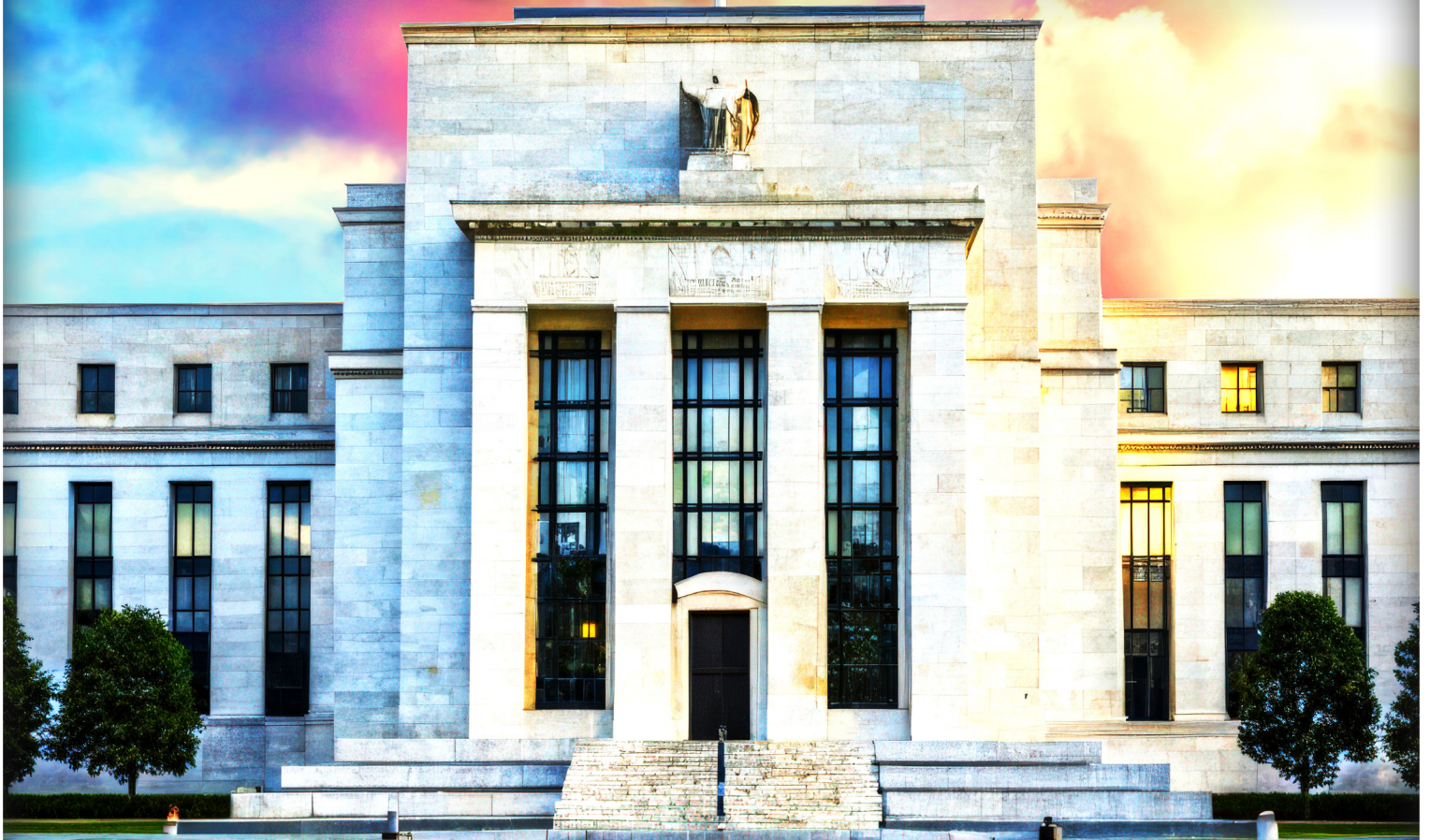


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# MortgagePoint

Magazine

FEBRUARY 2026



# THE NEXT FED

With **Jerome Powell** stepping down and **Kevin Warsh** nominated to step in as Fed Chair, the 112-year-old Federal Reserve faces mounting political demands, sharp internal divisions, and a defining test of its independence.

## How FHLBanks 'Lean In' as Liquidity Anchors Amid Housing Market Strains

Council of Federal Home Loan Banks President Ryan Donovan and Policy Economist John Comeau discuss affordability pressures, advance demand trends, regulatory scrutiny, and the growing impact of mortgage lock-in.

## Responsible Use of AI in Mortgage Servicing

A Mortgage Servicing Executive Alliance (MSEA) Paper

## The Golden Years' New Math

As traditional retirement dreams face the reality of soaring insurance premiums and rent hikes, seniors are turning to ADUs and policy reform to stay housed.

SPECIAL SECTION

## THE PRESIDENTS VS. THE FED

★★★★★

From Roosevelt to Trump, commanders in chief have tried to bend the central bank to their will. Only one truly succeeded, and the consequences reshaped the American economy.

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# AT A CROSSROADS

**A**s we open this issue of *MortgagePoint*, the housing and mortgage markets find themselves at a crossroads—caught between political crosscurrents, persistent affordability challenges, and a Federal Reserve entering one of the most consequential leadership transitions in its 112-year history.

In our cover story, “Under Pressure: The Next Fed, The Independence Test,” Senior Editor Lance Murray examines what lies ahead as Jerome Powell prepares to step down and Kevin Warsh steps into the spotlight as the nominee to lead the Federal Reserve System. At stake is more than the direction of interest rates. With mounting political pressure from Donald Trump and growing divisions within the Federal Open Market Committee, the Fed faces a defining test of its independence. Murray explores whether Warsh can navigate internal dissent, external pressure, and a still-fragile economic environment while maintaining the institutional credibility that underpins global financial markets.

Complementing that coverage is Lance’s sidebar, “The Presidents vs. The Fed,” which places today’s tensions in historical context. From Franklin D. Roosevelt to Richard Nixon, and from Ronald Reagan to Joe Biden, presidents have tested the boundaries of central bank independence—sometimes quietly, sometimes publicly, and occasionally with lasting economic consequences.

Meanwhile, in our feature interview, “How FHLBanks ‘Lean In’ as Liquidity Anchors Amid Housing Market Strains,” we turn our focus from Washington’s policy battles to the mechanics of market stability. I had the opportunity to speak with Ryan Donovan and John Comeau of the Council of Federal Home Loan Banks about how the Federal Home Loan Bank System is responding to rate volatility, mortgage lock-in effects, and affordability pressures.

Also in this issue, be sure to check out “Responsible Use of AI in Mortgage Servicing,” and exclusive new white paper from the Five Star Institute’s Mortgage Servicing Executive Alliance, as well as Phil Britt’s feature on senior housing and Lance’s Q&A with Max Slyusarchuk, CEO, A&D Mortgage.

You’ll find all of this and more in the February 2026 edition of *MortgagePoint* magazine. Thank you for reading.



David Wharton  
Editor-in-Chief



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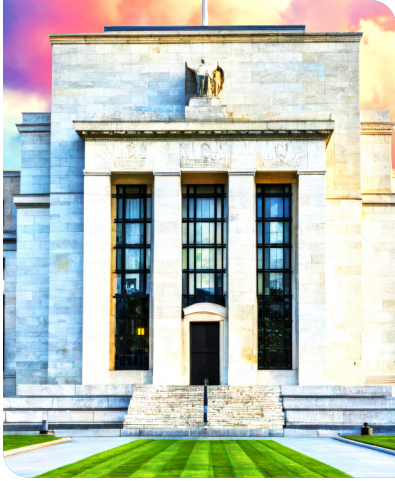
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## Also in this Issue:

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## ATTOM LAUNCHES MCP SERVER FOR AI APPLICATIONS & ENHANCES CLOUD DATA DELIVERY VIA DATABRICKS

**A**TTOM introduced two new offerings that enhance its technology platform and align with its long-term growth strategy. The company is introducing the ATTOM MCP Server, a novel AI-native access and integration layer that securely links AI applications to ATTOM property data, as well as providing Databricks delivery.

“These launches reflect how our customers are building and innovating today,” said Todd Teta, Chief Product and Technology Officer at ATTOM. “AI teams need a reliable way to bring structured property data directly into their models and applications, while analytics teams want seamless access inside the platforms they already use. By delivering both, we are reducing friction, expanding how ATTOM data is used, and strengthening the foundation of our technology platform.”

Built on the Model Context Protocol (MCP), the ATTOM MCP Server serves as a centralized AI-native access and integration layer. It enables large language models (LLMs) and AI systems to securely obtain structured ATTOM property data in a standardized manner that is governed.

This architecture accommodates emerging agentic AI use cases, enabling AI systems and agents to autonomously discover, retrieve, and utilize structured property data within multi-step workflows.

Applications and AI agents can access property details, AVMs, comparable sales, and sales history through LLM-ready tools provided by the MCP Server, as part of automated or multi-step workflows. Designed for enterprise production environments, the MCP

Server supports use cases like AI assistants, automated underwriting and due diligence, internal copilots, and research tools, all while ensuring centralized authentication, permissions management, logging, and usage monitoring.

Alongside the MCP Server, ATTOM introduced Databricks delivery. This cloud-based data delivery solution allows customers to access curated ATTOM property datasets directly within their Databricks workspace through Delta Sharing.

The Databricks delivery eliminates the necessity for file transfers, ingestion pipelines, and ETL processes. As a result, teams can start querying data right away after being granted access. ATTOM oversees the continuous updating, upkeeping, and quality assurance of data, guaranteeing that customers utilize datasets that are up to date and ready for queries.

With the introduction of an AI-native access layer and a modern cloud delivery option, ATTOM is expanding customer engagement with its data in analytics and AI environments. One product provides AI systems with real-time standardized access, while the other assists in advanced analytics and machine learning teams working on cloud-based platforms.

## VERTYX ENHANCES MORTGAGE SERVICING PLATFORM WITH PORTFOLIO RETENTION & ENGAGEMENT MEASUREMENT TOOLS FOR SERVICERS AND INVESTORS

**V**ertyx has unveiled Borrower Relationship Management, a new feature of its mortgage servicing platform aimed at assisting servicers and investors in early identification of retention and recapture opportunities, providing outreach through borrower

channels, and assessing engagement.

Borrower Relationship Management focuses on three key stakeholders in the mortgage lifecycle—the borrower, the servicer, and the investor—aiming to assist institutions in safeguarding portfolio value while providing a higher-quality servicing experience. This feature highlights mortgages in your portfolio that may require attention, based on a proprietary combination of leading indicators.

Those signals can be utilized by servicing and retention teams to craft promotional offers, establish eligibility criteria, and conduct outreach campaigns that deliver targeted messages at every borrower touchpoint, including online portals and statements directed at borrowers. Tracking at the offer level, which encompasses digital views and clicks, assists teams in assessing effectiveness and fine-tuning their outreach efforts.

Homeowners can view these offers in the borrower portal, where they are displayed according to the borrower's mortgage, including the option to show specific offers for each loan. The same activity generates reports that aid servicers and investors in grasping coverage and engagement levels, allowing them to modify their outreach as needed. This feedback loop facilitates timely and pertinent outreach that seamlessly integrates into the borrower experience.

“Servicing teams need tools that help them stay ahead of borrower needs while keeping the experience helpful and human,” said Ayo Opeyemi, Co-Founder of Vertyx. “Borrower Relationship Management builds on our platform's foundation to help servicers engage homeowners in the right moments through the channels they already use.”

For investors, Borrower Relationship Management utilizes AI to produce analytics that aid in comprehending the return and risk profile of each mortgage. These insights assist investors in making more informed decisions when loan per-

# “Today marks an important milestone as we accelerate our growth and elevate the standard for innovation in the mortgage industry.”

—Baron Silverstein, President, Newrez



formance shifts, including cases of delinquency, and offer the visibility necessary to enhance returns across their portfolios. From portfolio-level insights, investors can drill down into a specific loan to examine underlying servicing details like payment history and cash received.

To assist institutions in prioritizing relationships of greater value and recognizing sound chances for increased involvement, the platform takes into account the value of relationships at the borrower level. This includes instances where a homeowner has several loans.

“Servicing data has traditionally been difficult for investors to access in a timely, usable way,” said Moyin Opeyemi, Co-Founder of Vertyx. “By bringing loan-level value signals and engagement insights together with portfolio visibility, investors and servicers can prioritize attention and respond earlier when performance or payoff risk starts to shift.”

## RITHM CAPITAL STRENGTHENS COLLABORATION WITH VALON; AI-NATIVE PLATFORM TO ENHANCE NEWREZ SERVICING ABILITIES

**R**ithm Capital Corp. announced plans to strengthen its collaboration with Valon Technologies (Valon), a tech company that developed ValonOS, an AI-native operating system for mortgage servicing.

“This strategic partnership with Valon combines Rithm’s deep investment insight, Newrez’s proven leadership, and Valon’s transformative technology to modernize the \$13 trillion mortgage servicing industry,” said Michael Nierenberg, CEO of Rithm. “Early on, Rithm recognized Valon’s potential to redefine mortgage servicing, and we are now doubling down on that conviction. We believe ValonOS will bring real

operational efficiency, scalability, and innovation to Newrez and its clients. This is exactly the kind of early-stage opportunity we look for—where technology and vision can create outsized value over the long term.”

Rithm, one of the first investors in Valon, has backed the company since its founding and has contributed to its growth and scaling. Newrez, a Rithm company and one of the country’s largest mortgage servicers, will leverage this long-term partnership to implement ValonOS and improve servicing for more than 4 million homeowners.

“Today marks an important milestone as we accelerate our growth and elevate the standard for innovation in the mortgage industry,” said Baron Silverstein, President of Newrez. “Newrez and Valon are aligned in our mission to deliver the most seamless and intuitive mortgage servicing experience possible. Powered by advanced technology and deep operational expertise, this partnership strengthens our platform and brings that ambition to life for Newrez’s over 4 million homeowners.”

Andrew Wang, CEO of Valon, added, “As one of Valon’s earliest investors, Rithm has long understood our vision to build the single source of truth operating system for regulated industries worldwide and has seen the technology evolve from an idea to mission-critical and of strategic importance. Newrez— one of the nation’s largest mortgage ser-

vicers and a leader in technology—is the ideal partner to help accelerate adoption and prove it works at scale for even the most regulated servicers. Together, we will deliver unprecedented efficiency, scalability, and customer experience to mortgage servicing, laying the foundation for broader transformation across financial services.”

## LOANLOGICS ANNOUNCES THE MIGRATION OF LOANBEAM TO ICE MORTGAGE TECHNOLOGY’S ENCOMPASS PARTNER CONNECT INTEGRATION PLATFORM

**L**oanLogics recently announced the integration of its LoanBeam technology with ICE Mortgage Technology’s Encompass Partner Connect (EPC) integration platform.

Lenders and investors utilizing the Encompass digital lending platform can take advantage of ICE Mortgage Technology’s modern, cloud-native EPC integration platform, which offers enhanced performance, new features, and future-ready connectivity.

“Our migration to EPC ensures that LoanBeam clients continue to receive the innovation and reliability they ex-

# THE 2026 FIVE STAR EVENTS

## MARK YOUR CALENDARS!



### LEGAL LEAGUE SPRING SERVICER SUMMIT

March 25-26, 2026 | The Adolphus  
Dallas, Texas

Open to all mortgage servicing professionals, government representatives, Legal League members, and associate members, the Spring Servicer Summit is the premier event for financial services professionals to discuss default policies, procedures, and emerging issues. Join us for a day of education, networking, and engaging discussions about the pressing issues that impact financial services law firms.



### FIVE STAR GOVERNMENT FORUM

April 15, 2026 | The National Press  
Club | Washington, D.C.

Officials making critical decisions on the direction of the housing economy are working together with the mortgage industry to ensure that sensible regulations are in place to protect the industry and the customers that it serves. With representation from the CFPB, HUD, FHFA, Fannie Mae, Freddie Mac, Ginnie Mae, and others, Five Star Government Forum is a landmark annual event where leaders in mortgage servicing and the federal government engage in open dialogue about the industry's most pressing issues.



### VELOCITY: A FORCE CONFERENCE

May 20-21, 2026 | The Westin  
New Orleans

Crafted for agents, brokers, asset managers, property management practitioners, attorneys, and servicers, this event delivers valuable business enhancement strategies through interactive expert-led sessions. Seasoned leaders curate unparalleled content and share niche industry insights within a casual setting primed for forging beneficial connections. With a focus on expanding market share and fostering versatility, Velocity equips you for success in every market cycle, whether a veteran or newcomer, and ensures a tailored experience to increase your impact in REO and beyond!



### FIVE STAR CONFERENCE & EXPO

September 1-3, 2026  
The Omni Hotel | Dallas, Texas

Five Star Conference and Expo is the premier mortgage conference that attracts leading subject matter experts, legions of exhibitors, and thousands of professionals representing mortgage servicers, lenders, federal government agencies, financial services law firms, service providers, investors, and real estate organizations from across the nation. It's more than a conference; it is a community of likeminded professionals working towards the common goal of a stronger mortgage industry.

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pect, but now with faster performance, deeper integration, and a broader reach within ICE Mortgage Technology's ecosystem," said Dave Parker, CEO of LoanLogics. "It's not just a move to a new platform, it's an upgrade that enables lenders to do more, and more efficiently."

EPC enables LoanBeam to provide automated income calculations for various income types and investor styles, direct automation with GSE income rep and warranty programs, an enhanced user experience, and quicker, more reliable connections via ICE's scalable and secure cloud infrastructure. The EPC platform offers a number of benefits, including streamlined migration via ICE's current partner infrastructure, speedier implementation of new LoanBeam enhancements that are not reliant on updates to the Encompass SDK, and integration that is resistant to obsolescence and facilitates the continued digitization of loan processing.

"This migration gives our mutual customers the best of both worlds: the trusted accuracy and automation of LoanBeam, now powered by ICE Mortgage Technology's next-generation platform," Parker added. "It represents a clear path forward for lenders seeking efficiency, speed, and scalability in their origination workflows."

## GUILD MORTGAGE CHOOSES LOANBEAM NQM FOR AUTOMATING INCOME ASSESSMENT OF NON-QM LOANS

**G**uild Mortgage has chosen LoanBeam NQM to automate income analysis for its non-qualified mortgage (non-QM) loans, as announced by LoanLogics.

"Non-QM mortgages create greater potential for lender error due to the unconventional financial profiles of

borrowers who don't typically meet standard income, employment, or credit criteria," said Dave Parker, CEO of LoanLogics. "LoanBeam NQM helps manage this complexity by combining AI-powered document processing, human verification, and intelligent income calculation to transform income analysis from a labor-intensive manual task into a fast, accurate, and compliant digital process.

LoanBeam NQM provides immediate conversion of borrower bank statements into structured and validated data. This leads to reduced processing costs per loan and enhanced accuracy in data validation, guaranteeing dependable income calculations. Additionally, the lender pipeline is safeguarded by the platform's integrated quality controls, NSF tracking, and audit trails.

"With the non-QM mortgage segment rapidly growing in popularity, we recognized the need for a cutting-edge technology platform that could automate the complicated task of verifying borrower income via a safe, compliant, and efficient workflow," said Erin Watts, VP Product Strategy, Guild Mortgage. "We look forward to utilizing LoanBeam NQM to offer more opportunity to creditworthy borrowers who may not otherwise qualify for a conventional mortgage."

## MERIDIANLINK ANNOUNCES INTEGRATION WITH OPTIMAL BLUE TO ENHANCE MORTGAGE PRICING AND AUTOMATION CAPABILITIES

**M**eridianLink announced the establishment of a relationship to integrate with Optimal Blue, which is the mortgage industry's comprehensive capital markets platform. The integration will improve and add to the features of MeridianLink

Mortgage, part of the MeridianLink One platform, enabling lenders to use Optimal Blue's up-to-date and accurate product, pricing, and eligibility (PPE) tools directly in the MeridianLink solution seamlessly.

This partnership unites two leading companies in the sector that are dedicated to revolutionizing mortgage operations. They aim to offer lenders a consolidated, automated workflow that enhances pricing precision and minimizes manual tasks.

What does this integration mean for lenders?

- **Real-time product, pricing, and eligibility (PPE):** Lenders can access Optimal Blue's accurate pricing across thousands of products and more than 150 investors directly within MeridianLink Mortgage.
- **Streamlined origination workflows:** The integration reduces manual data entry and potential errors while improving speed and consistency across the loan lifecycle.
- **Improved accuracy and compliance:** Automated access to investor and agency guidelines helps lenders manage compliance while delivering the most competitive pricing for each borrower scenario.
- **Better borrower experiences:** Faster, more accurate pricing enables lenders to deliver greater transparency and confidence to consumers—without leaving the MeridianLink platform.



**FORCE**  
FEDERATION OF REO  
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# CREATING QUALITY REO CONNECTIONS.

The Five Star Institute creates countless opportunities for progress in the mortgage industry, and Five Star established the Federation of REO Certified Experts (FORCE) in 2011 to further this mission.

FORCE members are an elite group of knowledgeable agents and brokers dedicated to the residential REO market. The FORCE creates lasting connections between our distinguished network and top asset managers, investors, and servicers.

## The FORCE Network's Five Pillars of Network Management Success

**1.**

### Compliance

As a member of the FORCE, your compliance is verified, which makes you a more reputable and marketable contact.

**2.**

### Communication

Members now have access to critical industry information through newsletters, webinars, social media, and emails.

**3.**

### Education

FORCE members can exceed expectations by staying up-to-date with the latest educational offerings, such as those available at the Five Star Conference.

**4.**

### Exposure

The FORCE will help you grow your business through Five Star's connections, complimentary and discounted ads, events, comarketing opportunities, vendor partnerships and more.

**5.**

### Inclusion

The FORCE is continuously working to provide productive partnerships and create new ways for members to connect with industry leaders.

We would enjoy speaking with you about what the FORCE can do for you. Contact [FORCE@TheFiveStar.com](mailto:FORCE@TheFiveStar.com)

**For More Information, Visit [FiveStarFORCE.com](http://FiveStarFORCE.com).**

### HARD AT WORK FOR YOU

The FORCE network is in partnership with various organizations that are periodically in need of services provided by residential real estate agents and brokerage firms. These activities are at the discretion of the participating partners and may include but not be limited to:

**Services Provided Include: REO Listings Short Sales Valuations Deed-In-Lieu Market Analysis**

# » Movers & Shakers

## » Lenders/Service Providers

MORTGAGE INDUSTRY VETERAN KRIS KEHL JOINS PLANET TO EXPAND CALIFORNIA PRESENCE



Planet Home Lending, a national mortgage lender and servicer, continues expanding its Western retail footprint with the addition of veteran

mortgage loan originator **Kris Kehl** as Senior Mortgage Loan Officer in California. With more than two decades of mortgage experience, Kehl's relationship-first approach based on accessibility, communication, and trust will be a strong asset to the company.

"Kris brings an exceptional ability to serve homebuyers and their real estate agents," said Matt Payan, SVP National Production, Distributed Retail at Planet. "His depth of experience and commitment to helping borrowers find realistic paths to homeownership make him a great addition to our team."

During his 22-year career, Kehl has gained expertise in a deep variety of home loans, including conventional, FHA, VA, USDA, and reverse mortgages, as well as the full array of non-QM loans, tailored for business owners and the business investor community.

"Affordability is a key concern for many of the homebuyers I'm working with in today's market," Kehl said. "I encourage first-time buyers to think about homeownership as a long-term wealth-building strategy. For many people, an entry-level or transitional home is a smart first step that builds equity and creates real opportunity over time."

