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Mortgage

Point

Magazine

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APRIL 2024



A WORK IN PROGRESS

With the White House announcing a raft of housing-related proposals in the State of the Union, *MortgagePoint* asks industry experts and economists to gauge how effective they could be ... and if they have a shot of being implemented.



**IN
THIS
ISSUE**

ECLOSINGS AS A SOLUTION ... NOT THE PROBLEM

Angel Hernandez of Stavvy takes a look at how disjointed tech stacks are costing every stakeholder in the closing process, from lenders to homeowners.

ACCESS AND EDUCATION DRIVING HOMEOWNERSHIP AMONG DIVERSE COMMUNITIES

BRIDGING THE HOMEOWNERSHIP GAP IN THE LGBTQ+ COMMUNITY

Pursuing education and reaching out to the LGBTQ+ community will help lending and real estate professionals build their business and advance the homeownership rate within the community.

THE IMPORTANCE OF VACANT PROPERTY REGISTRATIONS

How tracking vacant properties can help owners avoid the nuisance and expense of violations, while keeping their properties maintained and up to community standards.

MortgagePoint Magazine



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THE POWER OF NEIGHBORHOOD STABILIZATION

Making homeownership more accessible

89% of Auction.com buyers say, “improving neighborhoods,” “expanding homeownership,” or “providing affordable housing” is a top-3 motivation for purchasing real estate.

LET'S EXPAND HOMEOWNERSHIP TOGETHER



AUCTION.COM
BEYOND THE BID.

Source: 2023 Auction.com Buyer Insights Report

A LOOK AT THE WHITE HOUSE'S HOUSING PROPOSALS

As spring emerges from the shadows of winter, those in the mortgage marketplace await what Realtor.com has dubbed “Best Week to Sell a Home,” the week of April 14-20. Coming out of a winter season riddled with numerous storms, any break in the weather may make it an opportune time to buy or sell. But to the homebuying public ... is it?

Redfin recently commissioned a survey conducted by Qualtrics in February 2024, and found that of the 2,995 homeowners and renters polled, 49.9% of them sometimes, regularly, or greatly struggled to afford their housing payments.

President Joe Biden, in his March 7 State of the Union Address, tackled the topic of the state of U.S. housing, outlining several initiatives his Administration has taken and plans to take in order to assist more in achieving the American dream of homeownership.

In this month's cover story, *MortgagePoint* assembled a number of industry execs and think tanks to assess the Biden Administration's plans, break down the impact on the market, and gauge the true feasibility of these plans on both the consumer, industry stakeholders, and taxpayers nationwide.

In addition to our deep dive into the Biden Administration's approach to equitable homeownership, we offer several other interesting features in this month's issue of *MortgagePoint*.

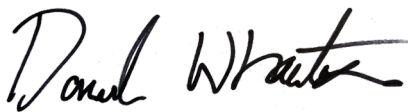
Angel Hernandez, Chief Strategy Officer at Stavvy takes a look at how disjointed tech stacks are costing every stakeholder in the closing process, from lenders to homeowners in his submission, “eClosings as a Solution ... Not the Problem.”

Sheila Klostermann, Director of Quality Assurance at Enact Mortgage Insurance, in this month's article “Bridging the Homeownership Gap in the LGBTQ+ Community,” explores ways that education and outreach between the LGBTQ+ community and real estate professionals will help advance the homeownership rate within the community.

In his article, “The Importance of Vacant Property Registrations,” Jeff Connell, First VP of Mortgage Operations at MCS, explains how tracking vacant properties can help owners avoid the expense of violations, while keeping their properties maintained and up to community standards.

MortgagePoint also sat down with Wil Lewis, Global Chief Diversity, Equity, Inclusion & Talent Acquisition Officer for Experian, and Gwen Garnett, the Executive Director of the HomeFree-USA HBCU Center for Financial Advancement, to discuss closing the homeownership gap in diverse and underserved communities in this month's Expert Insights column.

All of this and much more can be found in this month's issue of *MortgagePoint*. And to get your daily dose of the latest in industry news and updates, visit MortgagePoint.com.



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26

Cover Feature

A WORK IN PROGRESS

With the White House announcing a raft of housing-related proposals in the State of the Union, *MortgagePoint* asks industry experts and economists to gauge how effective they could be ... and if they have a shot of being implemented.

Departments

4

MTECH

9

GOOD READS

10

MOVERS & SHAKERS

22

INDUSTRY UPDATE

34



ECLOSINGS AS A SOLUTION ... NOT THE PROBLEM

Angel Hernandez of Stavvy takes a look at how disjointed tech stacks are costing every stakeholder in the closing process, from lenders to homeowners.

44



BRIDGING THE HOMEOWNERSHIP GAP IN THE LGBTQ+ COMMUNITY

48



THE IMPORTANCE OF VACANT PROPERTY REGISTRATIONS

Jeff Connell of MCS explains how tracking vacant properties can help owners avoid the nuisance and expense of violations, while keeping their properties maintained and up to community standards.

38

*Expert Insights*

ACCESS AND EDUCATION DRIVING HOMEOWNERSHIP AMONG DIVERSE COMMUNITIES

Wil Lewis and Gwen Garnett share their perspective on the current state of homeownership and what needs to be done to boost homeownership among diverse communities.

42

*Sponsored Content*

REVOLUTIONIZING MORTGAGE SUBSERVICING WITH CUSTOMER-CENTRIC DIGITAL STRATEGIES

50

*Memberships*

NAR ESTABLISHES AGREEMENT TO RESOLVE NATIONWIDE COMMISSION CLAIMS

52



NAR SETTLEMENT: WHAT DOES IT MEAN FOR AGENTS ON THE GROUND?

54



A BIG CHANGE TO BUYER BROKER COMMISSION FEES



ICE PROVIDES NEW APPROACH TO VALUATION CHALLENGES

Intercontinental Exchange, Inc. has announced the addition of two new solutions to its growing suite of valuation tools for the real estate markets and housing finance industries. The newest solutions, Validate ROV and Valuation Selector, each address particular challenges inherent in the need for swift, accurate, objective, and compliant property valuations.

“Transparent and accurate property valuations are essential to housing finance,” said Tim Bowler, President of ICE Mortgage Technology. “ICE is proud of the work we’ve been doing on this front, leveraging our technology and data to build a set of smart solutions that help homeowners, lenders, and investors have confidence in the values underlying the mortgage process.”

Validate ROV offers confidence to homeowners and buyers seeking reconsideration of an appraised home value, as outlined under the proposed federal Property Appraisal and Valuation Equity (PAVE) initiative.

After accessing a link provided by the lender, homeowners will use their mobile device to follow a series of prompts to take photos of the property, giving examples that show why they believe the appraisal may be in error. Validate ROV uses geofencing and time stamps to confirm that photographs are contemporaneous and accurately reflect current property conditions. Through intelligent automation, Validate ROV helps reduce manual steps and paperwork for lenders while ensuring the homeowner or potential homebuyer can easily provide objective evidence as to why they are seeking reconsideration.

Valuation Selector helps lenders and investors to identify the complexity of a particular property’s valuation and recommend the most suitable method for determining value. Pulling from public records, assessors, and listing information, Valuation Selector applies advanced

logic and analytics to recommend the most appropriate and cost-effective of the following valuation types: automated valuation model (AVM), AVM with inspection, desktop exterior, desktop interior, or full appraisal.

Validate ROV and Valuation Selector add to the growing suite of ICE property valuation solutions, which includes industry-leading AVMs, intelligent data collection tools that support GSE valuation requirements, and Risk Profiler, which combines analytics, local market data, neighborhood demographic trends, comparable property sales, and key collateral metrics to help reduce risk exposure on potentially problematic valuations.

“The mortgage industry faces numerous challenges related to the valuation process today,” Bowler said. “Regulators are paying close attention to valuations for many valid reasons. As part of our overall mission to digitize the housing continuum, ICE is marrying technological innovation with our vast data assets to bring transparency and accuracy to a complex, often confusing market.”

CLOUDVIRGA EXPANDS INTEGRATION WITH INFORMATIVE RESEARCH'S VERIFICATION PLATFORM

Cloudvirga has announced that it has expanded its integration with Informative Research.

Through the expanded integration, originators on Cloudvirga’s Horizon Platform and Horizon TPO can now access Informative Research’s Verification of Employment (VOE) and Verification of Income (VOI) data and analytics.

According to Cloudvirga, verifying employment and income is frequently a stumbling block for lenders since not all electronic verification providers have access to the consumer data needed for a comprehensive VOE/VOI report. As a

result, working with multiple providers can be useful, but only if there is an automated and efficient process to do so.

The Informative Research integration allows originators to create multiple configurable waterfalls with an unlimited number of VOE/VOI providers defined per waterfall within the Horizon Platform. If one provider is unable to provide a comprehensive verification report due to a lack of data, it falls to the next provider on the list. This is designed to provide an efficient, cascading process that continues until the requisite information is delivered.

By creating a waterfall of providers, originators can ensure they’re receiving the most accurate and complete VOE/VOI package. Originators will receive an in-depth transaction report of which providers were able to fulfill their requests, and the full VOE/VOI results can be delivered to the originator within seconds. The data within this package is then automatically pre-populated in the loan file and can be delivered to underwriting, significantly streamlining the application process. This eliminates the need to request employment and income documentation from borrowers, thereby saving time, reducing costs, and improving the overall experience for both the borrower and the originator.

“Verification of employment and income can be a time-consuming and often complex step in the origination process. Originators often have to wait for borrowers to collect documents and submit pay stubs, W2s, etc., or rely on providers that often have a lower hit rate because they don’t have access to all the necessary data,” said Maria Moskver, CEO of Cloudvirga. “Our new integration with Informative Research’s Verification Platform means that originators can ensure they’re getting the most complete and accurate data on a borrower’s employment and income in seconds, further accelerating their underwriting processes.”

“We are thrilled to announce our collaboration with Fannie Mae, a pivotal step in our mission to revolutionize the mortgage industry.”

—Kirill Klokov, CEO, Truv



TRUV TO OFFER INCOME, EMPLOYMENT VERIFICATIONS THROUGH FANNIE MAE'S DESKTOP UNDERWRITER

Truv has announced it is now a conditionally authorized report supplier for mortgage lenders using Fannie Mae's Desktop Underwriter (DU®) validation service. After final approval, which is expected later this year, Truv's consumer-permissioned platform will be able to obtain and transmit income and employment data through the DU validation service.

Fannie Mae's DU validation service uses third-party data vendors to independently validate borrower income, employment, and asset data, providing lenders with Day 1 Certainty® on validated loan components. By digitally validating secure third-party data through DU, lenders can help eliminate the

paper chase and get borrowers approved quickly.

The all-in-one Truv platform is currently used by more than 100 mortgage lenders to verify a borrower's income and employment information. With coverage of 92% of the U.S. workforce and success rates higher than competitors in the income and employment verification space, Truv enables lenders to replace costly third-party borrower verification service providers and manual, error-prone methods of verifying borrower data with cost savings and faster times to close by two days or more.

As an authorized report supplier for Fannie Mae's DU validation service, the Truv platform will enable lenders to:

- » Reduce the risk of fraud and buybacks by leveraging real-time data directly from the source.
- » Lower costs by reverifying a borrower's income and employment data at no additional expense.
- » Accelerate growth by increasing pull-through rates and closing loans faster.
- » Improve productivity by reducing time spent collecting data to underwrite loans.

“We are thrilled to announce our collaboration with Fannie Mae, a pivotal step in our mission to revolutionize the mortgage industry,” said Kirill Klokov, CEO of Truv. “This partnership affirms our deep commitment to providing lenders with cutting-edge solutions that empower consumers while driving efficiency in the loan origination process.”

KRISS LAW/ ATLANTIC CLOSING & ESCROW LAUNCHES PILOT PROGRAM FOR DIGITAL NOTARIZATION AND CLOSINGS

Kris Law/Atlantic Closing & Escrow (KL/ACE) has launched a pilot program for digital notarizations and closings leveraging a new integration with The Closing Exchange (TCX) and eSign Events by Simplifile. The pilot will empower KL/ACE to deliver a comprehensive, integrated eClosing and eNotarization option for mortgage lenders.

KL/ACE clients will now be able to request remote online notarization and mobile closing appointments provided by a TCX notary who is already trained and set up in Simplifile eSign Events.

According to KL/ACE Chief Strategy Officer Landon Smith, mortgage lenders taking advantage of this opportunity will now have a fully comprehensive digital notarization and closing option. They will also still be able to order “hybrid” (partially digital, partially manual) and “wet” (traditional, manual) signings as needed, all through the same platform.

“For a number of reasons, quite a few mortgage lenders still want or need a mix of digital and traditional closings,” he said. “Until now, they were required to do so through multiple applications or portals, adding delay to the process. Through this new program, our clients will be able to meet all of their closing needs through a single avenue.”

CLICK N' CLOSE ANNOUNCES ONE-TIME CLOSE PROGRAM TO ADDRESS HOMEBUYER CHALLENGES IN RURAL AMERICA

Click n' Close has announced its latest mortgage product: One-Time Close (OTC) loan programs for government-insured mortgage products. This product is designed to aid homebuyers in rural America with down payment assistance, with availability in select markets.

"Given current market conditions, affordability is the number one challenge among potential homebuyers," said Jeff Bode, Owner and CEO of Click n' Close. "As prospective borrowers venture further out from cities and traditional suburban markets, Click n' Close stands as a resource, providing powerful financing tools for both wholesale lenders and borrowers to make homeownership possible."

Click n' Close's OTC program offers 100% loan-to-value (LTV) financing covering land, construction, and closing

costs, with no down payment or minimum investment required and the ability to finance the 1% USDA Guarantee Fee up to 101% LTV.

Other product features include:

- » Flexible debt-to-income ratios
- » Eligibility for credit scores of 640 and above
- » No prepayment penalties
- » First-time homebuyer eligibility
- » Absence of required reserves
- » Seller/builder concessions up to 6%
- » Utilization of eligible gifts for closing costs
- » Contingency account financing up to 10%

PLANET HOME LENDING INNOVATION PRODUCTS ALLOW NEW HOMEBUYERS SKIP HOME SALE CONTINGENCIES

Planet Home Lending, LLC, has established a suite of innovative programs to enhance the homebuying experience. Planet Home Lending unveiled Purchase EDGE and

Cash 4 Homes, which are designed to empower homebuyers to navigate today's competitive real estate market with ease.

The program gives Planet's borrowers the ability to compete with all-cash offers and to enjoy a less stressful journey to move-up homeownership.

"We understand the difficulty home buyers face in today's market," said John Bosley, President of Mortgage Lending at Planet Home Lending. "We set out to build novel programs to strengthen homebuyers to win competitions against multiple bidders and to perfectly coordinate timing on the sale of an existing home and the purchase of a new home."

Cash 4 Homes Planet's Cash 4 Homes program is not just for current homeowners; first-time homebuyers can also use it to secure their dream home. Cash 4 Homes empowers homebuyers with the choice to waive traditional financing and appraisal contingencies. If the financing is delayed, the homebuyer has the security of a cash backup waiting at closing.

