



27% of Mortgage Holders Don't Know Their Interest Rate
80% Have Not Refinanced This Year Despite Record Low Rates

New York – November 16, 2020 – More than one-quarter of homeowners with a mortgage (27%) don't know their current interest rate, according to a new Bankrate survey.

<https://www.bankrate.com/mortgages/refinance-survey-november-2020/>

"Millions of homeowners could be missing out on tens of thousands of dollars in savings by not refinancing their mortgages at this year's record low rates," says Greg McBride, CFA, Chief Financial Analyst for Bankrate. "8 in 10 homeowners with a mortgage have not refinanced this year and more than 1-in-4 doesn't even know what rate they're paying."

One-third (33%) of mortgage borrowers have a rate of 4 percent or more, making them likely candidates to refinance at lower rates. 29% have a rate between 3-3.99%, a murky area where some borrowers will benefit by refinancing while those at the low end of that range are unlikely to benefit. 11% have a rate below 3%. The median mortgage rate reported by homeowners carrying a mortgage is 3.75%.

17% of mortgage borrowers say they have refinanced this year, an additional 27% have considered refinancing but haven't done so, and 52% have not considered refinancing. 4% didn't know. Despite a year of record low mortgage rates, 80% of mortgage borrowers have not refinanced.

Why Have 80% of Borrowers Not Refinanced This Year?	
33%	"It wouldn't save me enough money"
23%	"Closing costs/fees are too high"
22%	"Too much paperwork/hassle"
14%	"I plan to move or pay off the loan soon"
10%	"My credit score is too low"
6%	"I wouldn't qualify due to unemployment/reduced income"
3%	"I wouldn't qualify because I owe more than the home is worth"
17%	"Some other reason"
12%	"I don't know why I haven't refinanced"

"Don't let the upfront costs of refinancing cause you to dismiss the idea altogether," says McBride. "The \$3,000 in costs incurred today could save you \$15,000 over the next decade and \$30,000 over the life of the loan. You may even be able to roll the costs into your new, lower rate balance."

Millennials (ages 24-39) were more likely to have refinanced this year than Gen X (ages 40-55) and baby boomer (ages 56-74) borrowers (21% compared to 16% and 14%, respectively). As compared to millennial (46%) and Gen X (49%) homeowners with a mortgage, baby boomers (58%) were most likely to have not considered refinancing – which may in part be due to boomers having a slightly higher likelihood of moving or paying off the loan soon.

Older millennial (age 31-39) homeowners who haven't considered refinancing this year were more likely to single out the paperwork and hassle of refinancing (29%) as a reason for not refinancing compared to Gen X (23%) and baby boomers (20%). The same was true for fees and closing costs, with 28% of older millennials pointing to this, compared to 22% of both Gen X and baby boomer homeowners.

Is the Adverse Market Refinance Fee Impacting Refinance Decisions?

Of mortgage borrowers that have not refinanced this year, more than half (57%) say the new 0.5 percentage point Adverse Market Refinance Fee makes them less likely to do so, including 42% that say they are much less likely to refinance for this reason.

The refinance fee makes the majority of baby boomer homeowners who haven't refinanced this year (63%) less likely to do so, including 49% that are 'much less likely.' Their Gen X counterparts (58%) feel similarly, including 41% that are 'much less likely.' It is considerably lower among millennial homeowners who have not refinanced, with 42% less likely to refinance including 24% that are 'much less likely.'

Methodology: Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4,199 adults, of whom 1,330 were homeowners with a mortgage. Fieldwork was undertaken between October 19th- October 22nd, 2020. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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