



Harder for Borrowers to Secure a Loan in February, Credit Availability Hits Multi-Year Lows

Mortgage credit availability fell to just short of its 2012 benchmark level in February. The Mortgage Bankers Association (MBA) said its Mortgage Credit Availability Index (MCAI) **dropped 3.0 percent from its January level to a reading of 100.1**. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit. The index was benchmarked to 100 in March 2012.

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



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“Mortgage credit availability decreased to its lowest level since January 2013 with all loan types seeing declines in availability over the month,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “The conforming subindex decreased 4.3 percent to its lowest level in the survey, which goes back to 2011. This decline was driven by the ongoing trend of shrinking industry capacity as mortgage rates stayed significantly higher than a year ago. Additionally, in this volatile rate environment and potentially weakening economy, there was also a reduction in refinance programs offered for low credit score and high-LTV borrowers.”

The MCAI has four component indices. **The Conventional MCAI decreased 4.4 percent, while the Government MCAI was down 1.6 percent.** The two component indices of the Conventional MCAI fell sharply, the decline in the Conforming MCAI noted by Kan and a 4.4 percent drop in the Jumbo index.

The MCAI and 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 ICE Mortgage Technology. The resulting calculations are summary measures which indicate the availability of mortgage credit at a point in time. All indices were benchmarked on March 31, 2012.