



# The 2025 Strategy Guide for Home Lenders

How to seize the moment and win  
refinance and home equity opportunities

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# Introduction

Today millions of homeowners are sitting on high-interest mortgages and untapped home equity—waiting for the right moment to act. In an environment of changing interest rates, how can you capitalize on opportunities when rates change and capture their business?

With 2025's shifting market conditions, that moment could be now. In this critical window, consumers expect answers in minutes, not days, making it harder than ever for your business to earn their time and trust. Yet many institutions still rely on outdated technology and processes, treating every borrower interaction like a first-time encounter.

In a market where every second matters, this puts financial institutions at a disadvantage. To succeed, you must leave behind legacy strategies and adopt hyper-personalized, automated solutions that scale with the market—offering borrowers the speed and simplicity they demand.

This eBook outlines how you can transform your processes and borrower experiences to capture growing demand for refinance and home equity lending. By adopting modern technology, you can not only meet borrower expectations but also seize new opportunities and build lasting customer relationships.

# The Rise of Refinance Boomlets

In the fall of 2024, the mortgage market rallied as inflation cooled and optimism around rate cuts grew. This shift led to a surge in refinancing activity, with more than 300,000 mortgage holders refinancing between September and October. <sup>1</sup>

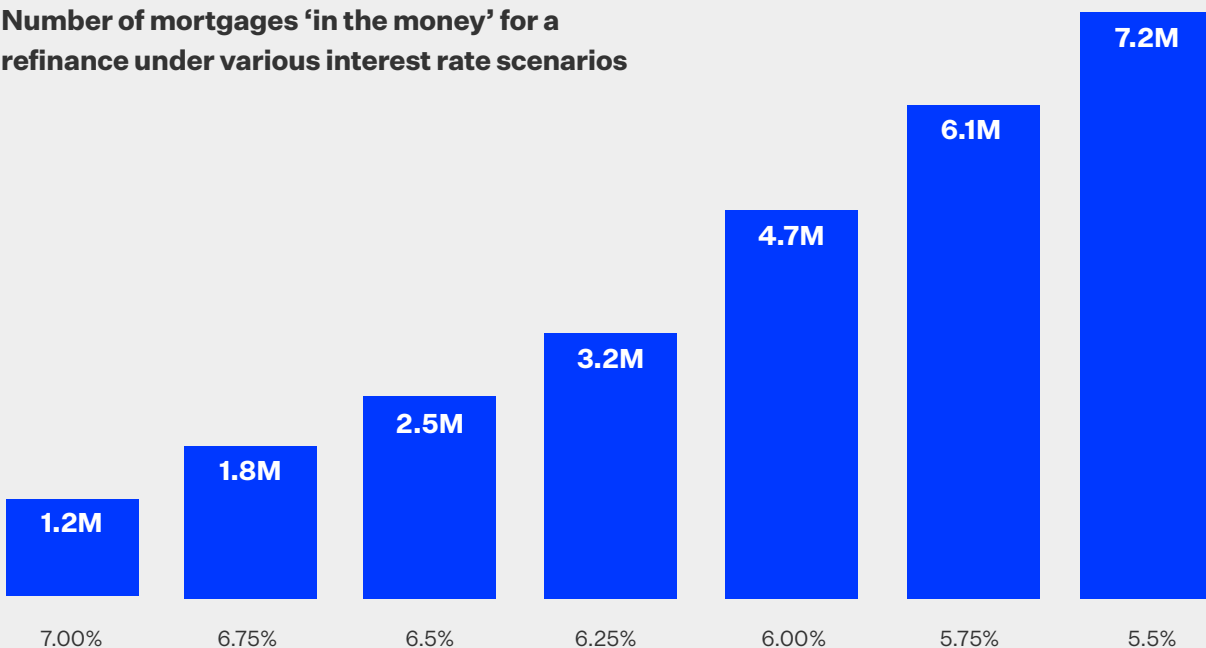
Even with 30-year fixed rates remaining above 6%, **this brief**

**spike revealed a critical insight:** demand hasn't disappeared, it's just pent-up and growing, with millions of borrowers waiting for the right moment to refinance.

