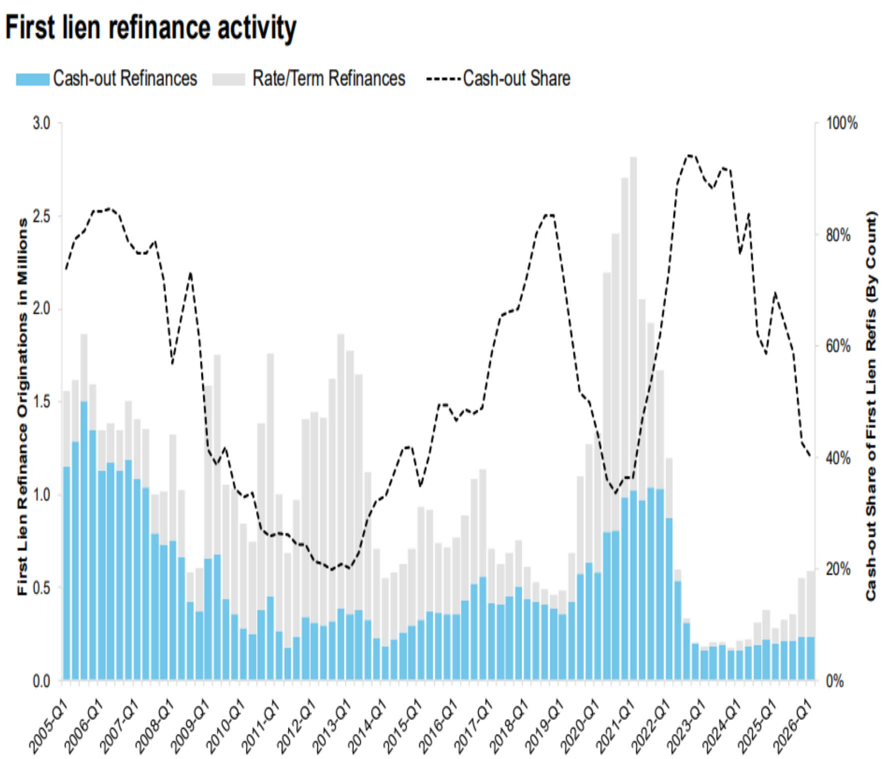
HOUSING CONNECTION
Mortgage and Real Estate News That Matters

Servicer Retention Fell in Q1, But Remains at Multi-Year Highs

Refinance activity continued to recover in the first quarter of 2026, but mortgage servicers retained a smaller share of borrowers despite the stronger lending environment, according to the latest ICE Mortgage Monitor.

ICE estimated that roughly **585,000** first-lien refinances totaling **$242 billion** closed during the quarter, up from a revised **550,000** loans and **$234 billion** in the fourth quarter of 2025. Refinance volume more than doubled compared with the same period last year and reached its highest quarterly level since early 2022.



Refinances accounted for nearly **44%** of all mortgage originations in the first quarter, the highest share in four years. Rate-and-term refinances represented **60%** of overall refinance activity, marking a five-year high as lower mortgage rates improved borrower incentive.

Even with refinance activity gaining momentum, servicer retention weakened during the quarter. ICE reported that servicers retained **32%** of refinancing borrowers, down from **35%** in the prior quarter. Retention among rate-and-term refinances fell from **42%** to **37%**.

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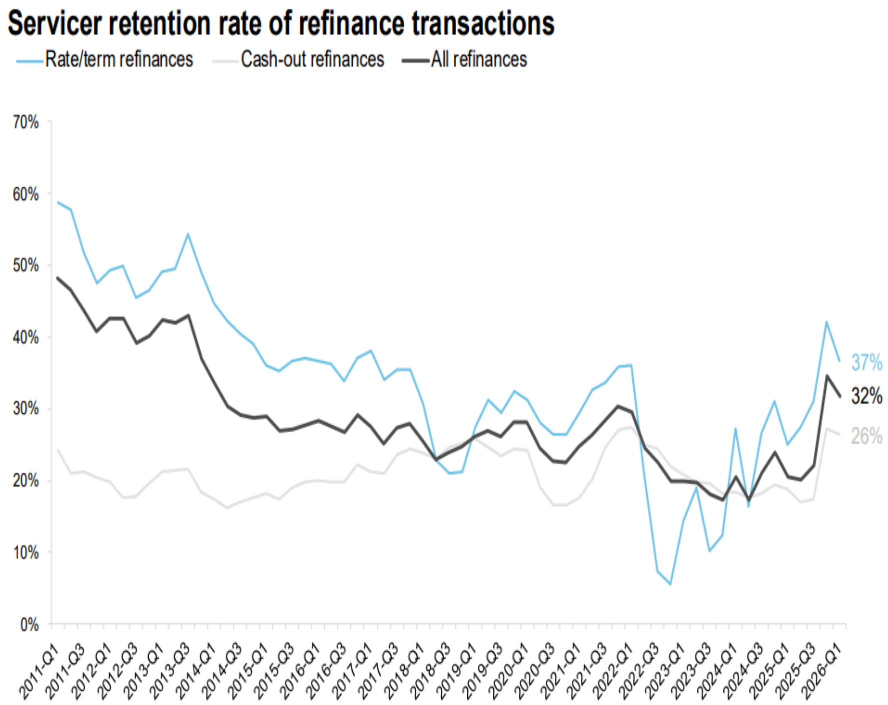
It should certainly be noted that, although retention moved lower in the most recent quarter, overall levels are still the highest in years and that rate/term refis, in particular, have ramped up steadily over the past 3 years.



Under normal market conditions, falling rates and stronger refinance demand tend to support higher retention levels as lenders and servicers aggressively target existing customers with refinance opportunities. ICE noted that relationship-driven recapture trends softened in the first quarter despite increased refinance eligibility and volume.

Unsurprisingly, the refinance wave remained heavily concentrated among newer mortgages (those with the highest initial rates compared to 2021 and prior). Borrowers refinancing loans originated between 2022 and 2025 made up **69%** of refinance activity during the quarter, while the average rate-and-term borrower had been in their previous mortgage for just **19 months**. The typical rate-and-term refinancer also reduced their interest rate by **97 basis points**, lowering monthly payments by an average of **$257**.