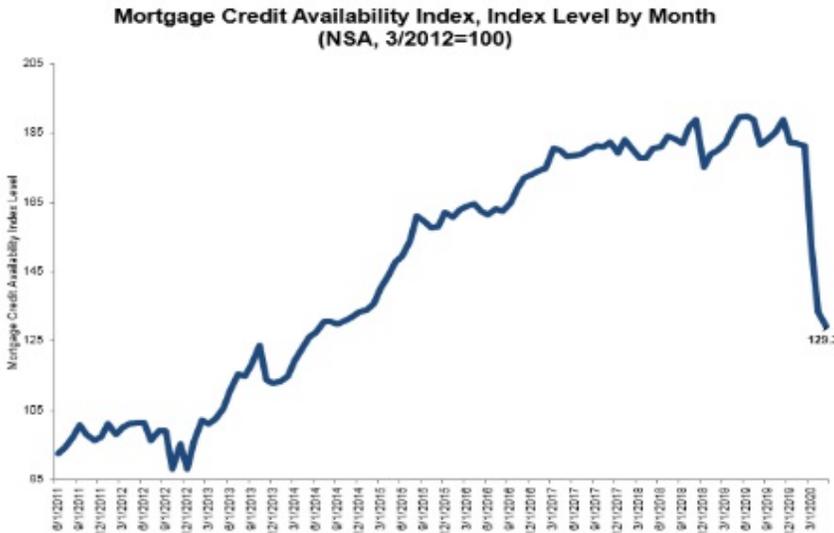


Credit Access Retreats Back to Six-Year Lows

By: Jann Swanson | Wed, Jun 10 2020, 10:10 AM

Lenders, responding to increasing unemployment rates and other risks, tightened lending standards in May, sending the Mortgage Bankers Association's (MBA's) Mortgage Credit Availability Index (MCAI) into a tailspin. **The index dropped 3.1 percent to 129.3, the lowest level in six years.**



All four of the MCAI components moved lower, indicating tighter underwriting standards. The Conventional MCAI decreased 5.7 percent, while the Government MCAI decreased by 0.8 percent. Of the component indices of the Conventional MCAI, the Jumbo MCAI decreased by 4.4 percent, and the Conforming MCAI fell by 6.9 percent.

"Mortgage lenders in May responded accordingly to the **increased risk and uncertainty in the economy**. Credit availability continued to decline, with MBA's overall index now at its lowest level since June 2014," said Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting. "There was a reduction in supply across all loan types, driven by further pullback in investors' appetites for loan programs with low credit scores and high LTVs. Credit tightening was observed at both ends of the market, with **less availability of low downpayment programs designed for first-time homebuyers, as well as for conforming and non-conforming jumbo loans.**"

The MCAI is 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 the AllRegs Market Clarity product and a proprietary formula derived by MBA to calculate the MCAI, a summary measure which indicates the availability of mortgage credit at a point in time. All indices are benchmarked at March 31, 2012. The baseline for the total Index is 100, the Conventional is keyed to 73.5 and the Government MCAI at 183.5.

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