

# Mortgage Credit Potential Index

September 2022

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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As we head into the final quarter of 2022, we are seeing a familiar theme play out on the demand side of credit pulls along with some clear opportunities for lenders.

The familiar theme is this: credit pull volume continues to drop. While credit pulls are down 14% month-over-month and 36% year-over-year, this is not unexpected given the historic refinance boom of 2020 / 2021. Although disheartening, keep in mind that the MBA is still projecting 6.6 million purchase and refinance loans will close this year and another 6 million in 2023 - both of which are sizable by historical standards.



But here's something to think about. In our September data, we see a larger percentage of applicants that can improve their credit scores by 20 points or more within a 30-day period. 74% of applicants with an initial credit score below 760, in fact, could improve their score by at least one credit band within the time it takes to process their mortgage. In fact, the percentage of those applicants that can improve their credit score has been slowly rising throughout 2022. While we don't know for sure, it may be that consumers are having difficulties managing their credit as inflation woes persist. It's not that their credit is bad, or even turning bad, it's that consumers may not be as attentive to the details of maintaining a healthy credit score. Because we see the MCPI as a leading indicator of applicant credit behavior, lenders would do well to keep an eye on applicant credit potential and to help those applicants improve their scores so that they qualify, land the best loan program, and achieve a lower rate on their mortgage. Keep in mind that lower rates are achievable in nearly every credit band.

And that leads me to my last, and perhaps most important, point for the month. There is a significant jump in improvement plan usage among well qualified applicants – those with initial scores between 640 and 739. In the 3rd quarter we saw a nearly 20% increase in usage among this population from the same period in 2021. When this quarter's usage is compared to that of the pre-pandemic boom of 2019, the increase jumps to 22%. As I look at this data and talk to some of the more innovative lenders out there, I believe we are seeing that leveraging an applicant's credit potential as a strategy is gaining some serious traction. Competitive markets call for innovative solutions and it's looking like lenders are doing just that.

A handwritten signature in black ink, appearing to read 'Mike Darne'. The signature is stylized and fluid.

Mike Darne  
VP, Marketing  
CreditXpert

Over the past year  
CreditXpert  
analyzed **18.4M** mid-  
score credit pulls.

12-months ending September 30, 2022



**74%** 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.

**7.16M**

12-months ending September 30, 2022

**5.01M**

applicants could  
increase their mid-score  
by 20-points or more  
within 30 days\*

