

Mortgage Credit Potential Index

February 2023

The Mortgage Credit Potential Index (MCPI) is a monthly reporting of mid-score mortgage credit pulls analyzed by CreditXpert's predictive analytics platform. The MCPI highlights the volume of mid-score mortgage credit pulls by 20-point credit bands between 360 and 850. When compared to prior months and years, the MCPI serves as an indicator of changes in query volume.





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Over the past year
CreditXpert
analyzed **15.4M** mid-
score credit pulls.

12-months ending February 28, 2023



75% of all mid-score credit
pulls below 760 may be able to
increase their score by at least
one 20-point band within 30
days.*

*Applicants that follow a custom CreditXpert action plan
will be more likely to increase their credit score.



Total credit pulls
between 640 and 759
in the last 12 months.

5.93M

12-months ending February 28, 2023

4.22M

Applicants that could
increase their mid-score
by 20-points or more
within 30 days*

*Higher score achievable if applicant completes custom action plan

As interest rate is one of the top criteria that applicants use to select a lender, it will be important for lenders to deliver the most competitive offer. In the 12 months ending February 28, 2023, CreditXpert analyzed 5.93M mid-score credit pulls between 640 and 759 where a 20-point band increase could lead to a lower interest rate. Of these pulls, 4.22M may be able to increase their score by at least one 20-point band within 30-days if they complete a custom action plan.

According to the Loan Level Price Adjustment tables published by Fannie Mae and Freddie Mac, those with credit scores between 640 and 759 could potentially qualify for a better rate if they increase their score by at least one 20-point band. The Loan Level Price Adjustments are guidelines that are subject to individual lender pricing policies. CreditXpert has no involvement with any lender pricing policies and does not generate loan underwriting recommendations or decisions through its platform or otherwise.



Total credit pulls
from February 2023
compared to
January 2023

-0.4%

12-months ending February 28, 2023

-27%

12-months ending February 28, 2023

Total credit pulls from
February 2023 compared
to February 2022

According to the Loan Level Price Adjustment tables published by Fannie Mae and Freddie Mac, those with credit scores between 640 and 759 could potentially qualify for a better rate if they increase their score by at least one 20-point band. The Loan Level Price Adjustments are guidelines that are subject to individual lender pricing policies. CreditXpert has no involvement with any lender pricing policies and does not generate loan underwriting recommendations or decisions through its platform or otherwise.

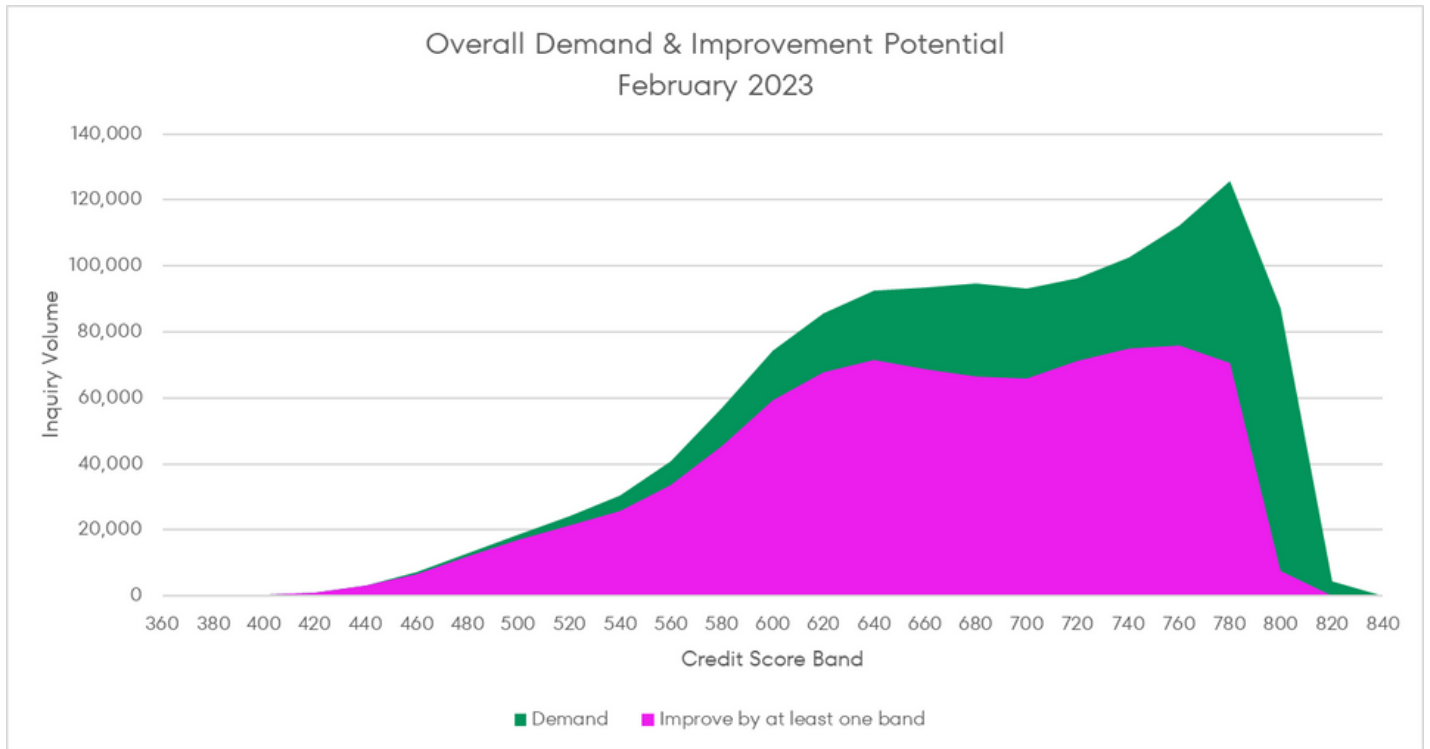
Overall Demand & Improvement Potential by at Least One Credit Band

