

Mortgage Credit Availability Tightens as Higher LTV Options Expire

By: Jann Swanson | Tue, Dec 10 2013, 10:35 AM

Mortgage credit was **slightly less available** in November than it was in October the Mortgage Bankers Association said today. MBA's new Mortgage Credit Availability Index (MCAI) slipped from 111.5 to 110.2, a -1.2 percent change. Any decrease in the index indicates that credit standards are tightening.

MBA said the index drop was occasioned by **discontinuance of a significant number of loan programs** that had allowed for loan-to-value ratios exceeding **95 percent** and low-to-mid range credit score minimums. There was also a continued investor pull-back from programs offering longer than 30-year terms and interest only loans. Some of these changes were the result of preparations for new regulations coming into effect in January. The above changes were offset a bit by an increase in cash-out refinancing programs offered to well-qualified borrowers by some investors.

MBA unveiled the MCAI earlier this year in conjunction with AllRegs and using their Market Clarity product. The index is benchmarked to 100 in March 2012. It takes into account several factors related to borrower eligibility and the underwriting criteria from over 85 lenders and investors. By way of context, MBA says that had the market been tracked by the index in 2007 it would have been at a level of roughly 800 because of the easy availability of credit at that time.

The MCAI rose for four straight months after MBA first went public with in late spring. It has now retreated for a fourth consecutive month.

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