

Refinance Activity Broke an Almost 9-Year Record in February

By: Jann Swanson | Thu, Mar 18 2021, 1:30 PM

It hasn't exactly been a scramble, but homeowners have stepped up their refinancing activity over the last two months **as they saw interest rates begin a slow but steady march higher**. The February *Origination Insights Report* from ICE Mortgage Technology shows the refinancing share of all loans originated during the month moved 1 point higher to 68 percent. **This is an 8 point increase from December's 60 percent share**. The conventional loan share of refinancing is up 7 points over the last two months. ICE says that a 68 percent refinancing share is a figure not seen **since December 2012**.

The 30-year rate for all closed loans and conventional loans rose 1 basis point each to 2.89 percent and 2.92 percent, respectively compared to the prior month. Thirty-year rates for FHA loans held steady at 2.86 percent and VA loans were unchanged at 2.60 percent.

"Homeowners **continue to take steps to refinance while rates remain low**," said Joe Tyrrell, president of ICE Mortgage Technology. "In February, that resulted in borrowers taking advantage of refinancing more than they have in nearly a decade."

Added Tyrrell, "We also saw days to close a loan shorten in February, as lenders continue to utilize technology to manage high loan volumes and streamline workflow efficiencies."

The **closing timelines did shorten significantly**, down for all loans from 58 days in January to 53 in February. Processing time for refinances took an average of 52 days, down from 59 the previous month, and purchase times dropped 4 days to 53. Similar efficiencies were seen across conventional, FHA, and VA originations.

The closing rate for all loans rose 2 basis points to 76.4 percent. The rate for refinancing jumped almost 2 full points to 76.3 percent while the rate for purchase loans dropped from 78.9 percent to 77.1 percent. ICE computes closing rates from a sample of applications submitted 90 days prior-or the November 2020 applications.

The *Origination Insight Report* is derived from a sampling of approximately 80 percent of all mortgage applications that were initiated on the ICE lending platform. The company says its report is a strong proxy of the underwriting standards employed by lenders across the country.

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