The first chart illustrates total inquiry volume by credit score range for February 2023, with green representing the overall inquiries and pink signifying inquiries that could be improved by at least one credit score range within 30 days.

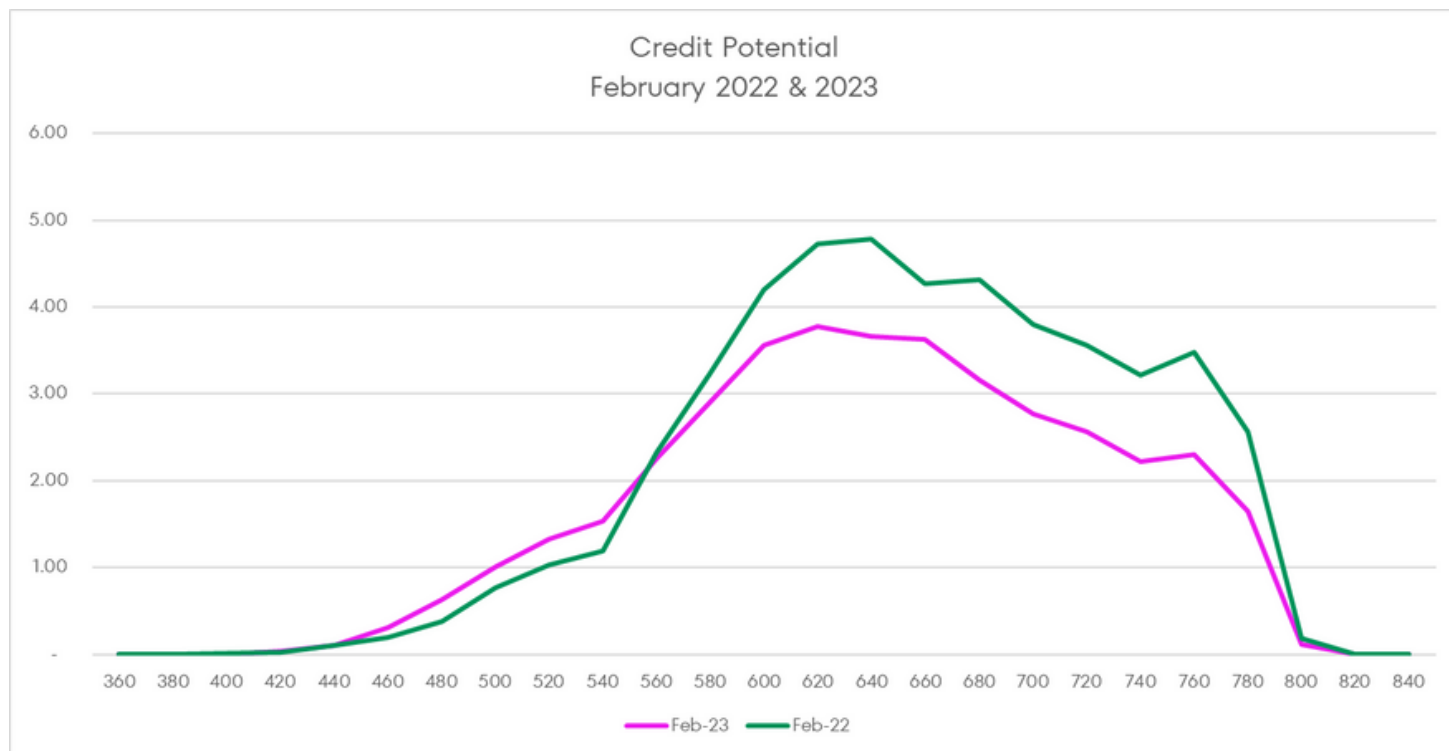
This simple graph emphasizes two crucial points.