Purchase EDGE for Homebuyers Purchase EDGE and Purchase EDGE Guarantee offer move-up homebuyers these advantages:

- » Guaranteed Buyer for Current Home: Ensures a smooth transition to the

INTRODUCING

MortgagePoint Magazine

THE INDUSTRY'S MOST VALUED PUBLICATIONS JOINING FORCES

The Five Star Institute's premier trade publications, *DS News* and *MReport*, have joined forces to become *MortgagePoint*. This new publication brings you the same exclusive news, features, interviews, and commentary you've come to expect from Five Star—now taken to the next level and all in one place. *MortgagePoint* is your one-stop shop for coverage of the full spectrum of mortgage, from originations to default. Scan the QR code to sign up and learn more.



new home by providing a guaranteed buyer for the current home

- » Flexibility to Stay in Current Home: Offers the option to stay in the current home for up to 30 days post-closing if new construction or other closing issues cause delays.
- » Contingency-Free Purchase Offer: The ability to make a purchase offer without certain contingencies can strengthen the buyer's position in competitive markets.
- » Qualification Benefit for New Home Loan: Allows buyers to qualify for a new home loan without the new loan eligibility having to include their current home loan because they have a non-contingent offer on it, easing the financial strain.

“With Purchase EDGE, we’re offering a less stressful homebuying and selling journey for consumers, which helps expedite sales and bolster buyer confidence,” Bosley said. “It caters to the evolving needs of all stakeholders in the homebuying process.”

BSI FINANCIAL SERVICES, BIZZY LABS UNVEIL 'BREAKTHROUGH' IN LOAN BOARDING AUTOMATION

BSI Financial Services and its affiliate, Bizzy Labs, announced a major enhancement to Bizzy Labs' compliance technology, Libretto, that further streamlines and automates the loan boarding process, particularly for MSR acquisitions. Libretto now integrates business rules with automated workflows to minimize risk when MSR clients are boarding newly acquired loans on their servicing systems.

Leveraging AI, optical character recognition (OCR), and workflow automation tools, Libretto integrates with various data sources—such as the Uniform Loan Deliver Dataset (ULDD), data tapes, and document images—and automatically



compares and verifies extracted data to improve speed, accuracy, and compliance in the loan boarding process. If any issues are detected, Libretto automatically reaches out to prior servicers to fix the errors in the data tape or document images and keeps the process of onboarding loans onto the Sagent LoanServe servicing platform moving forward. BSI leverages Sagent's cloud-based servicing platform as its system of record.

“Our latest enhancement to Libretto leverages generative AI capabilities to provide the fastest and most accurate loan data boarding available in the industry,” said Gagan Sharma, Founder and CEO of BSI Financial Services and Bizzy Labs. “This upgrade perfectly illustrates our commitment to improving loan performance and profitability for our MSR acquisition clients.”

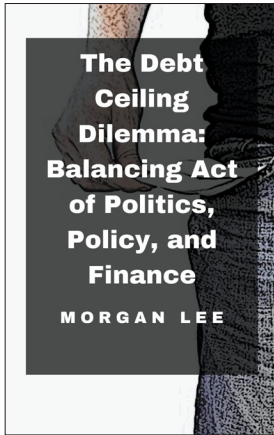
The enhancement incorporates dozens of business rules that check for common errors and discrepancies in the loan boarding process. It also provides end-to-end reporting that gives

all internal business and compliance stakeholders, including prior servicers, the ability to monitor status updates and loan boarding issues and deliver accurate results almost instantaneously.

“I’m excited that we’ve achieved this milestone and see broader uses beyond the boarding phase,” said Anwar Ali, product manager lead at BSI Financial. “Libretto’s ability to scan for compliance risks and deadlines using an entire library of compliance and business rule sets is second to none.”

BSI Financial Services is committed to opening its technology to business and compliance partners, regulatory agencies, and other service providers so they can build their own solutions on top of BSI’s technology platform.

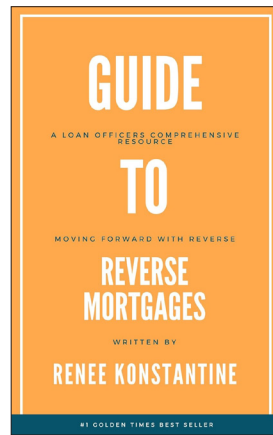
“Through collaboration and integration with open-source technologies, we will continue to evolve and build our platform as a foundation for bringing efficiency and accuracy to our industry stakeholders,” Sharma said.



The Debt Ceiling Dilemma: Balancing Act of Politics, Policy, and Finance

by MORGAN LEE

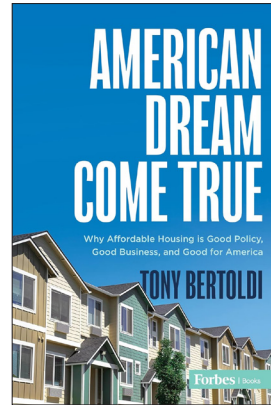
The national debt ceiling is a contentious issue, but author Morgan Lee's new book delves into the intricate and high-stakes world where economic realities collide with party politics. This compelling examination takes readers on a journey through the history of debt ceiling battles while unraveling the meandering interplay between political agendas, fiscal policy, and national financial stability. This will help readers gain a nuanced understanding of how the debt ceiling serves as a barometer for the health of the nations' fiscal responsibilities and the consequences of potential missteps. This book is an indispensable guide for anyone seeking to comprehend the intricate web where financial prudence, political maneuvering, and the global economy converge.



Guide to Reverse Mortgages: A Loan Officer's Comprehensive Resource Moving Forward with Reverse

by RENEE KONSTANTINE

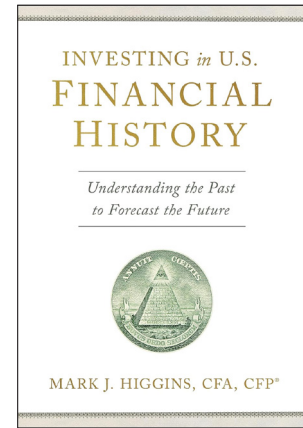
In her most recent release, author Renee Konstantine dives into the hot trend of reverse mortgages from a loan officer's perspective, penning a quintessential resource for officers aiming to master the intricacies of the reverse mortgage lending world. Penned for the novice and expert alike, this guide will demystify the world of reverse mortgages and provides readers with the knowledge and tools needed to navigate this dubiously complex financial landscape confidently. This book provides insights into the fundamentals of reverse mortgages, step-by-step guides through the lending process, practical tips for improving communication and support, and the latest trends in the industry.



American Dream Come True: Why Affordable Housing Is Good Policy, Good Business, and Good for America

by TONY BERTOLDI

Tony Bertoldi, a long-time proponent and professional of low-income tax credits, has spent nearly 30 years in affordable housing and has used his experience in this field to author a new book on how you can achieve the American Dream. No matter where you come from or where you are, you can be successful. In this book, Bertoldi leverages over years' worth of experience in affordable housing to explain in clear and entertaining prose what affordable housing really is and who it impacts. Spoiler alert: the answer is all of us. The purpose of this book is to debunk the misconceptions of affordable housing and how it can benefit the entire American ecosystem.



Investing in the U.S. Financial History: Understanding the Past to Forecast the Future

By MARK J. HIGGINS, CFA, CFP

Author, speaker, and financial historian Mark J. Higgins believes that most investors rely only on their life experiences to make investment decisions and that those who do not learn from financial history are doomed to repeat it. This causes them to overlook the cyclical market forces that shape the financial market. This book will help you understand key drivers of financial crises and the principles for managing them, recognize warning signs of speculative manias that lead to asset bubbles, understand why few investors outperform market indices, why index funds work best for nearly all individuals, and how to identify the most pressing challenges that threaten modern economic prosperity.

» Movers & Shakers

» Government

FREDDIE MAC NAMES INTERIM CEO



Freddie Mac has announced the appointment of President **Michael T. Hutchins** to the additional role of Interim CEO as the

company continues its search for a permanent CEO. Hutchins will also become a member of Freddie Mac's Board of Directors.

Hutchins was named President of the GSE in 2020 and is a member of the company's Senior Operating Committee. He will continue serving as President and took on the role of Interim CEO and Board member effective March 16, following the departure of CEO Michael J. DeVito, who stepped down on March 15.

"Mike Hutchins is a proven leader who brings a deep understanding of every aspect of Freddie Mac to the role of Interim CEO," said Lance Drummond, non-executive Chair of Freddie Mac's Board of Directors. "In addition to his knowledge of Freddie Mac, Mike's decades of experience in housing and financial services is invaluable as the company navigates a challenging market to Make Home Possible for borrowers and renters across the nation."

Hutchins has worked in the financial services industry for more than 30 years. He began his career at Freddie Mac in 2013, serving as SVP and then EVP of Investments and Capital Markets. In 2020, he was named President of Freddie Mac, overseeing the company's Single-Family, Multifamily, Investments & Capital Markets and Enterprise Operations & Technology divisions. Previously, Hutchins was Co-Founder and CEO of PrinceRidge and held senior positions at UBS and Salomon Brothers.

"I thank Mike for stepping up to lead

the company as we continue a thorough search for a permanent CEO," Drummond added. "I also want to thank outgoing CEO Michael DeVito for his commitment to Freddie Mac's mission, and we wish him well in his next chapter."

FHFA ANNOUNCES PERSONNEL CHANGES



The Federal Housing Finance Agency (FHFA) has announced two personnel updates, as **Anne Marie Pippin** has been selected to serve as the Deputy Director of the Division of Conservatorship, Oversight, and Readiness (DCOR); and **Anju Vajja,**



Ph.D., has been named Deputy Director for the Division of Research and Statistics.

Pippin has more than 13 years of public sector experience in mortgage finance, innovation, risk management and controls, and corporate governance. She joined FHFA in 2017 and most recently served as Associate Director of the Office of Governance and Strategic Initiatives and Office of Financial Technology in DCOR. In this role she was responsible for leading and coordinating Agency efforts to understand technology-driven developments in housing finance, addressing emerging risks and advancing Agency priorities related to the responsible adoption and deployment of financial technology, as well as overseeing governance and strategic initiatives related to the conservatorship of the Enterprises (Fannie Mae and Freddie Mac).

"With her extensive experience in mortgage finance, innovation, risk management, and corporate governance, Anne Marie's leadership has been

exemplary in every way," FHFA Director Sandra Thompson said. "I look forward to her continued leadership in this role."

Previously in the FHFA, Pippin served as Governance Branch Manager and as an Examiner within the Division of Enterprise Regulation with broad coverage of governance topics, including corporate governance, model governance, artificial intelligence and machine learning risk management, and enterprisewide risk management. She co-wrote the FHFA Advisory Bulletin 2022-02, Artificial Intelligence and Machine Learning Risk Management and wrote the FHFA Advisory Bulletin 2020-06, Enterprise Risk Management Program.

Prior to joining the FHFA, Pippin served in various risk management and governance functions in the Department of Energy, Department of Defense, Department of the Interior, and National Oceanic and Atmospheric Administration. Pippin also served as an analyst on climate risk at the White House Council on Environmental Quality in 2012. Pippin is a graduate of the University of Georgia, where she holds a Juris Doctor (JD), Master of Business Administration (MBA), and undergraduate business degree.

Vajja oversees the production of FHFA's House Price Index, National Mortgage Database (NMDb), Uniform Appraisal Dataset, and several other mortgage and housing data systems at FHFA. She is FHFA's Research Officer and is responsible for research in housing, mortgage markets, and real estate. She oversees FHFA's data governance and Climate and ESG coordination work. Vajja previously served as Principal Advisor to the Deputy Director and Principal Associate Director in DRS and Associate Director in FHFA's Division of Housing Mission and Goals (DHMG).

"Anju's experience in overseeing the research, analysis, and data governance work of the Division of Research and Statistics, and its production of FHFA's House Price Index, National Mortgage Database, Uniform Appraisal Dataset, is a tremendous asset to DRS and the Agency," Thompson added.

Prior to joining DHMG, Vajja served as Managing Economist in FHFA's Division of Bank Regulation (DBR),

“Anju’s experience in overseeing the research, analysis, and data governance work of the Division of Research and Statistics, and its production of FHFA’s House Price Index, National Mortgage Database, Uniform Appraisal Dataset, is a tremendous asset to DRS and the Agency.”

—Sandra Thompson, FHFA Director

where she led a team of economists and financial analysts. She was responsible for targeted credit and collateral risk examinations to support the FHFA’s examinations of the Federal Home Loan Banks (FHLBanks). While in DBR, Vajja also led a team of financial analysts who evaluated the financial condition and performance of the FHLBanks.

Prior to joining FHFA, Vajja worked at the World Bank evaluating community development initiatives. Vajja also taught at Georgetown University as an adjunct Professor. She earned her Ph.D. in economics from Georgetown University, her M.A. from Delhi School of Economics, and her B.S. in economics from Lady Sri Ram College, Delhi University, India.

FEDERAL HOME LOAN BANK OF ATLANTA ADDS AFFORDABLE HOUSING ADVISORY COUNCIL MEMBER



Federal Home Loan Bank of Atlanta (FHLBank Atlanta) has announced the appointment of a new member to its Affordable Housing Advisory Council (Council). **Jamie Flynn**, Director of Housing for the Seminole Tribe of Florida (STOF), has joined the Council, which works closely with FHLBank Atlanta’s Board of Directors and management team to ensure the Bank meets the community lending and housing finance needs of communities within its district.

In 2019, Flynn became tribalwide Housing Director of the STOF, which provides homeownership opportunities, emergency home repairs, and rental housing for its members through a variety of programs. STOF also delivers planning and development services, including new construction of homes and rehabilitation of existing homes to ensure adherence to safety, quality, and code standards. Flynn’s responsibilities include housing oversight of seven Native American reservations across the state of Florida and over 2,000 residential structures, including property management, credit/lending, and new construction of over 600 homes. Her team of more than 100 employees manages housing programs that address minor home repairs, prevention of unsafe/unhealthy conditions, accessibility improvements, rental opportunities, partnerships with home lenders, credit counseling, and other needs.

FHLBank Atlanta’s Affordable Housing Advisory Council comprises 15 representatives from a diverse group of community and nonprofit organizations actively involved in providing or promoting low- and moderate-income housing and community lending within FHLBank Atlanta’s district. The Council provides advice to FHLBank Atlanta’s Board of Directors regarding ways in which the Bank can enhance the effectiveness of its housing finance and community lending mission.

» *Lenders/Service*s

CARRINGTON'S CIO ASSUMES CEO ROLE



Andrew Taffet, Chief Investment Officer of The Carrington Companies has assumed the additional role of CEO for The Carrington Companies, succeeding company Founder Bruce Rose. Rose will assume the role of Chairman of the Executive Committee of The Carrington Companies.

“This is not a dramatic handoff by any means, but rather a natural next step for our business,” Rose said. “In addition to his duties as Chief Investment Officer, Andrew has been handling the day-to-day operations and oversight of our company for some time. The Carrington Companies will continue to operate as they have for the past 20-plus years. Our effectively self-hedged business strategy positions us for continued success, as we have demonstrated even during the most challenging market cycles.”

Carrington is a holding company whose primary business includes single-family mortgage asset management, enhanced by mortgage origination, servicing, and real estate sales and settlement services. Collectively, the businesses are integrated to provide a broad range of real estate services encompassing nearly all aspects of single-family residential real estate transactions in the United States.

