms of getting approval for a loan no matter how high your score is.
- **Dena Lancher of New York City** had 5 credit cards that were 10-15 years old, a car lease, a closed mortgage, and a few paid student loans on her credit reports. Her score was a 780 which was a very good score. She applied for a \$500,000 loan. Her credit card debt was \$80,000 and her ratio of balance to limit on revolving credit was 20% balance to limit. Her income was \$50,000 on paper. She also owned some vending machines in a Laundromat earning an extra \$75,000 a year in cash. She was declined for the loan since her provable income was way too low to cover the mortgage and her credit card debt.

### What Else Are Lenders Looking For?

If you plan to get a home loan soon or are in the process of applying for one, it helps to know what else banks are looking for before giving you that much-coveted loan.

Tracy Becker, who is also author of “The Credit Solutions Kit” and the soon-to-be released “Credit Score Power”, told DailyMarkets.com a number of reasons behind rejections for a mortgage despite having a good credit score:

**1. Many banks require 2-4 primary credit trade lines that are a certain age.**

Some need to be 12 months old and others need to be 24 months old. Authorized users do not count in this mortgage rule. Each bank has different time requirements.

**2. Lack of income is a major factor.** If the applicant’s score is an 800 and the income does not cover the amount of monthly mortgage payment, there will be a rejection.

**3. Value of the house or property the mortgage is being placed on.** If the appraisal comes in lower than expected, the bank could reject the mortgage.

**4. Judgments on applicant.** If a judgment is placed on the report, it will come off after 7 years but is still enforceable for over 20 years. It may not show up on the credit report and scores, but once a title search is done, it will stop the closing or at best cause problems.

Tracy said, “There have been incidents where consumers are declined for a loan based on finding out the wife is pregnant which, the bank fearing the loss of the second income, will cause possible loan defaults.”

**Your Credit Score Is More Important Than Ever**

Keeping an eye on your credit score is still very important, if not more so, despite the fact that lenders are also taking in account factors other than your credit score when deciding whether to approve you for a mortgage loan or not.

In fact, if your FICO score falls below 620, you are unlikely to qualify for any mortgage. And according to myFico.com, 30% of Americans have FICO scores at or below that level.

To find out your credit score at any time, you have to pay to get it from any of the three major US credit rating agencies: Equifax, Experian, and TransUnion.

**We at DailyMarkets.com have done the homework for you and scrutinized the fine print. Below is a listing of a few Credit Score Monitoring offers and we state whether each one has a free trial offer or not.**

**1) [CreditScore.com](http://CreditScore.com)**

**Free 14-Day Trial Offer**

This deal offers you a free credit score and monitors your credit profile at the 3 US credit bureaus. You’ll receive automatic email alerts when your credit report or score changes. You get unlimited access to your credit score, and a detailed analysis showing what is affecting your score.



The monthly subscription of this service is \$9.95 and you may cancel at any time. If you cancel during the 14-day free trial, you pay nothing.

[Get Your Score Now](#)

[Try CreditScore.com – Free 14-Day Trial Offer now](#)

## 2) Triple Advantage – Free Credit Score (Experian)

### Free 7-Day Trial Offer

Triple Advantage, part of the Experian family, is America’s #1 online credit report. This deal gives you an Experian credit report and credit score with a 7-day introductory period. It also monitors your credit reports on a daily basis, allowing you to see who’s been checking your credit. Monitoring with Experian starts within 48 hours of enrollment in your free trial. Monitoring with Equifax and TransUnion takes approximately 4 days to begin, though in some cases cannot be initiated during your trial period. If you cancel within 7 days of enrollment, you’ll pay nothing. If you wish to continue with their credit monitoring, bi-monthly score monitoring and alerts services, the monthly subscription of this service is \$14.95.



[Try Experian Triple Advantage Free Credit Score now](#)

## 3) CreditReportsAndScores.com

### Free 7-Day Trial Offer

This deal offers you a free credit score and monitors your credit profile on a daily basis. Your credit score includes an explanation of your score, information on how it was generated, how it may be interpreted by lenders, and ways to improve it. It alerts you to changes reported by all three US credit rating agencies – Experian, TransUnion and Equifax. Changes may include a new inquiry, new line of credit, late payment, collections or change of address. If you cancel within 7 days of signing up by calling 1-866-974-6188, you don’t pay anything. If you like to stay on to take advantage of their credit monitoring service, the monthly subscription of this service is \$14.95.



[Try CreditReportsAndScores.com Free 7-Day Trial Offer now](#)

## 4) Equifax Complete (Equifax)

Equifax Complete gives you a 3-in-1 consolidated credit report and 3 scores from all the 3 major credit rating agencies in the U.S., namely, Equifax, Experian and



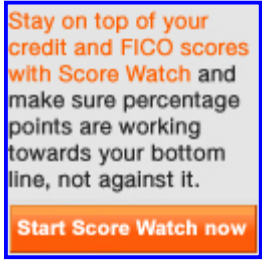
TransUnion. This report will explain to you what's affecting each of your score. You get *unlimited* access to your Equifax Credit Report and score, with detailed explanation. For those of you who like to check your credit score very frequently, this unlimited access will be very useful. What we like most about this service is that it monitors all the 3 US credit agencies, and will alert you by email within 24 hours if there are any major changes to your credit files. With their Interactive Score Estimator, you can see what might happen if you increase your credit limits or pay down your debts. On top of that, you get up to \$1 million in Identity Theft insurance. To take advantage of their credit monitoring service, the monthly subscription of this service is \$14.95.



[Try Equifax Complete now](#)

### 5) [MyFico Credit Score Watch \(Equifax\)](#)

MyFICO is a division of Fair Isaac Corporation, the company that invented the FICO credit score that lenders use in the US. Score Watch monitors your Equifax credit report daily and your FICO score every week, plus it alerts you when you reach your target score or when you might qualify for lower interest rates on loans. It gives a complete analysis of your credit history, and you get to receive 2 Equifax Score Power reports (one at enrollment, another at any time) each year which include an Equifax credit report, FICO score, FICO score simulator, and a detailed explanation of what's damaging or helping your FICO score. You'll also receive timely alerts when Score Watch detects major changes to your FICO score or Equifax credit report. The monthly subscription of this service is \$12.95 (3 month minimum required) and an annual subscription is \$129.95 per year.



[Try MyFico Credit Score Watch now](#)

### 6) [MyFico Quarterly Monitoring \(TransUnion\)](#)

This is another service from MyFico. It automatically retrieves and tracks your TransUnion FICO score and credit report on a quarterly basis, so you'll know what's happening with your credit throughout the year. It helps to track key components of your credit such as "problem accounts" or the "total balances owed on your accounts" so that you have a better idea of what's affecting your FICO score. It also tells you what types of interest rates you might qualify for, and also gives you an explanation of the positive and negative factors affecting your credit score so that you will know how to get back on track. Plus, you'll receive up to \$25,000 in identity theft insurance. The monthly subscription of this service is \$4.95 (3 month minimum required) and an annual subscription is \$49.95 per year.



[Try MyFico Quarterly Monitoring now](#)