LOGAN FINANCE NAMES JEFFREY MASSOTTI AS SVP OF TPO EAST/CENTRAL REGION



Logan Finance Corporation, a non-QM mortgage lender, announced the appointment of **Jeffrey Massotti** as SVP of TPO East/Central Region.

Masotti will lead Logan's Wholesale sales organization across the Central and Eastern United States, driving broker development and market expansion in these key regions.

This appointment follows Logan Finance's continued expansion, including the launch of its Open Road product series: seven specialized non-QM mortgage solutions designed to help brokers serve borrowers who fall outside conventional lending guidelines. Massotti's regional leadership will be instrumental in Logan's strategy to strengthen broker relationships and grow market presence across the East and Central divisions.

"What drew me to Logan was the culture. This is a team that communicates proactively, takes ownership, and delivers results; exactly how I believe great sales organizations should operate," Massotti said. "I'm looking forward to building on that foundation and expanding our presence with brokers who are ready to win in the non-QM space."

Massotti brings extensive experience in mortgage sales leadership, broker relationship management, and non-QM lending. Most recently serving Carrington Wholesale, a recognized player in the non-QM space, Massotti built a reputation for developing high-performing teams and broker partnerships, driving consistent production, and executing with discipline

and accountability in highly competitive markets.

"Brokers deserve partners who show up, communicate clearly, and deliver what they promise, and Jeffrey has built his career doing exactly that," said Don Pace, CEO of Logan Finance. "Jeffrey builds teams that produce, operating with the kind of discipline that earns broker loyalty and separates good sales organizations from great ones. Logan is growing fast, and Jeffrey is going to help us grow even faster."

In his role at Logan, Massotti will work in lockstep with sales, leadership, and operations to support broker development, expand market presence, and drive sustainable volume growth. His approach emphasizes proactive communication, pipeline discipline, and long-term relationship building, principles that directly support and complement Logan's demonstrated performance-driven and team-first culture.

## » Service Providers

PHOENIXTEAM NAMES LAURA MACINTYRE AS PARTNER



PhoenixTeam announced that **Laura MacIntyre** has joined as Partner and Growth Officer, expanding PhoenixTeam's leadership

bench and accelerating growth across the mortgage ecosystem.

MacIntyre brings three decades of mortgage technology, servicing, and default operations experience, along with a long track record of building teams and delivering large-scale solutions. In her new role, she will help drive PhoenixTeam's growth strategy, deepen

industry partnerships, and expand PhoenixTeam's impact with lenders, servicers, and adjacent mortgage-market organizations.

"I wanted to be with people I have the utmost respect for," said Laura MacIntyre, Partner and Growth Officer, PhoenixTeam. "We've spent years building in this industry together, and PhoenixTeam is a company that builds. In many ways it feels overdue, and the timing couldn't be better. With everything PhoenixTeam has created so far, and with what's happening with AI right now, it felt like the perfect time to join and help drive the next chapter of growth."

MacIntyre's career spans leadership roles across mortgage servicing, default, origination, and insurance-related operations. She began at Northwest Mortgage Services, supporting foreclosure and bankruptcy operations. She later rose into senior mortgage technology leadership at LPS/Black Knight (now part of ICE Technology), including serving as COO, where she helped scale the largest middleware technology through the 2008 mortgage market surge and consistently delivering results in high-volume environments. She went on to support origination and servicing growth initiatives with teams at ServiceLink and DocMagic. Most recently, she served as President of DIMONT's hazard claims servicing business, leading the organization for eight years and driving sustained growth and operational performance.

"Laura has a rare combination of credibility, operational depth, and the kind of relationship-building that changes what's possible for clients," said Tanya Brennan, CEO, PhoenixTeam. "PhoenixTeam is a team of builders. Builders of AI, builders of teams, builders of outcomes. Laura fits that DNA perfectly, and bringing her into this leadership mix strengthens what we can build for clients. She's a trusted leader in this industry and an incredible partner for our team and our customers."

"There's a shared DNA here. Builders who execute and bring clarity in

regulated, high-stakes environments," said Tela Gallagher Mathias, CTO, PhoenixTeam. "Laura is the kind of leader who earns trust fast because she knows the work. She understands the pressure our clients operate under, and she has the instincts to cut through noise and keep teams focused on outcomes. As we grow, she'll help us scale how we deliver and deepen the way we partner with clients."

In addition to her industry work, MacIntyre is deeply involved in international charitable work. She regularly participates in medical missions, traveling to support surgical care for children with serious health conditions, including procedures that help children regain mobility. She is also passionate about mentoring young professionals, from coaching college students and career direction to helping early-career talent navigate opportunities and break into the workforce.

## CLASS VALUATION NAMES CHRIS FLYNN AS COO



Class Valuation, a real estate appraisal management company (AMC), announced that **Chris Flynn** has been appointed COO.

Flynn joined Class Valuation in April 2025 as Chief Data Officer and has since played a central role in advancing the company's strategic, operational, and product initiatives. As COO, Flynn will oversee enterprise operations and service delivery, product development, and the firm's data and automation implementation, helping guide Class Valuation through its next phase of growth and innovation.

During his tenure at Class Valuation, Flynn has led several high-impact initiatives, including advancing data strategies, overseeing the company's operating platform migration, and providing executive leadership to the company's product organization. His

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work has helped improve valuation accuracy, speed, and transparency while strengthening the company's operational foundation.

"Chris brings a rare combination of strategic vision, technical depth, and operational leadership, and we are excited to see him take on this expanded role," said John Fraas, CEO of Class Valuation. "His ability to connect data strategy with real operational outcomes has helped us move faster, operate smarter, and deliver more value to our clients."

Flynn brings more than 20 years of leadership experience across real estate, fintech, and technology, with deep expertise spanning operations, product development, analytics, and enterprise strategy. Prior to joining Class Valuation, he served as Head of Product and Strategy at First American Data & Analytics. He previously held senior leadership roles at First American Mortgage Solutions, CoreLogic (now Cotality), and Black Knight (now ICE).

"Class Valuation has a strong mission and a clear opportunity to

lead the industry forward," Flynn said. "I'm excited to step into this role and collaborate with our teams to drive our business forward through a focus on innovation and operational excellence, which will help our clients navigate a rapidly evolving market."

## STRUCTURELY APPOINTS COREY WELCH AS CEO



Corey Welch as Chief Executive Officer.

Welch brings more than a decade of leadership experience across mortgage and financial technology, with a career focused on scaling revenue organizations and modernizing sales operations in complex, data-intensive environments. He previously served as VP at

Structurely, an AI-powered sales automation platform built for high-volume, compliance-driven industries, announced the appointment of

Rapid Finance and as Senior Director at Quicken Loans, where he worked closely with lending leaders to deploy technology at real operational scale.

"This industry doesn't need surface-level AI tools—it needs infrastructure built by people who understand how these businesses actually operate," Welch said. "Structurely has been battle-tested for years in real production environments. As CEO, my focus is disciplined execution: continuing to invest in the platform, strengthening trust with enterprise partners, and building technology that delivers real, measurable value in the most demanding sales environments."

"Corey's track record—both at Rocket Mortgage and in leading Rapid Finance through a \$1 billion exit—speaks to the rigor, discipline, and vision he brings to financial services," said Nathan Joens, Co-Founder and Chief Innovation Officer of Structurely. "That's exactly what Structurely needs at this stage. Corey understands the realities of operating inside complex, regulated industries and brings that ex-

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pertise to a platform we've spent more than a decade building.”

Welch has been closely involved with Structurely's strategic direction following its acquisition by CapStone Holdings Inc., serving as a partner in the transaction and working alongside the team to assess product maturity, data depth, and long-term market positioning.

“Corey brings rare credibility as both an operator and a technology leader,” said Chao Sun, VP of Investments for CapStone Holdings. “He understands how AI must perform in real-world environments—across workflows, compliance, and customer experience. His leadership positions Structurely to continue building durable, industry-specific infrastructure.”

Under Welch's leadership, Structurely will focus on deepening its capabilities across its most demanding verticals, strengthening enterprise integrations, and advancing its AI platform to support complex, end-to-end sales and servicing workflows.

## WESTCOR LAND TITLE INSURANCE COMPANY ANNOUNCES MICHAEL TROWBRIDGE AS SVP, EAST AREA MANAGER



Westcor Land Title Insurance Company announced the promotion of **Michael Trowbridge** to SVP, East Area Manager. In this new role,

Trowbridge will oversee Westcor's operations and drive the underwriter's commitment to innovation and excellence in the title insurance industry.

“Michael has steadily increased his role and responsibilities since joining Westcor,” said Steven Black, President and COO at Westcor. “He is laser-focused on delivering the best services to our agents, which then translates into impressive growth for his respective area of responsibility. I look forward to

this same positive influence in his new expanded role.”

Trowbridge has over 21 years of title insurance experience, having entered the industry in 2004. He started his career preparing closing documents for a large national title agent and worked up through the ranks. Over his first 13 years in the industry, Trowbridge performed a wide variety of duties and responsibilities working for several title agents in Central Ohio. Later, he specialized in business development.

In 2016, Trowbridge made the transition to the underwriting side of the industry, joining Westcor as an Agency Representative. 2026 will mark his 10th year with the company, where his time has been spent in operations, management, and sales. Most recently, Trowbridge served as Westcor's Central States and Tennessee Regional Manager.

Trowbridge is a known leader in the title industry and an active member of the American Land Title Association as well as various local and regional associations. He has served in multiple leadership capacities, including:

- ALTA Underwriter Executive Committee Member
- ALTA Membership Sub Committee Co-chair
- Ohio Land Title Association Board Member
- Central Ohio Land Title Association 2018 President

## HUFFMAN ASSOCIATES PROMOTES PHIL FEIGENBAUM TO PRESIDENT



Huffman Associates LLC, an executive search firm serving the mortgage banking, mortgage servicing, and private lending industries,

announced that **Phil Feigenbaum** has been promoted from SVP to President, effective January 1, 2026.

Since joining Huffman Associates in 2005, Feigenbaum has played a central role in the firm's growth and successful client outcomes. As President, he will assume greater responsibility for day-to-day management and operations and continue developing the firm's infrastructure and service offerings.

“Phil has proven himself time and again as a trusted advisor to our clients and a leader within our firm,” said Michael Huffman, founder and CEO of Huffman Associates. “This promotion reflects not only his long-standing contributions, but the confidence we have in his leadership as we continue to grow and evolve.”

Feigenbaum has led several strategic initiatives over the past year, including adopting new technology platforms to enhance the firm's operations and candidate search and engagement services. He also played a key role in strengthening the firm's internal team and improving long-term succession planning.

Huffman will continue as CEO, focusing on strategic growth initiatives and supporting the firm's team and clients.

“I'm grateful for the trust Michael has placed in me and for the opportunity to continue building Huffman Associates alongside such a dedicated team,” Feigenbaum said. “Our firm has always been about relationships, integrity, and delivering results. I'm excited to help lead the next chapter.”



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# THE NEXT FED

With Jerome Powell stepping down and Kevin Warsh nominated to step in as Fed Chair, the 112-year-old Federal Reserve faces mounting political demands, sharp internal divisions, and a defining test of its independence.

By LANCE MURRAY

The Federal Reserve System came into existence on Dec. 23, 1913, when President Woodrow Wilson signed the Federal Reserve Act into law, establishing the nation's central banking system to provide financial stability after financial panics, especially the 1907 crisis, highlighted the need for central control.

The Fed system officially began operations with the opening of its 12 regional banks in 1914.

The Great Depression brought many changes to the Fed. Various pieces of legislation altered the Fed's structure, gave it some new powers but took away others, and fundamentally reshaped the structure and regulation of the U.S. financial system. The Banking Acts of 1933 and 1935 shifted the balance of power within the Federal Reserve away from the 12 Reserve Banks to the Federal Reserve Board, which was renamed and reconstituted as the Board of Governors of the Federal Reserve System.

The past year has seen the Federal Reserve ride a turbulent wave of political pressure, economic challenges, and attacks on its independence. Now, the 112-year-old institution will have new leadership to tackle a host of critical issues.



*A veteran journalist with decades of experience in both online and print publishing.*

**LANCE MURRAY**  
*is Senior Editor of*

*MortgagePoint. Has many years of experience as an editor, writer, photographer, designer, and artist. Most recently, he edited and wrote for an innovation website and a group of real estate-focused magazines.*

President Donald Trump has tapped former Fed Governor Kevin Warsh to become the next Fed Chair after current Chief Jerome Powell leaves the post in May. Warsh will be leading the institution whose independence is under political attack, with President Trump consistently pushing the central bank to lower interest rates.

What will the future hold under Warsh's leadership?

## The Challenges of the Chair

Although he will take the role of Fed Chair once he has been confirmed by the Senate, Warsh will be just one of

12 voting members of the Federal Open Market Committee, which decides whether interest rates go up, go down, or stay steady. In January, the FOMC voters chose the latter after having lowered interest rates in December and twice in the preceding two months.

Warsh, a former member of the Fed's Board of Governors, will lead a central bank that is more divided on the economy than at any point in more than 30 years, some analysts have said. Moreover, if the president thinks Warsh will be able to rapidly lower interest rates, he might be in for a surprise.

Here's why.

Hiring has fallen, but inflation remains elevated, and that has fostered dissent among central bank policymakers who traditionally seek consensus on monetary policy decisions. Key members of the powerful Federal Open Market Committee are in no rush to lower rates, and that hints that the heavy public pressure that Trump has placed on the Fed to reduce borrowing costs may continue even under Warsh's leadership.

"It is the most highly divided committee that you have maybe ever seen," Matthew Luzzetti, Chief U.S. Economist at Deutsche Bank, told Politico recently.





**Barring an economic surprise—inflation plummets, unemployment goes up a whole lot—I doubt there’ll be support to get the sort of rates that the president would like to see.”**

—Bill English,  
Economics Professor, Yale

“If Warsh comes in and is looking to change policy discreetly in a more dovish direction, that will be a challenge.”

Yale Economics Professor Bill English, a former top Fed economist who led its monetary affairs division, put it this way: If Warsh seeks to “deliver significantly lower rates, he’ll need to get the votes.”

English added, “Barring an economic surprise—inflation plummets, unemployment goes up a whole lot—I doubt there’ll be support to get the sort of rates that the president would like to see.”

Months of steady pressure from the president for Powell to heed his demands on monetary policy have created ongoing tension between the central bank and the White House.

The president’s efforts to push Fed officials have stoked fears that he will try to stack the central bank with allies, according to a report in Politico. But the laws governing the Fed are written to insulate monetary policymakers from direct political influence because that could limit their ability to fight inflation.

Some officials, including Powell, view the president’s attacks as a threat to the Fed’s independence.

Warsh has experience as a Fed governor during the financial crisis of 2008 and has strong credentials in conservative economic policy circles, and on Wall Street, where he previously worked as a Morgan Stanley banker.

But will that background be enough? In December, Trump said that whoever he chose, the Fed chair would have to follow his orders.

“Anybody that disagrees with me will never be the Fed Chairman!” Trump posted on social media.

Powell recently said that there was broad support across the FOMC to hold short-term rates at current levels, a decision that angered Trump. Two Trump-appointed Fed governors pushed for another cut, which portends deepening divisions as the president seeks to appoint more members to the committee.

White House spokesperson Kush Desai said in a statement that Warsh’s “qualifications and standing to serve as

the next Federal Reserve Chairman are unimpeachable. It is the Federal Reserve’s job to set monetary policy based on what the data show, and the data objectively show that inflation has cooled and the environment is ripe for interest rate cuts.”

Desai added, “It is not just President Trump saying so. Wall Street firms and financial industry titans are also calling for rate cuts because it is the right policy move to make.”

But can Warsh make that case? The president is counting on it.

Richard Clarida, Managing Director of the New York office and PIMCO’s Global Economic Adviser, recently wrote that Warsh, when confirmed by the Senate, will “serve as an effective, thoughtful Fed Chair.”

Clarida, who is also the C. Lowell Harriss Professor of Economics and Professor of International and Public Affairs at Columbia University, said that Warsh brings “intriguing ideas on ways to change and ideally improve how the Fed operates. We also remain confident in the outlook for Fed independence, which appears to have broad support not just in markets but in Congress as well.”

Ed Delgado, Chairman Emeritus of Five Star Global (parent company of *MortgagePoint*) and Principal at Mortgage Policy Advisors, told *MortgagePoint*, “Kevin Warsh is a strong choice to lead the Federal Reserve. His deep expertise in capital markets and his service during the financial crisis have given him a clear-eyed view of the risks inherent in banking. His past policy stances demonstrate an independence of thought leadership while maintaining a commitment to the Fed’s dual mandate that will serve the nation well.”

#### Where Warsh Stands

Warsh has written and spoken over the past 15 years about Fed policy, Clarida said, and has raised concerns about the size and composition of the central bank’s balance sheet.

“He has also questioned the central bank’s reliance on forward guidance—which he believes is excessive and sends

confusing signals about future monetary policy—along with what he views as the Fed’s failure to anchor policy formulation and communication to policy rules that are less subject to meeting-by-meeting discretion,” Clarida wrote.

Clarida noted that, recently, Warsh has argued for a new “Treasury–Fed accord” that could, depending on its details, provide a framework over time for the Fed working in tandem with the Treasury—and perhaps also with the housing agencies Fannie Mae and Freddie Mac—to reduce the size of its balance sheet.

He said that is noteworthy because the Fed once again is growing its balance sheet via reserve management purchases of T-bills. Under Warsh’s approach, Clarida said a new framework also could include the Fed gradually shifting the composition of its balance sheet to a much shorter duration than at present, as was the practice before the Global Financial Crisis between 2007 and 2009.

Clarida said that the biggest difference investors may notice between the Fed under Warsh and those under the auspices of Jerome Powell, Janet Yellen, and Ben Bernanke is the communication policy.

#### Headwinds to Come?

**B**ased on his writings since leaving the Fed, Clarida said Warsh may be much less likely to rely on extensive forward guidance about the future path of interest rates, especially during “normal” times such as today, when interest rates are not pinned at the zero bound.

Clarida noted that Warsh can point to precedent: Paul Volcker for eight years and Alan Greenspan for his first 17 years chaired Feds that “delivered price stability and supported strong growth with little if any forward guidance as we know it today on the future path of policy rates.”

While Warsh was hawkish on inflation during his previous stint on the central bank’s board, he recently contended that the Fed was slow to cut—echoing the president’s views.

However, that does not mean Warsh will enjoy the same level of unanimity that previous Fed chairs experienced for

long stretches of their tenures, Politico suggested.

Dissents on rate decisions have become more common as the economy continues to recover from a post-pandemic inflation surge.

Those divisions intensified since last summer, after Trump appointed one of his top advisers, Stephen Miran, to the Fed’s board. Miran recently resigned from his role as Chair of Trump’s Council of Economic Advisers to stay on the Fed board, and he repeatedly voted for jumbo cuts.

In early February, Powell signaled that central bank policymakers are in no rush to cut further.

The regional Fed presidents who rotated onto the committee in January have been hawkish when it comes to inflation, suggesting they may be likely to favor higher interest rates.

Fed Governor Christopher Waller, a Trump appointee who was a finalist to replace Powell, has warned that the labor market faces a serious risk of deterioration.

Roger Ferguson, a former Fed Vice Chair who was later President and CEO of the Teachers Insurance and Annuity Association of America, said it’s always difficult for incoming Chairs to convince FOMC members of their views on the economy and monetary policy.

Ferguson said that another challenge is being able to sway policymakers on “why whatever decision they make is independent of political influence.”

He said the challenge is “clearly more acute” in the Trump era.

Ferguson added that Warsh’s ability to navigate a bumpy political and economic backdrop will determine “whether he gets off to a very smooth start or to a rockier start” at the Fed.

Warsh has argued that the central bank needs a fundamental shift in how it operates, beyond just incremental adjustments. He says the current policy framework under Powell lacks credibility and needs a new approach to meeting its core goals of price stability and employment.

A big question is yet to be answered: How will Warsh invoke a new approach in an institution that is over a century old? **MP**



**He has also questioned the central bank’s reliance on forward guidance—which he believes is excessive and sends confusing signals about future monetary policy—along with what he views as the Fed’s failure to anchor policy formulation and communication to policy rules that are less subject to meeting-by-meeting discretion.”**

—Richard Clarida, Managing Director, New York office; Global Economic Adviser, PIMCO



# » THE PRESIDENTS VS. THE FED

From Roosevelt to Trump, commanders in chief have tried to bend the central bank to their will. Only one truly succeeded, and the consequences reshaped the American economy.

By LANCE MURRAY

President Donald Trump is not the first president to pressure the Federal Reserve over interest rates, and he likely won't be the last.

In fact, for more than 70 years, presidents have tried to use their influence to pressure the Fed to keep interest rates low.

Only Richard Nixon succeeded. He quietly pressured the Fed for low rates, which helped fuel a decade of inflation. Other presidents, from Harry Truman to George H.W. Bush, saw their public pressure backfire or fail to take hold, according to the *Washington Post*.

Trump has pushed current Fed Chair Jerome Powell continuously during his second term to lower interest rates because he believes that low rates produce faster growth, higher stock markets, cheaper borrowing, and a "winning" economy.

"We should be paying the LOWEST INTEREST RATE OF ANY COUNTRY IN THE WORLD ... The Fed should substantially lower interest rates,



**Franklin D. Roosevelt**

» 1933-1945

- Strongly influenced monetary policy during the Great Depression.
- Roosevelt suspended the gold standard, pushed for low interest rates, and leaned on the Fed to support aggressive fiscal expansion.
- Roosevelt's pressure mattered because it set the precedent that presidents could shape Fed actions in crises, even if not openly attacking the central bank.



**Harry Truman**

» 1945-1953

- Truman pressured the Fed to keep interest rates low after WWII by using public and private pressure to finance war debt cheaply.
- Truman's conflict with the Fed ended with the 1951 Treasury-Fed Accord, which re-established Fed independence.
- The accord is important because it is the foundational moment for modern Fed independence.



**Lyndon B. Johnson**

» 1963-1969

- LBJ personally browbeat then-Fed Chair William McChesney Martin.
- He summoned Martin to his ranch in Texas and pushed him to keep rates low to support the Great Society and Vietnam War spending, and the easy money helped fuel inflation later in the 1970s.



**Richard Nixon**

» 1969-1974

- Nixon leaned heavily on then-Fed Chair Arthur Burns to keep rates low before the 1972 election. White House tapes captured Nixon explicitly demanding accommodative policy.
- The rates contributed to the high inflation of the 1970s.

NOW!” Trump recently wrote on Truth Social after one instance of the Fed voting to keep rates steady.

Trump argues that lower interest rates can juice gross domestic product in the short run and that a reduction would make mortgages, credit cards, and business loans cheaper. Rates also tend to lift asset prices, especially stocks.

Trump has said that, from his perspective, the Fed keeping rates “too high” is holding the economy back unnecessarily.

In what he called an “unprecedented action,” Powell said in January that the U.S. Justice Department served the Fed with grand jury subpoenas and threatened a criminal indictment related to his testimony before the U.S. Senate.

Powell said at the time he thought the DOJ action was not as much about his testimony, but more about a difference of opinion on interest rates. In a statement, he said the DOJ’s move should be seen in the broader context of the administration’s threats and ongoing pressure.

Powell’s term as Chair ends in May, but he announced in early January that the Department of Justice has opened an investigation into him.