“Together with the executive committee, we have achieved great success during the past 20 years,” Taffet said. “I am truly honored to assume the role of Chief Executive Officer and continue to work with such a talented team to build upon our achievements to date. Bruce provided me with an opportunity to start my career with Carrington two decades ago, and it has been a privilege to contribute to the growth of our platform. I am deeply grateful for his visionary leadership and all he has taught us during this time. I look forward to carrying this vision into the future, continuing to lead Carrington’s development, and leveraging our collective experience to drive success.”

NEW VICE CHAIRMAN JOINS WELLS FARGO



Wells Fargo & Company has announced that **Doug Braunstein** has joined the company as Vice Chairman. Braun-

stein brings a broad set of financial services experiences to Wells Fargo, with particular expertise in serving as an

“Doug is a world-class banker, and he will work alongside the great team we have assembled in Corporate and Investment Banking (CIB) to continue growing it.”

—Charlie Scharf, CEO, Wells Fargo

★★★★★

advisor to boards and CEOs on strategic alternatives.

At Wells Fargo and in his new role, Braunstein will work alongside business leaders and bankers on growing the company’s corporate finance and advisory businesses, while also providing counsel to Wells Fargo senior management on broader business issues, reporting to CEO Charlie Scharf.

Braunstein brings more than 35 years of industry experience to his new role, including nearly two decades at JPMorgan Chase, where he held several executive management roles, including CFO and Vice Chairman. He was previously Head of JPMorgan’s Americas Investment Banking, Head of Global M&A, and Global Head of Industry Coverage.

“Doug is a world-class banker, and he will work alongside the great team we have assembled in Corporate and Invest-

ment Banking (CIB) to continue growing it,” Scharf said. “We have significantly strengthened CIB’s market position over the last several years, making significant investments in its industry coverage and product capabilities, adding more than 50 senior hires, and winning significant new strategic mandates. The addition of Doug’s expertise and business relationships reflects our continued commitment to strengthen CIB even further. In addition, the breadth of Doug’s experience means he’ll be an effective advisor to Wells Fargo’s senior management team on business issues beyond client development.”

In addition to his time at JP Morgan Chase, Braunstein has been an advisor to numerous boards and management teams in the planning, structuring, and implementation of the full range of corporate finance solutions and strategic

alternatives. He has been involved in nearly \$1 trillion in transactions throughout his career. Doug previously served as interim CEO of Talkspace Inc. and on the boards of several public companies including Cantaloupe Inc., Cardtronics plc, Corindus Vascular Robotics Inc., Eagle Pharmaceuticals Inc., and Talkspace.

"I am truly excited to join Wells Fargo. I believe that Wells is uniquely positioned in financial services to build and broaden their client-serving lines of business, and I am excited to help grow the franchise," Braunstein said. "The benefits of combining capital and world-class execution with deep customer relationships makes me excited to work with the team. I'm also delighted to be working with Charlie and Wells Fargo's management team more broadly. The company has made a tremendous amount of progress across multiple dimensions over the past five years, and I'm excited to continue to push that work forward."

Braunstein is a member of the Weill Cornell Board of Fellows, having recently completed 12 years as a Cornell University Board member, including serving as Vice Chair of the Board of Trustees. He also serves on Harvard Law School's Dean's Advisory Board and is a member of the UJA of Greater New York's Wall Street and Financial Services Division.

NEW AMERICAN FUNDING ADDS SVP OF GROWTH



New American Funding has announced that **Mosi Gatling** has joined the company as SVP of Strategic Growth and

Expansion, bringing more than a decade of lending experience to the company.

Gatling will be part of the leadership team at New American Funding and will play a visible and active role in the company. In her newly created role at NAF, Gatling will also be involved in recruitment and will work on creating impactful marketing and business strategies based on her experience and understanding of the Black community.

In addition to her track record of success as a loan originator, Gatling is also passionate about growing Black homeownership in the United States, reshaping how the industry connects with minority communities, and increasing representation in the industry. She was drawn to New American Funding because of the company's commitment to diversity and inclusion.

"I am thrilled to be joining New American Funding," Gatling said. "This role offers me a platform to be more than just a loan officer. Being at NAF will allow me to have greater impact on the mortgage industry as a whole and move the business to a better place. There needs to be a shift in the industry's approach towards Black homeowners, moving away from outdated messaging and processes that belittle the situation and the people. This position presents me with an opportunity to affect positive change across the industry, and I'm excited to get started."

Patty Arvielo, New American Funding Co-Founder and CEO, added, "We are very excited to welcome Mosi to the NAF team. I frequently say that by the time I leave this industry, I want there to be more women and people of color in leadership positions. It's long been a passion of mine to lift people up and put them into positions where they can thrive. Mosi is a proven leader in the mortgage industry and is passionate about making a difference. We believe that she will be a great asset to our company and will help us to continue to grow and succeed."

Mosi is a dynamic speaker, author, and business coach with a clear mission of shaping a future in the mortgage industry.

"With Mosi's extensive experience and proven leadership in the mortgage industry, we are confident that she will play a pivotal role in driving our company's growth and success," NAF Chief Production Officer Pat Bolan said. "Her commitment to promoting diversity and inclusion aligns perfectly with our business values, and we eagerly anticipate the valuable contributions she will bring to our team. We are excited to have her on board as we continue to

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FAIRWAY INDEPENDENT MORTGAGE PROMOTES NEW CHIEF STRATEGY OFFICER



Fairway Independent Mortgage Corporation has promoted **Joy Knoch** to the new role of Chief Strategy Officer. A 28-year

veteran of the mortgage industry, Knoch has been with Fairway since 2011.

“Our goal is to use systems to streamline our loan manufacturing process and improve the loan experience for borrowers, loan officers, and Realtors,” Knoch said. “We’ll do this by gathering input from producing LOs, operations managers, and our corporate team to create a more efficient roadmap.”

As Chief Strategy Officer, Knoch will oversee origination and processing, training and support, and lending technology systems.

“Joy is uniquely qualified to step into this new role,” Fairway Independent Mortgage CEO Steve Jacobson said. “Joy understands the mortgage business as deeply as anyone in the industry, and her ability to bring different departments together will create efficiencies and improve the borrowing experience.”

PLANET HOME LENDING WELCOMES NEW SVP



National mortgage lender, servicer, and asset manager Planet Home Lending has hired **Doug Long** as its new SVP, Divisional Sales Manager.

With more than four decades in mortgage banking, Long’s expertise in building retail networks and pioneering product development adds significant value to Planet Home Lending.

“Joining Planet Home Lending goes beyond a mere transition,” Long said.

“It’s a strategic alignment with a fully integrated family of companies backed by stable capital and distinguished by innovative products and visionary leadership.”

John Bosley, Planet Home Lending President, Mortgage Lending, said, “We’re excited to have Doug join our team. His depth of retail experience and leadership will leverage our platform’s capabilities to expand retail market share in a shrinking market.”

Long emphasized how Planet’s unique home loan offerings underscore the company’s collaborative and forward-thinking culture.

“Planet is pioneering the future of mortgage lending with novel products like Cash 4 Homes, 1st Year Flex, Purchase EDGE, one-time close construction loans, and bridge, renovation, and manufactured home loans,” he said. “What sets us apart is not just these products, but how we come together, across different channels, to continuously innovate and refine them. This synergy allows Planet to offer unparalleled operational support to its sales professionals, along with no hidden overlays and some of the industry’s best turn times.”

Before joining Planet, Long was the Southeast Divisional President for AmeriFirst Mortgage/Union Home and President of National Lending for Prospect Mortgage LLC in Orlando, Florida. Prior to that, he was CEO and Co-founder of Pinnacle Financial.

GUARANTEED RATE ADDS NEW REGIONAL MANAGER



Guaranteed Rate has announced the return of **Eric Burba** as Regional Manager in Jackson, Wyoming, further solidifying the company’s commitment to excellence and growth in the mortgage industry.

“We are absolutely thrilled to have Eric back on our Guaranteed Rate Team,” said Todd Heaton, Divisional Manager at Guaranteed Rate. “As a top 1% originator in America, we could not be more excited to work and grow with

Eric. His enthusiasm for the business is contagious, and he is a consummate professional.”

Burba’s journey with Guaranteed Rate began in 2003 at the company’s Chicago headquarters. Mentored by the company’s top producers, he honed his skills and became an integral part of the sales team, working alongside some of the nation’s top loan originators.

“I couldn’t be happier to be back with the number one platform for loan originators to grow their business,” Burba said. “Guaranteed Rate has the best technology and people in the industry.”

Throughout his career, Burba has helped thousands of consumers and real estate professionals secure home financing totaling nearly \$1 billion in loans. Burba has been honored by Guaranteed Rate as both a President’s Club and Chairman’s Club Level Producer.

“Coming back was an easy move for me, as CEO Victor Ciardelli and the entire team welcomed me back with open arms,” Burba added. “I immediately felt energized by being back home at GR and feel truly supported by a team that makes me want to wake up and succeed every day.”

CERTAINTY HOME LENDING GROWS MIDWEST FOOTPRINT



National mortgage lender Certainty Home Lending, a Guaranteed Rate Company, has named **Darius Korybko** as VP of

Business Development.

The former Illinois Mortgage Association Banker of the Year will be based in the lender’s Chicago office. Korybko comes to Certainty Home Lending with nearly 20 years of experience in the industry.

“Darius has the best work ethic I’ve seen over the course of my career,” Certainty Home Lending Area Manager Evan Klee said. “His gift for open and honest communication has made him one of the Midwest’s very best originators and will certainly be an asset for

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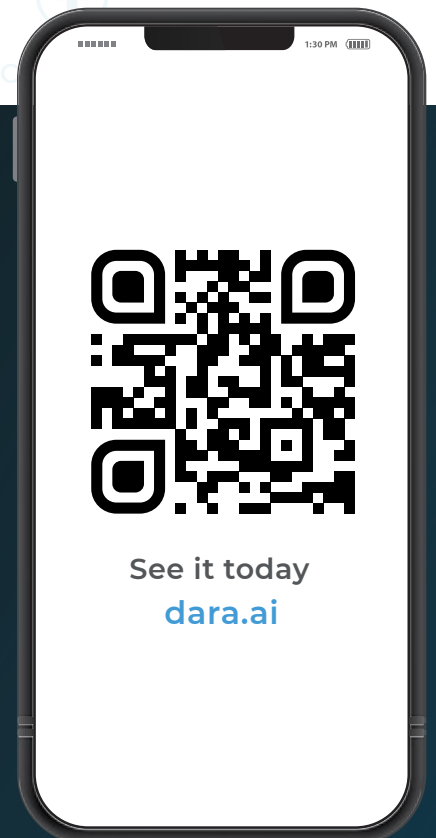
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Certainty Home Lending as we continue our growth in Chicago.”

Dallas-based Certainty Home Lending is a national mortgage lending company and a Guaranteed Rate Company that has helped borrowers achieve the dream of homeownership for more than two decades.

“The leadership team with Certainty Home Lending made my decision to come here an easy one,” Korybko said. “They’ve made it clear where we’re going and have proven they know how to get there the right way. I’m looking forward to making us a household name in the greater Chicago metro area, as well as the Midwest.”

Certainty Home Lending CEO Franco Terango added, “Darius and Evan will be the engine driving our growth in the Great Lakes and Midwest, and they’re the right people to do it. They are proven producers and outstanding listeners. They set the standard for the model for originators, serving their clients as financial advisors, making the most of the products and resources available to them, and providing the ideal fit for clients.”

» Service Providers

NMI HOLDINGS TRANSITIONS TO NEW CFO



NMI Holdings Inc. has announced the appointment of **Aurora Swithenbank** as EVP and CFO, effective May 1, 2024. Swithenbank

will succeed Ravi Mallela, who has held the role since 2022 and will remain with the company until Swithenbank’s appointment to ensure a seamless transition.

Swithenbank previously served as CFO at Vantage Group Holdings Ltd., a Bermuda-based specialty insurance and reinsurance group, where she led the organization of the company’s finance department as its first CFO. Prior to Vantage Group, Swithenbank spent more than 20 years at Goldman Sachs in a number of roles, including as a Partner and Head of Insurance in the Americas

Financing Group.

“Aurora is a uniquely talented executive with an impressive track record of leadership in the banking and insurance industries, and I am delighted to welcome her to our team,” said Adam Pollitzer, National MI’s President and CEO. “I look forward to working closely with her and the rest of our executive team as National MI continues to deliver innovative solutions for our customers and their borrowers, and execute on our long-term growth and capital strategies to drive value for shareholders.”

Mallela joined National MI in 2022, after serving as EVP and CFO of First Hawaiian Inc., a publicly traded bank holding company based in Honolulu, Hawaii. His prior experience includes senior management roles at First Republic Bank, Bank of Montreal, and Wells Fargo Bank.

“On behalf of the Board and our broader executive team, I would also like to thank Ravi for his partnership and for the significant contributions he has made to National MI,” Pollitzer added. “As Chief Financial Officer, he has helped us deliver strong growth in our high-quality insured portfolio, best-in-class credit performance, and record financial results. We wish Ravi the best as he continues his successful career.”

ZILLOW GROUP REAPPOINTS BOARD MEMBER



Zillow Group has reappointed **Bill Gurley**, venture capitalist and Partner at Benchmark Capital, to the company’s Board of

Directors. Gurley previously served on the Board from 2005-2015.

“We couldn’t be happier to welcome Bill Gurley back to our Board of Directors,” Zillow Group Co-Founder and CEO Rich Barton said. “I can easily say Zillow would not be the company it is today without the invaluable contributions he made as both an investor and adviser in our earliest days, as well as during his original decade-long tenure as Board Director. Bill is a visionary and

renowned adviser to mission-driven technology teams building brands for the long term, with especially deep expertise in digital consumer marketplaces. We’re excited to have his insights and expertise once again helping guide Zillow’s growth and success.”

Gurley has spent more than 20 years as a General Partner at Benchmark, joining in 1999. In addition to Zillow, over his venture career, Bill has invested in and served on the board of such companies as Jamdat, GrubHub, Nextdoor, OpenTable, Stitch Fix, and Uber.

Before entering the venture capital business, Bill spent four years on Wall Street as an “Institutional Investor”-ranked research analyst, including three years at CS First Boston. He also worked as the lead analyst on Amazon’s IPO. Prior to his finance career, he worked as a computer engineer at Compaq in Houston.

“Zillow is drastically improving the renting, buying, and selling experience for consumers across the country,” Gurley said. “In the 18 years since I first invested in Zillow and joined its board, it’s been incredibly rewarding to see the company grow to be a household name and category leader by delivering innovative products and services for consumers and agents. Over the next several years, I believe Zillow is going to harness its astounding brand power to continue transforming the consumer experience and real estate industry.”

XACTUS APPOINTS NEW COO



Xactus has announced the promotion of Chief Data Officer **Michael Crockett** to the role of Chief Operating Officer.

In his new role, Crockett will guide day-to-day operations and key departments including credit, verifications, and tenant screening. He will also lead the strategic advancement of the company’s data innovation and quality assurance/quality control initiatives. In addition, Crockett will evaluate internal and

“Michael is a true innovator and leader. I’ve been continually impressed by his ability to navigate complex challenges and foster genuine connections with those around him.”

—Shelley Leonard, President, Xactus

★★★★

external customer experiences, focusing on enhancing its service quality, delivery, and technical support.

