

## Credit Score Requirements Ease for Some

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Tight lending guidelines have weighed on the U.S. housing market during its ongoing recovery. Most lending institutions during the past two years raised their credit score requirements to as high as 650, making it nearly impossible for many people to obtain a loan.

Wells Fargo made it a little easier for homebuyers this past year, when the lender lowered its credit score requirements on FHA mortgages.

“Under its new policy, Wells Fargo will accept borrowers with credit scores of 500 to 579 if those borrowers can make a down payment of at least 10%,” said Robert Lentini, a mortgage expert who blogs for the website [thetruthaboutmortgage.com](http://thetruthaboutmortgage.com). “For borrowers with credit scores of 580 to 599, borrowers must put down 5%. Borrowers with credit scores of 600 or higher can make a 3.5% down payment.”

Quicken Loans, Inc. adapted similar policies— dropping to a minimum 580 FICO score. “There are folks who have steady incomes and a solid payment history but were temporarily affected by the economy or a life event in some way. “These challenges can lower their credit score significantly,” said Quicken Loans Inc.’s Chief Economist Bob Walters in a company statement. “We believe that a credit score, on its own, is not the sole arbiter of a person’s credit worthiness. This change will open up credit to a significant group of people and allow them to again have access to purchase or refinance a home.”

Such developments have been welcome news to FHA Commissioner David Stevens, who earlier this year urged lenders to lower their minimum credit score requirements to help the real estate industry as a whole. Stevens said that stringent requirements have constrained home sales by as much as 20% over the past year.

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