Looking more closely at the number of mortgages spread across various rates, it's clear that there are—and will continue to be—cohorts of mortgages that are

eligible for rate/term refinance as various rate scenarios play out. According to the ICE McDash September 2024 Report<sup>2</sup>, 1.8 million mortgages will be “in the money” when rates hit 6.75%, with another 2.5 million becoming eligible at 6.5%—and even more borrowers qualifying as rates continue to fall.

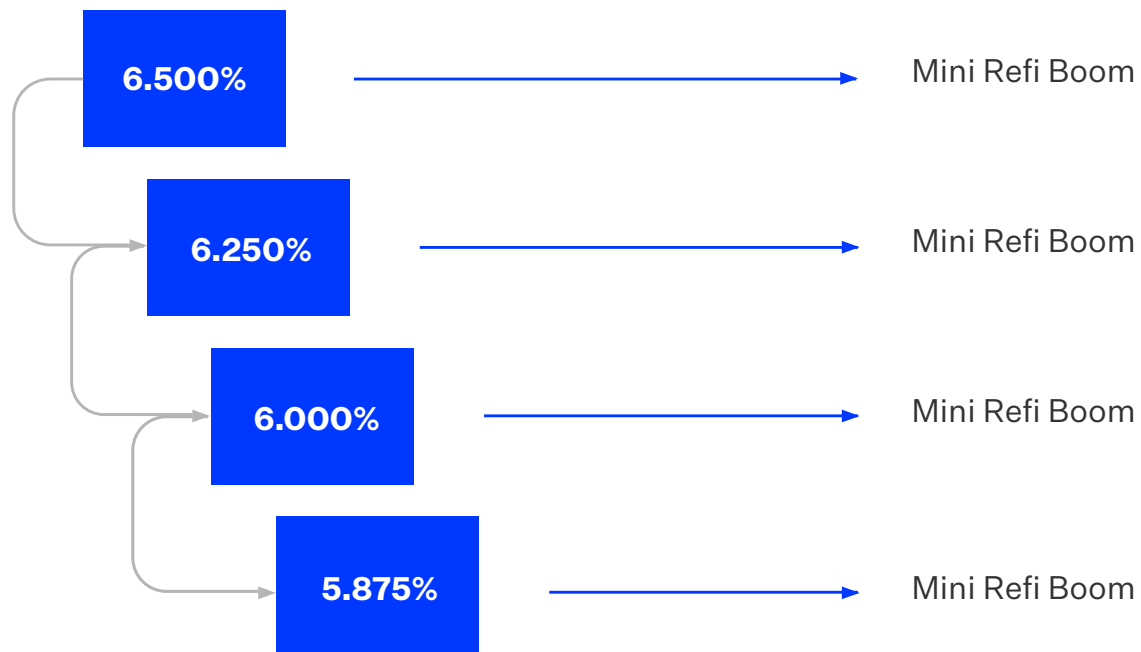
**Number of mortgages 'in the money' for a refinance under various interest rate scenarios**



Millions of borrowers become finance-eligible at each rate threshold

<sup>1</sup> ICE Mortgage Monitor Report December 2024

<sup>2</sup> ICE Mortgage Monitor Report September 2024



These numbers don't even account for the millions of new mortgages expected in 2025—many of which will be taken out at today's higher rates. As interest rates come down and borrowers meet seasoning requirements, more homeowners will have the opportunity to refinance and lower their monthly payments.

However, this doesn't mean your business should expect a sudden tidal wave of refinancing in the next several years. If general consensus holds true, maybe it will not be a massive boom, but instead the market will show a series of smaller, staggered "mini boomlets"—brief but intense windows of demand as different borrower cohorts hit eligibility thresholds.

**What this means for you:**

For years, lenders operated on a well-worn cycle: scaling up during refinance booms to meet surging demand, then scaling back when rates rose and demand fell. This cyclical approach worked when market trends were relatively predictable, giving your business time to adjust. But that playbook no longer applies.