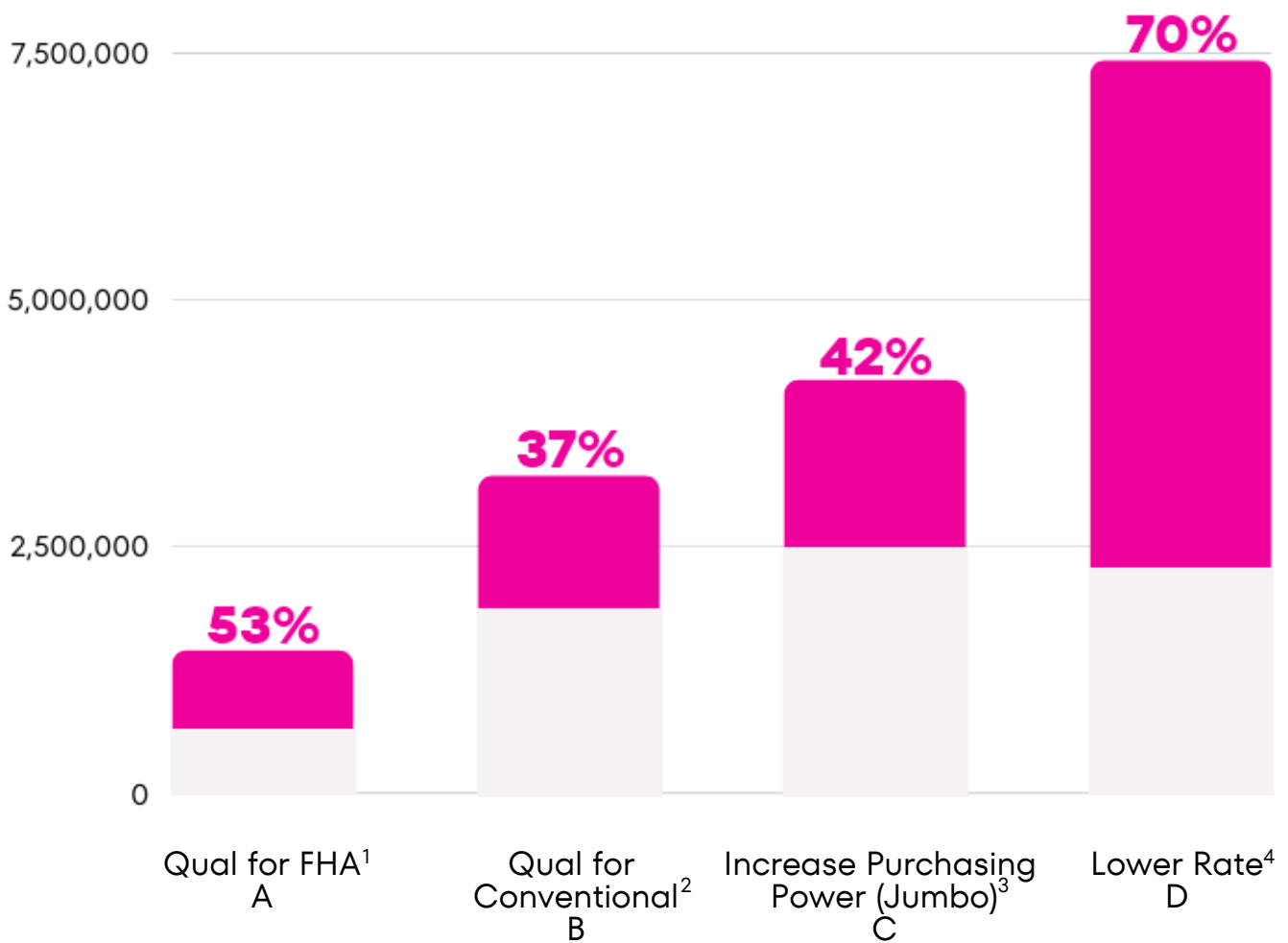
\*Higher score achievable if applicant completes custom action plan

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 September 30, 2022, CreditXpert analyzed 7.16M mid-score credit pulls between 640 and 759 where a 20-point band increase could lead to a lower interest rate. Of these pulls, 5.01M may be able to increase their score by at least one 20-point band within 30-days if they complete a custom action plan.

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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.

# 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.

# Credit Pulls by Mid-Score

The Credit pulls view shows the number of mortgage credit pulls by each 20-point band analyzed by CreditXpert in the months of September 2021, August 2022 and September 2022. As most mortgage credit inquires are three bureau pulls, the score band represents the mid-score.\*

Score Band	September 2021 Credit Pulls	September 2021 % of Total Credit Pulls	August 2022 Credit Pulls	August 2022 % of Total Credit Pulls	September 2022 Credit Pulls	September 2022 % of Total Credit Pulls	MoM* Change	YoY^ Change
340-359	0	0.00%	0	0.00%	0	0.00%	0.00%	0.00%
360-379	2	0.00%	3	0.00%	2	0.00%	-33.33%	0.00%
380-399	15	0.00%	30	0.00%	27	0.00%	-10.00%	80.00%
400-419	92	0.00%	174	0.01%	198	0.02%	13.79%	115.22%
420-439	482	0.03%	956	0.07%	1,000	0.08%	4.60%	107.47%
440-459	1,390	0.07%	2,912	0.21%	2,937	0.25%	0.86%	111.29%
460-479	3,432	0.18%	6,797	0.49%	6,331	0.53%	-6.86%	84.47%
480-499	6,835	0.37%	11,982	0.86%	11,307	0.95%	-5.63%	65.43%
500-519	11,391	0.61%	17,371	1.25%	16,262	1.37%	-6.38%	42.76%
520-539	17,635	0.94%	23,991	1.72%	21,749	1.83%	-9.35%	23.33%
540-559	26,549	1.42%	31,483	2.26%	28,674	2.42%	-8.92%	8.00%
560-579	39,601	2.12%	43,464	3.12%	38,216	3.22%	-12.07%	-3.50%
580-599	60,588	3.24%	62,590	4.49%	54,609	4.61%	-12.75%	-9.87%
600-619	87,139	4.66%	83,793	6.01%	73,201	6.18%	-12.64%	-16.00%
620-639	117,620	6.29%	96,642	6.93%	83,081	7.01%	-14.03%	-29.36%
640-659	133,961	7.16%	105,846	7.59%	90,757	7.66%	-14.26%	-32.25%
660-679	140,081	7.49%	109,017	7.82%	92,060	7.77%	-15.55%	-34.28%
680-699	146,432	7.83%	109,698	7.87%	92,508	7.80%	-15.67%	-36.83%
700-719	145,736	7.79%	107,041	7.68%	89,741	7.57%	-16.16%	-38.42%
720-739	147,664	7.90%	107,754	7.73%	90,841	7.66%	-15.70%	-38.48%
740-759	165,289	8.84%	114,500	8.21%	95,394	8.05%	-16.69%	-42.29%
760-779	198,357	10.61%	126,248	9.06%	104,187	8.79%	-17.47%	-47.48%
780-799	237,626	12.71%	137,394	9.85%	113,872	9.61%	-17.12%	-52.08%
800-819	173,350	9.27%	90,569	6.50%	75,043	6.33%	-17.14%	-56.71%
820-839	8,826	0.47%	3,908	0.28%	3,283	0.28%	-15.99%	-62.80%
840-850	111	0.01%	65	0.00%	73	0.01%	-12.31%	-34.23%
	<b>1,870,204</b>		<b>1,394,228</b>		<b>1,185,353</b>		<b>-14.98%</b>	<b>-36.62%</b>

