

## Yes, The AVERAGE Loan is Taking Almost 2 Months to Close

According to Ellie Mae's Origination Insight Report, loans closed during November had an average note rate of 2.97 percent. The 30-year note rate for FHA and Conventional loans **dropped below the three percent mark for the first time**, averaging 2.99 percent. The note rate on VA loans continued to decrease, hitting 2.72 percent.

**Refinances constituted 61 percent of total closed loans** in the month, 1 point more than in October and 12 points higher than the November 2019 level. The distribution of loans across lenders held relatively steady with conventional loans accounting for 82 percent of total originations and FHA at 10 percent, both unchanged from the previous month. The share of VA loans increased from 5 to 6 percent.

**The time to close all loans increased** to 55 days from 54 days in October. The time to close purchase loans increased from 48 days to 49 days in November and the timeline for refinances grew by 2 days to 59 days. The average FICO score for all loans decreased slightly to 752.

Closing rates declined to 75.6 in November, down from 76.7 in October. Ellie Mae calculates closing rates from a review of a sample of applications originated 90 days earlier, in this case, the August 2020 applications.

"As we near the conclusion of 2020, we are still seeing a **robust appetite for refinances**, accounting for the lion's share of closed loans in the month. Interest rates continue to fall below three percent, driving demand for both purchases and refinances as homebuyers stretch their spending potential or take advantage of the opportunity to reduce their monthly mortgage payment," said Joe Tyrrell, president, ICE Mortgage Technology. "With many parts of the country entering the next phase of pandemic-related shutdowns, lenders will need to take advantage of technology to enable virtual capabilities for their employees and homebuyers and provide automated workflows to simplify processes and improve engagement with interested parties."

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. Ellie Mae says its report is a strong proxy of the underwriting standards employed by lenders across the country.



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