Today's market is defined by volatility and rapid change. Interest rate fluctuations happen quickly, and borrower expectations are higher than ever—demanding instant, digital-first experiences. The old model of "hire, hire, hire" during growth and "fire, fire, fire" during slowdowns is both costly and unsustainable.

This new era requires more than operational adjustments—it demands a strategic shift toward flexible, technology-driven solutions that future-proof lending businesses, ensuring they remain resilient and ready for whatever comes next.

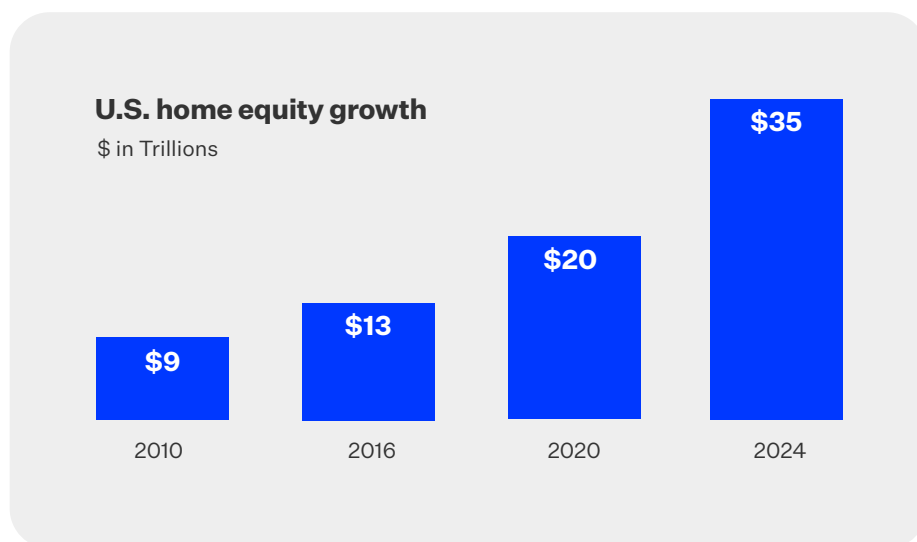
# Home Equity Lending— The Untapped \$35 Trillion Opportunity

Meanwhile, home equity demand is rising steadily, fueled by record levels of untapped homeowner wealth. This represents a major growth opportunity for lenders.

According to the Unison 2024 Annual Home Equity Report, U.S. home equity has surged to \$35 trillion over the past 15 years—a staggering 400% increase—driven by rising home values and historically low mortgage rates.

Today, the average homeowner holds approximately \$315,000 in untapped mortgage equity, creating a significant opportunity for you to support them with home equity loans as more borrowers look to finance home improvements, consolidate debt, or cover major expenses.

**What this means for you:** Just like with refinancing opportunities, timing is everything. Homeowners tap into their equity for time-



sensitive needs—home improvements, debt consolidation, or major purchases—and if the process drags on for weeks, they’ll get frustrated, shop elsewhere, or abandon the plan altogether. Borrowers today expect a fast, easy, personalized purchasing experience just like what they get from consumer brands.

Yet many lenders still rely on manual processes and outdated technology, making it difficult to deliver fast, upfront offers at

scale, and then take that through to close. When every moment counts, being stuck in a slow, paper-heavy approval process puts you at a clear disadvantage. In today’s market, lenders that can offer near-instant home equity approvals, backed by seamless digital experiences, will win. If you can’t adapt quickly, you risk losing borrowers to competitors who can move faster and meet their expectations.

# The Mortgage Industry Has Traditionally Struggled with Retention

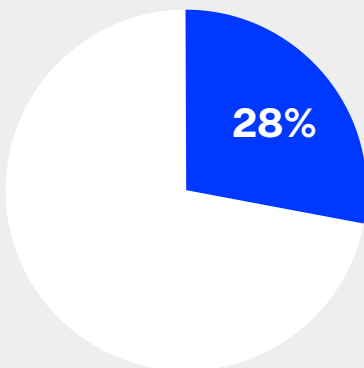
While other industries have embraced seamless, automated digital experiences, mortgage lending remains burdened by cumbersome systems that largely treat every borrower as if it's their first interaction.