“Michael is a true innovator and leader. I’ve been continually impressed by his ability to navigate complex challenges and foster genuine connections with those around him,” said Shelley Leonard, President of Xactus. “His unique blend of operational expertise and people skills set him apart. I have no doubt that his contributions will continue to play a pivotal role in helping Xactus advance the modern mortgage.”

Crockett has more than 25 years of mortgage industry experience helping lenders mitigate risk. Prior to serving as Xactus’ Chief Data Officer, Crockett was the company’s EVP of Data Solutions. Previously, he served as EVP of Product Development at Credit Plus before Xactus’ acquisition of the company in September 2021. He joined Credit Plus in 2013 to create its QA/QC division. Before that, he held several senior executive roles at a national mortgage information company, including Senior Strategic Executive and EVP of Operations. He also formerly served on several advisory boards for mortgage industry associations and credit bureaus. Along with serving as Xactus’ COO, Crockett is on the Consumer Data Industry Association

Board. Crockett has a B.S. in accounting from Stephen F. Austin State University.

“I’m honored to step into this position and help Xactus solve new client challenges,” Crockett said. “We have a rare chance to transform verifications at scale and help lenders keep pace in a fast-changing world. I’m looking forward to making the most of this opportunity.”

Xactus has more than 6,500 clients ranging from the large bank and nonbank mortgage originators, to credit unions and mortgage brokers. The company currently has eight operation centers nationwide.

CORELOGIC NAMES GM OF REAL ESTATE SOLUTIONS



CoreLogic, a provider of property data and analytics, has announced the promotion of **Kevin Greene** to Executive, GM Real Estate Solutions, leading the Real Estate business. In this new capacity, Kevin will spearhead the product and go-to-market vision, strategy, and lead client relationships with an emphasis on amplifying CoreLogic’s commitment to MLS clients as they serve the needs of 1.5 million real estate agents in

North America. He will report to Devi Mateti, President of CoreLogic’s Enterprise Digital Solutions team.

Greene brings more than two decades of industry experience to his role. He joined CoreLogic in 2016 and has held instrumental roles in strategic leadership and sales capacities, demonstrating dedication and expertise.

Most recently, Kevin served as the head of the sales team for the real estate business segment, where he cultivated deep relationships with key MLS clients and partners. Prior to his tenure at CoreLogic, Kevin held leadership positions in a number of real estate technology companies where he was responsible for business development and product strategy. Additionally, Kevin is a former real estate broker/owner, as well as a U.S. Army veteran.

“Our real estate business is a cornerstone of CoreLogic’s growth strategy, and Kevin’s exceptional leadership and commitment to our clients make him the ideal candidate to lead this critical segment,” Mateti added. “We are confident that under his guidance, the team will continue to deliver innovative and mission critical solutions to our MLS clients, empowering their real estate agents.”

TRELIANT WELCOMES MANAGING DIRECTOR



Treliant has named **Mike Scarpa** Managing Director of Regulatory Compliance, Mortgage, and Operations Solutions.

Scarpa has spent 10 years with the advisory practices of two different “Big Four” accounting firms, delivering regulatory compliance and risk management engagements to traditional banks, challenger financial institutions, and fintech firms. He has handled some very difficult and longstanding public enforcement actions for large systemically important banks, foreign banks operating in the United States and payment/card network firms. He has also helped various financial institutions implement significant regulatory changes.

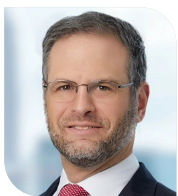
“Mike comes to us at a time of elevated pressure on financial services companies of all types,” said Karin Lockovitch, Senior Managing Director, Regulatory Compliance, Mortgage, and Operations Solutions. “His track record in helping clients weather extremely challenging enforcement actions and dramatically shifting regulatory requirements is emblematic of the value he brings to our firm’s compliance and operations consulting practice.”

Treliant is a consulting firm serving banks, mortgage originators and servicers, fintechs, and other companies providing financial services globally.

“In 2024, financial services risk and compliance leaders face daunting and unique challenges—economic, market, operational, and regulatory,” Scarpa said. “It’s a time when trusted advice, experience, and support can help clients rise to the challenge, and I’m gratified to be in a position at Treliant to assist them.”

» Attorneys/Legal Providers

MORRIS, MANNING & MARTIN ADDS EXPERIENCED CREDITORS’ RIGHTS ATTORNEY AND COMMERCIAL LITIGATOR



Brian Levy, an experienced creditors’ rights, bankruptcy, and commercial litigation attorney, has re-joined Morris,

Manning & Martin (MMM) as a Partner in the firm’s Creditors’ Rights & Bankruptcy and Litigation practices in Atlanta. Levy primarily represents financial institutions, nontraditional lenders, mortgage servicers, secondary debt purchasers, and other creditors in out-of-court loan workouts and restructurings, bankruptcy proceedings, and related litigation.

“We are thrilled to welcome Brian back to the firm. His experience will be a real asset to our clients in every industry,” MMM Managing Partner Simon Malko said. “Brian will be a key player in an incredibly timely and relevant practice area that is central to our goal of growing the

financial services practice in Atlanta.”

This marks Levy’s second tenure with MMM, having previously spent nearly eight years with the firm as a general commercial litigator. Prior to his return, Levy was a Partner in Burr & Forman LLP’s Creditors’ Rights & Bankruptcy practice group, and Stites & Harbison, PLLC’s Creditors’ Rights & Bankruptcy and Business Litigation practice groups.

He returns to MMM with a focus on all matters under the creditors’ rights umbrella, including loan modifications, loan workouts, real and personal property foreclosures, loan enforcement litigation, bankruptcies, bankruptcy litigation, and post-judgment enforcement. Levy also represents clients in litigation and arbitration involving a wider array of business and real estate disputes.

“Returning to Morris Manning in this role is truly a once-in-a-career opportunity,” Levy said. “As opposed to being one creditors’ rights and bankruptcy attorney in a sea of many, I’m looking forward to being the driving force within Morris Manning’s Bankruptcy & Restructuring practice and bringing a renewed energy and outlook to this Chambers-ranked group. I’m also looking forward to cross marketing with peers who are industry leaders within some of the firm’s preeminent practices in Atlanta.”

RAINES FELDMAN LITRELL LLP STRENGTHENS ITS NATIONAL PRESENCE WITH TWO NEW ADDITIONS



Raines Feldman Littrell LLP has added two distinguished Attorneys to its Real Estate and Litigation Teams: **Mary Willis White**, who will serve as a Real Estate Partner in New York, and **Susan L. Harrison**, who will serve as Senior Litigation Counsel in Los Angeles.



“As a trusted counsel to her clients, Mary Willis White will be instrumen-

tal in advancing the Firm’s Real Estate capabilities and providing the same type of unparalleled service and personal approach to its clients for which Raines is nationally known,” said Andrew Raines, Founding Partner and Chair of the Real Estate Department at the Firm.

White joins the Real Estate Practice Group in New York, bringing decades of experience representing owners, operators and investors on a wide range of complex and high-profile real estate transactions in New York and across the United States. Mary Willis also represents borrowers in mortgage and mezzanine financings, including balance sheet and securitized loans.

“I am honored to become part of the exceptional Real Estate team at Raines Feldman Littrell LLP,” White said. “The Real Estate Practice Group’s expertise in real estate transactions, leasing, real estate finance, affordable housing, land use and environmental, together with its national platform is truly impressive. We are excited to continue to grow the practice both in New York and nationally.”

In Los Angeles, Harrison joins as an integral part of the Complex Litigation Department. With a distinguished career spanning 40-plus years, Harrison has extensive courtroom/trial experience in complex business, real estate, trust and employment litigation. She has been lead counsel in numerous jury and non-jury trials covering a broad range of legal matters and obtained many successful verdicts in both federal and state courts.

“Susan is a true trial lawyer in every sense,” said Miles Feldman, Founding Partner and Chair of the Complex Litigation Department at the Firm. “She really understands how to talk to juries. We are excited to have her talent on board to further strengthen our national Litigation practice.”

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» Industry Update

MCS ACQUIRES FIVE BROTHERS ASSET MANAGEMENT SOLUTIONS

MCS, a national property services company founded in 1986, announced it has acquired property preservation company Five Brothers Asset Management Solutions.

MCS's acquisition of Five Brothers creates a national property preservation and services company that combines complimentary business offerings to serve an extensive network of clients in the mortgage services and single-family rental sectors. Five Brothers will be integrated within MCS as the combined entity will offer superior property preservation, maintenance, and renovation services throughout the country.

"MCS has provided the highest standard of property preservation and related services for nearly 40 years, and

the addition of Five Brothers elevates our capabilities and expands our resources even further," said Craig Torrance, CEO of MCS. "With a 50-plus year history of delivering property preservation services, Five Brothers brings its own extensive track record of delivering outstanding service, solutions and technology that compliments the MCS services platform. We're excited to bring together two strong company cultures centered around shared values and exceptional client servicing, along with a united commitment towards maintaining and beautifying neighborhoods across the country."

Headquartered in Warren, Michigan, Five Brothers has offered a variety of regulatory-compliant default, rental, and REO residential and commercial property preservation services for over five decades, including services for the reverse mortgage industry, which will be a new market for MCS. The family-owned company has built a nationwide network of field professionals delivering services designed to maximize asset value and

returns for owners, while leveraging technology to ensure compliant and efficient service delivery.

Nickalene Badalamenti-Kalas, President and CEO of Five Brothers, is very excited for Five Brothers to be joining forces with MCS to continue providing necessary and valuable nationwide field services, advanced technologies, and unrivaled Reverse/Home Equity Conversion Mortgage (HECM) expertise to its clients.

"We are bringing together two purpose-driven organizations with common goals and synergies that will continue delivering superior value to clients, while improving communities across the country," she noted. "Five Brothers is proud to join forces with the talented group of professionals within the MCS organization as we are well aligned in our business philosophy and culture. Our clients, field service partners and internal teams will greatly benefit from our collective experience and shared resources to provide reliably superior service."

"We look forward to integrating the Five Brothers team of property preservation experts as we deliver the same outstanding customer experience their clients have enjoyed for decades," added Chad Mosley, President, Mortgage Services at MCS. "The immediate focus of our combined teams is ensuring continuity for those clients by leveraging existing technology and providing ongoing operational support."

ANGEL OAK DELIVERS SOLUTIONS FOR INSURANCE COMPANIES SEEKING RESIDENTIAL MORTGAGE CREDIT EXPOSURE

Angel Oak Capital Advisors LLC, an investment management firm that specializes in value-driven structured credit investing, announced the launch of its specialized insurance solutions initiative designed to give insurance companies access to

“Since inception, Angel Oak has served many insurance companies, identifying and addressing the specific challenges they encounter.”

—Sreeni Prabhu, Co-CEO and Managing Partner, Angel Oak



newly originated and secondary residential mortgage whole loans, primarily via customized separately managed accounts (SMAs). This opportunity comes at a time when insurance companies are seeking diverse, higher-yielding solutions, branching out from traditional corporate bond and commercial real estate exposure. Against the backdrop of the broader fixed-income macro environment, insurers see value in accessing the residential home loan market, which they have underinvested in for more than a decade.

The firm has already seen traction with this initiative, most recently securing a \$200 million capital commitment from a large insurance institution. Including this initiative, Angel Oak's private debt strategies have the capacity of deploying approximately \$5 billion in mortgage loan purchases across non-qualified, second-lien, home equity line of credit (HELOC), and agency mortgages. In addition, the firm will continue to look for opportunities to invest in sectors that banks have exited due to regulatory requirements. Angel Oak also anticipates coming to market later this year with a securitization composed primarily of HELOC loans.

“Since inception, Angel Oak has served many insurance companies, identifying and addressing the specific challenges they encounter,” said Sreeni Prabhu, Co-CEO and Managing Partner of Angel Oak. “Our bespoke whole loan SMAs, in tandem with our securitization-focused private strategies, have significantly fortified our relationships with institutional clients. We see immense opportunity to deliver attractive risk-adjusted returns for a larger insurance client base with this dedicated effort.”

Angel Oak can source loans through various channels, including through its affiliate lender Angel Oak Mortgage Solutions, which the firm believes is a key differentiator from other investment managers offering residential credit solutions. In recent months, the firm has expanded into commercial lending with the hiring of institutional commercial real estate veteran Sumit Sasidharan and offers insurance companies access to commercial mortgages as part of its product suite.

Spearheading this initiative are Manish Valecha, Head of Client Solutions at Angel Oak, and Bernard Dzata, Managing Director of Institutional Business Development. Both Manish and Bernard

will work closely with insurers to build bespoke investment solutions tailored to each insurer's specific goals and risk tolerance.

“We are just scratching the surface in terms of providing capital-efficient solutions for insurance companies on the whole loan front,” Manish said. “Our institutional team has dedicated substantial resources to underscoring the advantages of our vertically integrated model, fostering partnerships with insurance companies. Furthermore, we believe our long track record in mortgage origination, going back more than 10 years, is a key differentiating factor in an uncertain economic environment.”

CORNERSTONE ADVISORS ACQUIRES MAPLE STREET

Cornerstone Advisors, a management and technology consultancy for banks, credit unions, and fintech firms, announced it has completed its acquisition of Maple Street, a provider of vendor management solutions and services for banks and credit unions.

“Maple Street is a highly respected company that has been serving hundreds of financial institutions nationwide since its inception in 2003,” said Scott Sommer, CEO at Cornerstone Advisors. “The firm has built a robust vendor management offering supported by a team of professionals dedicated to helping banks and credit unions reduce vendor expenses, improve vendor performance and manage risk. Maple Street's offerings as well as its people, values and culture are strategically aligned with Cornerstone's. This acquisition brings tremendous value not only to Cornerstone and our clients, but also to the financial services industry at large. We are excited to welcome everyone at Maple Street to our growing organization,” Sommer said.

Based in Orlando, Florida, Maple Street services are delivered through its Vendor Advantage System. The system provides the means for banks and credit unions to manage the full vendor lifecycle across their organizations,

incorporating scorecards, due diligence monitoring, and supply chain management principles.

“Helping our clients transform and strengthen their relationships with vendors while achieving a positive ROI has been our focus since the company’s inception,” Maple Street President Mike Crofts said. “Cornerstone’s recognition of this success and its ability to see the long-term value of our offerings to the market were pivotal in our decision to move forward with this partnership. We anticipate an exciting, dynamic future for our clients and for the entire Maple Street team.”

Maple Street CEO Teresa Crofts agreed, adding: “Maple Street has pioneered next-level vendor management for credit unions and community banks over the past 20 years. Our service and customer commitment are revered in the industry. Cornerstone shares this same dedication to customer service and leadership in the financial services industry. We are confident that this acquisition will provide significant opportunities for our clients to grow and thrive now and into the future.”

FANNIE MAE RECEIVES 2024 ENERGY STAR PARTNER OF THE YEAR AWARD

Fannie Mae has announced it has received the 2024 ENERGY STAR Partner of the Year—Sustained Excellence Award from the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy. This is the 10th consecutive year for Fannie Mae’s Multifamily business and the fourth consecutive year for the company’s Single-Family business for outstanding contributions to increasing adoption of energy-efficiency improvements in housing.

