



# Mortgage Credit Potential Index™

January 2022

# What is the Mortgage Credit Potential Index?

The Mortgage Credit Potential Index™ (MCPI) is a monthly reporting of mid-score mortgage credit inquiries analyzed by CreditXpert's predictive analytics platform. The MCPI highlights the volume of mid-score mortgage credit inquiries 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.

The MCPI also leverages CreditXpert's proprietary predictive analytics engine to highlight the potential increase each applicant could achieve within 30 days if they complete a custom action plan<sup>1</sup>. Highlighting the increase potential will help mortgage lenders better understand how they may be able to help their broader applicant pool qualify for a mortgage program, or a lower interest rate based upon the applicant's mid-score.

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<sup>1</sup> CreditXpert action plans are tools meant to educate mortgage professionals and prospective consumer loan applicants, and are not furnished for the purpose of improving an applicant's credit record, credit history or credit rating, or removing or modifying adverse, inaccurate, fraudulent, or other information in an applicant's credit record. CreditXpert is not a credit counseling, credit repair, or credit reporting agency. Credit scores and score changes from CreditXpert are estimates, and will likely differ from credit score information used by mortgage professionals to assess loan eligibility. CreditXpert does not guarantee that scores from any other company will change by the same amount, in the same way, or at all.



# 12 Month Inquiry Volume

**24.2M**

In the 12 months ending December 31, 2021, CreditXpert analyzed 24.2M mid-score credit inquiries. This represents a slight increase of 4% over the 12 months ending December 31, 2020. That said, volume varied throughout the year and saw a softening in later months of the year.

**71%**

Of all mid-score inquiries below 760 may be able to increase their score by at least one 20-point band within 30 days if they complete a custom action plan.



# Expanding Access to Homeownership

## FHA / RHA Mortgage<sup>2</sup>

**711K / 52%**

of total initial inquiries below 579 that may be able to achieve 580 or higher within 30 days if they complete a custom action plan

CreditXpert was founded to help make homeownership more accessible and affordable to all. Our ability to help those who may not initially qualify for a mortgage achieve a credit score that puts them in a position to qualify for an FHA / RHS mortgage is at the heart of what we are here to do. In the 12 months ending December 31, 2021, CreditXpert analyzed 1,368,681 mid-score credit inquiries below 579. Of these inquiries, 711,064 could increase their score to 580 or higher within 30 days if they complete a custom action plan.

## Conventional Mortgage<sup>3</sup>

**1.37M / 43%**

of total initial inquiries below 619 that may be able to get to 620 or higher within 30 days if they complete a custom action plan

In the 12 months ending December 31, 2021, CreditXpert analyzed 3,223,193 mid-score credit inquiries below 619. Of these inquiries, 1,373,266 may be able to increase their score to 620 or higher within 30-days if they follow a custom action plan. There is some double counting in this category as some that could reach the score generally required for an FHA / RHS mortgage and may also better their score enough to qualify for a Conventional mortgage.

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<sup>2</sup> 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.

<sup>3</sup> 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.



# Increased Purchasing Power

## JUMBO Mortgage<sup>4</sup>

**1.97M / 39%**

of total initial inquiries below 679 that may be able to achieve 680 or higher within 30 days if they complete a custom action plan

With home prices continuing to rise, mortgage lenders know the importance of securing higher levels of funding for their applicants. In the 12 months ending December 31, 2021, CreditXpert analyzed 5,028,132 mid-score credit inquiries below the 680-qualification threshold for a Jumbo mortgage. Of these inquiries, 1,974,105 may be able to increase their score to 680 or higher within 30 days if they complete a custom action plan.

## Better Rates<sup>5</sup>

**6.25M / 68%**

of total initial inquiries 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.

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 December 31, 2021, CreditXpert analyzed 9,187,498 mid-score credit inquiries between 640 and 759 where a 20-point band increase could lead to a lower interest rate. Of these inquiries, 6,252,673 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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<sup>4</sup> 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.