“The threat of criminal charges is a consequence of the Federal Reserve setting interest rates based on our best assessment of what will serve the public, rather than following the preferences of the President,” Powell said in a recorded video. “This is about whether the Fed will be able to continue to set interest rates based on evidence and economic conditions—or whether instead monetary policy will be directed by political pressure or intimidation.”

While Trump may have more vociferously attacked Powell and the Fed than previous presidents, Trump is not alone in applying pressure.

In fact, presidents leaning on the Fed seemingly is an American tradition, even though the Fed is supposed to be independent.

Here are past examples of this particular American tradition. **MP**



**This is about whether the Fed will be able to continue to set interest rates based on evidence and economic conditions—or whether instead monetary policy will be directed by political pressure or intimidation.”**

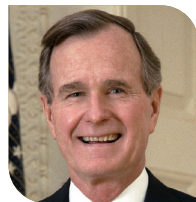
—Jerome Powell, exiting Fed Chair



Ronald Reagan

» 1981–1989

- Reagan complained to the Fed but mostly backed off his pressure.
- There was public criticism from Reagan when Paul Volcker kept rates extremely high.
- Reagan did not try to remove Volcker, which helped cement Fed independence after the inflation fight.



George H. W. Bush

» 1989–1993

- He publicly blamed the Fed for economic weakness.
- Bush criticized Alan Greenspan for not cutting rates before the 1992 election.
- He complained rather than coerced, but it was still political pressure.



Donald Trump

» First term, 2017–2021

- Trump engaged in very public and sustained attacks via Tweets, interviews, and statements criticizing Chair Jerome Powell and calling for rate cuts.
- He discussed firing or demoting the Fed chair, although he was legally constrained.
- Trump’s actions broke a modern norm of presidents keeping criticism quieter.



Joe Biden

» 2021–2025

- Exerted minimal direct pressure.
- Biden avoided public criticism, even during inflation spikes.
- Reappointed Powell in 2021, signaling support for continuity rather than pressure.

# HOW FHLBANKS 'LEAN IN' AS LIQUIDITY ANCHORS AMID HOUSING MARKET STRAINS

Council of Federal Home Loan Banks President Ryan Donovan and Policy Economist John Comeau discuss affordability pressures, advance demand trends, regulatory scrutiny, and the growing impact of mortgage lock-in.

By DAVID WHARTON

As housing affordability challenges persist and mortgage market volatility reshapes lending dynamics, the Federal Home Loan Bank (FHLBank) System continues to serve as a countercyclical source of liquidity for more than 6,500 member institutions nationwide. In a wide-ranging conversation with *MortgagePoint*, Council of Federal Home Loan Banks President and CEO Ryan Donovan and Policy Economist John Comeau outline how the System has scaled its advance activity in response to shifting market conditions, expanded its affordable housing commitments, and addressed heightened regulatory scrutiny, all while maintaining its core mission of supporting local lenders and community development.

Ryan Donovan currently serves as President and CEO for the Council of Federal Home Loan Banks. Prior to joining the Council in 2022, Donovan served as EVP and Chief Advocacy Officer at the Credit Union National Association, where he led a team of more than 100 advocates at CUNA and its state credit union leagues and associations. He has been an advocate focused on financial services policy for almost two decades, having worked for the California and Nevada Credit Union Leagues prior to



**DAVID WHARTON**, Editor-in-Chief at the *Five Star Institute*, is a graduate of the University of Texas at Arlington, where he received his B.A. in English and minored in journalism. Wharton has 20 years' experience in journalism and previously worked at Thomson Reuters, a multinational mass media and information firm, as Associate Content Editor, focusing on producing media content related to tax and accounting principles and government rules and regulations for accounting professionals. Wharton has an extensive and diversified portfolio of freelance material, with published contributions in both online and print media publications. He can be reached at David.Wharton@thefivestar.com.

his nearly 15-year run at CUNA. Donovan began his career working for former House Democratic Leader Richard A. Gephardt (D-MO) and Representative Brad Sherman (D-CA).

John Comeau is the Policy Economist for the Council of Federal Home Loan Banks, where he focuses on policy analysis, research, and the U.S. economy. Comeau is a Chartered Financial Analyst (CFA) with more than 20 years of economic, analytic, and housing finance experience. Prior to joining the

Council, Comeau served as a Financial Economist at the U.S. Department of the Treasury, Senior Financial Analyst at the Federal Housing Administration, Senior Economist at the U.S. Department of Housing and Urban Development, and Model Validation Analyst at U.S. Bank.

**Q:** How would you describe the role of the Federal Home Loan Bank System in today's housing finance market, particularly amid ongoing affordability and liquidity challenges?



**Ryan Donovan:** The Federal Home Loan Banks continue to do what they were created to do over 90 years ago: play a critical role in support

of housing and community development by providing reliable, collateralized liquidity to their roughly 6,500 member financial institutions across the country. This liquidity is essential to the local lenders that anchor communities large and small, and independent research demonstrates that it provides stability in the broader financial system and supports expanded lending—particularly residential real estate lending.



**Q:** In what ways has the mission or day-to-day function of the FHLBanks shifted during the rate hikes and market volatility of the past few years?



**John Comeau:** One of the defining strengths of the FHLBank System is that its mission—to provide liquidity to members and support

housing and community development—remains constant regardless of market volatility. In fact, the FHLBanks are a stabilizing force during times of market fluctuation. When other sources of market liquidity retreat during times of instability, the FHLBanks lean in. So, from a day-to-day perspective, the mission and reliability of the FHLBanks remains constant, while member demand for liquidity may shift based on market conditions.

**Q:** How are member institutions using FHLBank advances differently today compared to the pre-2022 market environment?

**Comeau:** Member advance use today differs markedly from the period leading up to 2022. During the COVID-19 pandemic, unprecedented monetary and fiscal support flooded the economy with liquidity, sharply reducing demand for wholesale funding after an initial spike in demand for FHLBank advances in early 2020. As a result, outstanding FHLBank advances averaged just over \$413 billion from Q2 2020 through Q1 2022—an unusually low level by historical standards.

As stimulus flowed through the system and economic conditions normalized, demand rebounded sharply, with advances averaging nearly \$766 billion from Q2 2022 to Q3 2025—an increase of more than 85%. This rebound underscores the elastic nature of the FHLBank System and its ability to scale liquidity up or down as needed, supporting

members and the households and small businesses they serve across all phases of the economic cycle.

**Q:** What trends are you seeing in advance demand across community banks, credit unions, and larger institutions?

**Comeau:** Demand remains stable across all member types, but the drivers vary. Community banks and credit unions often use advances to offset deposit pressures and maintain local lending, while larger institutions tend to use advances more tactically to manage balance-sheet and liquidity needs. Regardless of demand or how advances are used, members must pledge eligible housing-related collateral—one of the FHLBank System's most direct and important links to housing. Across the board, the common theme is that members value the FHLBanks as a reliable, countercyclical source of liquidity when market funding becomes more expensive or less predictable.

**Q:** Where do you believe the FHLBanks can have the greatest impact on housing affordability, both directly and indirectly?

**Comeau:** Directly, each of the 11 FHLBanks operates an Affordable Housing Program and is required by law to contribute 10% of the previous year's net income to fund it. These grants are often a critical component of the financing stack for new affordable housing construction and are also used to provide direct assistance to qualifying homebuyers through down payment assistance, closing cost grants, and related support. Whether funding a multifamily development or assisting an individual homebuyer, AHP resources are delivered on a dollar-for-dollar basis, with no administrative or origination fees deducted. Since the program's enactment in 1990, the FHLBanks have contributed more than \$9.5 billion through the Affordable Housing Program.

The FHLBanks also maintain a range of voluntary funding initiatives to expand housing and local investment efforts. Because more than 90% of FHLBank members are small, community-based institutions, the Banks have deep insight into local conditions and tailor these programs accordingly. For example, FHLBank San Francisco operates the Nevada Targeted Fund, which supports affordable housing projects in a state with one of the highest shares of extremely low-income households that are severely cost-burdened. In 2024, the FHLBanks collectively contributed \$528 million to voluntary housing and community investment programs.

Indirectly, the FHLBanks provide low-cost advances, including more deeply discounted community impact cash advances (CICA) that deliver meaningful cost savings for borrowers. A recent Urban Institute study found that FHLBank advance borrowing between 2002 and 2024 was associated with approximately \$850 billion in additional residential real estate lending. An earlier Urban Institute analysis found that U.S. homeowners save an estimated \$3.8 billion annually in lower mortgage costs due to FHLBank liquidity.

**Q:** How has the deployment of Affordable Housing Program funds evolved in response to today's market conditions?

**Comeau:** While the Affordable Housing Program operates within statutory requirements established by federal law, each FHLBank develops an annual Targeted Community Lending Plan informed by research, data, and engagement with local officials, housing organizations, and other stakeholders. This process allows each Bank to respond to changing conditions and direct resources where they are most needed in their local communities, supported by Affordable Housing Advisory Councils in each region. For example, FHLBank Atlanta identified heirs'

property—generational land ownership without clear title—as a significant barrier to housing stability in parts of its district and adjusted its AHP scoring criteria to incentivize projects that prevent or resolve heirs' property challenges.

Similarly, the FHLBanks' voluntary programs are designed to adapt to evolving community needs. FHLBank Topeka's Native American Housing Initiatives fund is designed to address housing challenges in tribal communities, such as overcrowding and lack of access to affordable financing options. Last year, FHLBank Topeka expanded NAHI funding to \$5 million and, as of last October, some 36 projects across four states were supported by the program.

**Q:** The FHLBank System has faced increased scrutiny from regulators and policymakers. How do you balance calls for reform with the need to preserve the system's stability and effectiveness?

**Donovan:** In recent years, the FHLBanks have devoted significant effort to ensuring policymakers and stakeholders have a clear understanding of the System's role in the housing finance ecosystem and its tangible benefits for families and communities. A recent report by the Government Accountability Office affirms the value and crucial role the FHLBanks play for the broader financial system. Most importantly, the GAO report found that the FHLBanks operate in line with their statutory mission and with congressional intent and that the regulatory framework governing their operations is functioning as designed.

The findings of the GAO are corroborated by research published by the Filene Institute and the Urban Institute demonstrating the System's value proposition. FHLBank funding enables local lenders to do what they do best: serve their customers and communities. The critical role the FHLBanks play has been widely acknowledged by policymakers and elected officials, and we are constantly asked how we can do more for the communities we serve.

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**Q:** What do critics most often misunderstand about the role or risk profile of the FHLBanks?

**Donovan:** Because the Federal Home Loan Banks have “federal” and “home loan” in their name, some people incorrectly assume that the FHLBanks are part of the federal government or make home loans directly to consumers. The FHLBanks are, in fact, a government-sponsored enterprise, or GSE, which is a private entity chartered to fulfill a public mission. As the recent GAO report makes clear, the role of the FHLBanks is to act as a steady, reliable source of secured liquidity across economic cycles for their members. They were created to raise funds in capital markets to ensure a reliable flow of liquidity was available so their 6,500 member-owners could continue to serve customers across the country in any economic climate. The FHLBanks are not supported by taxpayer dollars. Rather, they are member-owned cooperatives, funded entirely by private capital.

Some may have the misconception that the FHLBanks take on outsized risk or increase systemic risk, but research published in 2025 found exactly the opposite, and the GAO report concludes that members are using their access to FHLBank liquidity responsibly. The FHLBanks are conservatively managed, subject to comprehensive oversight by the Federal Housing Finance Agency, and organized as 11 independent regional banks, each with its own management team and board of directors. The 11 FHLBanks are jointly and severally liable for each other's obligations, creating strong structural incentives for each institution to monitor risk across the entire System, while market and interest-rate exposure are actively hedged. On top of this, FHLBank advances, standby letters of credit, and mortgage purchases are fully collateralized. The FHLBanks do not take credit risk; they provide secured liquidity to regulated financial institutions, which helps explain why the System has remained stable for over nine decades.

**Q:** From a research and policy perspective, what housing or mortgage trend is currently underappreciated but could have major implications in the coming years?

**Comeau:** Mortgage lock-in effects on housing supply are a fundamental economic issue that warrants deeper research and a policy solution. Millions of households are effectively locked into homes that do not meet their needs—whether families are growing, shrinking, or aging in place—because sub-market mortgage rates and unrealized capital gains reduce the incentive to sell and move. This dynamic is constraining household mobility, suppressing home sales, restraining mortgage originations, and limiting workers' ability to relocate to regions of economic opportunity. The White House and some members of Congress have raised the possibility of increasing or eliminating capital gains exclusions on primary residences, which would help reduce these frictions and help thaw a frozen housing market. Addressing mortgage lock-in is essential for restoring market fluidity and allowing housing markets, and the broader economy, to return to equilibrium.

**Q:** Looking ahead, what does success for the FHLBank System look like over the next five years?

**Donovan:** The FHLBanks' core purpose is to empower local lending. Day in and day out, they support communities across the country, providing reliable liquidity in all market environments while expanding support for housing and community development. Looking ahead, they will continue to hew to their core purpose while finding ways to innovate and develop programs and initiatives to support local community needs and drive economic prosperity. **MP**

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—Denia Ray, SVP National Field Services, Genstone



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# RESPONSIBLE USE OF AI IN MORTGAGE SERVICING

A Mortgage Servicing Executive Alliance (MSEA) Paper

By **BHUPINDER SINGH**

## What is the AI spectrum?

Artificial Intelligence (AI) is an umbrella term encompassing many different technologies and approaches to creating systems that work and react like humans. Mortgage servicers have started on the AI journey through automation and analytics, but the quality and ease of access to generative AI (e.g., large language models—LLM) models present a great opportunity for organizations to accelerate their application of AI across mortgage servicing. Application of AI can be grouped into Analytics (e.g., ML-based propensity models) and Agentic AI (e.g., conversational agents or chatbots, workflow automation using intelligent agents).

## What are the drivers pushing Servicers to invest in AI?

Mortgage servicers are increasingly exploring artificial intelligence (AI) to reduce operational costs and enhance borrower experience across the servicing lifecycle, enabling faster document processing, personalized customer interactions, and data-driven decision-making. However, alongside these opportunities come critical responsibilities and compliance considerations. Bias, transparency, consumer privacy, and regulatory compliance risks must be proactively managed to ensure AI is used responsibly. This document outlines guiding principles and best



practices for integrating AI responsibly across the servicing lifecycle—from loan boarding to default and refinancing.



## Core Principles for Responsible AI in Mortgage Servicing

### What are the key considerations for responsibly using AI?

To responsibly deploy AI in mortgage servicing, organizations should

ground their efforts in a few fundamental principles:

#### Fairness & Non-Discrimination:

AI-influenced decisions (whether in loss mitigation, collections, or refinance offers) must comply with ECOA and FHA, ensuring equitable treatment across all demographics. AI models should be carefully trained and tested to prevent perpetuating historical biases in data. Servicers should build a “fair servicing framework” into all processes, using data-driven insights to identify disparities and take meaningful action to mitigate bias. Regular fair lending testing is crucial to conduct disparate impact analyses on loss mitigation outcomes to ensure workout options are offered consistently across demographic groups. A subtle but critical risk in training servicing AI systems is ‘vibe coding’—the use of subjective or intuitive judgments by human annotators when labeling borrower interactions. If left unchecked, vibe coding can introduce hidden bias into models used for sentiment analysis or collections prioritization. Servicers should implement structured labeling standards, bias-aware annotator training, and continuous calibration reviews to ensure data used for AI training reflects objective borrower behavior rather than human perception.

#### Accountability & Governance:

Institutions, not algorithms, remain

A night street scene with blue bokeh lights and a network overlay. The image shows a wet pavement reflecting the lights, with several people walking away from the camera. A network of blue lines and dots is overlaid on the scene, creating a digital or data-like atmosphere. The text is centered in a dark rectangular box.

**A subtle but critical risk in training servicing AI systems is ‘vibe coding’ – the use of subjective or intuitive judgments by human annotators when labeling borrower interactions.**



**Generative AI models, especially large language models (LLMs), can occasionally produce hallucinations—outputs that sound plausible but are factually incorrect or inconsistent with source data. In mortgage servicing, this risk can manifest in AI chatbots giving borrowers inaccurate information or internal assistants misquoting servicing guidelines.”**



responsible for AI outcomes. Generative AI models, especially large language models (LLMs), can occasionally produce hallucinations—outputs that sound plausible but are factually incorrect or inconsistent with source data. In mortgage servicing, this risk can manifest in AI chatbots giving borrowers inaccurate information or internal assistants misquoting servicing guidelines. Strong governance frameworks with grounded responses in verified data (e.g., using retrieval-augmented generation (RAG), human oversight, vendor due diligence, and model risk management must be in place to manage accuracy risk. Governance should enforce “responsible AI” practices for model evaluation and guardrails—where AI outcomes are continuously monitored, audited, and improved over time—as a core part of corporate risk management and culture. Accountability also means having human oversight (“human-in-the-loop”) for high-stakes decisions. Employees should be empowered to review, override, or explain AI-driven decisions, and borrowers should have channels to appeal or seek human assistance.

**Transparency & Explainability:** Servicers must explain AI-driven decisions in plain language and disclose AI use to borrowers, especially when decisions impact credit or relief outcomes. This builds trust and supports regulatory compliance.

**Consumer Privacy & Data Security:** Servicers must ensure AI systems (and data pipelines feeding them) comply with privacy laws like GLBA for financial data and CCPA/CPRA for consumer personal information. Data used in AI should be minimized to what is necessary, and robust cybersecurity controls should guard against breaches or unauthorized use. If AI models use customer data for secondary purposes (like predictive analytics for marketing), privacy notices must allow for that, or customers should have consented.

**Compliance & Responsible Innovation:** AI should enhance—not bypass—regulatory compliance. Testing, piloting, and continuous monitoring are key to ensuring AI aligns with UDAP/UDAAP, RESPA, and state laws.

**Employee Communication & Transparency:** Responsible AI governance extends beyond compliance—it also requires transparent communication with employees whose roles intersect with AI systems. Servicers should clearly explain how AI tools are being used in their workflows, what decisions they influence, and where human judgment remains essential. Transparent dialogue helps mitigate fear of job displacement, clarifies accountability, and reinforces the principle that AI assists rather than replaces human expertise.



#### AI Applications Across the Servicing Lifecycle

AI can be applied across different stages of mortgage servicing; from the moment a loan is boarded to the resolution of the loan. Below, we break down emerging AI applications at each key stage, the risks and considerations to watch for, and the recommended best practices to mitigate those risks.

##### Loan Boarding

**AI Application:** Automated data extraction and validation are transforming loan boarding. When loans are transferred, or newly originated loans are set up in servicing platforms, AI document processing tools leveraging OCR and machine learning can ingest loan files, recognize and extract key data fields (e.g., terms, interest rate, escrow info), and populate servicing platforms. In bulk loan boarding (e.g., servicing acquisitions), such tools dramatically speed up onboarding—one implementation saved over 34,000 staff hours by automatically reading and entering loan file data, about 1+ hours saved per loan. In flow loan boarding, another servicer achieved 50% straight through processing for loan boarding by AI document extraction and doc-to-data validation.

**Risks & Considerations:** When done correctly, AI in loan boarding can improve efficiency and accuracy, but it

should operate under a robust oversight framework that catches errors and avoids automating any unfair practices. The primary concerns here are accuracy, accountability, and data integrity. If an AI incorrectly reads a term (for instance, a \$150,000 loan amount as \$510,000 due to an OCR error), it could lead to servicing errors that harm the borrower (incorrect payment schedules, escrow miscalculations, etc.). Additionally, if the AI flags certain loan files as “high risk” (perhaps for fraud) based on patterns, there is a potential for bias: the model might be more likely to flag loans from certain neighborhoods or borrower profiles if not carefully designed, raising fair lending/redlining concerns. Privacy is another consideration: boarding often involves sharing loan data with an AI platform or vendor, so servicers must ensure vendors are keeping data secure and only using it for the intended purpose.

**Best Practices:** Maintain a human audit process for AI-assisted boarding. For example, require quality control checks on a sample of boarded loans to compare AI-captured data to source documents. Many organizations implement a “double-blind” data validation where AI does the first pass and then humans or a second system verify critical fields (loan balance, interest rate, etc.). If discrepancies are found, adjust the model and correct the data. Ensure data accuracy and completeness by programming the AI to cross-verify fields (e.g., interest rate in note vs. in system) and flag inconsistencies for manual review. It’s also wise to have exception-handling rules: loans that don’t meet certain confidence thresholds should fall out to a human for manual boarding. From a compliance perspective, treat the AI like any other system: maintain audit logs of changes made, and retain copies of original documents and AI-extracted data for regulators or investors who may audit the loan setup. Vendor due diligence is key: if using third-party AI solutions, ensure they meet security standards and contractu-

ally commit to compliance (especially if loan data includes sensitive personal information, as is almost always the case).

★★★★★

### Loan Administration (Payment Processing and Account Management)

**AI application:** Once a loan is onboarded, the ongoing administration involves handling payments, escrow accounts (taxes and insurance), interest calculations, and customer account changes. AI is being used to streamline payment processing and detect anomalies. For instance, machine learning models can monitor incoming mortgage payments and flag irregularities in amounts that could indicate an error or borrower hardship. Additionally, AI is powering internal virtual assistants for servicing agents—staff can query an AI bot for servicing guidelines (“What’s the procedure for a deferment?”) and get quick answers, improving consistency.

**Risks & Considerations:** Accuracy and reliability of AI recommendations are paramount here—a mistake in payment processing or escrow analysis can directly harm consumers and violate regulations. There’s also potential bias or unfairness in any AI-driven fees or waivers: for example, if an AI decides when to waive a late fee (perhaps predicting who will otherwise fall into deeper delinquency), it must do so consistently. When using an AI bot for servicing guidelines, servicers must ensure that their specific procedures are being shared with their employees.

**Best Practices:** Augment AI with rule-based controls to enforce compliance. For example, even if an AI flags a payment as potentially delinquent, it has business rules that ensure no late charge or credit reporting happens until grace periods expire and required notices are given. Servicers use RAG architecture to narrow down the knowledge



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# Customer service is one of the most visible areas for AI in mortgage servicing. Servicers are deploying AI-powered chatbots and virtual assistants on their websites and mobile to handle routine borrower inquiries 24/7.”

guidelines from their specific procedures and operating manuals.



## Customer Care and Support

**AI Application:** Customer service is one of the most visible areas for AI in mortgage servicing. Servicers are deploying AI-powered chatbots and virtual assistants on their websites and mobile to handle routine borrower inquiries 24/7. AI is used for call center analytics: transcribing calls and using sentiment analysis to gauge customer satisfaction or stress, then flagging calls that may require follow-up or manager review. In addition to borrower-facing virtual assistants, servicers are increasingly adopting agent-assist or AI co-pilot tools to enhance the efficiency and consistency of live representatives. These tools operate behind the scenes—listening to calls or reviewing borrower chat transcripts in real time—to surface relevant account data, summarize past interactions, and recommend compliant responses based on servicing policies.

**Risks & Considerations:** Customer-facing AI carries significant reputational and compliance risks if not managed properly. One major risk is providing incorrect or misleading information. There’s also a risk of bias in service levels: if the AI NLP understands some accents or languages better than others, or if it gets confused by less common phrases (potentially used by certain demographic groups), those borrowers might get poorer service. Transparency is another concern—borrowers should know when they are interacting with AI vs. a human. Some customers might feel frustrated or deceived if an AI cannot fully address their issue but doesn’t hand off to a human in a timely manner.

