

# Real Estate Industry News

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Wells Fargo is accepting FHA mortgages for borrowers with credit scores as low as 500. The move comes after the National Association of Realtors and FHA Commissioner David Stevens, among others, late last year criticized the country's major banks for requiring credit scores as high as 650 in some cases before making loans. Wells Fargo will now accept borrowers with credit scores of 500 to 579 if they put down 10 percent, with no gifted funds or down payment assistance. For borrowers with credit scores of 580 to 599, borrowers must put down 5 percent, with the same restriction on gifts and assistance funds. Borrowers with credit scores of 600 or higher can make a 3.5 percent down payment. The new policy took effect January 15.

New rules from the Federal Reserve require lenders to notify mortgage applicants when they don't qualify for a financing rate that's comparable to what other applicants get because of negative marks in their credit scores. The notification is supposed to include information on how applicants can get a copy of their credit scores for free so they can make sure the negative marks aren't the result of errors. The Fed rules were released under the Truth in Lending Act and took effect on January 1, 2011.