Firstly, nearly 70% of borrowers in the previous month had the potential to enhance their credit scores. This is the pink area of the chart. Lenders lost revenue for every borrower who missed the opportunity to optimize their credit score. Remember: higher credit scores equal lower loan level price adjustments.

Secondly, it identifies the credit score ranges where the most significant potential lies. Borrowers with credit scores between 600 and 700 showed the greatest potential in February. Close more loans and increase profits by taking the time to help them optimize their credit scores. Remember: credit score increases, using CXI, typically happen within 30 days, well within the normal mortgage origination cycle.



Credit Inquiries Comparison and Credit Potential for February 2022 v 2023

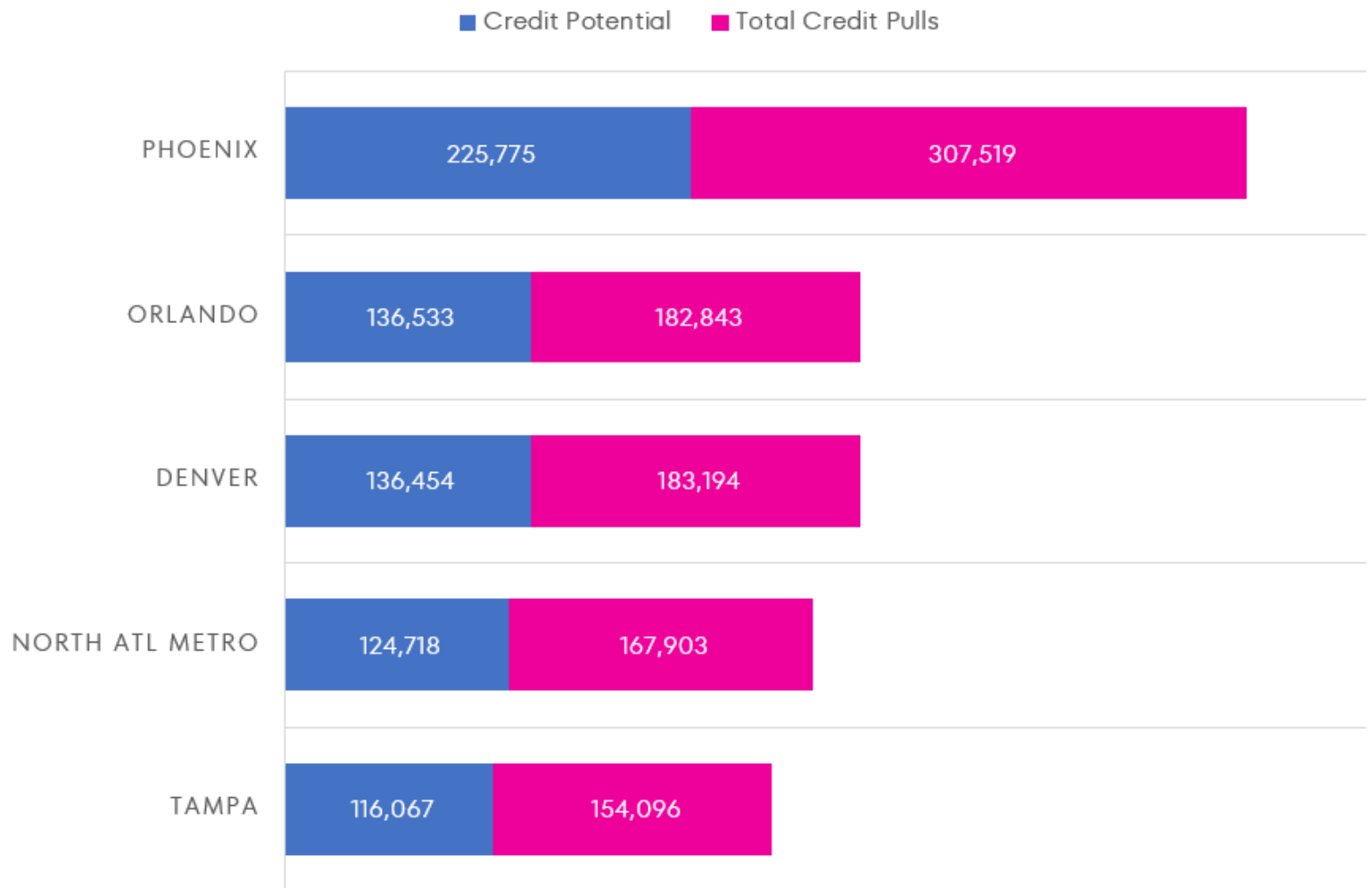


Our credit potential algorithm highlights those credit bands with the greatest potential for improvement. This is our 'shorthand' method of helping lenders focus on those borrowers with whom the greatest opportunity lies.

Graph II shows that potential for February 2022, the green line, and February 2023, the purple line, respectively. The 600 to 680 bands were the bands with the greatest potential for improvement in both this February and last. While potential exists in every band, it is most significant in the middle bands; this highlights the opportunities lenders may be missing out on.

Expect more information like this from our monthly MCPI publication, we'll be emphasizing these statistics, outlining what percentage of borrowers can be helped and for what reasons (FHA, Conventional, Better Rate, Jumbo), with an emphasis on overall opportunity. While we'll continue to report on volume, which is largely driven by macro-economic factors beyond the control of lenders and CreditXpert, MCPI will increasingly become focused on opportunity. Opportunity exists in every market, regardless of volume. You just have to know where to look for it. That's what we're here for.

Top 5 metro areas with the most mortgage credit pulls that could increase their credit mid-score by at least 20 points in 30 days.