Fannie Mae, an ENERGY STAR partner since 2011, is committed to creating positive environmental, social, and economic outcomes through mortgage finance. Leveraging its green financing business, Fannie Mae supports the

“Fannie Mae is proud to support ENERGY STAR’s efforts to reduce the environmental impact of multifamily housing.”

—Karyn Sper, Senior Director of Multifamily Green and Duty to Serve initiatives, Fannie Mae



multifamily and single-family housing markets by financing communities and homes that meet energy- and water-saving standards through green building programs and energy and water efficient improvements.

“Fannie Mae is proud to support ENERGY STAR’s efforts to reduce the environmental impact of multifamily housing,” said Karyn Sper, Senior Director of Multifamily Green and Duty to Serve initiatives, Fannie Mae. “ENERGY STAR’s property and product certifications are an integral component of our \$110 billion Green Financing program, which helps increase affordability for renters across the country.”

In addition to Fannie Mae’s Multifamily Green Financing Business—which provided \$7.5 billion in liquidity to green financing in 2023—the company partnered with industry leaders to launch the 2023 Multifamily Energy and Water Survey to collect multifamily property energy and water consumption and costs. The data collected will be used to provide transparency into how a multifamily building’s energy or water consumption compares to similar multifamily buildings in the United States and will be used by the EPA to

update the ENERGY STAR I-100 energy performance score and the EPA Water Score for multifamily housing.

The Single-Family business has been recognized as an ENERGY STAR Partner of the Year annually since the launch of its Single-Family Green MBS program in 2020. ENERGY STAR certification requirements are the baseline of the program, in which Fannie Mae provides green financing for loans backed by properties that achieve at a minimum 10% more energy efficiencies than residential properties built to state energy code.

“Our Single-Family Green MBS program demonstrates our commitment to achieving positive outcomes by financing single-family homes that exceed energy-standards,” said Arthur Johnson, VP of Capital Markets for Fannie Mae. “We continue to increase partnerships with lenders, builders, and energy raters to help encourage more ENERGY STAR certified homes.”

Since 1992, ENERGY STAR and its partners helped families and businesses in America avoid more than \$500 billion in energy costs and achieve more than 4 billion metric tons of greenhouse gas reductions.



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—Toniqua Green, VP Corporate Social Responsibility, Mr. Cooper

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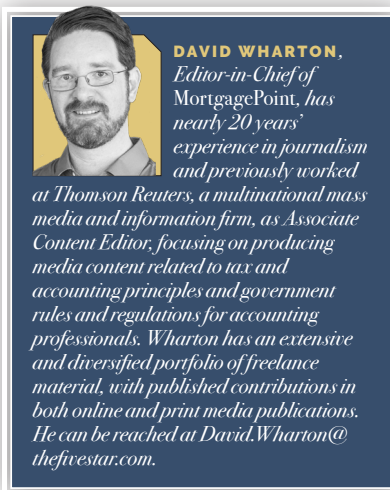
With the White House announcing a raft of housing-related proposals in the State of the Union, *MortgagePoint* asks industry experts and economists to gauge how effective they could be ... and if they have a shot of being implemented.

By DAVID WHARTON

Life, liberty, and the pursuit of happiness. Since that phrase appeared in the Declaration of Independence, the American experiment has been a work in progress to determine not only what they mean, but how to use the instruments of both the government and the private sector to enable the citizenry to pursue them. In the twentieth century, that pursuit often became associated with a concrete ideal: the American Dream of homeownership—white picket fence optional.

Even before our own heavily partisan and divided age, the conversation about how best to expand access to this American Dream for as many as can responsibly carry it has been a work in progress. In the years since the pandemic, the market has been defined primarily by rising rates, rising home prices, and not enough inventory to go around. How can both government forces and the private sector of the mortgage industry shape the 21st century's chapter of this long story? Will it prove to be a chapter of progress and accomplishment, or gridlock and frustration?

On March 7, President Joe Biden delivered his 2024 State of the Union Address to the nation. Among the many topics he addressed were several initiatives designed to address various aspects of the U.S. housing economy, ranging from homeowner tax credits to adjusting



insurance fee requirements for federally backed loans. There was much to digest, and the cause of promoting and strengthening American homeownership was certainly a worthy one.

However, most of the problems being targeted—such as home affordability, insufficient housing inventories, and driving down rental prices—are neither new nor easily solved. With a long history of federal intervention in the housing market—some more effective than others—were these new initiatives positioned to make a real difference for Americans?

To find out, *MortgagePoint* spoke with an array of industry insiders, economists,

and policy experts to get their feedback on whether these latest proposed actions will have the intended impact on the housing economy, or if they will prove to be a case of good intentions leading to unintended consequences.

The State of the State of the Union

During the State of the Union, President Biden said that he wants to create a temporary, two-year tax credit that will give homeowners \$400-per-month to put towards their mortgages when they buy a first home or trade their home in for one with a little more (or less) space as their needs change.

Biden also announced that he is directing federal agencies to eliminate title insurance fee requirements for federally-backed refinance loans. He stated this move alone could save the average homeowner \$1,000 or more in refinancing fees.

He also advocated “cutting the red tape” so homebuilders can get more federal financing, which, according to him, is already helping build a record 1.7 million dwellings nationwide.

He then called upon Congress to make his housing plan a law that would build and renovate two million affordable homes, which would also be intended to help lower rental prices for those who do not own a home.

“The lack of affordable housing supply is hurting the middle class and



“By announcing several proposals to enable more families to achieve homeownership or have access to suitable rental housing, the President has made it clear that housing is an urgent national priority.”

—Carl Harris, Chairman, National Association of Home Builders



depriving first-generation and first-time homebuyers of the financial security that homeownership and the American Dream provide,” said National Association of Realtors (NAR) President Kevin Sears in a statement at the time. “We commend President Biden’s commitment to an all-of-government approach to solve this problem. ... Tax incentives can help close the affordable housing gap, and we are especially grateful for the President’s willingness to explore new tax measures. NAR also supports an all-of-the-above approach to this crisis—from tax incentives to zoning reforms to expanded financing.”

President Biden also announced actions to lower costs and promote housing stability for renters. The White House

Blueprint for a Renters Bill of Rights lays out key proposed principles of a “fair rental market.” Biden’s plan includes several additional steps to crack down on practices he says are driving up rental costs. From the official White House statements:

- » **Fighting Rent Gouging:** As part of the Strike Force on Unfair and Illegal Pricing announced by President Biden, the President is “calling on federal agencies to root out and stop illegal corporate behavior that hikes the prices on American families through anti-competitive, unfair, deceptive, or fraudulent business practices.”
- » **Cracking Down on Rental Junk Fees:** Last fall, the Federal Trade Com-

mission (FTC) proposed a rule that, if finalized as proposed, would ban misleading and hidden fees across the economy, including in housing rental agreements. Last month, the U.S. Department of Housing & Urban Development (HUD) released a summary of banned non-rent fees within their rental assistance programs. These actions build on commitments the President announced last summer from major rental housing platforms to provide customers with the total, upfront cost of rental properties on their platforms.

- » **Expanding Housing Choice Vouchers:** The president is calling on Congress to further expand rental assistance to more than half of a million households, including by providing a voucher guarantee for low-income veterans and youth aging out of foster care.

“By announcing several proposals to enable more families to achieve homeownership or have access to suitable rental housing, the President has made it clear that housing is an urgent national priority,” said Carl Harris, Chairman of the National Association of Home Builders (NAHB). “These common-sense solutions will bend the housing cost curve, reduce housing inflation and the overall inflation rate, enable builders to boost attainable housing production, and put the economy on a firmer footing.”

The programs outlined in the State of the Union continued the Biden administration’s focus on housing initiatives, which have recently also included a slate of proposals announced in late February. Those included moves to bolster federal programs with a track record of producing affordable housing, boosting the supply and affordability of manufactured homes, and promoting “a more fair and transparent rental market.”

Are the Proposals on Target?

Mitria Spotser, VP and Director of Federal Policy for the Center for Responsible Lending, called the president’s proposals “a step in the right direction,” adding, “I applaud the President for acknowledging that housing and

what's going on in the housing market is something that we all need to be paying attention to."

Spotser spotlighted the president's tax credit initiative that would "allow middle-class individuals to get essentially \$5,000 a year for two years." She noted that this credit would, in theory, be the equivalent of being able to write down the existing interest rate by 1.5%. "If we took that 7% interest rate, that puts the interest rate closer to 5% or 5.5%, which is more feasible for people in terms of a monthly payment than some of the payments people have had to deal with as of late. I hope that we can put aside partisan politics to help the housing market and help Americans and pass some sort of incentive that would allow people to access the housing market in an affordable way."

Jacob Channel, Senior Economist for LendingTree, told *MortgagePoint* that: "On the whole, the Biden administration's proposals seem reasonable and could be more helpful than not. That said, there is certainly room for debate."

Channel said that one example of potential unintended consequences is that the president's proposed \$10,000 tax credit for first-time homebuyers might not work exactly as intended. To achieve the desired effect, it would need to be coupled with significantly increased new home construction. While the president's proposals also include initiatives designed to spur construction, if those do not have the desired effect, Channel notes that "it could end up making home affordability worse by boosting demand and further reducing the nation's already too-small supply of housing."

He added, "Indeed, the debate about whether or not tax credits designed to spur homebuying/reduce housing costs even work is a contentious one."

Nevertheless, Channel agrees that the Biden administration's calls for more construction and improvements to existing housing infrastructure should ideally be a bipartisan issue.

"The single biggest hurdle standing in the way of more affordable housing in the United States is a lack of housing supply," Channel said. "The only way prices are likely to become more man-

ageable is if we see more housing supply hit the market."

"When you are trying to deal with high interest rates and low supply, and you are also dealing with no incentives for buyers to put their homes on the market," Spotser said. "Traditionally, about 40% of the people who buy a home every year are first-time homebuyers. Recently, it's been closer to 30%. People are having a hard time being able to simply enter the market."

However, Channel, echoing other critics of the Biden administration's plan, notes that spurring large-scale ramp-ups in home construction "is much easier said than done for a variety of reasons."

Tim Rood is Founder & CEO of Impact Capitol, a real-time AI chatbot for real estate and mortgage professionals. He previously held roles at SitusAMC, First American, and Fannie Mae. Rood said that he appreciates the Biden administration's attempts to "get their arms around the challenges for Americans to buy a home and/or afford their home," and credited the president for prioritizing housing and homeownership issues during his term.

"Recent proposals by the Biden administration have offered more demand-side support for prospective homeowners, and some welcomed and creative supply-side solutions, including a tax credit for some home sellers," Rood continued. "However, demand-side subsidies in the housing space are often problematic since they have the effect of raising prices for all while only benefiting a few."

Ed Pinto, Senior Fellow and Co-Director of the AEI Housing Center, and former EVP and Chief Credit Officer for Fannie Mae during the 1980s, also understands the challenges the government and GSEs face when trying to help guide, support, and regulate the American housing economy. When we spoke, he opened by pointing out that, "just focusing on multifamily and community development, Congress has passed, when I checked this several years ago, 41 bills that became law in 82 years. That's one every two years. If they had been successful, we wouldn't be having this conversation."



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Pinto brought a critical eye to a recent op-ed response piece to President Biden's State of the Union, entitled "State of the Union—Biden's Housing Proposals Would be Harmful, Not Helpful." In the piece, Pinto shared his thoughts as to why many of the president's initiatives are, in his opinion, approaching the problems incorrectly, or, at minimum, at risk of leading to unexpected consequences.

For example, in response to the president's proposed \$10,000 tax credit for middle-class first-time homebuyers, Pinto argues that the credit will "increase demand for starter homes, which are already in short supply, thereby driving up prices," as well as being likely utilized by people who could have afforded a home without the credit, thus providing this segment of homebuyers with "additional purchasing power to bid up the price of homes." His op-ed levels similar criticisms at both the president's proposed down payment assistance for first-generation homeowners and the credits designed to encourage homeowners who may have remained on the sidelines due to the lock-in effect to finally put their starter homes back on the market.

Spotser, however, is optimistic about the potential impact of the president's initiatives designed to spur more construction. "It's those starter homes that are the type of inventory we are looking to bring into the market," she said. "The reality is that construction has been significant over the past couple of years. It's just that the houses that are being constructed are not the houses that are going to be affordable housing."

She added, "What the administration is doing even in their tax credit policies is freeing up the existing affordable housing supply and allowing people to move from those starter homes."

However, she acknowledges that it's a complex landscape full of many competing factors. Even if homeowners are inclined to put their homes back on the market, "but you're having to compete with extreme housing demand at a higher interest rate in whatever market you want to go to, it makes it to where people are not incented to go ahead and do the transaction."

Pinto, however, cautions that "because it crowds out private sector

“Because it crowds out private sector development, [this type of policy has] historically created far fewer housing units than advertised.”

—Ed Pinto, Senior Fellow and Co-Director, AEI Housing Center

★★★★★

development, [this type of policy has] historically created far fewer housing units than advertised. On top of that, these units are costly and often poorly targeted. The system's beneficiaries are the various intermediaries that can navigate the program's complexity—not low-income families."

Pinto also notes that, historically, programs of this type have often been both costly and vulnerable to corruption and overcomplication.

The LIHTC credit is roughly designed to be about 65% of the total development costs," said Pinto, with the remainder of the costs intended to be provided by the private sector. "The problem is, that's never really worked that way. It's been a stacking of one subsidy on top of another."

For example, "In California, a LIHTC development costs about \$800,000 a unit. That's just the development cost.

But at \$800,000, even if the cost out of pocket to the developer is zero, which it tends to be with all these subsidies, the cost of running that development is still very expensive. They still have to subsidize the rents to make them affordable to the people that they're supposed to be helping. And 90% of those rental subsidies come from the federal government."

Pete Carroll, Executive and Head of Public Policy for CoreLogic, acknowledged that, if implemented, "the Biden administration proposals would go a long way toward stimulating the development or renovation of new housing, including single-family starter homes for owner-occupants."

But there are, unsurprisingly, some significant asterisks attached to that possibility.

"Altogether, the proposals would help restore the balance of housing supply and demand, moderate the growth of home prices, and increase homeowner-



ship accessibility for low-to-moderate income and first-time homebuyers. However, while a subset of the tax credits and subsidies outlined in the proposals require congressional approval and enjoy bi-partisan support, we do not see a serious legislative effort occurring until Q2 of 2025 at the earliest.”

Carroll also noted that clients of CoreLogic had expressed one other area of concern with the proposal: the need for federal guarantees for construction loan financing. And particularly, Carroll noted, “for single-family starter homes that too often lack adequate collateral, to help scale homeownership opportunity.”

A statement from the National Multifamily Housing Council (NMHC) also found elements both to praise and to critique in Biden’s SotU outline. In particular, the NMHC gave the thumbs up to Biden’s Housing Supply Action Plan, which, it said, “demonstrates a focus on increasing housing supply, including support for expansion of the Low-Income Housing Tax Credit and the newly announced additional Federal investments in increasing housing supply.”

However, the group expressed disappointment that Biden’s administration had “chosen to focus on creating a heightened regulatory regime that will reduce consumer choice by limiting fee for service arrangements.” It cited

research co-conducted by the Hoyt Advisory Services and Eigentto Advisors, LLC, which found that the United States will need to build 4.3 million more apartments by 2035 to keep up with rental housing demand projections. At the same time, “research conducted by the National Association of Home Builders (NAHB) and NMHC found that regulations imposed by all levels of government account for an average of 40.6% of multi-family development costs.”

