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Loan Closings Back to Pre-TRID Timelines

Ellie Mae's *Origination Insight Report* published on Wednesday by Ellie Mae shows there was a **sharp decline in the time it took to close a loan** in February. Average closing timelines rose with the introduction of new Truth-in-Lending (TRID) disclosure rules for loans applied for on or after October 3. It took an average of three or four days additional days to take a loan from application to closing for all loans that closed in November than it did in October and those timelines remained elevated through January. The drop in February brings most closing days back to levels that prevailed before TRID became an issue.

Ellie Mae reports that the time to close all loans dropped **from 50 days in January to 46** in February, the shortest timeframe since last May. The average time to close a purchase decreased from 51 days in January to 48 days in February, while time to close a refinance decreased from 48 days to 44, the shortest period in exactly a year. FHA and VA loans also had shorter timelines with the average for FHA decreasing by four days to 47 and the VA shortened from 53 to 50 days.

Forty-six percent of loans closed in February were **refinances**, down one percentage point from January. **Conventional** loans had a 65 percent share of all loans, **FHA** had a 22 percent share, and VA loans 9 percent.

Ellie Mae said **closing rates** across loan types were the **highest** since they began tracking them in 2011. The average closing rate for all loans increased 1.5 percentage points to 69.9 percent with 66 percent of refinances closing and 74 percent of purchase loans. Closing rates for conventional purchase loans have increased nearly every month for the last year and were at 74.3 percent in February compared to 68.8 percent in February 2015.

"For the first time since October 2015, we're seeing a substantial decrease in days to close from 50 days in January to 46 days in February," said Jonathan Corr, president and CEO of Ellie Mae. "This could be due to lenders becoming more familiar with the new loan estimate and closing disclosure forms and business process around Know Before You Owe. We're also seeing closing rates continue their upswing, increasing one percentage point to 69 percent. This is the highest we've seen closing rates since we began tracking data in August of 2011."

The Origination Insight Report mines its application data from a sampling of approximately 75 percent of all mortgage applications that were initiated on its mortgage management system. To determine closing rates Ellie Mae

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%

reviews a sample of loan applications initiated 90 days earlier, in this case in November 2015.

		Value	Change
Builder Confidence	Mar	51	+6.25%

Update: Buyer Broker Agreement

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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