

Average Loan Taking Almost 2 Months to Close, But With Record Low Rates

By: Jann Swanson | Thu, Nov 19 2020, 5:27 PM

Ellie Mae said the interest rate across all closed loans dropped below 3 percent for the **first time in the nine years** the company has been tracking the data. Ellie Mae is now a part of ICE Mortgage Technology, a division of Intercontinental Exchange, Inc., a NYSE listed firm.

The company's Origination Insight Report shows that the 30-year note rate for VA loans was **2.75 percent**, 3 basis points lower than in September, while the Conventional rate dipped from 3.02 percent to 3.01 percent and FHA loans held steady at 3.01 percent. The rate across all loans was 2.99 percent.

With rates so low, **refinances continued to dominate** originations, reaching 60 percent of total closed loans in the month, up from 58 percent in September. This bested the 2019 high, which also was in October, by 9 percentage points but is well below the peak 2020 share of 65 percent in both April and May.

Conventional loans ticked back up in October, from 80 percent in September, to 82 percent of all closed loans. The VA share dropped to 5 percent from 6 percent and the FHA share remained at 10 percent.

"We are continuing to see interest rates decline now dipping below three percent for the first time since we have tracked this data," said Joe Tyrrell, president, ICE Mortgage Technology. "The market clearly remains ripe for refinances as 60 percent of all closed loans are refis this month, indicating that homeowners are still looking to capitalize on the opportunity to reduce their monthly payments."

Tyrrell continued, "**FICO scores remain high** and conventional loans represent 82 percent of all closed loans this month. Homeowners should continue to educate themselves on the various available products to determine what best fits their needs. We will watch to see how the data shifts as we continue into the fall and the global pandemic and election impact the economic outlook."

The time to close all loans increased to **54 days** in October, up from 51 days in September. Time to close for purchase loans increased to 48 days in October, up from 47 days in September and jumped from 54 days to 57 days for refinances.

Closing rates decreased slightly to 76.7 in October, down from 77.1 in September. Ellie Mae calculates closing rates from a review of a sampling of loan applications initiated 90 days prior, in this case June 2020.

The Origination Insight 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.

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