Rood also noted that the administration’s “pilot to reduce the instances and expenses associated with some title insurance policies is evidence of their willingness to take on sacred cows to accomplish its goals of reducing costs to consumers.” However, he also cautions that a change to title insurance requirement “certainly will not make title insurance go away, as lenders are unlikely to take added rep/warranty risks lightly.”

Spotser also noted one other pain point that needs to be addressed: “Technically, to get an FHA loan with a 3.5% down payment, you need a 580 credit score,” she explained. “The average loan being issued for FHA is well above 680, which is a very different credit tier. So, we need to be able to figure out how to responsibly provide access within the full range of creditworthy borrowers.”

What Else Needs to be Done?

Rood also noted one area he would like to see the administration address is the current record-high costs to originate a mortgage. “When I was an officer at Fannie Mae in the 2000s, we had an initiative to reduce origination costs down to \$2,000 from \$2,500 at that time,” Rood recalled. “Fast-forward 20 years, and the cost to originate is over \$12,000! It takes fewer labor hours to assemble an F-150 than it does to originate and close a mortgage. The high costs and low volume mean that an originator is often losing money on nearly every loan they close in this market.”

Rood added that these high origination costs also put the notion of “junk fees” into a different perspective. “I can assure you the lenders need the money, and the fees are most certainly not ‘junk.’ A review of the cost-benefit analysis of rules and regulations put in place over the last 15 years at least will likely reveal some meaningful opportunities to lower costs for everyone.”

CoreLogic’s Carroll also targeted the origination costs as a particular pain point, noting that median closing costs for low-income homebuyers have increased from roughly \$3,900 in 2018 to \$5,100 in 2022, amounting to a 31% increase. “Because most closing costs, particularly those the consumer cannot

shop for, tend to be fixed charges, they disproportionately affect low-to-moderate income and first-time homebuyers,” Carroll added.

“The biggest roadblock standing in the way of the Biden administration’s plans is Congress,” LendingTree’s Channel said. “To say that our current Congress is dysfunctional is like saying that the ocean has at least a gallon of water in it. It’s technically true, but massively understates how difficult it will be for the Biden administration to get many of its proposals enacted into law.” He remains skeptical that many of these proposals will get much traction so long as Congress remains so intensely divided along party lines.

Carroll noted that efforts to bring relief to the housing market needed to address both supply and demand angles. “If the administration and Congress can pass legislation that significantly stimulates production of new single-family units, particularly at lower-priced tiers, we will see more renters convert into buyers. We also expect that many otherwise mortgage-ready renters will be down payment-burdened, making down payment assistance and closing cost reductions important components to converting renters to sustainable homeowners,” Carroll explained.

Channel told *MortgagePoint* that any large-scale changes in the housing market will more likely be a victory by inches, with progress made and then lost as both parties try to solve the same problems, but with very different views of how to find resolutions. Nor is partisan politics the only issue standing in the way of gaining momentum in solving the problems that continue to plague the housing market.

“Construction doesn’t happen overnight, and even with backing from the federal government, homebuilding is likely to face plenty of pushback from current homeowners who want to keep the values of their properties high,” Channel said. “Overly strict zoning laws that exist at the local level are a big reason why the U.S. doesn’t have enough homes to keep up with buyer demand, and, owing to that, action from the federal government isn’t enough to fix everything wrong with the nation’s housing

market. We’ve got to advocate for change from the bottom as well as the top.”

Carroll echoed Channels’s comments, reminding that this is a long game, not a short one.

“The challenge with creating new homeowners is the dearth of single-family homes available for sale. The reality is that it’s hard for home builders to develop or renovate single-family homes for low-, moderate-, and middle-income families at price points that are affordable, marketable, and adequately profitable,” Carroll said. “However, there are practical policy interventions that have proven to help home builders and their investors crack this code while ensuring that the benefits of taxpayer investments exceed the costs. Various elements of the Biden administration proposal cover many of these policies directly via tax credits for home builders and their investors or indirectly via subsidies to municipalities that implement reforms such as less restrictive zoning regulations.”

Pinto is a strong and outspoken proponent of zoning reform as a solution to the inventory shortages—in particular, revising zoning at local levels to allow for more alternatives to single-family stand-alone homes, such as duplexes, “granny flats,” and other multifamily options.

“If you constrain the number of units that can get built through zoning and land use requirements,” Pinto said, “you can’t possibly generate the number of units needed to equal the additional jobs and households that you’re adding. It’s as simple as that.”

Pinto cites studies where zoning revisions have shown good results in markets such as Seattle, Philadelphia, and Houston. “You can add a tremendous amount of housing by replacing one unit with two,” Pinto said. “And it would be done by the private sector, without any subsidies. Just let the market do what the market does best, which is figure out the highest and best use of a valuable asset—in this case, a lot.”

As Pinto summarized in his op-ed, “The solution is for states and localities to free the market from unduly restrictive zoning and land use restrictions that constrain supply and drive up home prices. If more states implement light-touch

density, which moderately increases density and makes such development by right, they will unleash a swarm of naturally affordable small-scale development.

Spotser acknowledges that Biden’s proposals will inherently incur a cost, but she argues that some things that require money are nevertheless worth it in the big picture. “The thing I would say to critics is to remind them that housing is about 30% of the GDP in the United States. And if the housing market is not functioning, you are talking about something that is 30% of the GDP of the United States not being able to be efficient or functioning. If you don’t get homeowners into that market, the ancillary effects on the nation’s economy are significant. Homeownership is not just about the person who buys the house; it’s also about the companies that service the house. It’s also all the products, it’s Lowes, it’s Home Depot, it’s all those other things that make up this ecosystem of homeownership in the United States.”

“If we do not have a healthy housing market,” she added, “we do not have a healthy economy.” **MP**



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ECLOSINGS AS A SOLUTION ... NOT THE PROBLEM

Angel Hernandez of Stavvy takes a look at how disjointed tech stacks are costing every stakeholder in the closing process, from lenders to homeowners.

By ANGEL HERNANDEZ

The digital mortgage ecosystem promises a consumer-centric data-driven experience that provides convenience for homeowners and loan manufacturing cost savings for lenders.

Fully digital closings should be the status quo, yet they are not. It's estimated that only 11% of lenders offer complete eClosings.

I'm sure you can pick out a reason for the lack of adoption from your own experience or from one of the many publications on the topic. However, I'd like to offer a perspective on the adoption problem, a perspective that perhaps should never be uttered by someone who works for a digital mortgage technology provider.

What if the very technology firms tasked with streamlining your operations into an eClosing utopia are to blame for perpetuating inefficiencies that make manual, in-person, paper-based processes the preferred alternative? What if our attempt to eliminate process fragmentation through digitization created the need for a nebula of tech solutions that ultimately augment the complexities we were meant to solve?

Successful mortgage closings depend on many elements to go exactly right. Most of the eClosing platforms lenders rely on do not offer end-to-end, soup-to-nuts



functionality. This means that somewhere along the line, most lenders, even those who are committed to digital transformation, are forced to rely on manual processes—and dare I say, paper. Not only that, but each of the tools needed to support eClosings often comes with its own fees, integration workflows, contractual headaches, and learning curves.

As revenue tightens and transaction volume slows for lenders, industry leaders such as Diane Tomb, CEO of the American Land Title Association (ALTA), are encouraging lenders to embrace technology solutions that help them further streamline their operations without significantly increasing costs.

In other words, you shouldn't need multiple vendors and technology platforms to execute a complete eClosing. That's why all-in-one platforms are positioned as the future of the mortgage world. With a few tweaks—and some more robust technology—we can get closer to the consumer-centric, data-driv-

en experience that homeowners and lenders deserve.

Let's explore the inefficiencies of the current landscape and consider how to build a more efficient system:

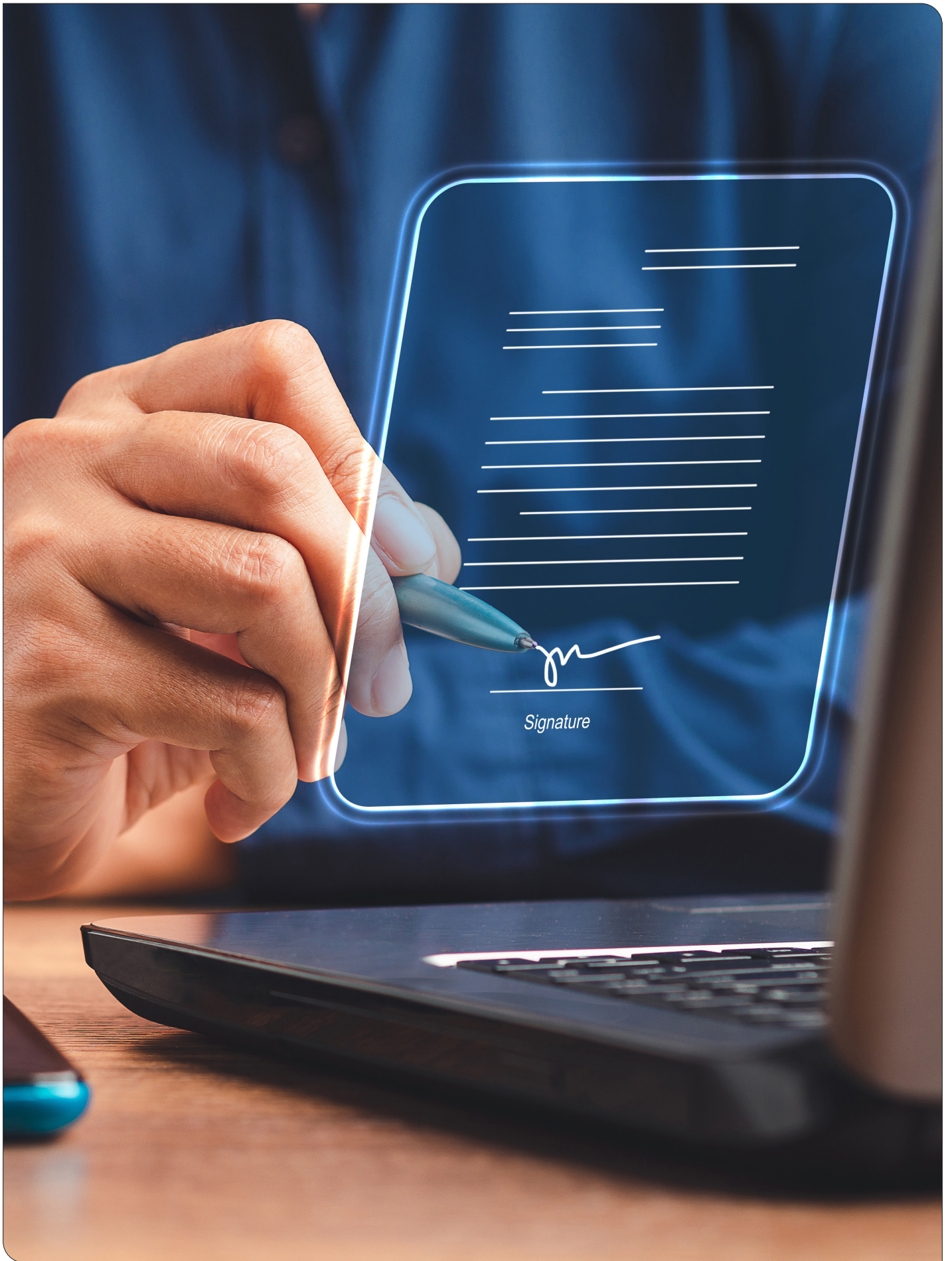
A Single Broken Link Can Disrupt the eClosing Process

A complete eClosing cannot happen unless lenders have tools that can handle *every* aspect of this process. Most lenders are left patching together solutions from various providers—some legacy and some new. This creates major inefficiencies, duplicative costs, and implementation delays.

Most platforms don't handle every aspect of eClosing, and that means lenders are often forced to conduct certain steps manually, which results in wasted time and resources.

The digital mortgage ecosystem requires many features to remain truly digital across a loan's lifecycle. Not having one of these vital features may force you to either bifurcate your processes to accommodate all use case, or opt to go into a paper-based process somewhere along the way:

- » eReady loan document set for origination and servicing activities
- » Title and Settlement support



Lenders should not have to cobble together various point solutions and manual processes. More comprehensive, all-in-one software will help accelerate the process and alleviate the major pain points.



- » Electronic signing technology
- » eNote capabilities
- » Electronic vaulting
- » Electronic notarization technology for both Remote Online Notarization (RON) and In-Person Electronic Notarization (IPEN)
- » Access to mortgage-trained electronic notaries
- » Digital default servicing capabilities

Let's consider a few examples. If your eClosing platform isn't shared with title and settlement, you could face pushback from your purchase operations team when trying to go digital because title and settlement has its own way of doing things.

When your electronic notarization service doesn't also include IPEN capabilities, you may need to revert to paper with a homeowner who wants an in-person ceremony, or you may find that you cannot extend the same convenience and digital experience you delivered at closing when your client must sign servicing documents.

The Downsides of a Disjointed eClosing Process are Tangible

The fact that there are not more solutions that serve all of these needs is unacceptable, counterproductive, and counterintuitive.

The drawbacks of a disjointed tech stack can, well ... stack up quickly:

- » **Extra due diligence:** Each time you onboard a new platform to your tech staff, you must engage in a lengthy process of comparing options, making sure the new option fits with your existing tech, vetting it through legal, negotiating the service contract, etc.
- » **Longer implementation:** All that due diligence takes time, resulting in additional time that lenders are not spending with their customers.
- » **Increased robust training:** Every new system has its own functionality, user interface, and idiosyncrasies. It takes a lot of time and effort to get everyone in your company fluent in the new tech.

- » **Higher transactional costs:** Assuming some of your platforms charge you on a per-transaction basis, you are losing a percentage of your profit with each addition to your tech stack.
- » **Diminished innovation capacity:** The burden (and frustration) of cobbling together multiple solutions might deter you from innovating your workflows over time. You might find it easier to stick with your flawed status quo tech stack, as opposed to risking any further headaches.
- » **Unknown per loan cost:** Most likely, some of your platforms bill differently, including monthly platform fees, cost-per-document, etc. This makes it difficult to establish a true per-loan cost.

These costs and delays impact the entire mortgage ecosystem—and they are often passed down across all counterparties and the homeowner.

Moving Towards a Single Platform

The mortgage industry needs more from its eClosing tools and technology. Lenders should not have to cobble together various point solutions and manual processes. More comprehensive, all-in-one software will help accelerate the process and alleviate the major pain points.

Let us zoom out for a second. Sure, an all-in-one platform will make the transactional process easier for users, but the impact is much deeper. A more efficient eClosing workflow would help get more people into homes, and get them into those homes much faster.

We all know how difficult it is to buy a home right now. Home sales in September 2023 were at the lowest point they had been in 13 years. As members of the mortgage industry, we should be removing every barrier to homeownership. If more robust, complete tech solutions can help minimize delays and closing costs, we should all be trying to embrace them.

