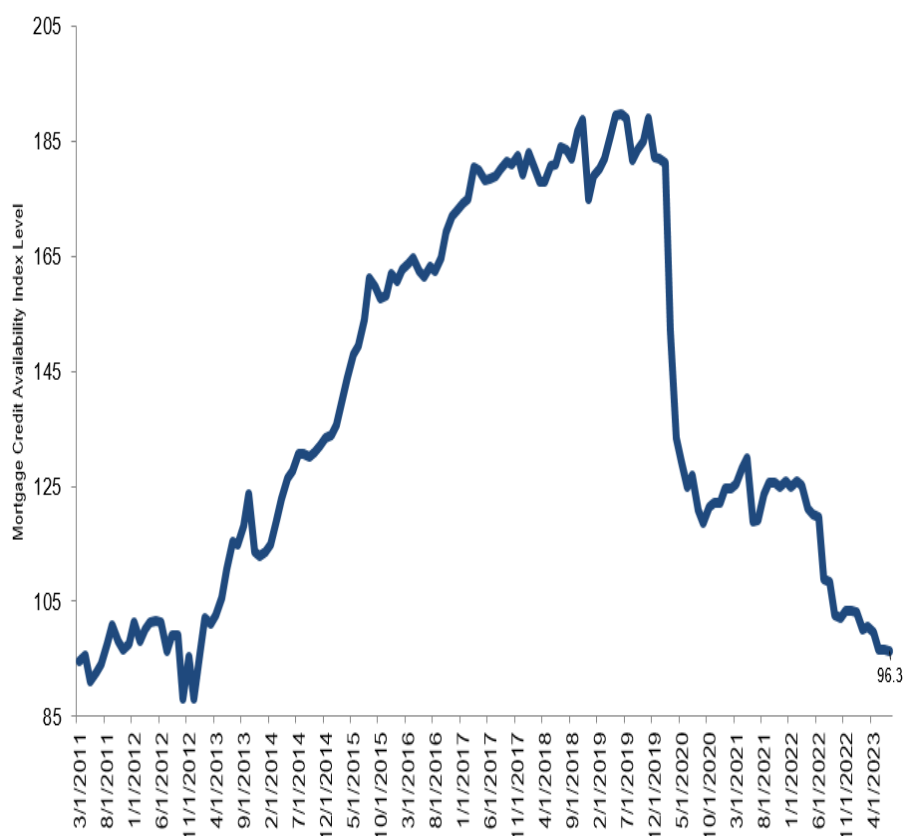


Credit Access Dips to 10-Year Low

A measure of the **availability of mortgage credit dropped to its lowest level in a decade last month** as lenders sought to reduce operating costs and homeowners cut back on cash-out refinancing. The Mortgage Bankers Association said its Mortgage Credit Availability Index (MCAI), MCAI fell by 0.3 percent to 96.3 in July. A decline in the MCAI indicates that lending standards are tightening, while increases in the index indicate loosening credit.

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



Rich E Blanchard

Managing Director, RICH Home Loans LLC

<https://www.richhomeloans.com>

P: (303) 328-7047

1550 Wewatta St
Denver CO 80202

NLMS: 492461

RICH
HOME LOANS LLC

"Mortgage credit availability declined to its lowest level since 2013, as lenders pulled back on underutilized loan programs and as liquidity concerns remain for some jumbo lenders," said Joel Kan, MBA's Vice President and Deputy Chief Economist. "Declining origination volumes have led to lower profitability for many lenders, **resulting in narrower loan product offerings to reduce operational costs.**"

"One key driver of this month's decline was a drop in cash-out refinance loan programs. The 30-year fixed mortgage rate averaged 6.94 percent in July, more than a percentage point higher than July 2022, and this has significantly discouraged cash-out refinance activity, as borrowers turn to home equity and consumer loans instead. The **jumbo index fell for the third straight month**, as jumbo lenders further reduce the number of available loan programs."

The MCAI has four component indices. The Conventional MCAI decreased 0.5 percent, while the Government MCAI dipped 0.1 percent. The Jumbo MCAI, one sub-index of the Conventional MCAI decreased by 0.8 percent while the second, the Conforming MCAI, rose by 0.2 percent.

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.