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## Historic Increase in Mortgage Demand is Mitigated by Tighter Credit

Mortgage credit availability declined last month, and the Mortgage Bankers Association (MBA) says it might be **the result of too much of a good thing**. MBA's Mortgage Credit Availability Index (MCAI) dipped 0.3 percent from January to February to a reading of 181.3. A decline in the Index indicates that lending standards are tightening.

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



Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting said "Mortgage credit supply decreased in February, as both conforming and jumbo segments of the market saw a decline. There were also reductions in ARM program offerings, as well as in low credit score programs offered by investors."

Added Kan, "Last month's activity was the calm before the storm. **Mortgage rates dropped steeply in the last week of February** and a large surge of refinance activity followed. **Investors may adjust their future mortgage credit offerings based on the sudden upswing in demand.**"

## National Average Mortgage Rates



	Rate	Change	Points
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### Mortgage News Daily

30 Yr. Fixed	6.27%	-0.08	0.00
15 Yr. Fixed	5.65%	-0.20	0.00
30 Yr. FHA	5.67%	-0.05	0.00
30 Yr. Jumbo	6.49%	-0.06	0.00
5/1 ARM	6.05%	-0.16	0.00

### Freddie Mac

30 Yr. Fixed	6.35%	-0.51	0.00
15 Yr. Fixed	5.47%	-0.69	0.00

### Mortgage Bankers Assoc.

30 Yr. Fixed	6.44%	-0.06	0.54
15 Yr. Fixed	5.88%	-0.16	0.68
30 Yr. FHA	6.36%	-0.06	0.85
30 Yr. Jumbo	6.75%	+0.07	0.39
5/1 ARM	5.98%	-0.27	0.65

Rates as of: 9/6

## Recent Housing Data

		Value	Change
Mortgage Apps	Aug 28	226.9	+0.49%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

The MCAI has four component indices. In February the Conventional MCAI decreased 1.2 percent, while the Government MCAI increased by 0.7 percent. Of the two component indices of the Conventional MCAI, the Jumbo MCAI decreased by 1.0 percent, and the Conforming MCAI fell by 1.6 percent.

All of the components are based on information gathered from over 95 lenders and investors regarding factors related to borrower eligibility (credit score, loan type, loan-to-value ratio, etc.) These are combined with data from Ellie Mae's AllRegs proprietary product to calculate a summary measure indicating the availability of mortgage credit at a point in time

The MCAI and its components were benchmarked in March 2012 and are designed to show relative credit risk/availability for their respective indices. The Conforming, and Jumbo sub-indices were indexed at 100 while the Conventional and Government indices were indexed at 73.5 and 183.5 respectively to better represent where each index might have been relative to 100.

## Bennett Capital Partners

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