**Best Practices:** Blend AI with human support in a seamless way (the “hybrid” approach to customer service). For routine questions, AI chatbots can be frontline, but always offer an easy option to reach a human agent, especially when

the AI detects frustration or a complex issue. Clearly disclose—e.g., the chat interface might say, “You are chatting with our virtual assistant. Type ‘agent’ at any time to talk to a live representative.” Such transparency builds trust and allows customers control. Train the AI on validated knowledge—the answers should come from the servicer’s official policy and procedure content, which compliance teams have reviewed. Regularly update the knowledge base for any regulatory changes (for example, if new COVID-19 hardship options are introduced, ensure the bot is updated to correctly explain them). Conduct quality assurance testing on chatbot conversations just as you monitor calls—review transcripts for accuracy and helpfulness. Metrics like first-contact resolution, confusion triggers, and customer feedback thumbs-up/down can guide improvements.



## Collections (Early-Stage Delinquency)

**AI Application:** Servicers use machine-learning models to predict which borrowers are at risk of delinquency or roll from 30-days late to 60-days late, allowing for proactive outreach. AI can also help segment delinquent borrowers by reason or risk—for instance, identifying who might just need a friendly reminder versus who may be experiencing financial hardship that requires a repayment plan. Another application is optimizing contact strategies: AI can experiment and learn which communication channel and timing is most effective for each borrower (some might respond better to a text message on the third day past due, others to a phone call in the evening).

**Risks & Considerations:** One key risk is unintentional bias or disparate impact in how collection efforts are applied. If an AI model is trained on historical delinquency data, it might infer patterns that correlate with protected characteristics—for example, if in the past, loans in certain neighborhoods were less likely

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to cure, the model might allocate fewer resources or a harsher approach to those loans, which could disproportionately affect minority borrowers.

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### Default Management & Loss Mitigation

**AI Application:** AI is being applied here to streamline and automate the loss mitigation workflow. One key use is document collection and review for loss mitigation applications. Borrowers in default often must submit income, hardship letters, etc.; AI document automation can extract income figures, proof of hardship, and other data from these submissions and populate evaluation systems. This speeds up what was traditionally a paperwork-heavy process. In the default operations realm, AI and RPA (robotic process automation) are used to ensure all regulatory steps are followed—e.g., automatically scheduling required notices, tracking modification plan payments, and preparing pre-foreclosure review packages. Moreover, AI can help with property valuation and market analysis to support decisions (like whether a short sale is viable) by crunching real estate data.

**Risks & Considerations:** Data accuracy is vital: if the AI is using incorrect inputs (maybe a misread paystub or an outdated property value), the output option could be wrong. Consumer protection rules like Regulation X mandate various procedural rights—for instance, timely responses to loss mitigation applications and avoiding foreclosure sales if a complete application is under review. An AI system must be carefully designed to honor these rules (e.g., it should never foreclose an active loss mitigation application account, and it should timestamp when documents are received to meet deadlines). Privacy is another consideration: evaluating loss mitigation can involve pulling credit reports (which invokes FCRA obligations for adverse actions) or using other personal data. All of that must be handled lawfully.

**Best Practices:** Keeping humans in the loop for all critical loss mitigation decisions. AI can do the heavy lifting—gathering data, running calculations, even making preliminary recommendations—but a trained loss mitigation specialist or underwriting committee should review the final decision, especially for denials.

★★★★★

### Refinance (Retention & Cross-Selling)

**AI Application:** Although refinance or new lending might be considered part of origination, for a servicer, it represents the end or transformation of the servicing relationship—often, servicers try to retain customers by offering refinancing or other loan products (home equity loans, etc.) when appropriate. AI plays a role in identifying retention opportunities. Machine-learning models can analyze the servicing portfolio to predict which borrowers are likely to refinance or need cash out, based on factors like current interest rate versus market, credit improvement, home value increase, time in loan, and even life events (detected via credit data or engagement patterns). In marketing, AI is used to personalize outreach and develop marketing materials: deciding whether a borrower gets an email about a home equity line vs. a conventional refi and creating the marketing material.

**Risks & Considerations:** Marketing biases can creep in—for example, if a model uses ZIP codes or demographic proxies to target “likely refinancers,” it might leave out minority neighborhoods (“digital redlining”) or older borrowers who could benefit.

**Best Practices:** Ensure marketing and retention AI models are tested for fair lending compliance. Before using AI to target offers, simulate the outreach list and analyze it by protected class segments. If certain groups are under-represented compared to eligibility, adjust the model or outreach criteria. On data usage, comply with privacy choices: if a

borrower has opted out of data sharing or marketing, the AI must exclude them from campaigns. Even if not opted out, it’s good practice to allow customers to opt out of “personalized offers.” Compliance review of marketing content: any AI-generated content (emails, letters) should be reviewed by compliance to ensure it’s not misleading or violating advertising rules (like APR disclosures if terms are mentioned). Monitor outcomes: track who responds to offers and who doesn’t, and check if any group is systematically not responding or not getting through the process.

★★★★★

### Strategic Recommendations for Leaders

To successfully implement AI across the mortgage servicing lifecycle in a responsible and compliant manner, it is recommended that servicing executives focus on a core set of strategic actions and governance practices. These key recommendations will help ensure that AI innovation is **responsible, transparent, and aligned with regulatory expectations:**

- 1. Establish Governance Frameworks:** Form an AI governance committee or working group that includes stakeholders from compliance, risk management, legal, IT, data science, and business units. This group should set policies for AI use, approve new AI implementations, and regularly review existing AI systems for performance and compliance.
- 2. Integrate Compliance Reviews:** Before deploying any AI solution, run it through a compliance and ethics impact assessment. This means having compliance officers and possibly counsel evaluate how the AI’s outputs or decisions intersect with laws/regulations (CFPB servicing rules, ECOA, FHA, FDCPA, UDAAP, privacy laws, etc.).
- 3. Mitigate Bias Proactively:** Make fairness testing and bias mitigation a continuous part of your AI lifecycle.

Diversify training data for models to the extent possible, so they don't learn only from one narrow population. In addition, Servicers should guard against vibe coding—subjective or intuition-based labeling of training data by humans. Vibe coding can embed unintentional prejudice into model training, especially in areas like call sentiment, borrower hardship assessment, or delinquency prediction.

4. **Ensure Explainability:** Even if the underlying technology is complex, the usage and outcomes of AI in servicing should be explainable to both consumers and regulators. Implement explainable AI techniques for your models—for instance, use algorithms that can provide reason codes (many tree-based models or rule-based systems can do this), or use model-agnostic tools that output feature importance for specific decisions. When AI tools are used to augment servicing agents, servicers should maintain explainability standards—ensuring employees understand how recommendations are generated and when to override them.
5. **Address Hallucination Risks:** Incorporate systematic checks for AI hallucinations in all generative use cases. This includes dataset grounding, prompt-engineering standards, confidence-based output filtering, and employee review protocols for borrower-facing communications. Treat hallucinations as a form of model error requiring remediation and logging under Model Risk Management (MRM) frameworks.
6. **Strengthen Data Governance:** Audit your data flows for each AI application—know what data is being used, where it's stored, and who has access.
7. **Monitor & Audit Continuously:** Implement continuous monitoring and auditing of AI outcomes. AI in servicing isn't a set-and-forget tool—models can “drift” over time or behave

unexpectedly as they interact with dynamic real-world events.

8. **Foster a Responsible Innovation Culture:** Leadership should set the tone that both innovation and responsibility are dual priorities. Encourage your teams to explore AI solutions that genuinely solve customer pain points or improve efficiency, but also empower anyone to flag ethical or compliance concerns without fear of slowing down progress.
9. **Communicate AI's Role Clearly to Employees:** Ensure all employees understand how AI impacts their roles, what decisions AI supports, and how accountability is shared. Transparent internal messaging prevents confusion or resistance, promotes ethical use, and strengthens governance. Include AI awareness in training programs and emphasize that AI systems assist—not replace—human expertise and borrower empathy.
10. **Build Momentum With Quick Wins:** Servicers should focus on early, measurable AI use cases that demonstrate clear value to both the organization and the borrower community. Examples include voice analytics to enhance call quality monitoring, generative knowledge assistants that improve agent productivity, and document automation for faster onboarding. These “quick wins” help teams build confidence in AI governance frameworks and provide tangible success stories to regulators, investors, and consumers.



### The AI Moment in Mortgage Servicing: Progress, Responsibility & Opportunity

**A** Defining Shift Is Underway  
Mortgage servicers are embracing artificial intelligence not as a distant vision but as an active transformation. From intelligent document automation to borrower-assist/agent-assist chatbots and predictive analytics, AI is reshaping

“The industry’s evolution is guided by responsible AI principles: fairness, transparency, and human oversight. Servicers are embedding risk controls into every model—auditing for bias, validating accuracy, and maintaining human-in-the-loop review to ensure technology enhances rather than replaces human judgment.”

how servicing teams operate—faster decisions, better data use, and more personalized and timely borrower care.

#### Balancing Innovation With Accountability

The industry's evolution is guided by responsible AI principles: fairness, transparency, and human oversight. Servicers are embedding risk controls into every model—auditing for bias, validating accuracy, and maintaining human-in-the-loop review to ensure technology enhances rather than replaces human judgment.

#### A Win-Win Opportunity

- **For Servicers:** AI delivers measurable efficiencies—reduced manual work, faster loan boarding, and improved borrower interactions. Servicers are adopting a crawl-walk-run approach to AI, starting with low-risk, internal-facing initiatives such as voice analytics, knowledge management, document extraction, and propensity models before expanding to more sophisticated, borrower-facing use cases like chatbots and generative agents. This progression ensures trust, control, and compliance maturity at every stage.
- **For Consumers:** Borrowers gain quicker answers, proactive assistance, and fairer treatment—AI helps servicers reach customers earlier, explain outcomes clearly, and personalize solutions to fit their circumstances.

#### The Takeaway

AI represents the next frontier of servicing performance—one built on responsibility, not risk. When innovation and governance move together, the result is an ecosystem where servicers thrive operationally, and borrowers benefit experientially.

#### Conclusion

Artificial Intelligence holds enormous promise for the mortgage servicing industry—from smoother onboarding, smarter customer service, earlier risk mitigation, to tailored solutions for borrowers—all of which ultimately align with the business goal of portfolio performance and customer retention.

When used thoughtfully, AI can help servicers deliver faster, more efficient, and even more compliant service (for instance, by standardizing decisions and reducing human error), all while controlling costs. However, as we have highlighted, a servicing leader must balance innovation with caution: deploy AI in ways that enhance trust—trust with regulators, who need to see that existing laws and regulations are being upheld in letter and spirit; and trust with borrowers, who need confidence that even with advanced technology, they will be treated as individuals fairly and transparently.

The key takeaway is that responsible AI use is achievable with deliberate planning and oversight. By adhering to core principles (fairness, accountability, transparency, privacy, compliance) and implementing strong governance and controls, servicers can avoid the pitfalls of biased algorithms, black-box decisions, or privacy infringements.

In conclusion, the responsible application of AI in mortgage servicing is not a hindrance to progress but rather the blueprint for sustainable progress. By integrating governance with each AI use case across the servicing lifecycle, organizations ensure that efficiency gains do not erode fairness or customer rights. CEOs and COOs should champion this balanced approach, setting clear expectations that technology must serve both the company and its customers equitably. With executive leadership, proper oversight, and a commitment to continuous improvement, mortgage servicers can confidently harness AI as a tool for responsible growth—improving operational metrics and borrower outcomes hand in hand.

#### Contributing Authors:

Members of the MSEA Operations and Technology Subcommittee, led by Chairperson Mike McAuliffe, CEO, Aspen Grove Solutions.



#### About the Mortgage Servicing Executive Alliance (MSEA):

Founded in 2021, the MSEA is an industry trade group founded by the Five Star Institute. It is a network and alliance of senior mortgage servicing and mortgage insurance executives, with the primary objective of the group being to elevate the next generation of mortgage leaders, transforming the mortgage industry through mentorship, collaboration, and best practices—intended to enhance the homebuying and servicing experience for customers. The current Chairperson of MSEA is Timika Scott, SVP at US Bank.

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*"Onity Group's partnership with the American Mortgage Diversity Council reflects our vision for an industry that serves all communities with fairness, dignity, and access. We believe that kind of vision requires bold leadership and shared responsibility."*

— Jose Irizarry, Senior Vice President, Total Rewards, Human Resources and Chief Inclusion Officer, Onity Group Inc.

# THE GOLDEN YEARS' NEW MATH

As traditional retirement dreams face the reality of soaring insurance premiums and rent hikes, seniors are turning to ADUs and policy reform to stay housed.

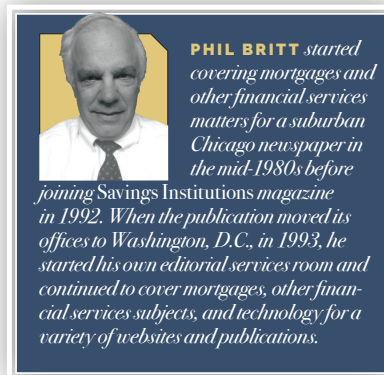
By PHIL BRITT

Seniors have been faced with the twin challenges of rising housing costs and living on a fixed income for decades. However, the issue has become even more critical over the last few years due to stagnating senior incomes. There have been some small cost-of-living increases in Social Security payments, though Medicare deductions have risen as well.

Some are still paying off a mortgage even after retiring. According to the Harvard University Joint Center for Housing Studies (JCHS), older owners with mortgages are more likely to face affordability challenges than those who own a home free and clear. Forty-three percent of older owners with mortgages are cost burdened (spending from 30 to 50% of their monthly income on housing), compared to 19% of those who own without a mortgage.

Even if seniors stay in single-family residences after paying off the mortgage, they are faced with rising property taxes and, particularly in the last few years, rising insurance costs.

American homeowners' insurance premiums increased by an average of 24% over the past three years, according to the Consumer Federation of America. Nationally, CFA found homeowners saw their insurance premiums rise twice as fast as inflation between 2021 and 2024,



which amounts to a \$21 billion total price hike for Americans.

Property taxes have increased as well, by an average of 12% between 2021 and 2023, lifting the average annual tax bill to \$4,380, according to the American Community Survey. Some state and local governments have implemented tax abatement programs, typically targeted to low-income and older adult households.

The cost of senior rental housing has also been on the rise.

According to Multi-Housing News, the average asking rent for senior housing in the fourth quarter exceeded \$5,700, a 4.4% year-over-year increase—the fourth consecutive quarter of rate deceleration from its peak of 6.2% in the second quarter of 2023. Over the past seven quarters, annual rent changes

have ranged from 4-4.5%, above the pre-pandemic norm of 3-3.5%.

According to the Urban Institute, renter households are more likely than owners to be cost-burdened at all ages. Older seniors, those 75 and older, are more likely to be cost-burdened than younger seniors.

The costs of utilities, home repairs, and other items have risen as well, impacting senior homeowners and renters.

“Older households increasingly need support affording their housing, as well as the services they may need to remain in their homes,” notes Jennifer Molinsky, Director of the Housing an Aging Society Program, in a JCHS blog. “Yet need already outstrips available assistance. Federal rental assistance is underfunded for very low-income older adults: at last measure in 2021, of the older adults earning no more than 50% of the area median income and thus qualifying for federal rental assistance, only 36.5%. The majority of the unassisted households were severely cost burdened, lived in severely substandard conditions, or both.”

The impact of these changes can be seen in some of the retirement communities that many seniors aspired to, but which have become too expensive, as noted in a recent *Wall Street Journal* article.

“We’re seeing fewer buyers in Florida, especially, as more of the state



**The ADU market is projected to grow at a compound annual growth rate (CAGR) of 18.6% through 2030, according to a blog by The Realty School.**

“One of the biggest challenges that the entire industry is facing is construction costs. Construction costs have soared over the last five years. There’s plenty of demand [for senior housing]. The challenge is to be able to build something that people can afford.”

—Tom Mann,  
VP of Sales and Marketing,  
Moorings Park Communities

is vulnerable to extreme weather and luxury development takes priority over what most seniors can afford. Texas isn’t much better, but these two states were so popular because they’re warm and don’t have income tax,” said Ryan Dossey, co-founder of SoldFast.

“A lot of our clients were small landlords with a handful of properties, offloading rentals as they get ready to retire, but we’re seeing a dip in interest as more choose to keep the supplemental income,” Dossey added. “This is more common up in Midwestern metros like Des Moines, Cleveland, Indianapolis, and Cincinnati because they held onto more of their older, smaller housing stock.”

“One of the biggest challenges that the entire industry is facing is construction costs,” said Tom Mann, VP of Sales and Marketing at Moorings Park Communities. “Construction costs have soared over the last five years. There’s plenty of demand [for senior housing]. The challenge is to be able to build something that people can afford.”

Mann added that Moorings Park serves the wealthiest 10% of seniors, so affordability hasn’t been an issue with the company.

#### Solutions Are Few

There is no easy answer to how seniors can keep pace with the rising cost of housing.

Seniors looking to move to more affordable areas face the same challenges as buyers and renters in other age groups, according to Dossey.

Some recommend renting out unused space, such as any rooms no longer occupied by children. Others suggest adding an accessory dwelling unit (ADU)—a secondary housing unit built on a single-family residential lot—onto the current property or moving into an ADU elsewhere.

The ADU market is projected to grow at a compound annual growth rate (CAGR) of 18.6% through 2030, according to a blog by The Realty School.

“Our operators have renovated and

sold properties with ADUs recently, and I could definitely see that as a growing trend as healthcare and retirement community costs price out more seniors,” Dossey said. “They can live close to family for support, and smaller units are a little easier to make aging-ready.”

In addition to the challenges of senior housing, ADUs are growing as more communities either begin to allow them or permit growth in the number of allowed ADUs.

The sentiment in various city council meetings towards ADUs is increasingly positive. A ReZone blog that outlines the growth of different types of ADUs outlines several trends:

- **Tier 1 (Emerging & Discretionary):** ADUs are gaining acceptance but are still largely approved by a case-by-case process through variances and special use permits. Typically, these cities are in the Midwest or East Coast.
- **Tier 2 (Mature & Permissive):** Cities that have already undergone comprehensive, citywide reform, resulting in highly permissive, by-right regulatory frameworks. Typically, these cities are in CA, AZ, CO, and all other states with statewide ADU reforms.
- **Tier 3 (Contested & Evolving):** Cities where the ADU policy framework is in flux due to political backlash or competing policy priorities. These markets present the highest degree of regulatory risk. The cities in this category seem to have no geographical relation.

The city of Chicago recently announced that it is expanding ADU access beginning April 1, under an ordinance approved in the fall, building on one originally passed at the beginning of the decade.

According to the city, ADUs were common in Chicago throughout the first half of the 20th century, but their construction was prohibited starting in 1957 due to changes in the zoning ordinance

that added parking requirements and banned secondary residential structures on Chicago lots.

The updated ADU ordinance allows for the creation of new units for homeowners needing extra income or those who wish to create separate spaces for multi-generational families. It also provides a path for the legalization of units that were previously built without zoning approval and building permits.

“We very often build ADUs for seniors or homeowners nearing retirement that want to age in place, either on their own property to rent out the primary home to generate rental income, or on their kid’s property to stay close to family,” said Whitney Hill, CEO and co-founder of Snap ADU.

With senior living costs climbing and housing availability shrinking, ADUs can be a smart choice, Hill adds. “Additionally, by building a new ADU, we are able to customize and add features for easy accessibility. This can include single-level layouts, open floor plans, wider doorways, grab bars, and zero-entry showers.”

Compared to a nursing home, building an ADU can be less expensive in the long run, according to Hill. For instance, the average nursing home in our market of San Diego costs about \$9,500 a month, according to RetirementLiving. How does this compare to an ADU? A typical one-bedroom, one-bathroom ADU will generally cost \$300,000 for the entirety of the build (including design, permitting, and construction), and an average design, permit, and build process takes about a year. At that rate, the costs of an ADU and a nursing home become roughly equal after just two and a half years. However, the ADU becomes a long-term asset and not an expense.

### Renting out an Owned Home

According to the latest data from the American Community Survey, more than 75% of senior households live alone or with only one other person, yet 60% of these households live in homes

with at least three bedrooms. These homes may not only be too big—they might be too old or in poor condition. Nearly half of the large homes rented and owned by seniors were built before 1980 and might require serious renovation or modification.

However, senior homeowners may not want to or may not be able to fulfill the responsibilities of a landlord.

### Policy Changes

To reduce housing costs and ensure that seniors can stay in their homes if costs increase, the Urban Institute offers the following recommendations for federal, state, and local policymakers:

- Consider property tax deferrals at the local level to help seniors defray rising tax burdens
- Allow state-issued Medicaid waivers to cover housing supports, like emergency rental assistance
- Subsidize insurance costs for low- and fixed-income households, appropriately regulate the private insurance industry, and improve the data used to quantify climate risk
- Expand subsidized and income-restricted rental housing targeted to older adults, particularly in high-cost markets where fixed incomes are quickly outpaced by rent growth.
- Enact stronger tenant protections and eviction prevention: Policies that reduce eviction risk, limit sudden rent spikes, and provide legal and financial assistance can play a critical role in housing stability for older renters
- Preserve existing affordable housing: Preventing the loss of naturally occurring affordable units is often faster and more cost-effective than new construction
- Fund more Section 8 housing vouchers to help seniors with low incomes who rent stay in their homes

- Expand the number of subsidized units to address supply shortages at the affordable end of the market
- Allow Medicare to cover the cost of home modifications seniors need for changing health and mobility
- Simplify and introduce more low-cost options of the Home Equity Conversion Mortgage program the Federal Housing Administration offers to allow seniors to draw from their home equity
- Leverage state-based affordable housing preservation initiatives and funding to support preservation and rehabilitation of homes in poor condition

### Seeking Senior Solutions

While policy shifts and emerging trends like ADUs offer a glimmer of hope, the “silver tsunami” of housing remains a looming storm. The challenge is no longer a distant concern for the next generation; according to the Urban Institute, the number of seniors will outnumber children within the next decade, marking a permanent demographic shift in the American landscape.

Addressing this crisis requires more than just incremental changes; it demands a fundamental rethinking of how we value and house our aging population. Whether through the wealthy enclaves of Florida or the resilient neighborhoods of the Midwest, the goal remains the same: ensuring that a lifetime of work isn’t erased by a single year of rising premiums or a sudden tax hike. For the millions of seniors caught between a fixed income and a fluid market, the stability of home is not just a financial asset. It is the cornerstone of dignity in their final chapters. **MP**



**H**ousing affordability has become a significant political and economic issue for Americans, with numerous studies highlighting high home prices, steep mortgage rates, and a shortage of available inventory.

Fort Lauderdale, Florida-based A&D Mortgage recently released a report entitled “U.S. Down Payment Affordability: Top 10 Least Accessible Cities, 2025.” The study examined down payment affordability in the 10 least accessible U.S. cities as of November 2025.

As you might expect, among the cities on the list are Los Angeles, New York City, and San Francisco.

The study noted that typical home values range from \$534,544 in Elizabeth, New Jersey, to \$1,476,547 in Kailua, Hawaii. It also noted that with the typical 15% required down payment, the years to save a down payment ranged from 28.1 to 37.1 years in those locations.

Max Slyusarchuk is the CEO of A&D Mortgage and has been in the financial industry for over 20 years. He spoke with *MortgagePoint* about the study and the affordability issues in general.

**Q:** What is the biggest factor causing such long timelines for the affordability of these cities?

**Slyusarchuk:** After the pandemic, different pockets of the United States experienced different rates of price increase. As you know, today the whole affordability situation for the younger generation is way more complex, and it’s much harder to buy a home than it was 30, 40, or 50 years ago, when your annual pay and home prices were much closer.

