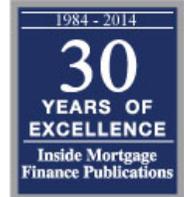




What the Mortgage Market Reads



INSIDE MORTGAGE FINANCE®

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Share of Purchase Mortgages that Closed on Time Declines in November, Though TRID Impact Appears Relatively Minor

The second month of operations under the new integrated disclosure rule showed some divergence in closing trends for home-purchase mortgage financing compared with all-cash transactions.

In November, there was an increase in the share of purchase mortgages that missed their scheduled closing dates and a slight increase in closing times compared with October, according to the latest *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey*.

Some real estate agents responding to the survey pointed to issues involving the Truth-in-Lending/Real Estate Settlement Procedures Act disclosure rule. However, other agents noted that closings subject to TRID went smoothly. And some of the closing issues could be part of a seasonal pattern.

“Closing time metrics are showing some minor effects of TRID,” said Tom Popik, research director of Campbell Surveys.

The share of home-purchase transactions that closed on time in November declined compared with October for all six loan types tracked by *HousingPulse*, based on a three-month moving average. Cash transactions, which aren't subject to TRID, had an increase in the share of on-time closings.

Some 72.0 percent of government-sponsored enterprise purchase mortgages with a downpayment of at least 20.0 percent closed on time in November, down from a 73.6 percent share the previous month. By comparison, 78.0 percent of cash transactions closed on time in November, up from a 76.0 percent share in October.

While TRID could be blamed for the increase in delayed closings, more than half of all loan types closed on time in November and the share of loans that closed on time was within closing-time fluctuations seen in the past year.

Nearly all of the loan types had a longer average closing time in November compared with October, while the time it took for cash transactions to close declined. GSE purchase mortgages with downpayments of at least 20.0 percent closed in an average of 43.6 days in November, up from 41.9

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days the previous month. Cash sales, meanwhile, closed in an average of 31.7 days in November compared with 32.6 days the previous month.

Mortgage underwriting or documentation issues involving loans were cited as the problem in 34.0 percent of closings that were delayed in November, up from a 31.5 percent share in October, suggesting that TRID has caused some delays.

However, in certain months before TRID was implemented, underwriting and documentation issues accounted for an even higher share of the reason for delayed closings. And some real estate agents reported that TRID wasn't a major issue in November. ♦