

## **Fannie & Freddie raising the bar for home buyers as of April 1<sup>st</sup> 2009.**

A buyer with a FICA score of 699 who can bring a down payment of about 25% to the table will now get hit with a 1.5% delivery fee at closing under the new guidelines.

A buyer score of between 700 and 720 FICA score will pay an extra .75% of a point.

Even someone with a 739 FICA score (once considered a platinum guarantee of the best rates) will get dinged with a quarter point add on.

Applicants who seek to buy a condominium and cannot come with a 25% up down payment will be hit with a .75% point add on penalty no matter how high there credit score, simply because they are not buying a traditional detached, stand alone home.

Buyers of duplexes, in which one unit is owner-occupied and the other is rented, will be charged a flat rate 1% add on from Fannie, even if they've got FICA scores above 800 and make a 50% down payment.

### **WHY!**

Both Fannie & Freddie Mac say they are tacking on these fees to counter higher risks and losses associated with certain loan products, buyer equity stakes and credit scores.

But there's an alternative readily available for just about anyone who wants to avoid the fees. FHA mortgages, where down payments are as low as 3.5% and credit scores are not an issue for most applicants.

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