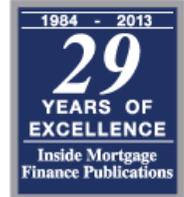




What the Mortgage Market Reads



INSIDE MORTGAGE FINANCE®

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Prompt Closing Timelines, Smoother Pre-Approvals Would Improve Purchase-Mortgage Originations

Real estate agents are frustrated with lenders missing closing deadlines and providing unreliable pre-approvals for homebuyers, according to the latest *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey*.

The survey of about 2,000 real estate agents completed in early October found that some lenders routinely extend their deadlines due to loan processing issues, causing problems for homebuyers.

“Some lenders move at their own pace and expect everyone to amend the contracts because they are not processing these loans in a timely fashion,” according to a real estate agent in Georgia. “Better yet, let the Realtors know your processing time so we can write contracts accordingly.”

Average closing times for agency purchase mortgages have been relatively steady since at least 2011, according to Ellie Mae. The time from loan application to funding for agency purchase mortgages averaged 43 days in September, the company said, compared with 46 days for all of 2012.

“Don’t tell the buyer that you can close the transaction in 30 days unless you know for certain that nothing can stop that from occurring,” said a real estate agent in Oregon. “Most of the transactions are requiring too many extensions. This makes all of us in the industry look bad.”

Tom Popik, research director of Campbell Surveys, said the certainty of a mortgage closing can be more important than the length of time before closing. “That’s because missed closings are so disruptive to multiple parties, including the buyer who may have contracted with a moving truck and not have anywhere to live if a home purchase falls through,” he said.

Lenders sometimes extend closing deadlines when they ask loan applicants for more documentation, which ties in to issues that real estate agents raised about the pre-approval and pre-qualification process. Real estate agents urged lenders to be more efficient with the qualifying process.

“Do not pre-qualify someone and come up with all sorts of issues delaying a final-approval closing date,” an agent in Florida said.

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Documentation requests made days prior to closing are a particular concern. Some real estate agents suggested that lenders should give the listing agent and the buyer's agent the list of conditions that still need to be met by the buyer on a weekly basis. They said the increased transparency would make sellers more comfortable and hold lenders accountable if documents are lost during processing.

An agent in Michigan said the last-minute documentation requests are a relatively new issue that has caused a significant number of sales to fall through. "Last year, I had nine deals fall apart due to a variety of underwriting issues," the agent said. "In 20 years before that, I had only one deal not close."

The *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey* is based on a national survey of more than 2,000 real estate agents each month and provides up-to-date intelligence on home sales and mortgage usage patterns. For more information, go to www.housingpulse.com. ♦