Will 2018 be a better year for credit-challenged buyers?

In survey after survey, frustrated first-time buyers rank getting qualified for a mortgage among the top barriers that keep them from owning a home. After years of limited options, buyers with less than good credit but the commitment to improve will finally get a break. Despite conventional wisdom to the contrary, lending standards for mortgages to buy a home have barely budged over the past three years. Since December 2014, the average FICO score for mortgages has declined only six points, from 728 to 722 in December 2017. The average FICO for an FHA purchase mortgage is only one point lower today than it was four years ago (680 to 681), and the average FICO for conventional loans is only two points lower today than it was then (753 to 751). Front and back end debt-to-income ratios also have similarly improved no more than two points, which is one reason young buyers with student loan debt continue to struggle. How the QM Rule changed mortgage lending Among the federal r...

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