



Refis Increased Slightly in August, FICO Scores Highest This Year

The refinance share of loans originated in August rebounded slightly from July levels as interest rates fell to the lowest in Ellie Mae's history. The company's *Origination Insight Report* says the average rate on all loans fell to 3.09 percent during the month, down from 3.24 percent in July. The 30-year note rate VA loans fell below 3 percent to 2.86 percent from 3.02 percent in July. The 30-year note rate on conventional loans dropped to 3.12 percent from 3.26 percent in July. Similarly, the 30-year rate on FHA loans fell from 3.26 percent to 3.10 percent.

As a result of these rates, **the refinance share grew to 56 percent of all loans, up from 54 percent in July.** The purchase mortgages share dipped to 44 percent from 46 percent.

"Interest rates are at historic lows, driving volume across both purchases and refinances. In August of 2019 we saw 30-year rates just over four percent across all loans, while this month we're seeing average rates almost one percentage point lower. Not only does this enable homebuyers to get more home for their dollar, it allows new homebuyers who might be waiting for a good deal to enter the market," said Joe Tyrrell, chief operating officer, Ellie Mae. "As lenders continue to manage high volumes, technology is bridging the gap to add efficiency to manual workflows behind the scenes while freeing up workforces to provide the human interaction that homebuyers demand."

The distribution of loans across products was **unchanged from the previous month.** Eleven percent of originations were FHA loans, VA loans accounted for 6 percent, and 79 percent were conventional loans.

The time to close all loans increased to 49 days in August, up from 47 days the month prior with purchase loans taking an average of 45 days, up from 44 days in July. The time to close for refinances increased to 51 days from 50 the previous month.

FICO scores continued to increase to 2020 highs, rising to 752 for all loans from 750 the month prior.

Lenders closed 77.2 percent of loans for which applications were received, **up from 77.1 percent in July.** The closing rate for refinances declined from 76.1 percent in July to 75.4 percent and the rate for purchase loans rose to 80.1 percent from 79.4 percent. Ellie Mae calculates closing rates from a sample of loan applications initiated 90 days prior-or the May 2020 applications.

The *Origination Insight Report* mines data from a large 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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