And the numbers show it: Only 28% of borrowers<sup>1</sup> refinance with their original lender, a stark

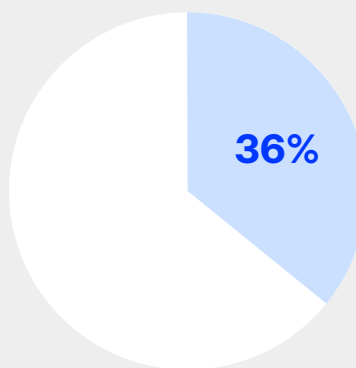
contrast to the 75–80% retention rates seen in other industries. According to the most recent ICE Mortgage Monitor report<sup>1</sup>, servicers retained just one-third of rate/term refiners and only one in four cash-out refiners. Non-banks continue to outperform banks, but even at 36% retention, the numbers fall far below those in other financial services sectors.

**What this means for you:** If borrowers still have to endure lengthy forms and slow approvals, conversion rates suffer. Every point of friction drives borrowers away. And with online rate comparisons just a click away, borrowers have no reason to wait for a lender that makes the process difficult.

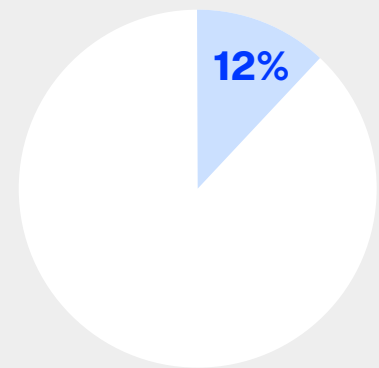
**Total Industry Refi Retention**



**Non-Bank Refi Retention**



**Bank Refi Retention**



<sup>1</sup>ICE Mortgage Monitor Report December 2024

# The Future of Lending is Application-Less

Imagine a world where you can proactively present borrowers with tailored financial solutions—refinance options, home equity loans, or debt consolidation offers—delivered upfront, based on their individual profile, without the need for cumbersome application flows. This isn't some distant vision. It's happening now.

Lending isn't just about speeding up applications anymore—it's about eliminating them altogether. By leveraging the data you already have, you can create smarter, more automated, and personalized journeys that truly make the borrower experience as close to frictionless as possible.

## 1. **Leverage extensive data connectivity and automation.**

Instead of requiring borrowers to manually enter information, you can seamlessly verify and pre-fill data in the background,

transforming what was once a tedious application into a frictionless borrowing experience. Automation doesn't just eliminate unnecessary steps—it allows you to scale efficiently, reduce operational costs, and improve the borrower experience in ways that build long-term trust and loyalty.

## 2. **Deliver hyper-personalized product recommendations.**

Expanded data use and deeper insight into a borrower's financial background allow you to move beyond generic, one-size-fits-all offers and instead present tailored, pre-qualified solutions upfront. Whether it's refinancing, home equity, or debt consolidation, proactive, data-driven engagement ensures that borrowers are shown the right product at the right time.

## 3. **Anchor customers on a product result upfront rather than waiting for days of manual review.**

Putting all of this together in one integrated platform enables you to deliver these personalized and proactive application journeys that include instant decisions upfront across multiple different products. And importantly, enable a new level of relationship building by seamlessly connecting all products in their portfolio to help deliver the best financial outcomes for your customers.

*When lenders adopt this approach, they not only reduce operational costs but also improve borrower loyalty and long-term growth.*

# Conclusion: Today's market cycles move too fast for outdated technology

The lending landscape is at an inflection point. Lenders who cling to old processes will be left behind. But for those who embrace agility, automation, and proactive borrower engagement,

the opportunities are limitless. The tools to transform your business are available today.

**The question is—will you seize them?**

## Blend Rapid Home Lending

Blend's Rapid Home Lending solutions are designed to help lenders boost borrower engagement, strengthen relationships, and accelerate loan closing for both refinance and home equity lending.

With Blend, lenders can capture opportunities in any market environment—whether rates are high or falling—ensuring they remain agile and competitive.

**Market-proof your lending strategy today.**

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