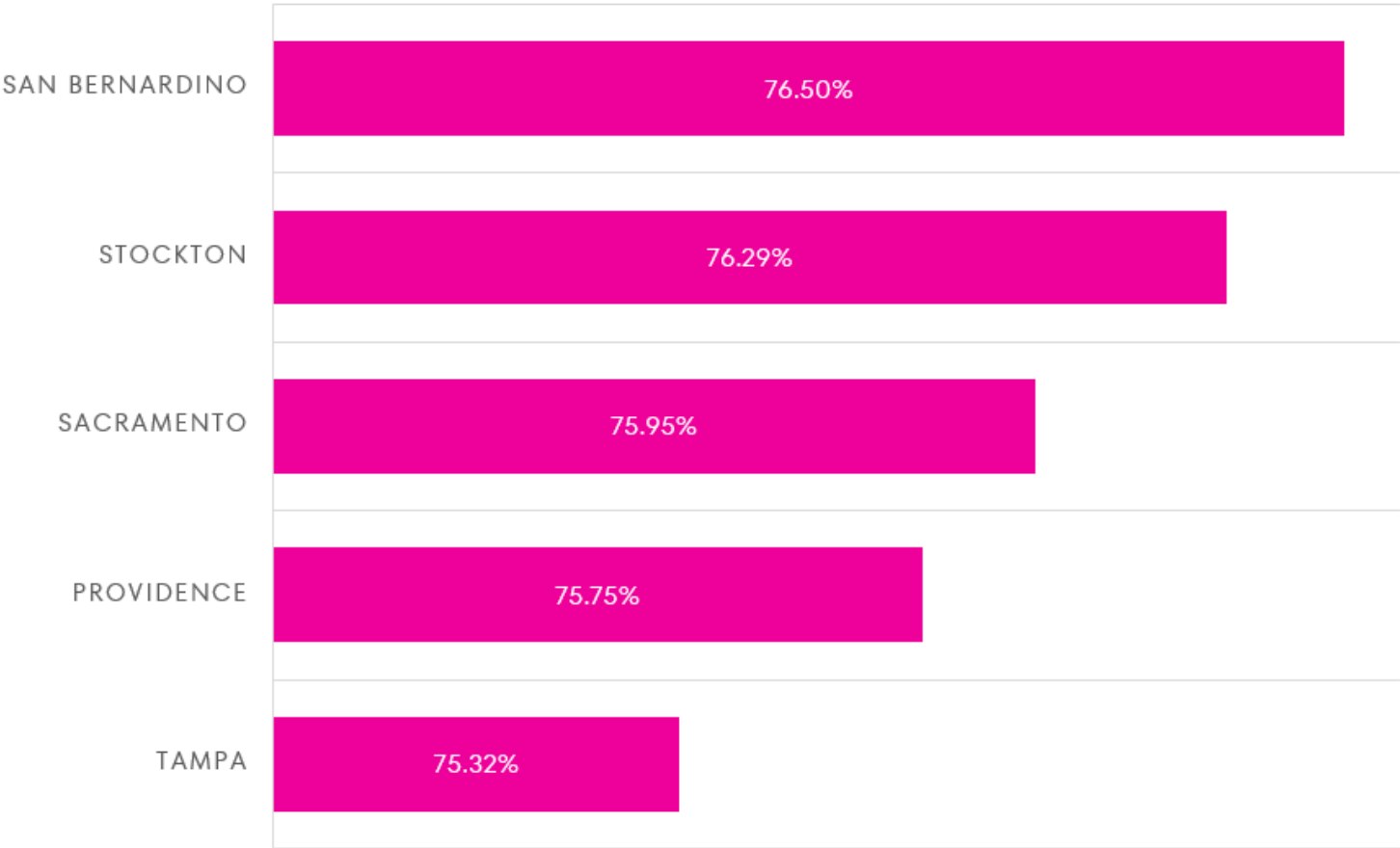


12-months ending February 28, 2023



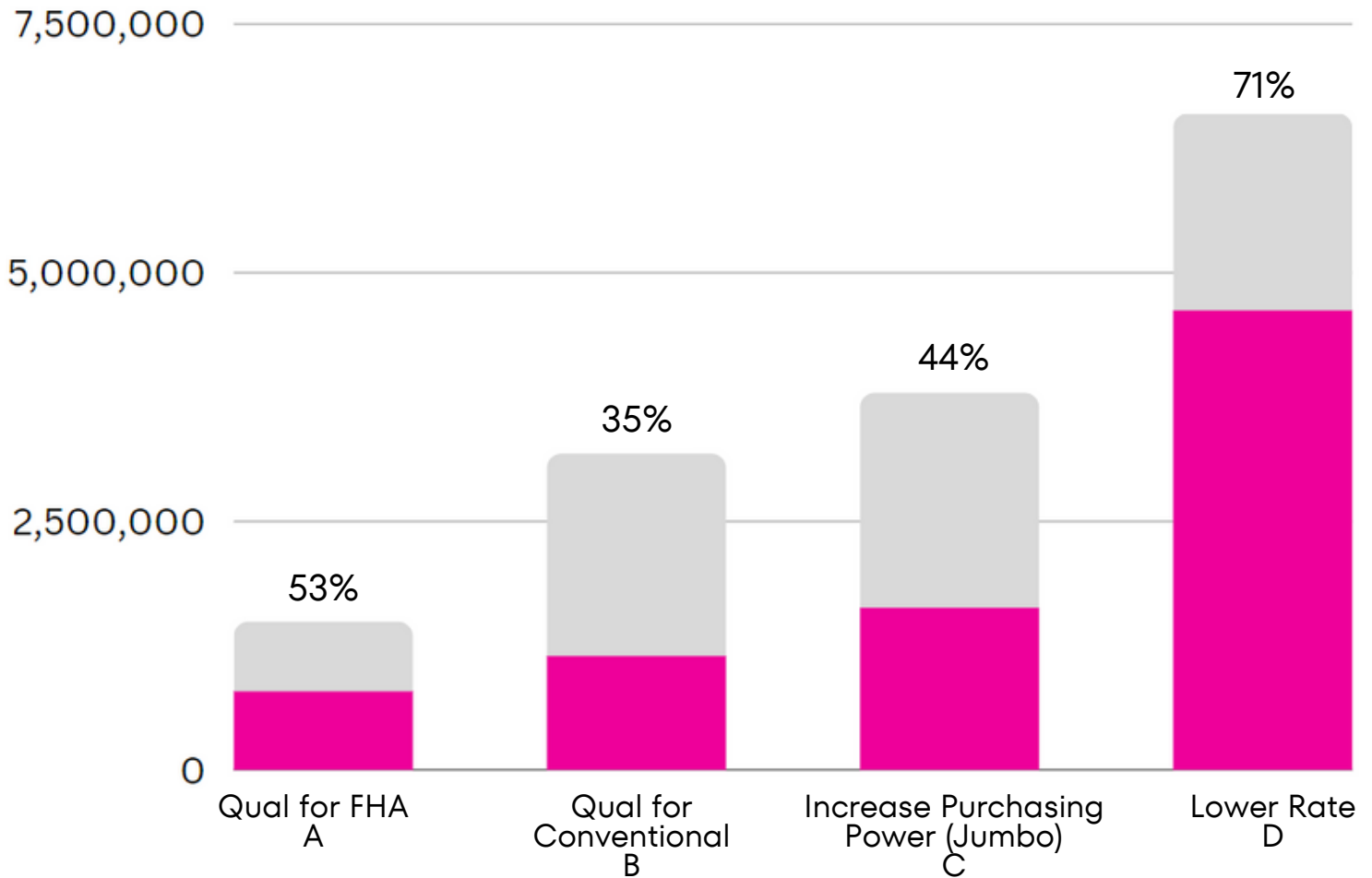
Top 5 metro areas (by credit pulls) that have the highest *percentage* likelihood of increasing their credit score by 20 points in 30 days or less.

