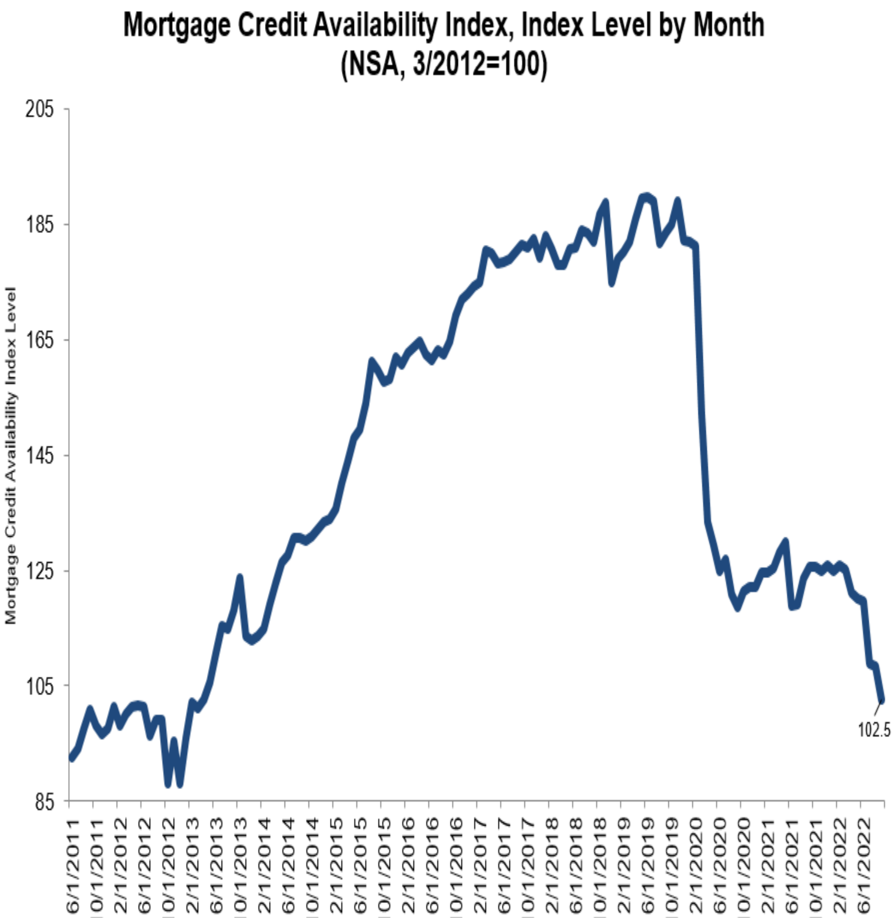
Mortgage Credit Availability Down to New 9 Year Low in September

The Mortgage Bankers Association (MBA) released its Mortgage Credit Availability Index (MCAI) for the month of September today. The index uses borrower qualifications and lender program offerings to determine how easy it is to obtain a mortgage for any given set of eligibility criteria. Simply put, the lower the line, the lower the number of programs for which any given borrower would generally qualify.



"With the likelihood of a weakening economy, which would lead to an increase in delinquencies, there was a smaller appetite for lower credit score and high LTV loan programs, along with a reduction in government streamline refinance programs," said Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting. "As mortgage rates have more than doubled over the past year, resulting in a drop in refinance activity, lenders have worked to reduce excess capacity and costs by eliminating underutilized loan programs."

The MCAI is divided into several component indices as well, with September's results as follows:

- - 4.9% Conventional
- -5.7% Government
- -5.8% Jumbo
- -3.6% Conforming

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If there's a positive takeaway from the persistent slide in the MCAI, it's that the level of credit availability that fueled the housing/refi boom of 2020-2021 doesn't even come close to the levels seen before the Great Financial Crisis.