



Credit Standards Finally Ease Up in November

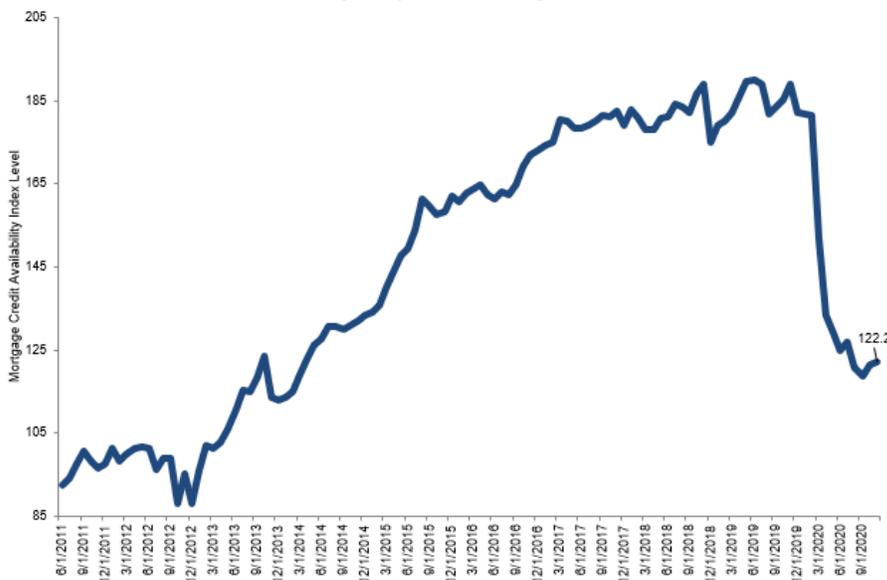
The Mortgage Bankers Association (MBA) said **access to mortgage credit improved in November for the first time in several months** but is still only about two thirds of its pre-pandemic levels. MBA's Mortgage Credit Availability Index (MCAI) gained 0.7 percent compared to October, rising to 1.22.2. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit.



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



The MCAI has component indices for each major loan type. The Conventional MCAI increased 1.3 percent and the Government index rose 0.3 percent. The two component indices of the Conventional MCAI, the Jumbo MCAI and the Conforming MCAI gained 1.6 percent and 0.9 percent, respectively.

"Mortgage credit availability increased slightly in November to its highest level since July, as the job market improved, and the housing sector continued to show strong borrower demand," said Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting. "There was an **increase in credit availability for jumbo loans, as well as loan products with low credit scores**, higher LTVs, and adjustable-rate features. Home purchase and refinance activity have remained strong in recent months, and the increased credit supply should help qualified borrowers still looking to capitalize on record-low mortgage rates. **However, credit availability is still more than 30 percent below pre-pandemic levels** and close to the restricted standards seen in 2014. This has especially impacted government borrowers and first-time buyers."

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.