

Doron F. Eghbali Residential Real Estate

Some Lenders and Insurers Relax Down-Payment Standards

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In some parts of the country, some lenders and mortgage insurers are starting to somewhat relax their down-payment standards.

This means in some markets home buyers can now borrow 95% instead of 90% of a property's value. Until very recently, mortgage companies had tighter restrictions for these markets primarily because of falling home prices. This easing of standards could be interpreted as a cautious sign of confidence in the recovery of housing market. However, it remains to be seen how strong and how lasting the recovery, if any, is.

These are some of the specifics of down-payment easing standards:

- Still, a borrower must have a 680 credit score or so to borrow as high as 95% of property's value. Before, mortgage companies required a 700 credit score.
- Still, borrowers who want to borrow more than 80% of a home's value, MUST typically obtain mortgage insurance.
- Still, lenders and mortgage companies require full documentation of employment and credit worthiness.
- Still, some markets see tougher standards in place. For instance, Fannie Mae very recently raised its minimum credit score to 620 from 580. Fannie Mae is a government-controlled entity and is relatively active more in some parts of the country than the other.

So, still it is not easy to purchase a home given unemployment and tougher standards. However, let's hope there is a light at the end of the tunnel.

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