<sup>5</sup> 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 Inquiries (Mid-Score)

The Credit Inquiries view shows the number of mortgage credit inquiries by each 20-point band analyzed by CreditXpert in the months of December 2020, November 2021 and December 2021. As most mortgage credit inquires are three bureau pulls, the score band represents the mid-score<sup>6</sup>.

## Monthly Comparison

Score Band	DEC 2020		NOV 2021		DEC 2021		MoM * Change	YoY ^ Change
	DEC 2020	% of Total Inquiries	NOV 2021	% of Total Inquiries	DEC 2021	% of Total Inquiries		
360-379	2	0%	1	0%	0	0%	-100%	-100%
380-399	9	0%	15	0%	19	0%	27%	111%
400-419	63	0%	87	0%	98	0%	13%	56%
420-439	328	0%	496	0%	466	0%	-6%	42%
440-459	1,053	0%	1,526	0%	1,408	0%	-8%	34%
460-479	2,730	0%	3,572	0%	3,369	0%	-6%	23%
480-499	5,676	0%	7,039	0%	6,372	0%	-9%	12%
500-519	9,580	1%	11,017	1%	10,069	1%	-9%	5%
520-539	15,187	1%	16,979	1%	15,304	1%	-10%	1%
540-559	22,213	1%	25,048	2%	22,011	2%	-12%	-1%
560-579	31,751	2%	37,332	2%	32,837	2%	-12%	3%
580-599	46,290	2%	57,094	4%	50,172	4%	-12%	8%
600-619	65,697	4%	82,394	5%	70,001	5%	-15%	7%
620-639	91,761	5%	105,877	7%	87,561	6%	-17%	-5%
640-659	115,112	6%	117,745	7%	101,323	7%	-14%	-12%
660-679	121,024	7%	123,758	8%	106,703	8%	-14%	-12%
680-699	131,031	7%	127,961	8%	110,782	8%	-13%	-15%
700-719	138,055	7%	128,003	8%	110,307	8%	-14%	-20%
720-739	145,639	8%	129,900	8%	113,069	8%	-13%	-22%
740-759	169,984	9%	142,707	9%	124,300	9%	-13%	-27%
760-779	220,632	12%	168,197	10%	146,897	11%	-13%	-33%
780-799	287,568	15%	195,952	12%	166,591	12%	-15%	-42%
800-819	227,741	12%	138,058	8%	112,364	8%	-19%	-51%
820-839	12,241	1%	6,696	0%	5,291	0%	-21%	-57%
840-850	133	0%	102	0%	78	0%	-24%	-41%
	<b>1,861,500</b>		<b>1,627,556</b>		<b>1,397,392</b>		<b>-14%</b>	<b>-25%</b>

\* MoM Change compares November 2021 to December 2021 volume.

^ YoY Change compares December 2020 to December 2021 volume.

<sup>6</sup> The mid-scores analyzed are the FICO<sup>®</sup> scores requested by a lender and reported by one of the credit bureaus or credit reporting agencies. FICO<sup>®</sup> 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.



# Credit Inquiries (Mid-Score)

The Credit Inquiries rolling 12-month view view shows the number of mortgage credit inquiries by each 20-point band analyzed by CreditXpert in the 12 months ending December 2020 and December 2021. As most mortgage credit inquires are three bureau pulls, the score band represents the mid-score.

