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TRID Impact Evident in Closing Times

After it jumped up by three full days in November the average time to close a first mortgage loan **stabilized** in December at 49 days. The November increase had been attributed to unfamiliarity with the new Truth in Lending Disclosure Rule (TRID) which went into effect for loans for which applications were received after October 3.

Ellie Mae's *Origination Insight Report* showed that **purchase** mortgage closings did take one day longer, **50 days**, to close in December but that was offset by a drop in closing times for refinances from 49 to 47 days. The average time to close FHA and conventional loans remained largely unchanged at 49 days, while for VA loans it increased from 50 to 52 days.

Jonathan Corr, president and CEO of Ellie Mae said that the company's **customers are certainly impacted by TRID**. He commented, "While the time to close loans remained consistent from November, the 49-day cycle is still a week longer than the time to close at this same time last year."

Purchase loans represented **56 percent** of all closed loans while refinances as a percentage of lenders' overall loan volume decreased for the first time in seven months from 46 percent in November to 43 percent in December.

Conventional loans made up 65 percent of loans closed in December and FHA loans 22 percent. VA loans had a 9 percent share. The purchase share of conventional loans rose from 43 to 45 percent while the purchase shares of FHA and VA loans rose from 73 to 79 percent and 67 to 74 percent respectively.

Ellie Mae's data also shows that the **average FICO** score on closed loans **increased** for the first time since May from 720 in November to 722 in December, while the average FHA refinance FICO score increased to 651, up from 648 in November.

Sixty-seven percent of all loans applied for over a 90 day cycle closed in December, down one point from November when the closing rate was the highest of 2015. **Closing rates** on refinances were the highest of the year at 63 percent while purchase closings eased back 1 point to 71 percent. The lowest closing rate was for VA refinances at 43.5 percent.

Ellie Mae takes its application data from approximately a two-thirds sample of all mortgage applications originated on its mortgage management software.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.89%	0.00	0.00
15 Yr. Fixed	6.33%	+0.01	0.00
30 Yr. FHA	6.33%	+0.01	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.58%	0.00	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/22

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
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%

Update: Buyer Broker Agreement

	Value	Change
Builder Confidence	Mar 51	+6.25%

After requests from real estate companies, a nonprofit consumer watchdog group the Consumer Federation of America has developed a list of factors to consider when creating a buyer contract in preparation for upcoming practice changes in the industry.

CFA released its "Proposed Criteria for Evaluating Home Buyer Contract Forms" on Tuesday. The 15 criteria focus on the contracts' form – whether the documents are readable and understandable – and content – whether they are fair to homebuyers.

- the document's expiration date (CFA recommends buyers asks for a three-month contract and never sign one longer than six months)
- the right to terminate the contract
- the disclosure that compensation is negotiable
- the broker's compensation clearly stated and that the buyer broker can't receive additional compensation for facilitating a sale
- that any additional fees, such as for showing a home, will be deducted from the broker's commission if there is a successful sale
- that the commission is due only if there is a successful closing
- that buyers have an obligation – for no longer than 60 days, CFA recommends – to pay a broker who earlier showed them a home they purchased after the contract ended
- seller concessions paid directly to buyers
- dual agency not pre-approved by the contract
- an explanation of how a broker treats different buyer clients interested in the same property
- that buyers should not be required to first go through mediation or arbitration if they have a complaint

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