A closing process formerly marked by frustration, disjointedness, and lethargy can soon be defined by efficiency, convenience, and security. Better technology can help enable that transition, and now is the time to prioritize that sort of consumer-friendly tech. **MP**

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ACCESS AND EDUCATION DRIVING HOMEOWNERSHIP AMONG DIVERSE COMMUNITIES

Wil Lewis and Gwen Garnett share their perspective on the current state of homeownership and what needs to be done to boost homeownership among diverse communities.

Closing the homeownership gap is a marker for progress in our country. As a result, increasing homeownership, particularly among diverse and underserved communities, is a priority for many across the mortgage and financial services industries, yet progress can sometimes feel like an uphill battle.

MortgagePoint sat down with Wil Lewis, Global Chief Diversity, Equity, Inclusion & Talent Acquisition Officer for Experian, and Gwen Garnett, the Executive Director of the HomeFree-USA HBCU Center for Financial Advancement, to discuss some of the challenges, as well as how the mortgage and financial services industries can drive change and the role that financial education plays in closing the homeownership gap.

Lewis was named the first-ever Global Chief Diversity, Equity, Inclusion & Talent Acquisition Officer for Experian. In this role, he strives to build on the company's commitment to diversity, inclusion, and equity, institutionalize inclusive processes as a key to innovation, ensuring that every employee and key stakeholders feel connected to the organization and culture, and that talent represents the communities in which Experian operate. Prior to this role, Wil was Diversity & Inclusion Executive and Head of Bank of America's global dis-

ability LGBT+, and military strategies. Wil also had responsibility for the firm's Global Employee Networks and D&I recognition, responsible for 11 networks with more than 350 chapters in 40 countries with 180,000-plus memberships.

Garnett is Executive Director of the HomeFree-USA HBCU Center for Financial Advancement in Riverdale, Maryland. In her role, Garnett focuses on providing financial, leadership, and professional development training for students at historically Black colleges and universities. She is the former Neighborhood Lending Executive for the Consumer Real Estate Division of Bank of America. She is the recipient of many awards for her work in diversity and mentoring, and is an active member of St. Paul Baptist Church, where she serves in several ministries.

Q: Tell us about the current state of homeownership?



Wil Lewis: While homeownership remains a goal for many individuals and families, the reality is, various macroeconomic factors have made it more difficult to attain over recent years, including rising home prices and interest





rates. In fact, the U.S. Census shows homeownership continues to decline for all Americans; the rate recently dropped to 63.1%, the lowest point since 1970.

The trend is more troubling among diverse communities. A 2021 National Association of Realtors (NAR) study found the homeownership rate among Black Americans (43.6%) and Hispanic Americans (50.6%) significantly lags behind Asian Americans (62.8%) and white Americans (72.7%).



Gwen Garnett: In order to understand the current state of housing, we must understand the impact of the past. Historical

policies and practices, such as redlining, made it more difficult for minority communities to buy homes in certain areas.

Even though these policies and practices are now illegal, with homeownership considered a building block to creating generational wealth, many individuals and families from minority communities are forced to start the home buying process with fewer financial resources at their disposal. This makes homeownership still feel unattainable, particularly for first-time homebuyers.

Q: How can the mortgage and financial services industries drive change?

Garnett: Stay the course. Too often, mortgage assistance programs are pulled together in a piecemeal fashion, and unfortunately, viewed through a transactional lens. There's an expectation for immediate results, but change takes time. Programs designed to create a path to homeownership for low- and moderate-income communities need to offer sustainable solutions.

Let's take some of the down payment assistance programs. Sure, these programs help individuals and families from diverse communities access the funds to take out a mortgage, but homeownership is much more than a down payment. Families need to pay property taxes, save money, put food on the table and account for eventual

“Navigating the homebuying process can be difficult, even if you are familiar with the financial services industry. Take the time to assess the knowledge gaps and common questions that individuals may have about certain financial products.”

—Wil Lewis, Global Chief Diversity, Equity, Inclusion & Talent Acquisition Officer, Experian



maintenance and repairs. Pushing for programs that address the challenges that many families experience when it comes to remaining in their homes is a positive step forward.

Lewis: Beyond providing access to financial resources, making educational materials available can have a significant impact.

Experian recently conducted a survey comparing the home buying experiences of Black, Hispanic, and white consumers, and one barrier for Black and Hispanic consumers aspiring to become homeowners is not knowing where to start. Moreover, 58% of Black and Hispanic consumers who were denied a mortgage didn't know what they needed to do to get approved in the future.

Navigating the homebuying process can be difficult, even if you are familiar with the financial services industry. Take the time to assess the knowledge gaps and common questions that individuals may have about certain financial products. Partner with organizations that have relationships with underserved communities and listen to the challenges they face. Perhaps, most importantly, cater your educational materials to your audience. Everyone enters the home buying journey at a different stage; the more relevant we can make the information, the more helpful it will be.

Q: What role does financial education play in closing the homeownership gap?

Garnett: Effective financial literacy can provide individuals and families from diverse communities with the knowledge to navigate the housing market.

For example, HomeFree-USA has a program that prepares renters for mortgage approval and sustainable homeownership through personalized financial guidance and credit counseling. Our intermediary network oversees 53 affiliated community- and faith-based housing counseling agencies across the nation. These agencies play a powerful role in offering on-the-ground learning and service assistance to underserved communities and prospective homebuyers.

Lewis: Helping families buy a house is one thing, but making sure they're equipped to leverage that asset to build generational wealth is another. Far too many families secure enough money for a down payment, only to realize they didn't account for other expenses. Financial literacy is a journey, and homeownership is just one stop along that journey. Basic financial concepts, including building and maintaining good credit, budgeting, and saving, as well as deducting your mortgage interest from your taxes, will better position homeowners for the long-haul. **MP**

ALAW

James McPherson, Thomas Van, Jeffrey Fraser, Jonathan Sawyer

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REVOLUTIONIZING MORTGAGE SUBSERVICING WITH CUSTOMER-CENTRIC DIGITAL STRATEGIES

In the dynamic landscape of mortgage servicing, digital transformation isn't merely advantageous; it's essential.

By LoanCare

In the dynamic landscape of mortgage servicing, digital transformation isn't merely advantageous; it's essential. Mortgage professionals must seize every opportunity to leverage technology for operational efficiency, cost reduction, customer satisfaction, and revenue opportunities. By analyzing past trends and recent outcomes, servicers can illuminate the path to success.

The State of the Market

In 2023, despite positive U.S. job growth, the economy faced uncertainties, resulting in flattened labor numbers and corporate layoffs. This landscape underscores the importance of vigilant portfolio monitoring to mitigate risks associated with market fluctuations. But where to focus?

Actionable Data: The Key to Informed Decision-Making

On-demand data and analytics are indispensable to ensure lenders can easily see the real story behind what's going on in their portfolio at any time or place within the servicing journey. Easily accessible data analysis empowers lenders to provide superior customer care, meet evolving homeowner needs, and remain competitive in the market. Just having access to data isn't enough,

LoanCare® is a leading provider of full-service mortgage loan subservicing, including special loans, white label, and marketing services. The award-winning company is known for delivering a superior customer experience through personalization and convenience. Its proprietary portfolio management platform, LoanCare Analytics™, identifies risk and opportunity quickly to enable smarter decision-making across the servicing spectrum. For 40 years, LoanCare has been servicing loans for banks, credit unions, independent mortgage companies, and portfolio investors. LoanCare is part of Fidelity National Financial (NYSE: FNF), a Fortune 500 company and leading provider of title insurance and transaction services to real estate and mortgage industries. For more information, visit loancares.com.

however; you must know how to turn data into action. By using technology to quickly connect the right dots to predict opportunity and risk, mortgage servicers can gain valuable insights into customer behaviors and portfolio performance, enabling proactive management of accounts, service offerings, and finances.

Transforming Customer Experiences

The integration of customer-centric digital tools revolutionizes service delivery:

- » **Artificial Intelligence (AI) Augmentation:** Using advanced call center platforms that leverage machine learning and personalization to streamline customer interactions to minimize wait times and optimize customer experiences.
- » **Comprehensive Self-Serve Tools:** Modern website portals offer real-time data access, document storage, personalized messaging, and support applications to facilitate seamless mortgage management for homeowners. Sophisticated language translation also serves today's diverse base of homeowners, such as the growing Spanish-speaking market¹.
- » **On-the-Go Access:** Mobile applications empower homeowners with flexibility and convenience. Mobile payments, document access, and loan information are now available whenever and wherever they are needed to further enhance overall customer satisfaction.

Harnessing Personalization

No more cookie-cutter messaging. Personalized customer experiences (CX) driven by advanced analytics ensure tailored communications and relevant product offerings are delivered.

¹ <https://nahrep.org/downloads/2023-state-of-hispanic-homeownership-report.pdf>



User-friendly websites and mobile apps support homeowners where and when they need it for seamless interactions and frictionless support. By leveraging a robust data environment, updates, alerts, and important notifications can be communicated proactively via message centers and push notifications. And personalization doesn't only benefit the homeowner. Lenders see higher rates of customer satisfaction and retention by basing their service on a foundation of personalized care.

The Power of On-Demand Data and Analytics

Real-time access to data views and predictive analytics offers valuable insights into customer behaviors and portfolio management, enabling proactive risk mitigation and strategic decision-making. This data-driven approach not only improves response times and overall satisfaction but also helps identify opportunities and risks early, mitigating potential defaults and financial risks while maximizing efficiencies and revenue opportunities. LoanCare® applies these analytical techniques for:

» **Predictive Modeling:** Advanced analytics platform proactively assesses

loan performance, borrower behaviors, and market trends to help mitigate potential defaults, foreclosures, and other financial risks, as well as opportunities for new revenue streams.

- » **Portfolio Management:** Evolving datasets continually monitor and augment loan portfolio insights to identify trends, risks, and optimization opportunities. On-demand data analysis can assist lenders in proactively addressing issues, rather than having to scramble later.
- » **Customer Satisfaction and Segmentation:** By thoroughly learning and understanding a group or individual's needs and behaviors, tailored products and services can be offered based on specific situations that result in stronger messaging segmentation and higher customer satisfaction.
- » **Regulatory Compliance:** Data systems are always on. This means that even when employees go home for the night, algorithms monitor, track, and identify possible variations, process triggers, and discrepancies around the clock for prompt resolution.

Embracing Game-Changing Technologies

Sophisticated data analytics revolutionizes mortgage servicing by aggregating vast datasets into actionable insights to optimize processes and enhance customer interactions faster than ever before. And while the capabilities purported by artificial intelligence (AI) may sound too good to be true, AI-powered technology has already caused a fundamental shift in the industry in just a few short years. AI's efficacy and power to crunch numbers are truly unmatched, and when combined with the human capacity for empathy and the ability to discern relevant insights from the data AI provides, true efficiencies and service-level enhancements are realized.

Conclusion: Navigating the Digital Future

A digital-first approach in mortgage subservicing is a crucial stepping stone to success in the 21st century. Integrating digital tools, personalization, and AI in mortgage subservicing signifies a commitment to customer-centric innovation. By leveraging these technologies, lenders can enhance operational efficiency, drive sustainable growth, and position themselves as leaders in the digital transformation of mortgage servicing. In the rapidly evolving mortgage servicing sector, embracing digital transformation isn't just a choice; it's the key to staying ahead of the curve and delivering unparalleled value to customers. At LoanCare, data-driven insight fused with human-centric solutions is at the core of everything we do, with the end goal being to put customers in control of their borrowing journey.

To dive deeper into these transformative strategies and learn how LoanCare is pioneering digital excellence in mortgage subservicing, read our full-length eBook, available at <https://loancareservicing.com/smart-moves-to-excel-in-homeowner-satisfaction>. **MP**



BRIDGING THE HOMEOWNERSHIP GAP IN THE LGBTQ+ COMMUNITY

Pursuing education and reaching out to the LGBTQ+ community will help lending and real estate professionals build their business and advance the homeownership rate within the community.

By SHEILA KLOSTERMANN

Do you know there is a group of buyers that has trillions in purchasing power, above average household incomes, is growing by double digits, but has a homeownership rate well below the U.S. average?

It's true, the LGBTQ+ community has a surprisingly low homeownership rate, despite all the economic factors that should be working in their favor.

This begs the question: what is holding them back? There are many different factors at play. Many buyers that openly identify as LGBTQ+ are millennials or from Gen Z, so they face many of the common challenges that first-time homebuyers see, like down payment and affordability challenges, a lack of financial education about mortgages and the options available to them and the list goes on. However, LGBTQ+ buyers of all ages may also face discrimination, compounding the challenges they already face.

This community is a huge market that some lenders or real estate agents simply choose not to serve, while others may lack the understanding to serve them effectively. Understanding the challenges that the LGBTQ+ community faces can help the industry understand how to better



support this market segment and help community members achieve the dream of homeownership.

Financial Overview

According to the National LGBT Chamber of Commerce (NGLCC), the LGBTQ+ community has \$1.7 trillion in purchasing power. This is likely due to the fact that this group has above average household incomes, per Census Bureau data, and the fact that they are growing by double digits, according to an NBC report. All of these seem like factors that would make the LGBTQ+ community a promising group of homebuyers, but instead,

they have a homeownership rate that is 17 percentage points behind the national average.

The National Association of Gay & Lesbian Real Estate Professionals (NAGLREP) reports that while the U.S. average homeownership rate is 65%, the LGBTQ+ community's homeownership rate is only 49%—leaving a homeownership gap that the industry can and should help bridge.

Discrimination

So, what is creating this gap in the first place?

Sexual orientation and gender identity are not protected classes under the Equal Credit Opportunity Act (ECOA) like race, color, or religion, and many states lack protections for this group. Meaning, in many places, it is legal to discriminate against same sex couples.

According to reports from the LGBTQ Real Estate Alliance, the LGBTQ+ community reports facing discrimination at schools and at work, and in housing, too. Due to the lack of protections for this group, they often have no option for recourse. While there are efforts to add federal protections for this group, it could be a long time before we see any results.



The fear of discrimination can make LGBTQ+ individuals hesitant to take that first step towards homeownership. Knowing you are likely to face extra hurdles can be incredibly discouraging and helps keep a significant group of borrowers out of the market.

A study published by Iowa State University found that the mortgage loan approval rate for same sex couples was 3%-8% lower than that of heterosexual couples, and when they were approved, they paid more in interest and financing fees, despite the fact that research shows their loans perform better than those of heterosexual couples. Again, this community has many elements that make them great candidates for homeownership, but are still often put at a disadvantage in spite of those facts.

The fear of discrimination can make LGBTQ+ individuals hesitant to take that first step towards homeownership. No matter who you are, buying a home can be intimidating, even under the best of circumstances. Knowing you are likely to face extra hurdles can be incredibly discouraging and helps keep a significant group of borrowers out of the market.

Inclusion

This segment of the market needs professionals who will serve them the same way they serve heterosexual and cisgender couples. Many lenders and real estate agents may want to work more with this community, but simply do not know how to begin. Starting with education is always the best step and can ensure that this community's needs are understood throughout the homebuying process.

There are many resources housing professionals can use to educate themselves about the LGBTQ+ community. A great one to start with is the LGBTQ Real Estate Alliance, which has both educational resources and courses for industry professionals. They also offer a resource, LGBTQPlus Homes, which community members can use to find housing professionals who are either part of the LGBTQ+ community or allies.

