

Closing Times Improve But Pull-Through Falls - Origination Insight Report

By: Jann Swanson | Tue, Aug 10 2021, 3:32 PM

Purchase loans finally regained the catbird seat in June, edging out the share of refinance loans by **3 percentage points**. ICE Mortgage Technology reports that 51 percent of all mortgages originated during the month were for home purchases. This is the first time since December 2019 that purchases eclipsed refinances in the ICE Origination Insight Report. Refinances made up 48 percent of the total while other types of loans had 1 percent of the volume.

Refinances still made up the majority of **conventional** loans, 53 percent versus 46 percent for purchases. For FHA and VA loans the purchase share was 79 percent and 70 percent respectively.

Conventional loans accounted for **78 percent** of all originations during the month, down from 79 percent in May. The shares of FHA and VA loans were unchanged from the prior month at 11 percent and 7 percent.

"While we are still seeing a strong refinance market, including the continued growth of cash-out refinances, the traditional summer purchase market is clearly evident in the data," said Joe Tyrrell, President of ICE Mortgage Technology. "These numbers are a testament to the strong and resilient demand for homeownership."

The average note rate for 30-year loans closed during June was **3.22 percent**. The rate was 3.27 percent in May.

The ICE report also notes that the **average time to close** all loans decreased to **49 days** from 53 days in May. The average time to close a refinance was 48 days compared to 55 days the previous month but the average time to close a purchase increased by one day to 51 days.

The **closing rate** for all loans dipped to 75.3 percent from 76.9 percent in May with closing rates on refinances declining to 74.6 percent from 77.0 percent and for purchases from 77.0 percent to 76.3 percent. The company calculates closing rates from a sample of loan applications initiated 90 days prior, in this case those from March 2021.

ICE's Origination Insight Report mines its application data from a large sample of approximately 80 percent of all mortgage applications initiated on its proprietary platform. The company says the report is a strong proxy of the underwriting standards employed by lenders across the country.

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