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Technology is Helping Lenders Shorten Closing Timeline

A 10-basis point drop in the average interest rate of closed loans drove up the share of refinances in February. Ellie Mae's *Origination Insight Report* said the average rate for all loans closed on its system was 3.86 percent during the month while conventional loans dipped from 4.03 percent to 3.89 percent and FHA loans from 3.91 to 3.87 percent. The rate for VA loans declined 2 basis point to 3.62 percent. **In response, the share of loans that were for refinancing increased from 46 to 48 percent.**

The distribution of loans across product types shifted slightly from January. Conventional loans gained 3 points to 74 percent of the total and FHA loans dropped from 16 percent to a 14 percent share. VA loans were unchanged, accounting for 8 percent of transactions.

The time to close all loans declined to 43 days in February from 48 days in January, likely due to seasonality. Refinance loans took 40 days, down from 48 the previous month and purchase loans closed in an average of 45 days compared to 48 in January.

Closing rates on all loans increased to 78.3 percent in February, up from 77.2 percent the month prior. Closing rates on purchases held at 80.7 percent and closing rates on refinances increased to 76.0 percent, up from 75.8 percent the month prior. Ellie Mae computes the closing rate based on a sample of loan applications submitted 90 days earlier: the November 2019 applications in this case.

"Interest rates continued to decline into February which we believe is causing us to see a small refinance rebound," said Jonathan Corr, President and CEO of Ellie Mae. "We will wait to see what the impacts of global factors, like stock market declines and the coronavirus, have on the housing market as we enter the spring. We continue to see our lenders consistently lowering their time to close and closing more loans as they leverage digital mortgage technology across more aspects of the loan origination workflow."

Ellie Mae's report mines data from a sample of approximately 80 percent of all mortgage applications that were initiated on its mortgage management system. The company says its report is a strong proxy of the underwriting standards employed by lenders across the country.

National Average Mortgage Rates



| | Rate | Change | Points |
|----------------------------|-------|--------------|--------|
| Mortgage News Daily | | | |
| 30 Yr. Fixed | 7.43% | +0.02 | 0.00 |
| 15 Yr. Fixed | 6.84% | +0.01 | 0.00 |
| 30 Yr. FHA | 6.90% | +0.03 | 0.00 |
| 30 Yr. Jumbo | 7.62% | +0.02 | 0.00 |
| 5/1 ARM | 7.40% | +0.03 | 0.00 |

Freddie Mac

| | | | |
|--------------|-------|--------------|------|
| 30 Yr. Fixed | 7.10% | -0.34 | 0.00 |
| 15 Yr. Fixed | 6.39% | -0.37 | 0.00 |

Mortgage Bankers Assoc.

| | | | |
|--------------|-------|--------------|------|
| 30 Yr. Fixed | 7.13% | +0.12 | 0.00 |
| 15 Yr. Fixed | 6.64% | +0.18 | 0.64 |
| 30 Yr. FHA | 6.90% | +0.10 | 0.99 |
| 30 Yr. Jumbo | 7.40% | +0.27 | 0.46 |
| 5/1 ARM | 6.52% | +0.11 | 0.60 |

Rates as of: 4/18

Recent Housing Data

| | | Value | Change |
|---------------------|--------|-------|---------|
| Mortgage Apps | Apr 17 | 202.1 | +3.27% |
| Building Permits | Mar | 1.46M | -3.95% |
| Housing Starts | Mar | 1.32M | -13.15% |
| New Home Sales | Feb | 662K | +0.15% |
| Pending Home Sales | Feb | 75.6 | +1.75% |
| Existing Home Sales | Feb | 3.97M | -0.75% |

Because Integrity Matters™

| | | Value | Change |
|--------------------|-----|-------|--------|
| Builder Confidence | Mar | 51 | +6.25% |

Jeffrey has spent the last three decades perfecting an Honest, Open and Transparent (HOT™) loan and closing process that is laser-focused on enhancing the consumer mortgage experience. By combining old-school, trustworthy customer service with real-time, mobile-friendly technology, he has successfully built thousands of loyal, raving fans.

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