Home prices and annual pay have undergone gigantic differences. We have an internal team of analysts who do all sorts of studies throughout the United States—not just on affordability, but also on delinquency, foreclosure, and more.

These are the 10 least affordable cities, but affordability in the other cities is not the same as it was 30 to 50 years ago.

For our younger generation, where is the best spot today for new families? Not sure. Reality is that buying a home and starting a family is much harder today.

**Q:** What can be done to bring home values and earnings more in sync?

**Slyusarchuk:** That is a good question. The Trump administration has said to be focused on that. The administration is supposed to be working on a rule that would prohibit institutional investors from buying and owning single-family homes. This will prevent bigger funds from buying single-family homes so there will be more inventory, which helps with affordability.

One of the big efforts is to lower the national interest rate. The interest rate today, I don’t want to say is prohibitive

to homeownership, but a year and a half ago, it was prohibitive. Now it’s close to prohibitive. They need to drop the interest rate by at least another 1.5 to 2 percent to make rates more affordable.

**Q:** What steps should the industry take to help address these factors?

**Slyusarchuk:** Well, as one of the big lenders, we are working to help with all these initiatives. On the state level, we’re working with our governor in Florida to help reduce costs like insurance and excess taxes.

At the national level, and on Capitol Hill, we are trying to work with Fannie Mae on one of the biggest bills we’ve sponsored. At A&D Mortgage, what we’re pushing and sponsoring with our team is to reduce the limited review time in Florida. I don’t know if you know about that issue, but Florida is the only place where limited review is up to 75% LTV; everywhere else, it’s 90%. So, we are pushing Fannie Mae to reduce that. This will help the affordability of condos in Florida, and if it helps condos in Florida, it’s going to help condos everywhere. Condos are a big part of the housing inventory and help with overall affordability because they can be cheaper than a single-family home in most cases.

Another thing we are trying to do is remove the 15-basis-point non-bank guarantee rate. When banks sell Fannie Mae bonds, Fannie Mae charges 15 basis points more to non-banks. Banks get a 15-basis-point discount, but guess what? Eighty percent of loans today are done by non-banks. This extra charge essentially goes to the borrower. The guaranteed fee is passed through. So, 15 basis points may not sound like a lot, but when you’re talking about hundreds of billions of dollars, it adds to the affordability problem.

The industry is relying on large lenders like us, Rocket, and UWM to use our power and our dollars to push regulators and the government to make housing more affordable and available.

**Q:** What was your biggest takeaway from this analysis? What impressed you the most?

**Slyusarchuk:** If you look at 40 to 50 years ago, the rate at which you had to save money for a down payment was completely different. Today, it's so difficult for a new family to buy a home. Houses have gotten so expensive, and salaries haven't risen nearly as much, so the gap is just too big.

I will be very thankful to the Trump administration if they accomplish these ideas. Unfortunately, the previous administration failed to address the housing crisis. They took interest rates from zero to 8%, which completely killed homeownership. Let's hope this administration can do better.

**Q:** What is the main differentiator between the cities that are more accessible and those that are less so?

**Slyusarchuk:** The ranking reflects how many people want to live in these particular areas. I can tell you, it's not that the big cities stand out so drastically while everything else is negligible. The reality is that affordability is bad everywhere, and the line is pretty smooth from the top of the list down.

There are some areas where more people don't have to work locally, which probably influences demand. But the overall affordability situation, I'll say, is a problem. We have to think about our homes, and we must help with affordability. This should be a main driver for action.

**Q:** Are there any down payment assistant programs that you know of that might help homebuyers bridge this gap?

**Slyusarchuk:** Absolutely. There are a lot of down payment assistance programs at the state, city, and county levels, and we participate in most of them. Today, with the power of AI, you

can simply ask about these programs—'How do I apply?'—and it will give you the exact steps you need to take.

All the big lenders participate in down payment assistance programs. We actively support as many of these programs as possible because they directly help with affordability. We are very much in favor of down payment assistance.

**Q:** Should people buy now, or should they continue to save for a bigger down payment?

**Slyusarchuk:** Well, I think the advice is 'buy now and refinance later.' As interest rates eventually go down, property values usually go up. Buying right now while you can get a good price makes a lot of sense.

It's not really about the down payment. If you buy a home, you can do so with very little down. It's about the ability to make the monthly payment—that's the key. There are community programs that cover up to 97% financing, and you can negotiate seller concessions, so you can get in with almost no money down. The real issue is the monthly cost: the interest rate, insurance, taxes, and whether your salary can cover it all.

In our opinion, if you can get in now at the right price, do it. The market has softened over the last couple of years, which helps affordability. That makes it a smart time to buy now and refinance later when rates drop.

**Q:** Is there one closing thought that you would like to make that you think is important for our readers to know about the affordability problem?

**Slyusarchuk:** Affordability today is completely different than it was 15 years ago. It's much harder, especially with the compensation levels we see now. This makes it significantly more difficult for the younger generation to buy a home. Prices are so high, and what you earn buys so much less because of inflation. **MP**

“Today, with the power of AI, you can simply ask about these programs—'How do I apply?'—and it will give you the exact steps you need to take.”

—Max Slyusarchuk,  
CEO, A&D Mortgage

# WHY PARTNERSHIP PROGRAMS ARE RESHAPING MORTGAGE SERVICING

By ART CALHOUN

**I**n mortgage servicing, progress doesn't happen in isolation. It happens when the right organizations come together, aligned around a common purpose. Strong partnerships don't just support the industry—they help shape its future.

In today's environment, where regulatory pressure and homeowner expectations continue to rise, and rapid technological change is constant, the value of a true partnership has never been clearer or more essential to the modernization of the mortgage servicing sector.

Servicers are being asked to do more than simply process payments. They must deliver seamless homeowner experiences, respond in real time to constantly evolving regulations and homeowner needs, and operate efficiently at scale. That kind of real-time responsiveness demands speed, specialization, and coordination that no single organization can do alone. The most resilient servicing strategies today are built on ecosystems—carefully chosen partnerships that align expertise, technology, and shared outcomes.

## Partnerships Drive Better Outcomes for Servicers and Borrowers

**P**artnerships allow servicers to focus on what they do best while leveraging specialized capabilities elsewhere. Technology partners bring deep knowledge, continuous innovation, and the



ability to adapt quickly as the market shifts. When those partners are aligned around the same goals—homeowner success, compliance, and operational excellence—the results are tangible.

For servicers, this often shows improved efficiency, reduced risk, and faster time to value. For homeowners, this translates into clear, proactive communication delivered in real time, faster resolution of questions and issues, and full transparency into loan status, next steps, and outcomes. Instead of waiting for updates or navigating multiple hand-offs, homeowners get timely information as it happens and a consistent connected experience across every touchpoint—from digital self-service to live support. In an industry where trust and clarity matter deeply, those improvements are not incremental—they're transformative.

## From Vendors to True Partners

**T**here's an important distinction between having vendors and building partnerships. Vendors deliver tools or services. Partners invest in outcomes.

True partners understand the servicer's business model, regulatory realities, and long-term goals. They collaborate, listen, and evolve alongside their clients rather than simply pushing the next feature or release. This shift—from transactional relationships to strategic collaboration—is becoming a defining characteristic of modern servicing organizations.

It's also why we're seeing more servicers consolidate platforms and look for partners who can offer integrated, end-to-end solutions—which helps their operations reduce complexity, improve data integrity, and enable teams to move faster with greater confidence—without losing quality.

## Technology as the Foundation, Not the Headline

**T**echnology is often the most visible component of a partnership, but it shouldn't be the headline. The real value comes from how technology enables servicing teams and homeowners alike to make better decisions in real time with immediate access to accurate data, clear insights, and timely context as conditions change.

Modern platforms like Dara by Sagent exemplify this shift. Rather than layering new tools onto legacy systems, Dara was designed to unify servicing operations within a single, real-time



“This kind of technology-partnership model doesn’t dictate how servicers operate; it empowers them.”

—Art Calhoun,  
VP of Strategic Partnerships, Sagent

platform. When paired with the right partners (those who understand both the technology and the servicing landscape), it enables servicers to adapt quickly to changing conditions, stay continuously compliant as regulations evolve, and deliver consistent, high-quality homeowner experiences across channels and moments that matter most.

Importantly, this kind of technology-partnership model doesn’t dictate how servicers operate; it empowers them. It provides the flexibility to respond to change without constant rework or disruption.

#### A Shared Commitment to the Future of Servicing

The most resilient servicing strategies today are built on ecosystems—carefully chosen partnerships that align expertise, technology, and shared outcomes.

As the servicing industry continues to evolve, these types of ecosystems will play an increasingly important role. Regulatory changes will not slow down. Homeowner expectations will continue to rise. And operational efficiency will remain under the microscope.

Servicers that thrive will be those who intentionally build ecosystems

around shared values: transparency, adaptability, and a commitment to continuous improvement. They’ll choose partners who are willing to invest in the long term, collaborate openly, and measure success by outcomes—not outputs.

By partnering effectively, servicers can anticipate what homeowners need, deliver prompt and accurate responses to inquiries, and ensure issues are addressed in real time rather than after delays or escalations. This responsiveness builds trust, reduces friction, and enables meaningful, proactive engagement at every stage of the homeowner journey—from initial inquiry through ongoing support and hardship resolution.

This is the partnership model Sagent is using to build the ecosystem around Dara, and if it sounds like the quality of partnership your servicing operation needs, let’s talk.





## »» *Lending/Originations*

### INCOME NEEDED TO BUY A HOME STILL OUT OF REACH FOR MANY

**T**he amount that Americans need to earn to afford a typical U.S. home for sale has fallen, according to a report from Redfin.

Homebuyers need to earn \$111,252 per year to afford the typical U.S. home for sale, down 4% from \$115,870 a year ago, according to Redfin. The company noted that the income needed to buy a home has been declining since November, providing some much-needed relief for U.S. homebuyers.

“The housing affordability crisis is showing signs of easing as costs come down slightly but meaningfully, opening the door for more Americans to make the jump to homeownership,” said Chen Zhao, Redfin’s Head of Economics Research. “While housing remains historically expensive, the trajectory is finally starting to reverse, with the door

to buying a home opening a bit wider rather than closing tighter. But while affordability is improving, Americans are contending with other obstacles on the road to buying a home, like nerves about layoffs and economic uncertainty.”

Previously, the income required to afford a home had been rising on a year-over-year basis nearly every month for five years straight, since the pandemic homebuying boom increased home-sale prices, Redfin said.

The income necessary to buy a home peaked at over \$122,000 in June 2025.

#### Report Focuses on December

Redfin said it considers a home affordable if a buyer taking out a mortgage spends no more than 30% of their income on their monthly housing payment. That is based on a Redfin analysis of median home sale prices, along with prevailing mortgage rates and property tax payments, the website said.

Redfin said this report focuses on December 2025—the most recent period

for which data is available—and comparable periods in past years.

Redfin noted that homebuying affordability is improving in 37 of the 50 most populous U.S. metropolitan areas. Affordability has improved most in Dallas, Sacramento, California, and Jacksonville, Florida.

Redfin said that homebuying affordability is improving nationwide because monthly housing costs are lower than they were a year ago. It said that the median home-sale price is \$426,747, slightly higher than last year, but average mortgage rates are sitting around 6.1%, down from nearly 7% last year.

That makes the median monthly mortgage payment around \$2,675, down from roughly \$2,800 a year ago, which has pushed up the annual income required to buy a home downward.

Homebuyers are getting better deals than they have in the last several years.

A recent Redfin analysis noted that buyers are scoring the biggest discounts in 13 years, and another Redfin report shows that there are hundreds of thousands more buyers than sellers in the market, upping buyers’ negotiating power and pushing sale prices down.

#### Typical Household Earns \$25K Less Than Needed

Redfin said that the typical American household earns an estimated \$86,185, roughly \$25,000 less than the income needed to afford the median-priced home. While monthly housing costs have come down enough for some higher earners to buy a home, lower earners are still priced out by a wide margin.

The trajectory is moving in the right direction: The median household income rose by about 4% from 2024 to 2025, the website said.

Redfin economists said they expect affordability to continue gradually improving throughout the year as wages continue rising while housing costs stay mostly stagnant.

Affordability has improved in most major metros, led by Dallas and Sacramento.

In Dallas, Redfin reported that homebuyers need to earn \$112,175 to afford the median-priced home, down 7.4% year over year—the biggest decline among the 50 metros in this analysis. The next-biggest declines are in Sacramento, California (-6.8% to \$148,102) and Jacksonville, Florida (-5.9% to \$97,898). San Jose, California, and Austin, Texas, round out the top five.

Redfin said that affordability is improving most in those places because home prices have declined most. The typical monthly housing payment in Dallas is \$3,191 per month, down about \$300 from \$3,426 per month a year ago. In Sacramento, the typical monthly housing payment is \$3,752, down from \$4,090, and in Jacksonville, it's \$2,161, down from \$2,337.

### Affordability Has Improved in 37 of 50 Most Populous Metros

Homebuying affordability has improved in 37 of the 50 most populous metros.

Conversely, homebuyers need to earn more than last year in some places where sale prices have increased. The biggest increase is in Detroit, Michigan, where buyers must earn \$74,912 to afford the typical home, up 3.6% year over year. Detroit is followed closely by Chicago (\$105,440, up 3.5%) and St. Louis (\$73,984, up 3%). Buffalo, New York, and Cincinnati round out the top five.

In the United States overall, Redfin noted that the typical household doesn't earn enough money to comfortably afford a home. But homes are affordable to the typical household in 12 of the 50 most populous metro areas, all places where the typical home costs less than the national median.

In Pittsburgh, Redfin said that homebuyers must earn \$66,168 per year to afford the median-priced home, and the typical local household earns \$82,188. That makes Pittsburgh the metro where buyers have the most room in their budgets for monthly mortgage payments.

Next is St. Louis, where people need \$73,984 to buy a home, and the typical

household earns \$87,471. Cleveland rounds out the top three: buyers need to earn \$66,725, compared to a median income of \$76,912.

San Jose homebuyers must earn \$374,241 annually to afford the median-priced home, the highest income of the metros in this analysis, Redfin said. Next area boasted three other coastal California metros: San Francisco (\$291,256), Los Angeles (\$248,307), and San Diego (\$231,151), while New York (\$196,544) rounds out the top five.

## SURVEY: INCOMES, MORTGAGE RATES CITED AS TOP HOMEOWNERSHIP BARRIERS

According to a survey of 3,000 Americans by Bright MLS, more than nine in 10 Americans believe housing affordability is a problem, with consumers citing relatively low incomes and high mortgage rates as the primary reasons for concern.

Among the survey's respondents, the most commonly cited reason for the current housing affordability challenge is that people do not earn enough money to afford buying a home (55.5%). High mortgage rates were the second most common response given at 50.1%.

Americans view a lack of housing supply as a major constraint, although far fewer report that a shortage of new construction is driving unaffordable housing.

Some 43.2% of respondents said that not enough housing is being built at lower price points, and less than a quarter (24.5%) said that there is not enough housing being built where people want to live. Bright said that investors buying homes was cited as a more important driver of the housing affordability challenge (32.3%), despite investors accounting for a relatively small share of homes bought.

### Insufficient Income Most Commonly Cited

It should be noted that the survey was conducted before the Trump administration proposed a ban on the purchase of single-family homes by institutional investors.

Across age groups, insufficient income is the most commonly cited reason for the housing affordability challenge. People under age 40 are slightly more likely to identify a lack of new construction where people want to live, and people aged 60+ are slightly more likely to cite a lack of new construction at lower price points.

Overall, when thinking about why housing is unaffordable, consumers are focusing more on incomes being too low and mortgage rates being too high, rather than a lack of supply, Bright MLS said.

According to Bright, there is an apparent disconnect between what everyday Americans think is the reason housing is unaffordable and what many experts claim. In the short term, however, the perspectives of Bright MLS's survey respondents may be on target.

Between 2010 and 2020, household income and home price growth generally tracked.

That meant incomes were typically growing about as fast as home prices. However, in 2020, there was a sharp divergence where home prices, as measured by the S&P Cotality Case-Shiller Home Price Index, began to increase faster than the median household income.

### Mortgage Rates Began Rising in 2020

Mortgage rates, which were falling from their 2010 levels, began to rise quickly in 2020 before beginning to flatten, Bright said.

By contrast, over the past 15 years, residential construction as measured by building permit activity seems relatively strong, with permits for new housing construction much higher than in 2010, Bright said.

It said that consumers thinking

about the recent past understandably point to a lack of income growth and an uptick in mortgage rates when they think about why housing has become unaffordable, Bright said.

The longer-term picture is a little different, Bright noted.

Going back to 1987, it is clear that mortgage rates are lower now than they were in the 1980s, but Bright said there have been big upticks in home price appreciation that corresponded to expansion of mortgage access (via subprime mortgage offerings in the early part of the 2000s) and sharp drops in rates that were driven by Federal Reserve policy in 2020-2021.

Income growth, Bright said, generally has been slower than home price appreciation since the early 2000s. However, without the subprime and pandemic-era booms, those measures would have tracked more closely.

Concerning supply, the longer view shows that the amount of new housing construction has lagged significantly compared to the late 1980s and 1990s, even though there was an uptick in more recent years, Bright MLS said.

## REFI OPPORTUNITIES ON THE RISE FOR U.S. HOMEOWNERS

The February 2026 ICE Mortgage Monitor Report has been published by Intercontinental Exchange, Inc. The analysis indicates that the drop in mortgage rates at the start of January created refinancing opportunities for almost five million borrowers and contributed to affordability reaching a four-year peak.

“Even small reductions toward 6% rates can significantly boost affordability, particularly for homeowners who could refinance into a lower rate and monthly payments,” said Andy Walden, Head of Mortgage and Housing Market Research at ICE. “When rates hit 6.04% on January 9, the number of homeown-

“Today’s market is full of cross currents—borrowers responding quickly to rate shifts, affordability improving for some but not others, and pockets of rising credit stress.”

—Bob Hart, President, ICE Mortgage Technology



ers in the money to refinance jumped by 20% and affordability hit its best level in four years. That said, affordability remains structurally challenged, with home prices still elevated relative to incomes and meaningful differences emerging across regions and borrower segments.”

### Key findings:

- Refinance incentives surged to a nearly four-year high following early-January interest rate declines.

On January 9, interest rates reached 6.04%, according to the ICE 30-year conforming fixed rate index, which put roughly 4.8 million borrowers “in the money” for a refinance—the highest level since early 2022. That drop effectively increased the eligible population by 20% overnight. Although some of that benefit has since receded, the episode underscores how sensitive the market is to rate shifts in the high-5% to low-6% range. Nearly 1.3 million recently originated mortgages carry rates between 6.875% and 6.99%, including more than

half a million from 2025, making it the most common rate band last year, and the most sensitive to interest rate drops.

- Housing affordability reached its best level since early 2022 but remains stretched by historical standards.

In early January, the monthly principal and interest payment needed to purchase the average-priced home fell by \$164 (-7%) year over year to \$2,091, reducing the share of median household income required to 27.8%. Despite the improvement, the national home price-to-income ratio remains elevated at roughly 4.8:1, well above its long-run average near 4:1. To revert to pre-pandemic home price-to-income ratios, household incomes would need to rise a little over 15%, assuming home prices remain flat.

- Negative equity is increasing modestly, concentrated in recent vintages and select Southern markets.

More than 1.1 million borrowers ended 2025 underwater—the highest level since early 2018—with negative

equity heavily concentrated among FHA and VA loans originated in 2022 or later. Several Southern markets now have more than one in 10 mortgaged homes underwater, even as national equity levels remain historically strong.

- Home price growth slowed to its weakest pace in more than a decade, with regional divergence widening.

In 2025, home prices in the United States increased by only 0.6%, representing the smallest annual growth since 2011. While the Northeast and Midwest continue to offer stability, price drops in the South and West are increasingly impacting national averages.

“Today’s market is full of cross currents—borrowers responding quickly to rate shifts, affordability improving for some but not others, and pockets of rising credit stress,” said Bob Hart, President of ICE Mortgage Technology. “Our end-to-end mortgage platform helps servicers and lenders make sense of those moving parts and act on opportunity. It gives them a clearer view of who might benefit from refinancing, where portfolio risks are building, and how to engage customers with the right options at the right time—all while supporting timely follow-through.”

## DECEMBER PENDING HOME SALES SLIDE DESPITE EARLIER SIGNS OF RECOVERY

**P**ending home sales in December fell by 9.3% from the prior month and 3% year-over-year, according to the National Association of Realtors (NAR) Pending Home Sales Report.

“The housing sector is not out of the woods yet,” NAR Chief Economist Lawrence Yun said. “After several months of encouraging signs in pending contracts and closed sales, the December new contract figures have dampened the short-term outlook.”

The report provides the real estate ecosystem, which includes agents, homebuyers, and sellers, with data on the level of home sales under contract.

According to the report, month-over-month pending home sales declined in all four regions. Year-over-year pending home sales rose in the South and declined in the Northeast, Midwest, and West, the report noted.

“Even after accounting for typical seasonal patterns, interpreting in-person home search activity in the winter—especially in December—can be tricky due to public holidays, people taking time off, and wintry weather conditions,” Yun said. “We’ll be watching the data in the coming months to determine whether the soft contract signings were a one-month aberration or the start of an underlying trend.”

### Closing Activity Rose in December

Yun noted that lower consumer enthusiasm might have had an impact.

“Data shows closing activity increased in December. However, new listings did not keep pace, so inventory decreased. Consumers prefer seeing abundant inventory before making the major decision to purchase a home. So, the decline in pending home sales could be a result of dampened consumer enthusiasm about buying a home when there are so few options listed for sale. In December, there were only 1.18 million homes on the market—matching the lowest inventory level of 2025,” he said.

### December 2025 National Pending Home Sales

- 9.3% decrease month over month (MoM)
- 3% decrease year over year (YoY)

### December 2025 Regional Pending Home Sales

#### Northeast

- 11% decrease MoM
- 3.6% decrease YoY

#### Midwest

- 14.9% decrease MoM
- 9.8% decrease YoY

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## South

- 4% decrease MoM
- 2% increase YoY

## West

- 13.3% decrease MoM
- 5.1% decrease YoY

NAR noted that while national pending home sales dipped in December, several local markets are showing notable year-over-year gains. It said that among the 50 largest metro areas, these 10 markets posted the biggest annual increases in pending home sales, according to data from Realtor.com Economics:

- Louisville/Jefferson County, KY-IN (+23.8%)
- San Antonio–New Braunfels, TX (+13.6%)
- Virginia Beach–Chesapeake–Norfolk, VA-NC (+11.0%)
- Charlotte–Concord–Gastonia, NC-SC (+9.7%)
- Boston–Cambridge–Newton, MA-NH (+9.2%)
- Phoenix–Mesa–Chandler, AZ (+8.7%)
- Oklahoma City, OK (+8.0%)
- Miami–Fort Lauderdale–West Palm Beach, FL (+6.3%)
- Pittsburgh, PA (+5.8%)
- Memphis, TN-MS-AR (+4.7%)

The Realtors Confidence Index (RCI) survey gathers information from realtors about local market conditions based on their client interactions and the characteristics of their most recent sales for the month. The RCI reflects closed sales activity for December.

According to NAR, the findings from the latest RCI report include:

- 39 days: Median time on market for properties, up from 36 days the prior month and 35 days in December 2024.
- 29% of sales were first-time homebuyers, down from 30% the prior month and 31% in December 2024.
- 28% of transactions were cash sales, up from 27% a month ago and unchanged from December 2024.
- 18% of transactions were individual

# “Higher origination volumes in the fourth quarter point to improving conditions in commercial mortgage markets, though activity remains uneven across property types.”

