

Conventional Loan Access Expanded in April

By: Jann Swanson | Wed, May 12 2021, 8:05 AM

Access to mortgage financing improved in April, driven by a **large gain in the availability of both conforming and jumbo mortgages**. The Mortgage Bankers Association (MBA) said its Mortgage Credit Availability Index (MCAI) rose 2.2 percent to 128.1 during the month. An increase in the MCAI indicates that lending standards are loosening.

The Conventional MCAI increased 4.8 percent, while the Government MCAI ticked up by 0.1 percent. Of the component indices of the Conventional MCAI, the Jumbo MCAI increased 6.9 percent, and the Conforming MCAI rose 12.6 percent.

"Credit availability rose in April, fueled by a 5 percent increase in conventional mortgage credit, as well as an expansion in agency programs for ARMs and high-balance loans. The conforming and jumbo loan indices jumped 7 percent and 13 percent, respectively. **The uptick in credit supply comes as the housing market and economy continue to strengthen**," said Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting. "One trend that has developed in recent months is the rising demand for ARMs, driven by higher rates for fixed mortgages and faster home-price appreciation."

Added Kan, "Despite this month's increase, mortgage credit supply has not returned to pre-pandemic levels, given the over 2 million loans still in forbearance."

The MCAI and each of 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 Ellie Mae. The resulting calculations are summary measures which indicate the availability of mortgage credit at a point in time. Base period and values for the total index is March 31, 2012=100; Conventional, March 31, 2012=73.5; Government, March 31, 2012=183.5.

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