

# Refi Share of Closed Loans Rose 7 bp in January

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Ice Mortgage Technology (formerly Ellie Mae) said that closed loans continued show declining note rates in January, dropping from an average of 2.93 percent in December to 2.88 percent. The decline occurred across all loan types. The 30-year rate on conventional loans dropped to 2.91 percent from 2.96 percent and the 30-year rate on FHA loans declined by 8 basis points to 2.86 percent. The VA rate averaged 2.60 percent compared to 2.66 percent the prior month.

**As rates retreated, the percentage of refinances continued to increase**, the *ICE Mortgage Origination Report* said, representing 67 percent of closed loans, up from 60 percent in December 2020. The refinance share varied among lenders, from 74 percent for conventional loans, to 36 percent for VA loans, and 24 percent for FHA. The FHA refi share was up 5 basis points month-over-month while the refi share for each of the other two increased 6 basis points.

"Interest rates continued to decline in January, driving up the share of refinances by seven percent," said Joe Tyrrell, president of ICE Mortgage Technology. "We're continuing to keep an eye on average FICO scores **as many lenders tighten credit during this time of rising loan volume**. We continue to see growth on our Encompass Lending Platform, indicating that our lenders are utilizing digital mortgage technology to serve their customers and close these record number of loans as quickly as possible."

The distribution of loans across lenders shifted slightly from December to January. The conventional share rose to 84 percent of originations from 81 percent while FHA and VA each lost a 1-point share, to 9 percent and 5 percent, respectively.

The time to close all loans held steady at 58 days from December to January as did the timelines for refinancing (59 days) and purchase loans (57 days.)

The closing rate, which is based on a sample of loan applications initiated 90 days prior, that is in October 2020, was 76.2 percent. The rate in December was 76.5 percent.

The *ICA Origination Insight Report* uses data from large sampling of approximately 80 percent of all mortgage applications initiated on its proprietary lending platform. The company says the *Report* is a strong proxy of the underwriting standards employed by lenders across the country.

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