



Credit Loosens as New Refi Programs Come on Line

Higher interest rates pushed refinancing lower in August and lenders moved to generate more origination activity. That, in part, led to an increase in overall credit access. The Mortgage Bankers Association (MBA) said its Mortgage Credit Availability Index (MCAI) **gained 3.9 percent** to 123.7 during the month. An increase in the index indicates credit is loosening.

The **Conventional** MCAI increased 7.6 percent, while the **Government** MCAI grew 1.1 percent. Of the component indices of the Conventional MCAI, the Jumbo MCAI was up 9.4 percent, and the Conforming MCAI rose by 5.1 percent.



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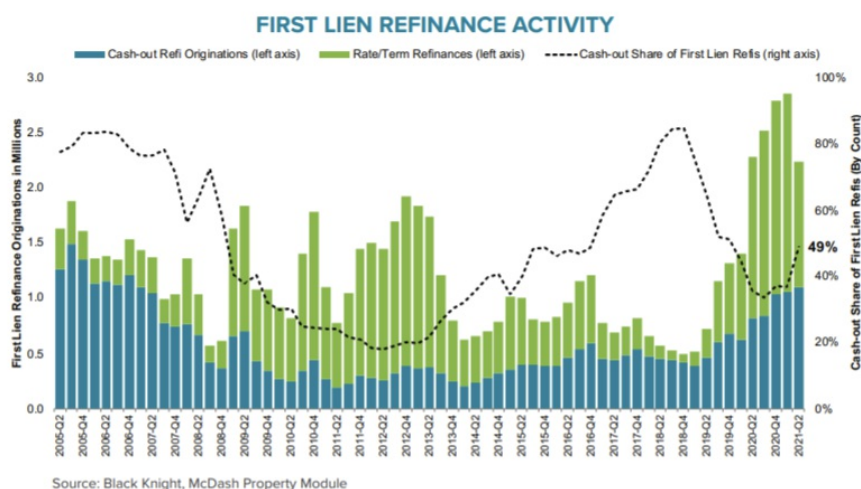
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"Credit availability increased in August, driven by significant activity across all indexes," said Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting. "This expansion was heavily driven by the addition of refinance loan programs at a time when the 30-year fixed rate has been above 3 percent for the past month, and refinance activity has trended lower. Of note, jumbo credit availability increased 9 percent to its highest level since March 2020, as more non-QM jumbo and agency-eligible high-balance loan programs were offered. In the conforming space, more lenders offered GSE refinance programs catered to lower-income borrowers to help reduce their rates and payments. There was also a slight expansion in government credit, as more investors offered streamline refinance options for FHA and VA loans."

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.