

WHAT FANNIE MAE'S NEW CREDIT RULE MEANS FOR BUYERS

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Greater Albuquerque Association of REALTORS®

More paths to a conventional loan, even with lower credit

Fannie Mae has removed its long-standing rule that required borrowers to have at least a 620 credit score to qualify for a conventional loan through its automated underwriting system. That means your overall finances now matter more than one number.

WHAT CHANGED

Instead of needing a specific minimum score, Fannie Mae will now review your full financial picture:

- Your payment history
- Income and employment
- Credit behavior
- Debts and monthly obligations
- Assets and savings
- Details about the home you want to buy

In short, the system now looks at how you manage money, not just a score on a screen.

WHAT THIS DOES NOT MEAN

A few myths to clear up quickly:

- You still need solid documentation. Responsible financial habits matter.
- Your lender may still have its own credit requirements.
- Lower score does not guarantee approval or the best rate.

This update simply removes an old, automatic barrier.

WHY THIS HELPS BUYERS

Plenty of people have strong financial habits but lower or “thin” credit scores. Maybe you pay everything on time but use debit. Maybe you’re new to credit. Maybe you had a bump in the road years ago and have rebuilt since.

This change gives those buyers a fairer shot at qualifying for a conventional loan, which can offer lower costs than other options.

WHAT YOU SHOULD DO NEXT

If you’ve been told you “can’t qualify with a score under 620,” now is the time to revisit your options.

A few smart moves will help:

- Pull your credit early to look for errors
- Keep making payments on time
- Avoid taking out new debt while house-hunting
- Work with a broker and lender who understand the updated guidelines

The door is now wider. Let the right team walk you through it.

BOTTOM LINE

You don’t need a specific minimum score anymore for Fannie Mae’s automated underwriting to give your loan a fair review. That’s good news for first-time buyers, those rebuilding their credit, and anyone who thought conventional financing was out of reach.