—Reggie Booker, Associate VP of Commercial/Multifamily Research, MBA



investors or second-home buyers, unchanged from the prior month and up from 16% in December 2024.

- 2% of sales were distressed sales (foreclosures and short sales), unchanged from a month ago and December 2024.
- 31% of NAR members expect an increase in buyer traffic over the next three months, up from 22% the prior month and 27% one year ago.
- 28% expect an increase in seller traffic, up from 18% the prior month and 27% one year ago.

## RATE STABILITY FUELS REBOUND IN COMMERCIAL, MULTIFAMILY LENDING

**C**ommercial and multifamily mortgage loan originations were up 30% in the fourth quar-

ter of 2025 compared to a year earlier, and rose 25% from the third quarter of 2025, according to the Mortgage Bankers Association's (MBA) Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations.

“The 30% increase in originations during the final three months of 2025 capped a much stronger year for commercial and multifamily mortgage lending, as activity for depositories increased sharply in the fourth quarter and for 2025 as a whole,” said Reggie Booker, MBA's Associate VP of Commercial/Multifamily Research. “Higher origination volumes in the fourth quarter point to improving conditions in commercial mortgage markets, though activity remains uneven across property types.”

Booker added: “2025 represented a strong rebound from 2024, as lending volumes increased across most investor categories amid greater rate stability and clearer pricing expectations.”

According to the report, compared to a year earlier, a rise in originations for office, multifamily, industrial, and healthcare properties led to an overall rise in commercial/multifamily lending volumes.

### Loan Originations for Retail Properties Fell

MBA said that there was a 95% year-over-year increase in the dollar volume of loans for office properties, a 23% increase for industrial properties, a 22% increase for multifamily properties, and a 20% increase for healthcare properties.

Conversely, it said that there was a 12% decrease for retail properties, and hotel property loan originations decreased an estimated 34% compared to Q4 2024.

Among investor types, MBA said that the dollar volume of loans originated for depositories increased by 74% year over year.

There was a 46% rise in loans for investor-driven lenders, a 5% increase in commercial mortgage-backed securities (CMBS) loans, a 4% increase in government-sponsored enterprises

(GSEs—Fannie Mae and Freddie Mac) loans, and a 1% increase in life insurance company loans, MBA reported.

### Industrial Properties Rose

MBA said that, on a quarterly basis, fourth-quarter originations for industrial properties rose 29% compared to Q3 2025. There was a 17% increase in originations for multifamily properties, a 2% increase for healthcare properties, and a 2% increase for hotel properties. Originations for retail properties fell 32%, and originations for office properties decreased 1% compared to the third quarter of 2025.

Among investor types, between the third and fourth quarters of 2025, MBA said the dollar volume of loans for depositories rose 54%, loans for life insurance companies increased 27%, originations for investor-driven

lenders increased 21%, loans for CMBS increased 6%, and the dollar volume of loans for the GSEs was unchanged.

MBA said that the preliminary measure of commercial mortgage bankers' originations volumes showing activity in 2025 was 40% higher than in 2024. By property type, mortgage bankers' originations for office properties rose 146% from 2024, multifamily properties increased 36%, retail properties increased 27%, industrial properties increased 20%, and healthcare properties increased 7%. Hotel properties decreased roughly 7%, MBA reported.

Among investor types, for 2025 compared to 2024, mortgage bankers' originations for depositories increased 74%, originations for investor-driven lenders increased 59%, loans for GSEs increased 27%, loans for life insurance companies increased 23%, and CMBS loans increased 8%, MBA said.

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## »» *Default Servicing*

### HOUSING AFFORDABILITY CRUNCH PUSHES MORE MORTGAGE HOLDERS INTO DELINQUENCY

**H**ousing affordability isn't just an issue for would-be homebuyers; it's also affecting a growing share of existing homeowners, according to new data.

New research from the credit scoring company VantageScore noted that late-stage mortgage delinquencies—those with payments at least 90 days past due—rose 18.6% in December from a year earlier.

It noted that the share of mortgages at that stage of nonpayment remains small at about 0.2%—up from just under 0.17% in December 2024. The growth is occurring at a faster pace than for delinquencies involving other types of consumer credit, including auto loans, credit cards,

and personal loans, said Rikard Bandebo, Chief Strategy Officer and Chief Economist for VantageScore.

Compared with the nonpayment levels seen during the financial crisis in 2008 to 2010, “this is a considerably lower delinquency rate,” Bandebo said. “But it’s still a concerning sign that [delinquencies] are increasing.”

As of the third quarter last year, mortgage delinquencies of all stages were 1.78% of outstanding home loans, up from 1.74% a year earlier, according to the Federal Reserve Bank of St. Louis. In the first quarter of 2010, that share was 11.49%.

#### Delinquencies Could Total 1.5M

CNBC reported that Americans owed \$13.07 trillion on 86.67 million mortgages, also as of the third quarter of 2025, citing a LendingTree analysis of Federal Reserve Bank of New York data.

Based on these figures and the St. Louis Fed’s delinquency data, the number of delinquent mortgages could be about 1.5 million, CNBC reported.

The recent rise in delinquencies

helped push the average VantageScore credit score down to 700 in December, a one-point decline from November and a two-point drop from a year earlier.

CNBC reported that affordability issues have taken center stage as households continue to struggle to absorb higher prices. The costs of everyday purchases have risen by more than 25% since January 2020, according to the Consumer Price Index.

CNBC said that many would-be homebuyers have been priced out of the market because of constraints on inventory, prices that have surged over the last five years, and elevated mortgage rates. Although the market shows some signs of easing, the median sale price of a single-family home was \$409,500 in December, according to the National Association of Realtors.

#### Home Prices Take a Jump

That amount is down from the June 2025 high of \$435,300, but it remains far above home prices heading into the pandemic. From January 2020 through November 2025, home prices jumped 54.5%, according to the S&P Cotality Case-Shiller U.S. National Home Price Index.

A new analysis from the Realtor.com economic research team looked at what it would take to return housing affordability to pre-pandemic levels. That’s when the typical mortgage payment consumed about 21% of the median household income, compared with more than 30% today, according to the research.

The analysis revealed that that one of three things would have to happen: mortgage rates would have to fall to about 2.65% from the current 6.16%; median household income would need to rise 56% to \$132,171 from an estimated \$84,763 currently; or home prices would need to fall 35% to a median of \$273,000 from about \$418,000 in 2025.

For potential homebuyers, rising delinquency rates may serve as a reminder to avoid buying a house they can’t afford, CNBC said.

“Just because a lender approves you for a certain amount doesn’t mean you should spend it,” said Certified

Financial Planner Thomas Blackburn, a Partner, VP, and Senior Financial Planner with Mason & Associates in Newport News, Virginia.

### Leave Room for Unknowns

“Their maximum is what they think you can bear, not what’s comfortable,” Blackburn said. “Leave room for the unknowns, for saving and for actually enjoying your life.”

CNBC noted that the general rule of thumb is to keep your mortgage payments—including property taxes and homeowners’ insurance—to no more than 28% of your income, although some advisors recommend an even lower cap to allow room for something unexpected.

“One expense people often underestimate is ongoing maintenance,” said CFP Kate Feeney, a VP and Wealth Advisor with Summit Place Financial Advisors in Summit, New Jersey.

“A simple rule of thumb is to set aside about 1% to 2% of the home’s value each year for repairs and upkeep,” Feeney said.

Don’t forget about emergency savings. “Having three to six months of living expenses set aside provides flexibility and peace of mind, especially in the first year when unexpected costs tend to surface,” Feeney said.

## CONSUMER DELINQUENCIES AT HIGHEST LEVEL IN NEARLY A DECADE

According to the Federal Reserve Bank of New York’s latest Quarterly Report on Household Debt and Credit, total household debt rose by \$191 billion to reach \$18.8 trillion in the fourth quarter of 2025.

At the same time, consumer delinquencies climbed to their highest level in almost a decade, it said.

Aggregate delinquency rates worsened in the fourth quarter of 2025, with

4.8% of outstanding debt now in some stage of delinquency—0.3 percentage points higher than the previous quarter, the New York Fed noted.

According to the report, the housing market continues to drive debt growth, with mortgage balances growing by \$98 billion to a total of \$13.17 trillion at the end of December, the New York bank reported.

Home equity lines of credit saw their 15th consecutive quarterly increase, rising by \$12 billion to \$433 billion, continuing an expansion that began in 2022, the bank noted. Also, roughly 58,000 individuals had new foreclosure notations added to their credit reports, an increase from the previous quarter.

### Student Loan Debt

Consumer credit also expanded significantly in the fourth quarter. The New York Fed said. Credit card balances rose by \$44 billion during Q4 and now total \$1.28 trillion outstanding. That’s up an estimated 5.5% since last year. Auto loan balances increased by \$12 billion to \$1.66 trillion, though new auto loan originations saw a small dip from the previous quarter, according to the report.

The student loan sector faced particular challenges, the bank said. Outstanding student loan debt stood at \$1.66 trillion, with the delinquency rate remaining elevated at 9.6% of balances of more than 90 days delinquent, “reflecting continued effects from the resumption of payment reporting following the extended pandemic forbearance period.”

About 1 million borrowers who were more than 120 days past due had their loans transferred to the Department of Education’s Default Resolution Group.

New lending activity showed mixed signals, the bank said.

### Newly Originated Mortgages Up Slightly

There was \$524 billion in newly originated mortgage debt in the fourth quarter, a slight uptick from \$512 billion in the previous quarter. Credit quality of newly originated mortgages held



“Just because a lender approves you for a certain amount doesn’t mean you should spend it.”

—Thomas Blackburn, Partner, VP, and Senior Financial Planner, Mason & Associates

steady, but auto loans loosened slightly, the report stated, with the median credit score for new mortgages remaining at 775 while auto loan median scores edged down from 724 to 716.

On the positive side, bankruptcy and collection filings showed some improvement, the bank said. Approximately 124,000 consumers had bankruptcy notations added to their credit reports, down from 141,000 in the previous quarter.

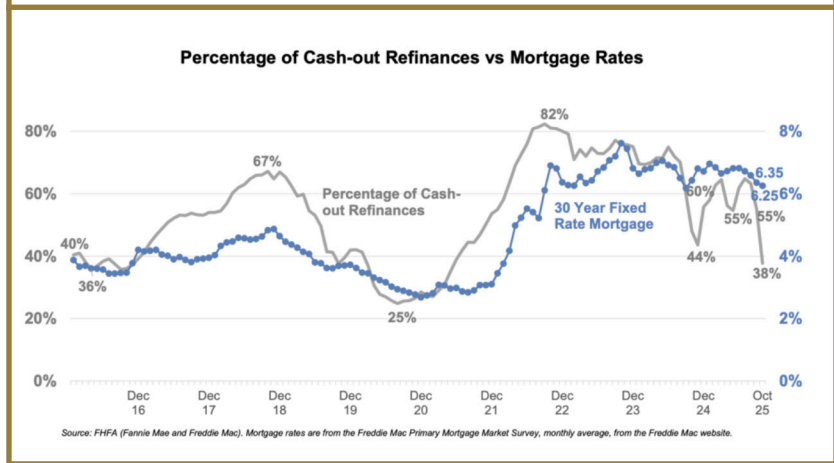
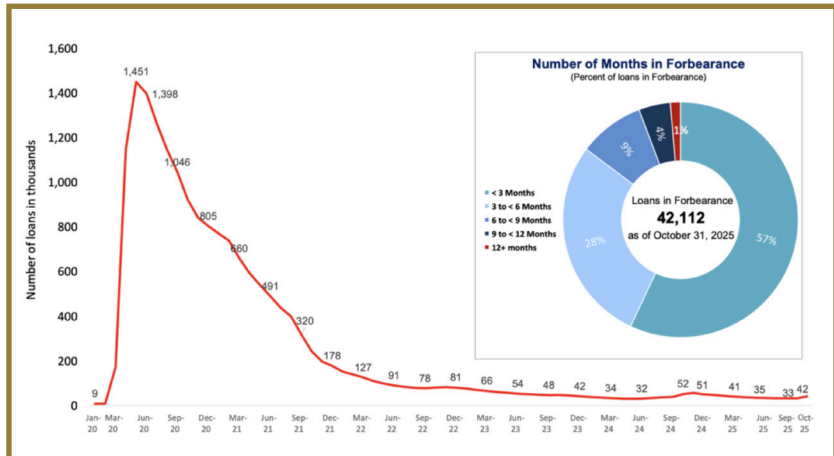
The percentage of consumers with a third-party collection account on their credit report also declined slightly to 4.6% from 4.9%.

## FHFA REPORT SHOWS RISE IN FORBEARANCE, REFINANCES AS MORTGAGE RATES FALL

The Federal Housing Finance Agency (FHFA) has issued the October 2025 edition of the Prevention, Refinance, and Federal Property Manager's Report, disclosing information about foreclosure prevention actions, foreclosure activity, loan modification results, and additional details.

In October 2025, the Enterprises carried out 17,032 actions aimed at preventing foreclosure, raising the cumulative total to 7,280,932 since conservatorships began in September 2008. Roughly 39% of these measures have involved permanent loan modifications.

In October 2025, there were 7,210 permanent loan modifications, which raised the total to 2,816,885 since the start of conservatorships in September 2008. In October, around 36% of loan modifications were solely for extending the term. During the month, modifications involving principal forbearance made up 64% of all loan modifications. After forbearance plan completion, the count of borrowers granted payment deferrals rose from 5,616 in September to 6,208 in October 2025.



The number of initiated forbearance plans increased from 7,863 in September to 17,075 in October 2025. By the end of October 2025, the total number of loans in forbearance rose from 33,360 at the end of September to 42,112. This accounted for about 0.14% of all serviced loans and 8.0% of all delinquent loans.

### Additional Key Findings:

- The total volume of refinances increased in October 2025, propelled by the relatively lower mortgage rates in September compared to August. In October, mortgage rates continued to decline, with the average interest rate for a 30-year fixed mortgage dropping from 6.35% in September to 6.25%.
- After reaching a peak of 82% over the past three years, cash-out refinances as a proportion of total refinances fell from 55% in September to 38% in October 2025.

- As of the end of October 2025, the rate of delinquencies lasting 30 to 90 days dropped to 0.93%, while that of serious delinquencies remained stable at 0.55%.
- In October 2025, third-party and foreclosure sales increased by 13% to reach 1,317, while foreclosure starts rose by 3% to a total of 9,255.

### Forbearance Plans Inventory, Refi Trends & More

In October, the overall count of loans in forbearance plans increased by 26.2%. On October 31, 2025, the number of loans in forbearance reached 42,112, which accounted for about 0.14% of the Enterprises' single-family conventional book of business. This figure was an increase from 33,360—or 0.11%—at the end of September 2025. About 1.4% of these loans have experienced forbearance lasting over 12 months.

The total volume of refinances increased in October 2025, spurred on by mortgage rates in September being lower in comparison to those in August. In October, mortgage rates continued their decline, with the average interest rate for a 30-year fixed-rate mortgage dropping from 6.35% in September to 6.25%.

The number of cash-out refinances relative to total refinances fell from 55% in September to 38% in October 2025, having reached a peak of 82% over the past three years. In October, the percentage of borrowers refinancing into 15-year mortgages fell to 17%, due to a reduction in the rate spread between 15-year and 30-year fixed-rate mortgages.

In reaction to the U.K. Brexit vote to exit the European Union, treasury rates declined as there was a worldwide movement toward the safety of government debt. As expectations grew for a Federal Reserve rate increase, mortgage rates climbed in November and December of 2016. In light of an economy that was strengthening, the Federal Reserve increased the target federal funds rate to 0.75% on December 14, 2016.

In 2017, mortgage rates declined as the Federal Reserve pursued a steady approach to normalize its benchmark rate. The target Federal Funds rate was increased to 1% on March 16, to 1.25% on June 15, and to 1.5% on December 14. In 2018, mortgage rates reached their peak as the target Federal Funds rate was raised each quarter incrementally to 1.75%, 2%, 2.25%, and 2.5%. The Federal Reserve anticipated continued steady growth of the U.S. economy during that year.

In 2019, mortgage rates decreased as the effects of the China-U.S. trade war on international trade began to slow economic growth. In 2020, mortgage rates kept decreasing as the target Federal Funds rate was lowered to nearly zero due to diminished economic activity caused by the COVID-19 pandemic. During Q3, mortgage rates surpassed 3% due to inflation worries. As the Federal Reserve finished a series of hikes to the target Federal Funds rate due to ongoing indications of inflation, mortgage rates kept climbing.

## FORECLOSURES CONTINUE GRADUAL CLIMB INTO 2026

**A**TTOM has published its U.S. Foreclosure Market Report for January 2026, revealing that there were 40,534 properties in the U.S. with foreclosure filings—such as default notices, scheduled auctions, or bank repossessions. This figure represents a decrease of 10% from the previous month and an increase of 32% compared to the same month last year.

“Foreclosure activity in January rose year-over-year for the eleventh straight month, continuing a trend that has now carried into early 2026,” said Rob Barber, CEO at ATTOM. “Foreclosure starts were up 26% from a year ago, while completed foreclosures increased nearly 59%. Although foreclosure activity has been rising steadily, overall levels remain well below historic peaks, suggesting that most homeowners are still on a stable footing even as higher housing costs and broader economic pressures create stress in certain pockets of the market.”

In January 2026, there was a foreclosure filing on one out of every 3,547 housing units nationwide. The states exhibiting the highest foreclosure rates included Delaware (one foreclosure filing for every 1,612 housing units), Nevada (one for every 1,983 housing units), Florida (one for every 2,067 housing units), South Carolina (one for every 2,351 housing units), and Maryland (one for every 2,430 housing units).

Among metro areas with populations of 200,000 or more, Trenton, New Jersey, recorded the worst foreclosure rate in January 2026, with one filing for every 1,087 housing units. Following Trenton were Punta Gorda, Florida (one in every 1,187 housing units); Fayetteville, North Carolina (one in every 1,257); Lakeland, Florida (one in every 1,262); and Vallejo, California (one in every 1,287).

### Florida, Texas, and California Led the Country in Foreclosure Initiations

In January 2026, lenders initiated foreclosure proceedings on some 26,369

properties across the U.S., representing a decrease of 7% from the previous month but an increase of 26% compared to the same month last year.

In January 2026, the states with the **highest number of foreclosure starts** were:

1. Florida (3,523)
2. Texas (3,116)
3. California (2,790)
4. Georgia (1,351)
5. New York (1,304)

Those major metropolitan areas with a population greater than 200,000 that had the **greatest number of foreclosure starts** in January 2026 included:

1. New York (1,295 foreclosure starts)
2. Chicago (1,053 foreclosure starts)
3. Houston (1,040 foreclosure starts)
4. Miami (851 foreclosure starts)
5. Los Angeles (781 foreclosure starts)

In January 2026, lenders completed foreclosures (REOs) on 4,714 U.S. properties, marking a 21% decrease from the previous month and a 59% increase compared to the same month last year.

States that had the **greatest number of REOs** in January 2026 included:

1. Texas (573 REOs)
2. California (415 REOs)
3. Florida (327 REOs)
4. Pennsylvania (311 REOs)
5. Illinois (267 REOs)

Those major metropolitan statistical areas (MSAs) with a population greater than 200,000 that saw the **greatest number of REOs** in January 2026 included:

1. Chicago (248 REOs)
2. Philadelphia (165 REOs)
3. Houston (152 REOs)
4. Dallas (122 REOs)
5. New York (114 REOs)

The U.S. Foreclosure Market Report from ATTOM for January 2026 indicates

that foreclosure activity has increased on a year-over-year basis for the eleventh consecutive month, with 40,534 properties in the U.S. reporting a foreclosure filing. As the market progresses into 2026, foreclosure starts rose by 26% compared to the previous year, and completed foreclosures surged by nearly 59%, reflecting a gradual normalization trend.

## AGENCY, GSE PORTFOLIOS LEAD Q3 GROWTH IN COMMERCIAL MORTGAGE DEBT

According to the most recent Commercial/Multifamily Mortgage Debt Outstanding quarterly report from the Mortgage Bankers Association (MBA), the amount of outstanding commercial/multifamily mortgage debt rose by \$53.4 billion—an estimated 1.1%—in Q3 2025.

At the end of Q3, the total amount of outstanding commercial and multifamily mortgage debt increased to \$4.93 trillion. In comparison to the second quarter of 2025, multifamily mortgage debt alone grew by \$40.3 billion (1.8%) to \$2.24 trillion.

“Commercial and multifamily mortgage debt continued to grow during last year’s third quarter, driven by strong increases in multifamily lending,” said Reggie Booker, MBA’s AVP of Commercial Research. “While economic and market uncertainty persists, agency and GSE portfolios once again led the market, with banks and life insurance companies also posting solid gains. Total commercial real estate debt increased to \$4.93 trillion in the third quarter, up 1.1% from the second quarter and up 4.0% from the third quarter of 2024. Multifamily debt grew to \$2.24 trillion, up 1.8% from the second quarter and up 5.9% from the third quarter of 2024, and now accounts for 22.5% of total commercial debt.”

Banks and thrifts, federal agency

# “Commercial and multifamily mortgage debt continued to grow during last year’s third quarter, driven by strong increases in multifamily lending.”

—Reggie Booker, AVP of Commercial Research, MBA



and government-sponsored enterprise (GSE) portfolios and mortgage-backed securities (MBS), life insurance companies, and commercial mortgage-backed securities (CMBS), collateralized debt obligations (CDO), and other asset-backed securities (ABS) issues are the four main categories of investors.

With \$1.8 trillion in commercial/multifamily mortgages, commercial banks continue to retain the largest stake (37%). At \$1.11 trillion, agency and GSE portfolios and MBS are the second-largest holders of commercial/multifamily mortgages (23%). \$783 billion (16%) is held by life insurance firms, whereas \$642 billion (13%) is held by CMBS, CDO, and other ABS problems. CMBS, CDO, and other ABS issues are bought and held by numerous banks, GSEs, and life insurance companies. The report lists these loans under the heading “CMBS, CDO, and other ABS.”

### Examining Mortgage Debt, Changing Trends

When focusing only on multifamily mortgages in the third quarter of 2025, the largest share of outstanding multifamily debt is held by agency and GSE portfolios and MBS at \$1.11 billion (50%), followed by banks and thrifts at \$651 billion (29%), life insurance companies at \$263 billion

(12%), state and local government at \$93 billion (4%), and CMBS, CDO, and other ABS issues at \$70 billion (3%).

In terms of dollar gains in their holdings of commercial/multifamily mortgage debt, agency and GSE portfolios, and MBS had the biggest increases in Q3, rising by \$27.8 billion (2.6%). The Federal government raised its holdings by \$1.2 billion (1.2%), life insurance firms by \$12.1 billion (1.6%), and banks and thrifts by \$13.8 billion (0.8%).

Commercial/multifamily mortgage holdings in agency, GSE, and MBS portfolios increased by the greatest proportion (2.6%). REIT holdings, on the other hand, witnessed a 2.5% decline.

Multifamily mortgage debt has increased by \$40.3 billion since Q2 of 2025, or a 1.8% quarterly gain. In terms of money, the holdings of multifamily mortgage debt in agency, GSE, and MBS portfolios showed the biggest increase, totaling \$27.8 billion (2.6%). Life insurance firms grew their holdings by \$6.4 billion (2.5%), while banks and thrifts increased their holdings by \$6.4 billion (1.0%).