## Key Takeaways

**-36.62%** YoY Change

**-14.98%** MoM Change

\* MoM Change compares August 2022 to September 2022 volume.

^ YoY Change compares September 2021 to September 2022 volume.

6 The mid-scores analyzed are the FICO® scores requested by a lender and reported by one of the credit bureaus or credit reporting agencies. FICO® is a registered trademark of Fair Isaac Corporation (FICO). CreditXpert is not affiliated with or endorsed by FICO or any of the credit bureaus or credit reporting agencies. CreditXpert trademarks used herein are trademarks or registered trademarks of CreditXpert, Inc. The use of any other trade name, copyright, or trademark is for identification and reference purposes only and does not imply any association with the copyright or trademark holder or their product or brand. Other product and company names mentioned herein are the property of their respective owners.

# 2021 v 2022 Credit Pulls Comparison by Mid-Score

The Credit Potential rolling 12-month view shows the number of mid-score credit pulls by 20-point band along with the number (and percentage) of pulls that may increase by at least one 20-point credit band within a 30-day timeframe. CreditXpert's proprietary predictive credit score platform is used to highlight the potential increase each applicant could achieve within 30 days if they complete a custom action plan. CreditXpert has analyzed over 750M credit pulls since its founding in 2001.

Score Band	12 Months Ending September 2021	12 Months Ending September 2021 % of Total Credit Pulls	12 Months Ending September 2022	12 Months Ending September 2022 % of Total Credit Pulls	September 2021 - 2022 YoY Change
340-359	0	0.00%	2	0.00%	0%
360-379	16	0.00%	20	0.00%	25.00%
380-399	139	0.00%	235	0.00%	69.06%
400-419	1,070	0.00%	1,810	0.01%	69.16%
420-439	5,123	0.02%	8,695	0.05%	69.72%
440-459	16,230	0.06%	26,256	0.14%	61.77%
460-479	41,061	0.16%	60,078	0.33%	46.31%
480-499	84,148	0.33%	110,444	0.60%	31.25%
500-519	143,141	0.56%	168,661	0.91%	17.83%
520-539	228,516	0.90%	244,698	1.33%	7.08%
540-559	339,626	1.34%	343,191	1.86%	1.05%
560-579	497,582	1.95%	493,679	2.68%	-0.78%
580-599	746,404	2.91%	735,631	3.99%	-1.44%
600-619	1,068,467	4.16%	1,012,143	5.49%	-5.27%
620-639	1,482,168	5.78%	1,234,045	6.69%	-16.74%
640-659	1,756,855	6.90%	1,382,122	7.50%	-21.33%
660-679	1,828,091	7.19%	1,438,294	7.80%	-21.32%
680-699	1,909,248	7.52%	1,459,289	7.91%	-23.57%
700-719	1,935,366	7.66%	1,428,967	7.75%	-26.17%
720-739	1,983,241	7.86%	1,449,086	7.86%	-26.93%
740-759	2,224,963	8.82%	1,566,401	8.50%	-29.60%
760-779	2,728,094	10.87%	1,790,445	9.71%	-34.37%
780-799	3,402,571	13.63%	2,032,277	11.02%	-40.27%
800-819	2,658,423	10.80%	1,389,217	7.53%	-47.74%
820-839	139,816	0.57%	60,500	0.33%	-56.73%
840-850	1,810	0.01%	1,071	0.01%	-40.83%
	<b>25,222,169</b>		<b>18,437,257</b>		<b>-26.90%</b>