## Rolling 12 Month Comparison

Score Band	2020 Full Year	2020 % of Total	2021 Full Year	2021 % of Total	2020 - 2021 YoY Change
340-359	2	0%	-	0%	-100%
360-379	24	0%	14	0%	-42%
380-399	176	0%	166	0%	-6%
400-419	1,381	0%	1,152	0%	-17%
420-439	6,812	0%	5,515	0%	-19%
440-459	21,411	0%	17,366	0%	-19%
460-479	53,006	0%	42,931	0%	-19%
480-499	107,685	0%	86,186	0%	-20%
500-519	176,104	1%	144,306	1%	-18%
520-539	265,189	1%	228,658	1%	-14%
540-559	364,418	2%	340,524	1%	-7%
560-579	498,065	2%	503,195	2%	1%
580-599	701,861	3%	761,877	3%	9%
600-619	951,830	4%	1,092,635	5%	15%
620-639	1,262,186	5%	1,491,882	6%	18%
640-659	1,518,928	7%	1,732,536	7%	14%
660-679	1,588,299	7%	1,803,714	7%	14%
680-699	1,692,446	7%	1,867,855	8%	10%
700-719	1,761,198	8%	1,872,997	8%	6%
720-739	1,817,126	8%	1,910,396	8%	5%
740-759	2,042,937	9%	2,122,809	9%	4%
760-779	2,516,070	11%	2,565,009	11%	2%
780-799	3,181,125	14%	3,122,828	13%	-2%
800-819	2,648,025	11%	2,362,289	10%	-11%
820-839	141,027	1%	120,908	0%	-14%
840-850	1,796	0%	1,645	0%	-8%
	<b>23,319,127</b>		<b>24,199,393</b>		<b>4%</b>



# Credit Potential

The Credit Potential rolling 12-month view shows the number of mid-score credit inquiries by 20-point band along with the number (and percentage) of inquiries 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 inquiries since its founding in 2001.

## Rolling 12 Month Comparison

### 12 Months Ending 12/31/2020

Score Band	2020 Full Year	# Increase by at least 20 points	% Increase by at least 20 points
340-359	2	1	50%
360-379	24	24	100%
380-399	176	174	99%
400-419	1,381	1,319	96%
420-439	6,812	6,452	95%
440-459	21,411	19,849	93%
460-479	53,006	47,685	90%
480-499	107,685	93,785	87%
500-519	176,104	147,032	83%
520-539	265,189	213,384	80%
540-559	364,418	283,013	78%
560-579	498,065	380,135	76%
580-599	701,861	529,218	75%
600-619	951,830	712,718	75%
620-639	1,262,186	925,363	73%
640-659	1,518,928	1,086,716	72%
660-679	1,588,299	1,097,908	69%
680-699	1,692,446	1,138,645	67%
700-719	1,761,198	1,171,408	67%
720-739	1,817,126	1,301,215	72%
740-759	2,042,937	1,515,855	74%
760-779	2,516,070	1,752,912	70%
780-799	3,181,125	1,938,363	61%
800-819	2,648,025	253,038	10%
820-839	141,027	1,661	1%
840-850	1,796		
<b>TOTAL</b>	<b>23,319,127</b>	<b>14,617,873</b>	<b>63%</b>
<b>759 or BELOW</b>	<b>14,831,084</b>	<b>10,671,899</b>	<b>72%</b>

### 12 Months Ending 12/31/2021

2021 Full Year	# Increase by at least 20 points	% Increase by at least 20 points	% Change YoY
0	0	NA	NA
14	14	100%	0%
166	165	99%	1%
1,152	1,102	96%	0%
5,515	5,262	95%	1%
17,366	16,341	94%	2%
42,931	39,544	92%	2%
86,186	77,052	89%	3%
144,306	124,435	86%	3%
228,658	189,773	83%	3%
340,524	270,491	79%	2%
503,195	390,657	78%	2%
761,877	582,676	76%	1%
1,092,635	826,346	76%	1%
1,491,882	1,092,434	73%	0%
1,732,536	1,220,986	70%	-1%
1,803,714	1,212,862	67%	-3%
1,867,855	1,219,553	65%	-3%
1,872,997	1,232,757	66%	-1%
1,910,396	1,366,515	72%	0%
2,122,809	1,555,564	73%	-1%
2,565,009	1,758,479	69%	-2%
3,122,828	1,831,716	59%	-4%
2,362,289	225,617	10%	0%
120,908	1,863	2%	31%
1,645		0%	
<b>24,199,393</b>	<b>15,242,204</b>	<b>63%</b>	
<b>16,026,714</b>	<b>11,424,529</b>	<b>71%</b>	<b>-1%</b>





