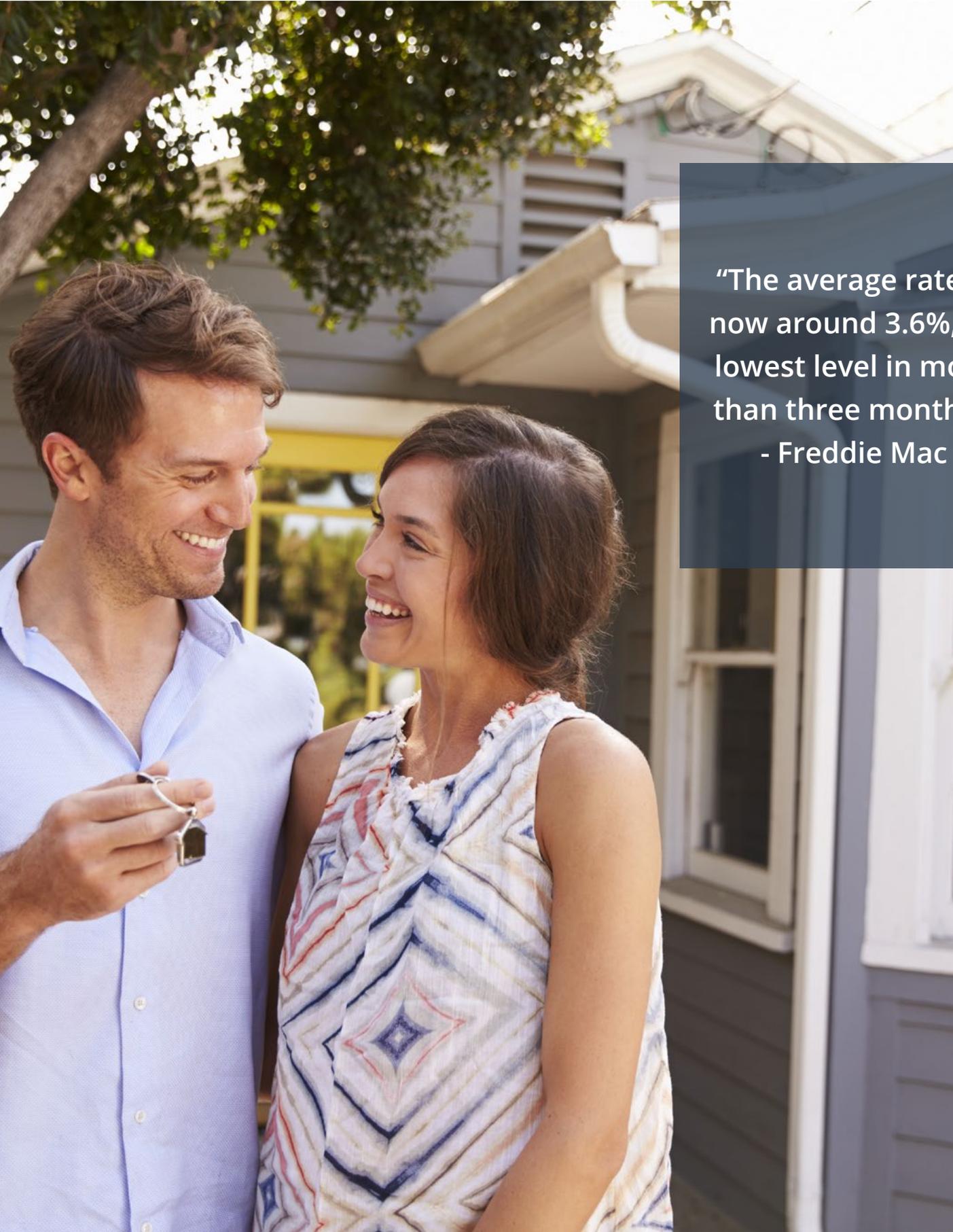


# Refinancing Boom Fuels Mortgages

Lenders extended \$2.4 trillion in home loans last year, the most since 2006



“The average rate is now around 3.6%, its lowest level in more than three months.”  
- Freddie Mac

# A NEW BOOM

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The mortgage market in 2019 had its best year since the height of the pre-crisis boom, the latest sign that housing is firming up after showing signs of weakness early last year.

Lenders extended \$2.4 trillion in home loans last year, the most since 2006, according to industry research group Inside Mortgage Finance. That was also a 46% increase from 2018. Robust mortgage lending is generally a good sign for housing, which has seen a rebound in price growth and home sales after a period of declining gains. A refinancing frenzy, induced by last year's trio of interest-rate cuts, fueled the mortgage making and helped steady the industry. The refinancing boom also bodes well for the broader economy, since homeowners saving on their monthly mortgage payments are likely to spend more on goods and services.

"When a large and cyclical part of the economy—housing—is starting to improve, it's a good sign for the economy at large," said Sam Khater, chief economist of mortgage-finance giant Freddie Mac. The Mortgage Bankers Association estimates that refinancing made up 38% of mortgage originations last year.

Kristen Devlin and her husband decided to refinance their south-central Pennsylvania home last fall while trying to pay down a pile of medical bills. Their rate dropped from 6.25% to 4.99%, cutting their monthly payment. The couple managed to pay down their medical bills and chose to keep paying their pre-refinancing payment of \$1,250 for their three-bedroom, three-bathroom house. The move will shave six years off their mortgage term.



"I was very pleased to save money and proud of successfully adulting," Mrs. Devlin said. In Philadelphia, Annie Heckenberger's older brother told her it would be smart to refinance the house she bought about a year earlier. His advice helped her lock in a new rate of 3.88%, more than a percentage point lower than her original one. "It was more paperwork than I anticipated but worth it in savings," Ms. Heckenberger said.

The average rate on the 30-year fixed-rate mortgage, the most popular home loan in the U.S., dropped to 3.74% at the end of 2019, down from 4.55% a year earlier. Freddie Mac said Thursday that the average rate is now around 3.6%, its lowest level in more than three months.

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**- Sam Khater**

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