



## Average FICO Scores Rise 9 Points Since March

The interest rates on mortgage loans that closed in June averaged 3.40 percent, down 3 basis points from the average in May according to Ellie Mae's Origination Insight Report. The rate for 30-year conventional loans was 3.42 percent compared to 3.44 percent the previous month and there were declines of 4 basis points for both FHA and VA loans to 3.41 percent and 3.20 percent, respectively.

**The share of purchase loans moved substantially higher during the month**, from 35 percent to 42 percent, causing a corresponding drop in the refinance share from 65 percent to 58 percent. The distribution of loans also shifted slightly; the conventional loan share dipped to 80 percent from 82 percent with the VA and FHA each picking up 1 percentage point to 7 and 10 percent.

"Interest rates decreased for the sixth consecutive month and we're seeing a rebound in the purchase market which now represents 42 percent of all closed loans, a seven percent increase from May," said Jonathan Corr, President and CEO of Ellie Mae. "Homebuyers are taking advantage of these historically low rates to both buy and refinance but it does appear that lenders are looking for borrowers with better credit across all mortgage products as FICO scores have continued to increase across the board since March."

**Those FICO scores averaged 751 in June, up from 750 in May and up 9 points since March.** Scores rose for both purchase and refinances and across all loan types.

Another sign that credit may be tightening is the closing rate. It dropped to 73.4 percent in June, down from 76.0 percent in May and is nearly 4 points lower than in March. The closing rate for both refinances and purchase loans moved lower; the former fell from 75.9 percent to 73.2 percent and the latter from 76.4 percent to 74.2 percent. Ellie Mae computes the closing rate from a sample of loan applications initiated 90 days prior-or the March 2020 applications.

**The time to close all loans increased to 47 days, up from 45 days in May.** Time to close for purchase loans decreased to 46 days, down from 47, while time to close refinances increased to 48 days, up from 44 days the prior month.

Ellie Mae's *Origination Insight Report* mines data from a sample of approximately 80 percent of all mortgage applications that were initiated on the company's mortgage management system. Ellie Mae says the report is a strong proxy of the underwriting standards employed by lenders across the country.



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