Overall, the biggest percentage rise in multifamily mortgage debt held by nonfinancial corporate businesses was 7.3%. The biggest decrease in the amount of multifamily mortgage debt held by state and local government retirement funds was 1.9%.



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# Government

## ECONOMISTS: IMPACT OF PROPOSED MORTGAGE PLAN MIGHT BE OPPOSITE OF PRESIDENT'S INTENT

The \$200 billion mortgage bond purchase by President Donald Trump signifies a novel strategy aimed at reducing the costs associated with homeownership, according to the latest Scripps News report.

However, expert economists caution that President Trump's \$200 billion mortgage initiative might have the opposite of its intended effect by driving up home prices. The plan to reduce mortgage rates has ignited a significant debate, with experts cautioning that the advantages may be fleeting and that it could lead to increased home prices.

The president has unveiled a number of proposals aimed at reducing mortgage rates, independent of any interest rate reductions from the Federal Reserve.

## Economists Examine Trump's Projected Mortgage Motions

Among the proposals is the instruction for Fannie Mae and Freddie Mac to acquire mortgage bonds worth \$200 billion. Following his announcement on Truth Social on January 8, mortgage rates have decreased slightly; however, economists are skeptical about whether this decrease will be sufficient to substantially enhance affordability.

"Homeownership has always been a symbol of health and vigor," Trump said.

Trump further elaborated on his proposed policies during his recent speech at the World Economic Forum in Davos, Switzerland.

Studies show that since 2022, the housing market has been sluggish due to the convergence of high mortgage rates and years of rapidly increasing home prices, according to Scripps News and industry experts.

Joel Berner, Senior Economist at Realtor.com, stated that directly manipulating mortgage rates is a novel strategy, one that hasn't been utilized.

"Directly manipulating mortgage

rates is not really something they've done much of before. This is sort of new," Berner said.

According to Berner, the acquisition aims to lower interest rates by boosting demand for mortgage-backed securities. The plan intends to lower the so-called mortgage "spread," which is the difference between the interest rate on a 30-year mortgage and the yield of 10-year Treasury bonds. Further, during periods of economic uncertainty, spreads widen, whereas a narrow spread fosters greater market confidence.

"What they are doing is increasing demand to squish that margin down and allow for mortgage rates to fall," Berner said.

Currently, mortgage rates are down and are hovering slightly above 6%. Nevertheless, according to Berner, it is difficult to determine with certainty whether the action will have lasting effects.

"It really depends on how the market perceives the move," Berner said. "If they perceive it as Fannie and Freddie are going to become long-term holders of mortgage bonds, then it's entirely the case that mortgage rates might sustain lower. If they think it's a one-time pop, then it might just be a short-term dip in rates."

## Trump's Action to Prohibit Certain Housing Transactions

Trump is also taking steps to ban large institutional investors from buying more single-family homes.

"Homes are built for people, not for corporations, and America will not become a nation of renters, we're not gonna do that," Trump said at the forum in Davos, Switzerland.

However, there has also been some skepticism regarding that proposal. Daryl Fairweather, Chief Economist at Redfin, raises doubts about its effectiveness.

"Even if you were to ban these really large investors, they would probably be replaced by smaller investors. It's not necessarily going to open up inventory for first-time homebuyers," Fairweather said.

As said, economists caution that the purchase of mortgage bonds may have unintended negative consequences.

**“The whole goal here is affordability, and lower mortgage rates do mean better affordability. But not if it comes at the same time as an increase to home prices. They’re walking a very fine line here, and we’ll be interested to follow how it works out.”**

—Joel Berner, Senior Economist, Realtor.com



According to Berner, a slight easing of mortgage rates will lead more individuals to enter the market, and with an increase in simultaneous purchases, home prices will rise.

“The whole goal here is affordability, and lower mortgage rates do mean better affordability,” Berner said, “but not if it comes at the same time as an increase to home prices. They’re walking a very fine line here, and we’ll be interested to follow how it works out.”

Edward Pinto, who is a resident fellow at the conservative American Enterprise Institute, compared Trump’s first announcement of \$200 billion to a “sugar high.”

“It might have an effect, but it will be fleeting,” said Pinto, a former Fannie Mae Executive. He stated that although Trump’s announcement momentarily caused a decline in mortgage rates, they rose again after Trump made threats regarding a Greenland takeover.

“It’s easy for the federal government to make a mistake here. They’ve done it in the past,” Pinto said.

## HOUSE PASSES SWEEPING BIPARTISAN HOUSING PACKAGE

**T**he House passed a bipartisan, comprehensive housing package aimed at improving the affordability crisis in the United States and increasing homeownership.

The legislation, dubbed the Housing for the 21st Century Act, passed the lower chamber by an overwhelming vote of 390-9, The Hill reported.

It is sponsored by House Financial Services Committee Chair French Hill (R-AR) and Ranking Member Maxine Waters (D-CA), and it passed the committee by an overwhelming vote in December.

The Hill reported that the legislation includes more than 20 provisions that would direct the Government Accountability Office to study gaps in federal housing programs and modernize the

Department of Housing and Urban Development’s HOME Investment Partnerships Program, among other actions.

### Bill Moves on to the Senate

“When there aren’t enough homes, prices go up. The Housing for the 21st Century Act includes real, bipartisan solutions to boost development by clearing out red tape and letting communities and local banks do their job. That’s how we expand supply, lower costs, and give families more options,” Hill, along with Rep. Mike Flood (R-NE), wrote in an op-ed for The Hill.

The bill moves on to the Senate, where lawmakers will likely make changes to the legislation, The Hill reported.

Sens. Tim Scott (R-SC) and Elizabeth Warren (D-MA) had sponsored their own bipartisan housing bill, dubbed the ROAD to Housing Act, last year. They had pushed for provisions of the bill to be included in the National Defense Authorization Act in December, but it was not included, The Hill reported.

Hill wrote in a statement at the time that he looked forward to working with the Senate, “to send a bill to the president’s desk that reflects the views of both chambers.”

The Hill reported that more than 50 groups have endorsed the bill, including the Affordable Housing Tax Credit Coalition, the American Hotel and Lodging Association, and Americans for Prosperity.

The nine lawmakers who voted against the bill were Reps. Andy Biggs (R-AZ), Josh Brecheen (R-OK), Eli Crane (R-AZ), Paul Gosar (R-AZ), Thomas Massie (R-KY), Tom McClintock (R-CA), Chip Roy (R-TX), Ryan Zinke (R-MT), and Lizzie Fletcher (D-TX).

House Speaker Mike Johnson (R-LA) applauded the bill’s passage in a statement.

“Housing costs have soared beyond the reach of millions of American families thanks to Bidenflation, while outdated and burdensome red tape has constrained our nation’s affordable housing supply and limited our ability to expand it,” Johnson said in his statement. “Today’s House passage of the Housing for the

21st Century Act is a critical step toward addressing this shortage by reducing unnecessary regulatory barriers, modernizing HUD programs, and giving banks flexibility to deploy capital to increase our housing supply.”

## ANALYSTS DON'T EXPECT A RAPID SHIFT IN THE FED'S FOOTPRINT UNDER WARSH

**A**nalysts with Morgan Stanley believe an abrupt shift in the Federal Reserve's role in financial markets under a possible Kevin Warsh chairmanship is unlikely.

Investing.com stated that while Warsh's nomination has refocused attention on the Fed's balance sheet and communications strategy, a meaningful change would take time and face significant structural constraints, the analysts stated in a note.

They noted that Warsh has been critical of what he believes is an excessively large central bank footprint, pointing not only to the size of its asset holdings, but also to blurred lines between monetary and fiscal policy and an increasingly heavy communication framework that drives market behavior.

Morgan Stanley said it does not expect Warsh's nomination to materially alter the Fed's near-term interest rate reaction function.

“We think a rapid shift in the Fed's footprint is unlikely,” the economists led by Michael Gapen said. He noted that while balance sheet strategy could evolve over time, the mechanics of doing so are complex and tightly linked to the structure of the banking system.

A key constraint is reserve demand, Investing.com said. Economists said the Fed has already reduced its balance sheet from roughly \$9 trillion to about \$6.6 trillion largely via a decline in overnight reverse repo balances, with bank

reserves remaining broadly unchanged.

More reductions from here would begin to erode reserves, Investing.com said, pushing the system from an “ample” to a “scarce” environment and potentially putting upward pressure on short-term funding rates, the economists said.

As a result, they said, any meaningful shrinkage of the balance sheet likely would require a reduction in banks' demand for reserves, which has been elevated since the financial crisis due to post-2008 liquidity regulations such as the Liquidity Coverage Ratio and internal liquidity stress tests.

Although reforms could ease that demand, the economists stated, they would come with trade-offs for financial system resilience, the economists noted.

“Altering liquidity requirements may reduce demand for reserves and permit a smaller Fed balance sheet, but reduced liquidity buffers could impair financial system resilience in periods of stress. There is no free lunch,” the economists wrote.

Returning the Fed's portfolio to an all-Treasury composition is also expected to be slow. With mortgage rates having risen sharply since 2022, prepayment speeds on agency mortgage-backed securities (MBS) have dropped, significantly slowing passive runoff.

Morgan Stanley estimates it could take close to a decade for the Fed to cut its MBS holdings in half via runoff alone, even assuming a substantial decline in mortgage rates.

Because active asset sales could widen spreads, depress liquidity, hurt housing affordability, and generate mark-to-market losses, economists said the central bank continues to have strong incentives to avoid them.

Some balance sheet adjustments could occur through coordination with the U.S. Treasury, Investing.com said. The Treasury General Account has grown to almost \$1 trillion since the financial crisis and the COVID-19 period, and economists said cutting it in half could allow the central bank to reduce securities holdings without draining reserves.

Changes to the maturity profile of the Fed's Treasury portfolio also could

support a gradual shift toward shorter-dated holdings, Investing.com said.

Looking ahead, the Fed said there is now a higher bar for future quantitative easing and unconventional policy tools.

Under current preferences, the Morgan Stanley economists said they expect asset purchases to return only in recessionary conditions that push rates to the effective lower bound, with reserve-management purchases used more sparingly.

## FANNIE MAE'S MULTIFAMILY AFFORDABLE HOUSING FINANCING JUMPS YOY

**F**annie Mae announced it provided \$74 billion in financing to support the U.S. multifamily housing market in 2025—a year-over-year increase of 34% compared with \$55 billion in 2024.

That is Fannie Mae's largest annual multifamily volume since 2020.

“Fannie Mae's multifamily financing was exceptional in 2025, providing roughly \$74 billion in loan production volume for the year and crossing \$500 billion in our book of business, thanks to the continued partnership of our Delegated Underwriting and Servicing lender partners. Together, we unlocked tremendous new opportunities for multifamily borrowers and investors that will create and preserve thousands of housing units across the country,” said Kelly Follain, EVP and Head of Multifamily, Fannie Mae. “We're grateful to all our partners and, with \$88 billion in capital allocation this year, we look forward to accomplishing even more in 2026.”

Through its network of Delegated Underwriting and Servicing (DUS) lender partners, Fannie Mae said it served the needs of borrowers, investors, and renters while enabling the creation

Top 10 Producers in 2025		Volume (\$Billion)
1.	Walker & Dunlop, LLC	\$8.95
2.	Wells Fargo Bank, N.A.	\$7.75
3.	CBRE Multifamily Capital, Inc.	\$7.47
4.	Berkadia Commercial Mortgage, LLC	\$7.04
5.	Newmark	\$5.56
6.	JLL Real Estate Capital, LLC	\$3.93
7.	PGIM Real Estate Agency Financing, LLC	\$3.69
8.	Greystone Servicing Company, LLC	\$2.85
9.	Arbor Commercial Funding I, LLC	\$2.85
10.	KeyBank National Association	\$2.66

and preservation of workforce and affordable housing supply in communities throughout the United States.

Fannie Mae said it provided significant liquidity to key housing segments in 2025, including more than \$8.3 billion in Multifamily Affordable Housing (up 31% from 2024), \$7.1 billion in Structured Transactions (up 8.6%), \$5.9 billion in Small Loans (up 26%), and \$1.9 billion in Manufactured Housing (up 49.4%).

### Delegated Underwriting Model

About 40% of all deals in 2025 were executed under Fannie Mae's unique delegated underwriting model that enables lenders to compete effectively and close deals quickly even in shifting market conditions, Fannie Mae said.

Fannie Mae said it is focused on providing responsible products and solutions that benefit partners and help address housing affordability and supply challenges.

For instance, Fannie Mae said it has:

- Enhanced its Multifamily Structured Adjustable-Rate Mortgage (SARM) product to meet growing demand for flexible variable-rate executions with fixed-rate equivalent financing.
- Expanded its Near-Stabilization execution, enabling borrowers to secure permanent, non-recourse mortgage financing before reaching full occupancy in newly constructed or recently renovated multifamily properties.

- Committed more than \$5 billion in Low-Income Housing Tax Credit (LIHTC) equity investments since re-entering the LIHTC market in 2018, enabling the creation and preservation of more than 100,000 affordable rental housing units.

The following top 10 DUS Lenders produced the highest business volumes with Fannie Mae in 2025.

## MORE THAN 160 LENDERS COMMIT TO EXTEND MORTGAGE RELIEF FOR LA FIRE SURVIVORS

California Gov. Gavin Newsom has announced a commitment from more than 160 lending institutions to provide mortgage relief for survivors impacted by the 2025 Los Angeles firestorms.

The lenders agreed to streamline the process for requesting at least one additional forbearance period of up to 90 days for qualified borrowers, beyond the 12-month commitment required by the law Newsom signed last year. Newsom said that impacted borrowers may request this additional forbearance by contacting their servicer and providing

verbal rationale with no paperwork or forms required.

"Ensuring housing stability is essential. This commitment from financial institutions will help provide homeowners the time and flexibility to focus on their families, safety, and rebuilding—with California continuing to work alongside survivors through every step of the recovery process," Newsom said.

The 2025 Palisades fire began on Jan. 7, and driven by hurricane-force winds, engulfed more than 23,000 acres, destroying large swaths of Malibu and Topanga overnight. In Altadena, the Eaton fire devastated communities, destroying more than 9,000 buildings.

The fires raged on for nearly a month, until they were contained on Jan. 31, 2025.

### Additional Forbearance for Homeowners

Newsom said the commitment provides additional forbearance, subject to approval by investors such as Fannie Mae and Freddie Mac, and consistent with the terms of his January 2025 agreement with banks. That includes offering payment options that do not include lump-sum (balloon) payments, waiving any mortgage-related late fees that accrue during the forbearance period, and not reporting late payments on forbearance amounts to credit reporting agencies.

Over the past year, Newsom has continued to engage with lenders on additional support for survivors nearing the end of their forbearance period, the state said. Lenders have stepped up to collaborate on solutions, providing those experiencing hardship with additional flexibility as they continue their road to recovery.

Building on his announcement in January 2025 of commitments from five major lenders and more than 420 other financial institutions to offer forbearance for impacted customers, Newsom signed into law AB 238 (Harabedian), which extended forbearance for up to a maximum of 12 months from the date of request for borrowers experiencing financial hardship.

These announced commitments expand on that relief.

Newsom said that any consumer who believes their mortgage servicer is not complying with the law or their commitments can submit a complaint to the California Department of Financial Protection and Innovation here.

In January, Newsom announced that lenders and financial institutions, including Bank of America and member institutions of the California Mortgage Bankers Association, are developing new lending products specifically for LA firestorm recovery. Those products will help homeowners finance the rebuilding of homes destroyed in the fires.

Additionally, to help more homeowners qualify for construction loans, Newsom said he is exploring creative financing mechanisms to address the residential rebuild funding gap, which could integrate with private lender offerings. Over the coming months, the state will work with private lenders, philanthropic partners, state agencies, and the legislature to develop the proposed fund, Newsom said.

Many survivors lost community spaces, historic neighborhood pillars, and schools that made communities feel like home, Newsom said. From the start, Newsom and his administration have worked with survivors to help communities recover and rebuild stronger.

### Ways to Accelerate Rebuilding

Newsom has helped accelerate the rebuilding of communities by:

**Fast-tracking permitting and rebuilding.** Governor Newsom issued an executive order to streamline the rebuilding of homes and businesses—suspending permitting and review requirements under the California Environmental Quality Act (CEQA) and the California Coastal Act. The governor also issued an executive order further cutting red tape by reiterating that permitting requirements under the California Coastal Act are suspended for rebuilding efforts and directing the Coastal Commission not to issue guidance or take any action that interferes

with or conflicts with the governor's executive orders. Additionally, the governor issued an executive order removing bureaucratic barriers, extending deadlines, and providing critical regulatory relief to help fire survivors rebuild, access essential services, and recover more quickly.

**Providing tax and mortgage relief to those impacted by the fires.** California postponed the individual tax filing deadline to October 15 for Los Angeles County taxpayers. Gov. Newsom suspended penalties and interest on late property tax payments for a year, effectively extending the state property tax deadline. The governor also worked with state- and federally-chartered banks that have committed to providing mortgage relief for survivors in certain ZIP codes and later extended and expanded that relief through legislation. He also announced a \$125 million mortgage relief package for homeowners impacted by the Los Angeles fires and other recent disasters, which was adjusted to reach even more fire survivors. The governor recently announced the program will be further expanded in the coming weeks.

**Suspending building codes.** In addition to issuing multiple executive orders, Gov. Newsom has also helped speed permitting and rebuilding by suspending implementation of new building codes for residents rebuilding from the fires to create certainty and avoid the need to modify applications and lengthen the permitting process. This includes allowing homeowners who built their homes to the standards in the 2019 Building Code to use their previously approved plans, and a suspension of building codes that would have gone into effect on January 1, 2026.

**Safeguarding survivors from speculators and price gouging.** Gov. Newsom expanded restrictions to protect survivors from illegal price hikes on rent, hotel and motel costs, and building materials or construction. The governor also issued an executive order to protect firestorm victims from predatory land speculators making aggressive and unsolicited cash offers to purchase their property.

**Getting kids back in the classroom.** Gov. Newsom signed an executive order to quickly assist displaced students in the Los Angeles area and bolster schools affected by the firestorms.

The state said it will continue aiding those affected by natural disasters now and in the future.

## FED'S MIRAN: DATA SUGGESTS AMERICANS AREN'T SHOULDERING TARIFF IMPACT

Foreigners and their firms are the ones mostly paying for the Trump administration's trade tariffs, not Americans, Federal Reserve Governor Stephen Miran said in early February, arguing that the administration's policy has proved more benign than many had feared.

Reuters reported, however, that the comments by Miran, who was appointed by President Donald Trump last year to fill an unexpected vacancy on the Fed's Board of Governors, appeared to contradict data showing that Americans bear the burden of paying for tariffs.

"I think the world has been coming in my direction on a number of issues," Miran said during an appearance at the Boston University Questrom School of Business. Miran pointed to tariffs and their impact on the economy and noted that a year ago, at the start of the second Trump administration, there were widespread fears that the import tax surge would damage the economy.

"I think very gradually over time," many experts have been "moving in my direction," and see that the impact of the tariffs has been "quite muted" in terms of what they've done to the economy, Miran said.

### Who Pays the Cost of a Tariff?

Miran also disputed a widespread view in the economics community that tariffs are paid for by Americans in the



**“Foreigners and their firms are the ones mostly paying for the Trump administration’s trade tariffs, not Americans.”**

—Stephen Miran, Federal Reserve Governor

form of higher prices, rather than by the exporting nations by way of lower profit margins.

The suggestion that tariffs would not be paid by Americans was a key element of the Trump administration as it started its aggressive trade actions against a wide range of countries, including America's closest allies.

Reuters said that Trump even acknowledged late last year that Americans were facing higher prices because of his tax increases, saying that while the policy was a net positive for the U.S. economy, "I think that they might be paying something."

According to Reuters, the Fed has said that a notable part of inflation overshooting the 2% target this year is because of tariff pressures, even as many officials have also noted that tariff impacts have proved more muted than expected and likely represent a one-time increase in the price level that will not lead to lasting inflation gains.

Research puts the burden of paying most of the tariffs on Americans, Reuters reported, with the Yale Budget Lab saying in a report that the annual median cost of the taxes stands at around \$1,400 per household.

### U.S. Subsidiary of Foreign Company

Miran said accounting issues appear to camouflage the real burden of the tariffs.

In data, "it looks like a U.S. entity is bearing the burden, but it's actually just the U.S. subsidiary of a foreign company," Miran said.

"It's entirely inappropriate to say that we can conclude from those data ... that U.S. agents are bearing the burden of the tariff, because some of those companies are actually subsidiaries of foreign companies," he said.

Miran was a top economic adviser to the Trump administration before joining the central bank, and until recently, he was on leave from the White House while serving at the Fed.

Miran said that tariffs, joined with other changes in government policy, are helping to improve the longer-run outlook for government finances. "Tariff

**"I think very gradually, over time," many experts have been "moving in my direction," and see that the impact of the tariffs has been "quite muted."**

—Stephen Miran,  
Federal Reserve Governor

★★★★★

revenues are going to be significant in terms of reducing the primary deficit," he said.

## FANNIE MAE POSTS LOWER PROFIT BUT RECORD NET WORTH IN 2025

**F**annie Mae finished 2025 with a stronger balance sheet but a lower profit, the government-sponsored enterprise announced.

Fannie Mae reported net income of \$3.5 billion for the fourth quarter of 2025 and \$14.4 billion for the full year. That's down 15% from 2024, while net worth rose to a record \$109.0 billion as of Dec. 31. Net revenues were relatively flat at \$7.3 billion for the quarter and \$29 billion for the year, driven in great part by guaranty fees on a \$4.1 trillion book of business.

"Fannie Mae's financial footing is stronger than ever, hitting a record level

of \$109 billion net worth," William J. Pulte, Director of U.S. federal housing and Fannie Mae's Board Chair, said. "For the first time in four years, we reduced annual administrative expenses, positioning the company for long-term success."

### Net Worth Grew

Peter Akwaboah, Acting CEO and COO, said Fannie Mae's "14 straight years of annual profitability reflect the strength of our business, the dedication of our employees, and the partnership of the institutions we serve."

Akwaboah added, "We grew our net worth to \$109 billion and have strong momentum going into 2026 and beyond."

Chief Financial Officer Chrissy C. Halley said, "We generated \$3.5 billion in net income in the fourth quarter and \$14.4 billion for the year, supported by steady revenues of \$7.3 billion and \$29.0 billion, respectively. We are well-positioned to continue to meet the needs of the housing market while operating in a safe and sound manner."

Fannie Mae noted that the earnings decline mainly reflects a shift from a benefit for credit losses in 2024 to a \$1.6 billion provision in 2025, along with a \$1.7 billion drop in fair value gains. Fourth-quarter provision for credit losses totaled \$298 million, Fannie Mae said, largely tied to newly acquired single-family loans and rising delinquencies, while non-interest expenses rose to \$2.4 billion.

