



Sure, Rates Are Low, But It's Getting Harder to Get a Loan

Credit tightening is becoming more evident according to the Mortgage Bankers Association (MBA). Its Mortgage Credit Availability Index **fell** to a reading of 125.0 in June, a **loss of 3.3 percent**. A decline in the index indicates stricter lending standards.

Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting explained. "Mortgage credit supply dropped again in June, as investors further reduced their willingness to purchase jumbo loans and those with lower credit scores. Lenders are navigating a gradual economic and housing market recovery that is still facing headwinds from the ongoing COVID-19 pandemic. The overall credit availability index decreased 3.3 percent to its **lowest level since April 2014**, with all of the sub-indices falling to lows not seen since 2014-2015."

Added Kan, "Credit supply has fallen over 30 percent since February - before the pandemic - with an 18 percent decrease in government loan availability, and a 57 percent drop in jumbo loan availability."



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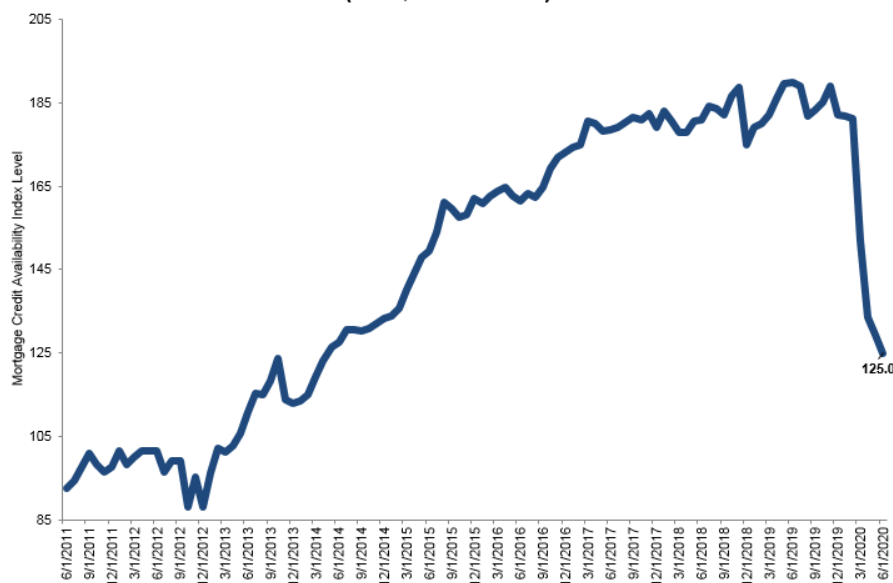
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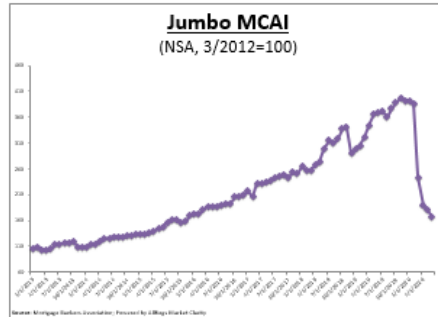
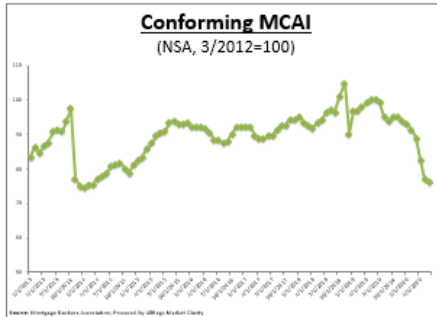
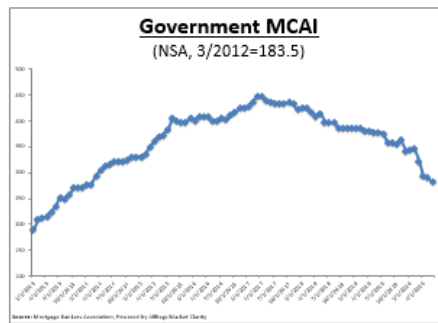
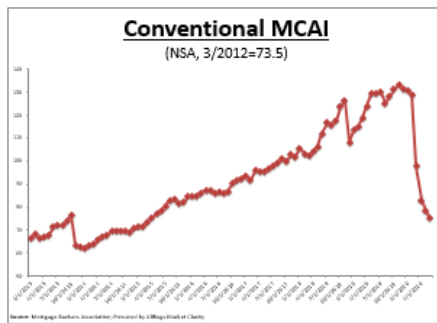
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**Mortgage Credit Availability Index, Index Level by Month
(NSA, 3/2012=100)**



Each of the four component indices of the MCAI were, as Kan said, indicative of less credit access. The Conventional MCAI decreased 4.1 percent, while the Government MCAI decreased by 2.8 percent. Of the component indices of the Conventional MCAI, the Jumbo MCAI decreased by 7.3 percent, and the Conforming MCAI fell by 1.0 percent.



The MCAI and each of its components are calculated using several factors related to borrower eligibility (credit score, loan type, loan-to-value ratio, etc.). These metrics and underwriting criteria for over 95 lenders/investors are combined by MBA using data made available via a proprietary product from Ellie Mae. The resulting calculations are summary measures which indicate the availability of mortgage credit at a point in time. Base period and values for total index is March 31, 2012=100; Conventional March 31, 2012=73.5; Government March 31, 2012=183.5.