# Rolling 12 Month Comparison of Credit Potential

## Rolling 12 Month Comparison - All Credit Scores

### 12 Months Ending September 2021

Score Band	Total Credit Pulls	# Increase by at least 20 points	% Increase by at least 20 Points
340-359	0	0	
360-379	16	16	100.00%
380-399	139	137	98.56%
400-419	1,070	1,020	95.33%
420-439	5,123	4,870	95.06%
440-459	16,230	15,183	93.55%
460-479	41,061	37,520	91.38%
480-499	84,148	74,502	88.54%
500-519	143,141	121,868	85.14%
520-539	228,516	187,434	82.02%
540-559	339,626	267,096	78.64%
560-579	497,582	382,952	76.96%
580-599	746,404	566,527	75.90%
600-619	1,068,467	801,962	75.06%
620-639	1,482,168	1,077,675	72.71%
640-659	1,756,855	1,230,758	70.05%
660-679	1,828,091	1,227,292	67.14%
680-699	1,909,248	1,247,911	65.36%
700-719	1,935,366	1,271,585	65.70%
720-739	1,983,241	1,415,319	71.36%
740-759	2,224,963	1,633,025	73.40%
760-779	2,728,094	1,877,726	68.83%
780-799	3,402,571	2,020,123	59.37%
800-819	2,658,423	258,048	9.71%
820-839	139,816	1,951	1.40%
840-850	1,810	0	0.00%
<b>Total</b>	<b>25,222,169</b>	<b>15,722,500</b>	<b>62.34%</b>
<b>759 or Below</b>	<b>16,291,455</b>	<b>11,564,652</b>	<b>70.99%</b>

### 12 Months Ending September 2022

Total Credit Pulls	# Increase by at Least 20 Points	% Increase by at least 20 Points	YoY % Change of Credit Pull Volume
2	2	100.00%	0.00%
20	20	100.00%	25.00%
235	230	97.87%	67.88%
1,810	1,768	97.68%	73.33%
8,695	8,419	96.83%	72.87%
26,256	25,137	95.74%	65.56%
60,078	56,317	93.74%	50.10%
110,444	101,451	91.86%	36.17%
168,661	150,849	89.44%	23.78%
244,698	211,757	86.54%	12.98%
343,191	286,045	83.35%	7.09%
493,679	399,990	81.02%	4.45%
735,631	582,713	79.21%	2.86%
1,012,143	791,605	78.21%	-1.29%
1,234,045	941,412	76.29%	-12.64%
1,382,122	1,018,435	73.69%	-17.25%
1,438,294	999,049	69.46%	-18.60%
1,459,289	973,283	66.70%	-22.01%
1,428,967	964,660	67.51%	-24.14%
1,449,086	1,054,324	72.76%	-25.51%
1,566,401	1,146,018	73.16%	-29.82%
1,790,445	1,221,522	68.22%	-34.95%
2,032,277	1,155,898	56.88%	-42.78%
1,389,217	118,559	8.53%	-54.06%
60,500	1,323	2.19%	-32.19%
1,071	0	0.00%	0.00%
<b>19,122,108</b>	<b>12,590,483</b>	<b>65.84%</b>	<b>-20.72%</b>
<b>13,163,747</b>	<b>9,713,484</b>	<b>73.79%</b>	<b>-16.01%</b>

YoY % change of those who could improve their credit score by 20 points

**2.00%**

All credit scores

**3.66%**

759 or below

## Meet the Team



**William Coates**  
CreditXpert - Business Intelligence Lead



**Dan Green**  
Blackfin Group - Principal



**Chase Arvanitis**  
CreditXpert - Director of Performance Marketing



**Mike Darne**  
CreditXpert - VP of Marketing



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