

Credit Access Reflects Reduced Appetite for Risk

By: Jann Swanson | Tue, Sep 13 2022, 1:08 PM

Mortgage credit access tightened again in August, a trend that has been nearly continuous since the onset of the pandemic more than two years ago. The Mortgage Bankers Association said its Mortgage Credit Availability Index (MCAI) slipped 0.5 percent from its July level to 108.3. A decline in the index indicates that lending standards are tightening while an increase points to a loosening of credit.

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



The MCAI and each of its four components are based on data related to borrower eligibility (credit scores, loan types, loan-to-value ratios, etc.) from over 95 lenders and investors. The data is made available by ICE Mortgage Technology.

The Government MCAI was essentially unchanged from the prior month while the Conventional MCAI decreased 1.0 percent. That index has two components; the Jumbo MCAI dipped 0.7 percent and the Conforming Index fell by 1.2 percent.

“Mortgage credit availability declined slightly in August, as investors reduced their offerings of ARM and non-QM loan programs,” according to Joel Kan, MBA’s Associate Vice President of Economic and Industry. “With overall origination volume expected to shrink in 2022, some lenders continue to streamline their operations by dropping certain loan programs to simplify their offerings. Additionally, with a worsening economic outlook and signs of cooling in home-price growth, the appetite for riskier loan programs has been reduced,” said

The MCAI and each of its components reflect summary measures which indicate the availability of mortgage credit at a point in time. Base period for all indices was March 31, 2012. The total MCAI was benchmarked at 100; the Conventional Index to 73.5 and the Government MCAI to 183.5.

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