■ % of Applicants That Could Increase by at Least 20 Points



12-months ending February 28, 2023

What percentage of applicants could achieve a better outcome by following a CreditXpert action plan?



- A. Total initial pulls below 579 that may be able to achieve 580 or higher within 30 days if they complete a custom
- B. Total initial pulls below 619 that may be able to get to 620 or higher within 30 days if they complete a custom action plan
- C. Total initial pulls below 679 that may be able to achieve 680 or higher within 30 days if they complete a custom action plan
- D. Total initial pulls between 640 and 759 that may be able to increase their score by at least one 20-point band within 30 days if they complete a custom action plan

1 A Federal Housing Administration (FHA) Mortgage is a home mortgage that is insured by the government and issued by a bank or other lender that is approved by the agency. FHA loans require a lower minimum down payment than many conventional loans, and applicants may have lower credit scores, typically 580, than is usually required. The FHA loan is designed to help low- to moderate-income families attain homeownership. They are particularly popular with first-time homebuyers. The Rural Housing Service (RHS) provides loans directly to low-income borrowers in rural areas and guarantees loans provided by approved lenders. An RHS loan can help a borrower who otherwise might not qualify for a traditional mortgage because of low income or bad credit to buy a home in an approved rural area.

2 A Conventional Mortgage is any type of home buyer's loan that is not offered or secured by a government entity. Instead, conventional mortgages are available through private lenders, such as banks, credit unions, and mortgage companies. However, some conventional mortgages can be guaranteed by two government-sponsored enterprises; the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Conventional loans typically require a minimum credit score of 620. Loan size must be equal to or less than \$647,200 or \$970,800 in high-cost areas for a single-family home.

3 A Jumbo Mortgage is a non-conforming mortgage loan that exceeds the limits set by the Federal Housing Finance Agency (FHFA). Jumbo loans are non-conforming loans as they cannot be purchased, guaranteed, or securitized by Fannie Mae or Freddie Mac. The main advantage of a jumbo loan is that it lets you borrow more than the limits imposed by Fannie and Freddie. Jumbo loans typically require a minimum credit score of between 680 and 700 depending on individual lender guidelines.

4 According to the Loan Level Price Adjustment tables published by Fannie Mae and Freddie Mac, those with credit scores between 640 and 759 could potentially qualify for a better rate if they increase their score by at least one 20-point band. The Loan Level Price Adjustments are guidelines that are subject to individual lender pricing policies. CreditXpert has no involvement with any lender pricing policies and does not generate loan underwriting recommendations or decisions through its platform or otherwise.

Meet the Team



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