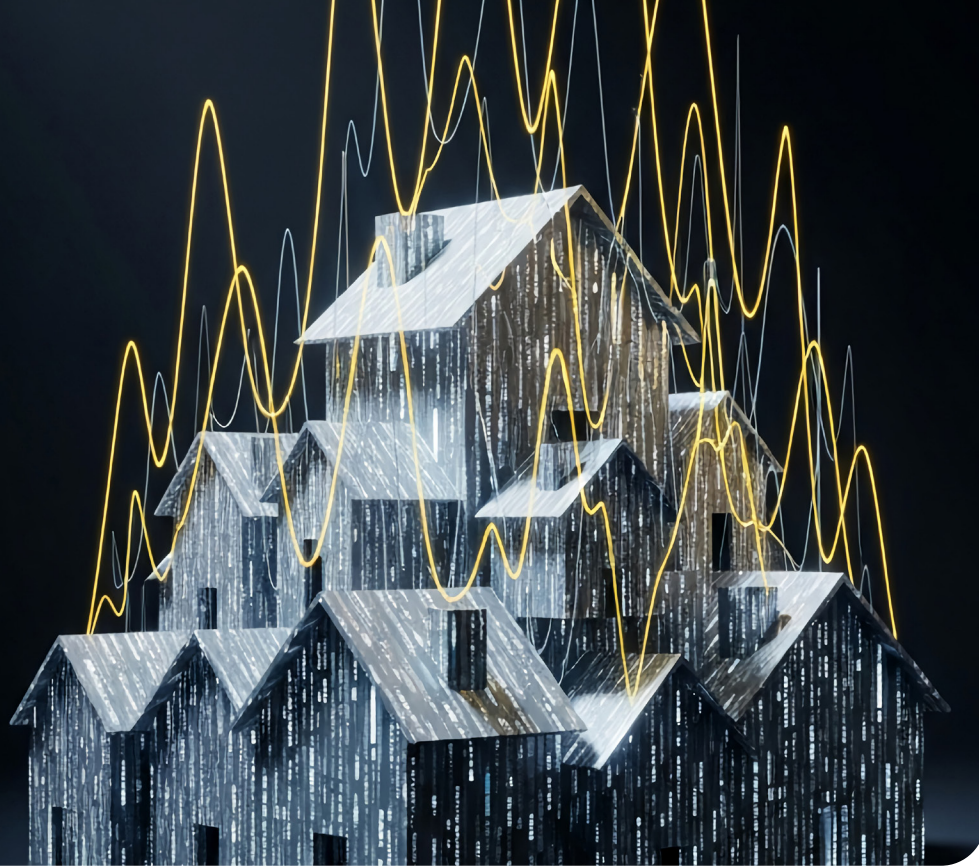
The GSE said it enabled financing for about 1.5 million home purchases, refinances, and rental units in 2025, including about 704,000 purchase loans and 283,000 refinances in the fourth quarter alone. Fannie Mae reported its highest multifamily acquisition volume in five years.

On the single-family side, Jake Williamson, EVP, Head of Single-Family, said: "Single-Family business acquisitions rose in the fourth quarter as more homeowners chose to refinance. In 2026, we will remain focused on serving our customers with ways to make the mortgage process more efficient and less costly for both lenders and borrowers."

A close-up photograph of a person's hand, palm up, holding a glowing, golden-yellow rocket ship icon. The rocket is stylized with a circular window and a pointed nose. The background is dark blue with numerous small, glowing golden-yellow particles, creating a starry or magical atmosphere. The lighting is soft, highlighting the texture of the hand and the glow of the rocket.

**“Fannie Mae’s  
financial footing is  
stronger than ever,  
hitting a record level  
of \$109 billion net  
worth.”**

—William J. Pulte, Director of U.S. federal housing;  
Chair, Fannie Mae Board



## Market Trends

### NAR ECONOMIST CALLS SLUMPING HOME SALES A 'NEW HOUSING CRISIS'

**T**he National Association of Realtors' Existing Home Sales Report paints a picture of high home prices, faltering supply, and weaker consumer confidence in the economy, all of which continue to weigh on the U.S. housing market.

In a call with reporters after the report's release, Lawrence Yan, the Chief Economist for the National Association of Realtors (NAR), called it "a new housing crisis," CNBC reported.

According to the report, sales of previously owned homes in January dropped a much wider-than-expected 8.4% from December to a seasonally adjusted, annualized rate of 3.91 million. Sales were 4.4% lower than January 2025, the slowest pace since December 2023, and the biggest monthly drop since February 2022.

The Existing-Home Sales Report provides the real estate ecosystem—

including agents, homebuyers, and sellers—with data on the level of home sales, price, and inventory. Month-over-month and year-over-year sales fell in all regions.

#### Median Home Prices Reach New High

"The decrease in sales is disappointing. The below-normal temperatures and above-normal precipitation this January make it harder than usual to assess the underlying driver of the decrease and determine if this month's numbers are an aberration," Yan said in a release. "Affordability conditions are improving, with NAR's Housing Affordability Index showing that housing is the most affordable it's been since March 2022. This is due to wage gains outpacing home price growth and mortgage rates being lower than a year ago. However, supply has not kept pace and remains quite low."

"Due to low supply, the median home price reached a new high for the month of January," Yun added. "Homeowners are in a financially comfortable position as a result. Since January 2020, a typical homeowner would have accu-

mulated \$130,500 in housing wealth."

But Yan noted on the call with reporters that potential buyers are "still struggling," and "renters are not participating in housing wealth." He characterized the current market as a crisis because "the movement is not happening. Americans are stuck."

Affordability improved for the seventh consecutive month, according to NAR's report, increasing to 116.5 in January from 111.6 in December and 102 a year ago.

Bankrate Housing Market Analyst Jeff Ostrowski examined the report and said that "Home sales fell 4.4% from a year ago and 8.4% from a month ago. Existing home sales remain near historic lows—an annual pace of just 3.91 million deals in January 2026. For context, during the pandemic, home sales were well above 6 million a year, and a typical year before the pandemic saw more than 5 million sales."

#### Home Prices Retreat in Some Areas

Tackling the issue of why the housing market is so sluggish, Ostrowski said: "Owners aren't keen to put their homes on the market, as the mortgage rate lock-in effect remains in place and soft prices in some areas cause sellers to pull their homes off the market. And first-time buyers aren't feeling motivated to jump in."

Ostrowski noted that home prices are retreating in some areas.

"During the pandemic, home prices soared, and affordability plummeted. That trend is finally easing. Home prices are retreating in formerly hot markets in Florida, Texas, and elsewhere in the Sun Belt. However, many affordable areas in the Midwest and Rust Belt continue to experience price appreciation," he said. Ostrowski also noted where he thinks mortgage rates are headed.

"Mortgage rates are at their lowest levels since 2022. That's mainly because inflation has eased and the job market has cooled. But mortgage rates seem unlikely to push below the 6% level in the near future," he said.

Ostrowski's advice for aspiring is: "If

**“During the pandemic, home prices soared, and affordability plummeted. That trend is finally easing. Home prices are retreating in formerly hot markets in Florida, Texas, and elsewhere in the Sun Belt. However, many affordable areas in the Midwest and Rust Belt continue to experience price appreciation.”**

—Jeff Ostrowski, Housing Market Analyst, Bankrate



you’re emotionally and financially ready to buy, just do it—don’t get too caught up in the latest moves in home prices or mortgage rates. Make sure to research down payment assistance, and if you don’t have 20% to put down, don’t be afraid to buy with 5% or 10% down.”

## NEARLY 40% OF U.S. HOMEOWNERS DID NOT HAVE A MORTGAGE IN 2024

According to data from the U.S. Census Bureau, the share of mortgage-free homeowners continued rising nationwide and in every state in 2024.

The increase was possibly a reaction to higher interest rates and home prices that tend to discourage moves to new homes, said the Census Bureau, which noted that

metropolitan counties in states across the South were among those with the greatest growth in mortgage-free ownership.

The percentage of U.S. owner-occupied homes owned free and clear rose from 34.4% in the 2010-2014 period to 39.4% in 2020-2024, according to the U.S. Census Bureau’s 2024 American Community Survey five-year estimates.

The share of homes without a mortgage varied widely by state: 29% in Maryland (the lowest share after the District of Columbia’s 24.3%) to a high of 53.9% in West Virginia. The share increased from 2014 in every state and in the District of Columbia. In New Mexico, the share of mortgage-free homes grew from 41.5% to 48.5%. In contrast, the Census Bureau said that North Dakota’s share grew by just 1.5 percentage points between 2014 and 2024.

### Shares Vary Widely at County Level

The share of homes owned outright also varied widely at the county level, with rural areas more likely than urban

counties to have high rates of mortgage-free homeowners.

According to the 2024 5-year ACS estimates, 493 counties—many in or near large metro areas, Southern California, and along the Eastern Seaboard—had shares below 40%, the Census Bureau said. Many of the 2,204 counties where more than 40% of homeowners were mortgage-free in 2024 were in rural and less populated areas.

The share in 446 counties was not statistically different from 40%, the Census Bureau noted.

While the geographic distribution was similar, the Bureau said that fewer counties had high mortgage-free ownership rates in the previous five-year period.

In 2014, 1,870 counties had a rate greater than 40%, again in more rural areas of the country, while 803 counties had free and clear rates below 40%.

Metro counties in states across the South were among those with the greatest growth in mortgage-free ownership, the Census Bureau said.

In Chattahoochee County, Georgia, the share of homeowners without a mortgage grew by 18.9 percentage points to 69.0% between 2014 and 2024. Several other metropolitan counties in Georgia and other southern states—Alabama, Kentucky, Texas, North Carolina, and South Carolina—also were among those with the highest growth, the Census Bureau noted.

### Some Counties’ Share Dropped

Several counties outside of the South were among those with the highest growth in mortgage-free ownership. Among them are Torrance County, New Mexico, in the West, as well as Boone County, Illinois, Linn County, Kansas, and Dakota County, Nebraska, in the Midwest.

Some metro counties’ share of mortgage-free homeowners dropped, however, over this period.

In Camden County, North Carolina, for example, the percentage of homes owned free and clear dropped nine points.

More urban counties had lower shares of mortgage-free homeowners

but were more likely to see significant increases during the decade, while rural counties with higher shares saw no significant change.

Nearly half of all counties (1,577) saw statistically significant growth, the bureau said. Only 49 counties had a statistically significant decline in free and clear ownership shares, the bureau said.

In the Northeast, 180 counties experienced significant growth in mortgage-free ownership, while only 29 had no significant change, and none declined, according to the Census Bureau. In the South, meanwhile, 653 counties saw a significant increase, and 746 had no significant change.

## INDUSTRY EXPERTS DESCRIBE U.S. MORTGAGE MARKETS AS A 'TALE OF TWO CITIES'

**T**he housing market has been a sensitive topic for many Americans over the past few years, according to new Rocket data and Yahoo Finance. With mortgage rates and home prices staying high beyond pandemic levels, many people lost faith in the American dream of homeownership, with younger generations abandoning the notion entirely.

The CEO of Rocket Companies, which has Rocket Mortgage as its main subsidiary, stated recently that there are indications Americans are leaving the sidelines and competing for homeownership. With mortgage rates dipping just under 6%, Varun Krishna, CEO of Rocket, informed CNBC that the company is set to achieve its highest mortgage loan production volume and gain on sale in four years.

"The key difference is that we retain our relationships with our clients because we connect servicing and origination at scale," Krishna said. "Something that's very unique to Rocket is that

we are the largest servicer and we are also the largest originator, but we help our clients transition from servicing to origination when they're a part of their next transaction."

Rocket's current success is vastly different from what is happening in the broader mortgage industry. As the Detroit-based lender benefits from a resurgence in demand, PennyMac—a notable mortgage lender and servicer in the United States—is confronting a more gradual and challenging adjustment.

"The way I would describe this last quarter is very simple: It's a tale of two cities," Krishna said. "When you look at the past quarter, mortgage rates dropped to the lowest that they've been in the past three years, and Rocket was right there to capitalize."

However, it also reflects a broader truth about today's housing market: While some existing homeowners have the opportunity to move up to a larger or more expensive property—or, as older generations are becoming more willing to free themselves from the constraints of the housing market—the younger generations remain largely excluded.

### U.S. Households Experiencing Shifting Trends & Costs

The "tale of two cities" today exemplifies the experiences of American households. For borrowers with strong credit and relatively high incomes, a slight drop in rates to the low 6% range can render a purchase feasible, particularly if they are already homeowners who can use equity for their down payment. Even though these buyers are exchanging the ultra-low rates of yesteryear for pricier loans, they are still the ones propelling a large portion of Rocket's new activity.

"The mortgage market is expected to grow by up to 25% existing home sales are expected to increase by up to 10%," Krishna said.

However, for numerous renters and aspiring homeowners, the calculations still don't add up. Despite the fact that

rates are no longer at their highest, home prices continue to be significantly higher than those in the pre-2020 period, more than 40% of an increase. Monthly payments for a median-priced home (\$427,000 as per Redfin) can easily exceed the earnings of an average household—an estimated \$83,000, according to Census data.

In particular, younger Americans encounter greater challenges related to down payments, student loan repayments, and competition from older generations of cash purchasers and investors. All of this indicates that an increase in mortgage applications doesn't automatically equate to a widespread enhancement of housing affordability—though some economists and housing experts foresee the market becoming somewhat more manageable this year.

Lawrence Yun, Chief Economist for the National Association of Realtors (NAR), recently stated that they are expecting a "little better" condition for more home sales this year due to rising inventory levels and the gradual disappearance of the "lock-in effect."

Yun noted that this is a result, "because life-changing events are making more people list their property to move on to their next home. [2026] should be better with lower mortgage rates, and that will qualify more buyers. We are expecting home sales to increase by about 14% nationwide in 2026."

## HOUSING INVENTORY UP YOY, BUT RECOVERY LOSING MOMENTUM

**T**he number of actively listed homes increased 10% compared to January 2025, marking the 27th consecutive month of year-on-year (YoY) inventory gains, according to the January 2026 Monthly Housing Market Trends Report from Realtor.com.

On a monthly basis, active inventory fell 6.8% since December, a typical



seasonal pattern, Realtor.com said. Although listings are up again year on year, the pace of that growth has slowed in each of the past eight months, down from 32% peak YoY growth in May. As a result, Realtor.com stated that the national inventory recovery has stalled and is now moving in the wrong direction, following solid progress in most of 2025.

Specifically, Realtor.com said that nationwide January inventory is 17.2% below typical 2017-19 levels, the furthest from pre-pandemic norms since March 2025, and 20.2% below 2017-19 levels.

Inventory rose modestly in all four major U.S. regions in January compared to the prior year, Realtor.com noted. Unlike much of 2025, active listing growth was uniform to kick off 2026, but like 2025, the Northeast continues to lag other regions.

#### Metro Level Listings Down Slightly

At the metro level, 46 of the 50 largest markets recorded year-over-year inventory growth, with active listings very slightly down in Jacksonville, San Francisco, Chicago, and Grand Rapids. The sharpest increases were seen in Seattle (+32.4%), Charlotte (+28.6%), and Washington, D.C. (+26.8%).

Compared to May 2025, only the Midwest region has seen its inventory rise relative to pre-pandemic norms, but only improving from -42.1% to -37.8%. For the South, West, and Northeast—and the national aggregate—the inventory recovery is moving in the wrong direction: closer to tight pandemic-era markets, Realtor.com said.

Should that trend continue, Realtor.com said, it will put upward pressure on house prices moving forward, as buyers could lose some of the leverage they had gained last year, Realtor.com noted.

At the metro level, between May 2025 and January 2026, just 20 of the top 50 metros are adding inventory relative to pre-pandemic norms. Of the 28 metros below normal inventory levels in May, just three (Kansas City, Minneapolis, and Louisville) have moved meaningfully toward their typical pre-pandemic levels.

Of the 22 markets above pre-pandemic levels in May, all but four regressed toward their pre-pandemic levels.

That is indicative of an inventory renormalization in the South and West; on the other hand, this suggests active listings acceleration may have peaked in these markets and prices could firm up in the future, Realtor.com noted.

#### Nationwide Inventory Reverses Course

The nationwide inventory recovery has reversed course, Realtor.com said. Since last Spring, modest progress in the Midwest has been offset by slowdowns in the South, West, and Northeast.

Newly listed homes increased by 0.7% year over year and by 41% since the prior month—an eye-popping monthly gain but one in line with typical seasonality, as new listings drop off precipitously at the end of the year, the website said. At the regional level, new listings were up modestly in the Midwest (+1.1%), West (+1.1%), and South (+0.3%); new listings fell 1.9% year over year in the Northeast.

Buyer activity also increased in January. Pending home sales—listings under contract—grew by 1.2% year over year. That is the largest year-over-year increase in pending home sales since December 2024 (+2.3% YoY). That number is probably partly due to mortgage rates in mid-January falling to their lowest level since 2022. With rates in the 2026 homebuying season expected to be lower than last year, Realtor.com said that pending sales and new listing growth will be something to watch in the coming months.

In January, the typical home spent 78 days on the market, which is five days longer than the same time last year and marks the 22nd straight month of homes taking longer to sell on a year-over-year basis. Despite a five-day month-over-month (MoM) increase in January (up from 73 days in December 2025), homes are now selling five days faster than their pre-pandemic norms after pacing in line with pre-pandemic levels in July through September.

#### Median Price Unchanged

In January, the national median list price was \$399,900, unchanged from last year or the prior month. The price per square foot fell more substantially (down 1.6% YoY, flat MoM). Under the surface, though, price trends continue to vary by region, Realtor.com noted.

At the metro level, the median list price per square foot is falling in 30 of the top 50 metros. The largest price declines were in Austin (-6.1%), Washington, D.C. (-6.1%), and Memphis (-5.8%). The largest gains were in Providence (+9.8%), Grand Rapids (+9.2%), and Indianapolis (+6.8%). Generally speaking, though, price changes were modest in most places; nearly half (22) of the top 50 metros posted price per square foot changes within ±2%.

Back to the national scene, price cuts were slightly down year over year, with 14.3% of listings now offered at a discount compared to 15.6% in January 2025. Last year was defined by a high share of listings with price cuts (around 20% from June through October) and sticky-high list prices at the median, Realtor.com said. This year may bring the opposite, as more sellers price down at list rather than cutting after seeing their home sit for longer than anticipated.

By region, price cuts remain least common in the inventory-squeezed Northeast (8.2% of listings) compared to the Midwest (11.5%), South (15.8%), and West (16.0%).

Metros with the most listings with price cuts, often linked to slower demand, included Tampa (24.1% of listings), Phoenix (25.2%), and Portland (23.4%). Price cuts were up year on year in just 17 of the top 50 metros.



## HOUSEHOLD MOBILITY FALLS TO RECORD LOW AS 'LOCK-IN' EFFECT PERSISTS

In 2024, household mobility dropped to its lowest recorded rate, with slightly more than one in ten households making a move, according to Harvard's Joint Center for Housing Studies. This latest decrease was primarily driven by homeowners, who chose to remain in their homes due to elevated interest rates and housing prices. Meanwhile, renter mobility remained stable as the number of moves into new units balanced out the impact of high lease renewal costs.

Recent estimates indicate that there will be no significant changes in these factors in 2025, suggesting that the last two years represent a "new normal" of reduced mobility in the nation.

Newly available data from the American Community Survey (ACS) indicates that 14.8 million households relocated in 2024, resulting in a mobility rate of 11.2%, which is the lowest recorded in this survey. The proportion of households relocating within the state, which is the most frequent kind of move, dropped to an unprecedented low of 8.6%. Following a significant increase during the pandemic, the number of households relocating across state lines has also declined. Household relocations from abroad remained constant at 0.5% during 2023–2024, slightly higher than in previous years, owing to the rise in immigration; however, this figure does

not capture the complete extent of the increase, as new arrivals typically have low household formation rates.

High interest rates and home prices disincentivized homeowners, leading to a reduction of 320,000 moves and subsequently driving the decline in household mobility. In 2024, the average rate for a 30-year fixed-rate mortgage (FRM) was 6.7%, while the median price of a single-family home was nearly five times the median household income, setting a near-record. As a result, the total number of existing home sales in 2024 was 4.06 million, marking a slight decrease from the 4.09 million recorded in 2023.

Young adults were hit hardest by these affordability challenges, as many of them bought homes during the pandemic. In fact, between 2019 and 2021, the household mobility rate among homeowners younger than 45 increased from 12.4% to 13.8%, driven by declining interest rates and a rise in first-time homebuyers. Then, the mobility rate decreased as younger homeowners remained in their homes and the number of households entering homeownership declined over the following three years. The number of young homeowner movers decreased by 185,000 from 2023 to 2024, resulting in a mobility rate of 9.8%.

Mobility among renter households remained constant between 2023 and 2024. It was estimated that in 2024, there were 180,000 additional renter household movers; however, their mobility rate did not show a statistically significant increase compared to 2023. This could be attributed to the balancing influences of new rental supply becoming available and the high rate of lease renewals among current renters. The year 2024 saw a remarkable influx

of rental supply, with the completion of 608,000 multifamily units—the highest figure since 1986.

Absorptions—units transitioning from available to occupied—were robust as well, estimated at 550,000, with each representing a move by a renter household. However, the lease renewal rate for large multifamily buildings rose from 60.5% in 2023 to 62.0% in 2024, as many current renters opted to renew their leases, which may have counterbalanced the rise in moves into new units.

Although these data originate from 2024, the latest year for which ACS data is available, evidence suggests that mobility did not change in 2025. The 30-year FRM rate saw only a minor reduction, reaching a low of 6.15% and averaging 6.60% during 2025, which did not greatly enhance affordability.

In Q3 2025, it was proven true that half of the outstanding residential mortgages had interest rates under 4%, and existing home sales matched those of 2024. For those renting, lease renewal rates stayed elevated while occupancy rates decreased as supply started to exceed demand. In 2025, average advertised multifamily rent remained unchanged for the first time since 2020, due to a slowing demand. This implies that renters have more opportunities to relocate, but their mobility does not significantly increase.

The latest drop in household mobility is a continuation of a trend that has persisted for decades. The current situation is that numerous households seem to be "locked in" to their residences. As a result, it is possible that households are less inclined to pursue improved employment, education, or living situations, thereby restricting their capacity to react to opportunities or crises. This also restricts the adaptability of labor markets, which may exacerbate regional economic divergence as opportunities become concentrated in affluent communities.

While trends can change rapidly, as seen during the pandemic, a lack of fundamental alterations to the housing market will result in lower household mobility becoming ingrained.

## “a new housing crisis”

**Lawrence Yun**, Chief Economist for the National Association of Realtors (NAR), discussed NAR's latest Existing Home Sales Report and how it depicts a scenario of elevated home prices, dwindling supply, and declining consumer confidence in the economy—factors that are all contributing to ongoing pressures on the U.S. housing market.



## “a strong rebound from 2024”

**Reggie Booker**, Associate VP of Commercial/Multifamily Research for the Mortgage Bankers Association, explained how increases in mortgage originations during the final three months of 2025 capped a much stronger year for commercial and multifamily mortgage lending, as activity for depositories increased sharply in the fourth quarter and for 2025 as a whole, with higher origination volumes in Q4 pointing to improving conditions in commercial mortgage markets, though activity remains uneven across property types.



## “a tale of two cities”

**Varun Krishna**, CEO of Rocket Companies, reported that there are signals that Americans are now leaving the sidelines and competing for homeownership, reflecting a broader reality for American homebuyers, and suggested that the company is set to achieve its highest mortgage loan production volume and gain on sale in four years.



## “small reductions boosting affordability”

**Andy Walden**, Head of Mortgage and Housing Market Research at ICE, detailed that even minor declines toward 6% rates can greatly enhance affordability for many Americans, especially for homeowners looking to refinance into lower rates and monthly payments; however, affordability continues to face structural challenges, as home prices remain high compared to average incomes.



## “meaningful inventory gains”

**Danielle Hale**, Chief Economist at Realtor.com, revealed that after the market experienced significant housing supply growth last year, recovery has lost steam, and even with more homes on the market than a year ago, supply remains well below pre-pandemic levels—keeping prices firm nationwide and driving a significant setback to the recovery of housing supply.



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