There are other organizations with educational resources as well, such as The Human Rights Campaign, the National Center for Transgender Equality, and PFLAG.

Once housing professionals have a better understanding of the community, it is time to reach out and become an ally. Getting involved will help make connections and show the community who is truly there to serve them. Some people may

want to become involved with their local LGBTQ+ community center or participate in "Pride Day" or "Coming Out Day" events, while others may start by joining their company's LGBTQ+ employee resource group, if there is one. Regardless of what they choose, it's critical to get involved and demonstrate a sincere interest in helping the LGBTQ+ community.

During a time when lenders are exploring every source of business, the LGBTQ+ community cannot be overlooked. This group has great potential for homeownership, if only people will work with them. Making a sincere effort to build relationships with the LGBTQ+ community not only helps them get into the market, but helps lenders and real estate agents grow their business and create a new source for referrals.

Pursuing education and reaching out to the LGBTQ+ community will help lending and real estate professionals build their business and advance the homeownership rate within the community. Allyship is a journey, but it only requires only one step to begin making a difference. **MP**

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THE IMPORTANCE OF VACANT PROPERTY REGISTRATIONS

Jeff Connell of MCS explains how tracking vacant properties can help owners avoid the nuisance and expense of violations, while keeping their properties maintained and up to community standards.

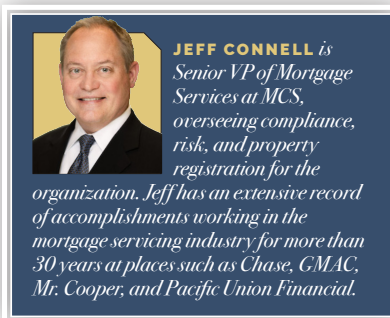
By JEFF CONNELL

When a property is unoccupied, many municipalities require that the owners register the address.

Known as Vacant Property Registration (VPR), these lists are a way for local governments to keep track of potentially problematic properties.

The VPR process arose in response to the rise in deteriorating vacant buildings following the foreclosure crisis in 2008. Local governments began enacting VPR ordinances to discourage vacancies, identify the owners of vacant properties and ensure those owners maintain them to community standards. The VPR list identifies and accounts for unoccupied properties throughout a municipality and ensures owners actively maintain, preserve and manage the property to ensure it does not become a blight to the community.

Property owners, as well as mortgage servicers, have a never-ending list of responsibilities and the VPR process is one aspect of property preservation that may seem insignificant at first glance. Tracking enacted registration ordinances by municipality, understanding the



related registration (and deregistration) requirements and completing the actual property registration process can be a time-consuming and potentially expensive undertaking.

In addition, overburdened local municipalities may not have the time or proper staffing to constantly monitor VPRs and remind owners they must stay in compliance.

But just because a local VPR list is not being constantly checked does not mean owners are exempt from penalties once the administrative board verifies which owners are—and which are not—in full VPR compliance.

In fact, it is the complete opposite. VPRs can cause major challenges, with small fines compounding into major penalties for those not in compliance, as well as liens that could prevent a servicer from selling a property. Some local governments can even impose fees that increase over time or may require owners or servicers to have a plan for the property before it can be de-registered.

Depending on where the property is located, registration may be required after a certain period of time or after a foreclosure. Some municipalities charge heavy fees by the day that can quickly become a significant liability. The other risk to consider is the registration requirements change frequently, necessitating constant monitoring to ensure compliance.

In fact, the term “vacant property registration” is actually a misnomer, because although many are required due to vacancy there are other situations where registration is required, such as delinquency, foreclosure start or sale, REO, or a combination of these characteristics. In some cases, there might not



be a registration fee for the vacancy itself, but the municipality may levee penalties if a property is not maintained according to the standards of local ordinances.

There are also different rules and requirements for different types of property types, such as residential, rentals, or commercial.

Owners must constantly track local ordinances and assess the risk of all properties they own to gauge the potential exposure and prioritize the work to be completed. These constant assessments and evaluations can help determine whether the property needs to be registered. Conversely, some events can trigger a de-registration. For example, a loan may no longer be delinquent, a property may have been sold and no longer the owner's responsibility, or a property can become occupied.

It's important owners continually examine municipality ordinances and requirements which frequently change as well as constantly ensure compliance is maintained according to the specific local municipality standards. Some municipalities even require property

inspection results to be uploaded on a monthly basis after you've registered.

There are ways owners can avoid future VPR issues. Having an appropriate level of staff to manage the overall process as loans move off and on the books continuously can ensure VPRs are property managed internally. Owners should also build and maintain relationships with local code officers, which can help with compliance and even negotiate the severity of fines if an issue does arise.

An additional solution owners should consider is securing a third-party provider, who takes over the entire VPR process and keeps owners updated on their status. A knowledgeable provider will examine and register properties based on the associated risk level, in addition to reviewing ordinance changes on a regular basis.

By tracking vacant property registration ordinances and ensuring compliance, owners can avoid the nuisance and expense of violations while keeping their properties maintained and up to community standards. **MP**

“There are ways owners can avoid future VPR issues. Having an appropriate level of staff to manage the overall process as loans move off and on the books continuously can ensure VPRs are property managed internally.”

NAR ESTABLISHES AGREEMENT TO RESOLVE NATIONWIDE COMMISSION CLAIMS

The National Association of Realtors (NAR) announced an agreement to resolve litigation over broker commission claims asserted on behalf of home sellers. The agreement would settle claims against NAR, over one million NAR members, all state/territorial and municipal Realtor associations, all association-owned MLSs, and all brokerages having a NAR member as principal in 2022 with a residential transaction volume of \$2 billion or less.

The settlement, which is subject to court approval, clarifies that NAR continues to deny any wrongdoing in connection with the Multiple Listing Service (MLS) cooperative compensation model rule (MLS Model Rule), which was implemented in the 1990s in response to consumer protection advocates' calls for buyer representation. Under the terms of the agreement, NAR is expected to pay \$418 million over a four-year period in damages and will change numerous rules that housing experts believe will lower house costs.

This settlement is the culmination of a series of lawsuits against NAR which will ultimately do away with standard commissions.

"NAR has worked hard for years to resolve this litigation in a manner that benefits our members and American consumers. It has always been our goal to preserve consumer choice and protect our members to the greatest extent possible. This settlement achieves both of

those goals," said Nykia Wright, Interim CEO of NAR.

This resolution accomplished two essential goals: it released most NAR members and many industry stakeholders from liability in these instances, and it ensured that cooperative compensation remains an option for customers when purchasing or selling a house. NAR also obtained in the deal a mechanism enabling practically all brokerage organizations with a residential transaction volume of more than \$2 billion in 2022, as well as MLSs that are not completely controlled by Realtor's associations, to acquire releases efficiently if they so desire.

In addition to the financial settlement, NAR has agreed to implement a new MLS rule that prohibits offers of broker remuneration on the MLS. This means that offers of broker remuneration cannot be made over the MLS, but they can still be pursued off-MLS through negotiation and consultation with real estate experts.

"On a scale of 1-10, the National Association of Realtors' decision to shift the buyer side commission burden from sellers to buyers is a 10 and represents nothing short of a sea change," said Toby Schifsky, VP of Real Estate Education at Kaplan. "This is by far the biggest change to hit the real estate industry in more than 30 years and has introduced new complexities to the process of buying and selling a home. While this may result in lower prices for homebuyers—especially important at a time of elevated mortgage

rates—it's going to be imperative for buyer representatives and agents to demonstrate their value to would-be buyers."

According to the *New York Times*, American homeowners may see a significant decrease in the cost of selling their houses in wake of the agreement that is set to eliminate the industry's normal 6% sales commission.

Compensation offers help make professional representation more accessible, lower the expenses for home purchasers to get these services, promote fair housing prospects, and broaden the possible buyer pool for sellers. They also comply with the real estate laws of the many states that specifically permit them.

"While it's too soon to tell what the new business model will look like, it's safe to say it will be nearly unrecognizable from the current one," Schifsky said. "Stakeholders will have to make significant adjustments and rethink their strategies."

NAR has agreed to establish a new rule requiring MLS participants dealing with buyers to enter into written agreements with their clients. NAR continues, as it has for many years, to urge its members to adopt buyer brokerage agreements, which assist consumers understand exactly what services and value will be given and for how much. These adjustments will take effect in mid-July 2024.

Realtor.com Chief Economist Danielle Hale released a statement reading, "These changes could put more pressure



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— Toby Schifsky,
VP of Real Estate Education, Kaplan



on buyers if they are responsible for compensating their own agents directly, at a time when home prices are high and elevated mortgage rates make borrowing expensive. Some buyers might have to lower their target price in their home search to account for this newly added expense, but even if home prices were to fall in the future, buyers' costs are likely to rise by a similar amount if they are having to compensate agents directly. It all remains to be seen though what the impact might be, because new business models, mortgage financing options, and more could give home shoppers

additional options in the future. For now, higher mortgage rates and the low inventory of homes for sale will likely have a bigger impact on home sales and prices this buying season."

She added, "Buyers agents play an important role in helping home shoppers find the right home, negotiate the terms of the sale, and settle on a price, and buyers will likely be reluctant to navigate the financial decision of a lifetime without their professional expertise and support. Ultimately, if these changes bring about greater consumer transparency, that's a good thing."

"Ultimately, continuing to litigate would have hurt members and their small businesses," Wright said. "While there could be no perfect outcome, this agreement is the best outcome we could achieve in the circumstances. It provides a path forward for our industry, which makes up nearly one fifth of the American economy, and NAR. For over a century, NAR has protected and advanced the right to real property ownership in this country, and we remain focused on delivering on that core mission." **MP**



NAR SETTLEMENT: WHAT DOES IT MEAN FOR AGENTS ON THE GROUND?

The Federation of REO Certified Experts (FORCE) is the Five Star Institute's REO member organization comprised of pre-screened, certified, and experienced REO agents. Focused on the improvement of REO agent performance through lender- and servicer-driven education, the FORCE acts as a conduit of communication between the REO agent/broker community and the servicing shops they serve.

In the aftermath of the NAR announcement, *MortgagePoint* spoke with several FORCE-member real estate agents to get their thoughts on the settlement and how it may impact their business and the larger industry.

Jesus (Jesse) D. Gonzalez Jr., a Realtor and the Broker/Owner of Liberty House Realty, LLC, issued a statement to *MortgagePoint* immediately after the news broke.

"I see NAR's proposed settlement as a significant moment for the industry. [Liberty House Realty, LLC] sees this as a pivotal step towards more transparent

and equitable practices that align closely with our mission of offering a financially sensible solution to homeowners."

Gonzalez Jr. said he believes that the industry is on the cusp of transformative change through clearly defined representation arguments leading to a more transparent marketplace. While eager to see what changes the future holds for Realtors, he remains curious to see how these changes will trickle down to customers and impact their choices.

"At Liberty House Realty, we have always maintained that the homeowner should retain control over their selling process, including how much they choose to compensate their representatives. This proposed settlement may encourage other industry players to consider how they can serve consumers' best interests while preserving our essential services."

"While NAR continues to deny any wrongdoing, the proposed settlement and the changes it introduces may open up opportunities for innovation and adaptation," Gonzales Jr. concluded.

Realtor **Jeffery Shumaker**, a member of the FORCE Education Committee and Broker/Owner of RE/MAX Agility, said he does not believe that huge changes are in store for Realtors, despite the end of the 6% commission schedule and the \$418 million settlement.

"For me, it won't change much. I'll use the contract terms to negotiate the buyer's agent commission from either side of the transaction," Shumaker said. "My agents and I have always had buyer's agreements with our buyer clients. The inventory amount will be a determining factor in how much commission is paid by the seller.

"This will add an added layer of difficulty since we are now having to negotiate with the buyer directly. However, this should reduce commission issues with the seller completely," said Realtor **Caslyn Huck**, a member of the FORCE Education Committee and Broker/Owner of Never Settle Realty & Investment. "This adds questions from the lending standpoint also, such as, will the lender allow this fee to be financed, and if the fee is allowed to be financed, will this affect RESPA?"

According to Huck, there are some instances where the buyer's agents will credit some of their commission to assist with closing costs, and this settlement may hinder that choice in the future. This will most likely create a tiered system on the buyer side where some buyers may just want contract drawing and submission services, some may want additional features, including walkthrough and consultation services, and lastly, some may want full service, including property showings, and open houses.

Nor is this a foreign concept; listings like this already exist.

"A type of listing like this is already available with Help-U-Sell and other reduced-commission brokerages. One of the main components of full-service Realtors is property showings, and this won't be done at a reduced rate, most likely."

"The positive takeaway is that this is an opportunity for agents who are knowledgeable and professional to shine," Huck concluded. "Unfortunately, in the last few years, the perception of agents (TikTok, Instagram, the Realtor Influencer) is that they do little and get paid too much, but

“...we don't expect a drastic shift in our day-to-day operations. However, we foresee an industry-wide impact that could alter how buyers and sellers perceive value in real estate services.”

—Jesus (Jesse) D. Gonzalez Jr., Realtor, Broker/Owner, Liberty House Realty, LLC

a knowledgeable agent will show their worth. This will prove you get what you pay for.”

How Soon Will This Affect Realtors?

According to Gonzales Jr., the proposed settlement by NAR will introduce systemic changes starting in July 2024. He also said that he anticipates the effects to be “progressive” rather than immediate.

“Given that we offer our clients control over their real estate transactions, including deciding how to compensate buyer's agents, we don't expect a drastic shift in our day-to-day operations,” Gonzalez Jr. continued. “However, we foresee an industry-wide impact that could alter how buyers and sellers perceive value in real estate services.”

Huck said this news was on her radar, but it turned out differently than expected.

“For years, banks have been looking for a way into the real estate side of the market as an additional revenue stream. I

thought that would have eventually played out but from other angles. Even with education and experience, no one can predict the path the market will take.”

Jim Hastings, Chair of the FORCE Advisory Council and Broker/Owner of Hastings Brokerage, LTD., said, “Right now, it is too early to tell. We can speculate, but I think only time will tell.”

What Does This Mean for the Bottom Line?

Regarding the potential impact of the NAR settlement on agents' bottom lines, Gonzalez Jr. said, “The changes stemming from this settlement could reinforce the demand for transparent pricing structures like ours. If the industry shifts towards more transparent practices, it could underscore the benefits of our model and potentially attract consumers who are now more aware of their options and the value they can receive.”

“We do not see this as a threat but rather as a confirmation of the consumer-first approach we've championed,” he

concluded. “The NAR settlement may present an opportunity for growth, as it might encourage homeowners to seek out alternative models that can offer savings and simplicity.”

Huck was not sure how this would affect her going forward but said, “As a real estate broker, this is going to change the way I negotiate my contracts specifically since the compensation is no longer being advertised on the multiple listing services (MLS). If I'm the listing broker and I find a qualified buyer who has no agent representation, I could be putting myself at risk by having to negotiate with the buyer's and the seller's best interests in mind. This has always been an issue with closing both sides and will be more evident in the transactions ahead.”

Hastings made similar comments on how this might affect his brokerage going forward, “We may have to talk to each other a bit more like in the old days,” he speculated, “but Realtors are wired to communicate with others and will adapt well to this change.” **MP**



A BIG CHANGE TO BUYER BROKER COMMISSION FEES

By MATTHEW FLECK

After battles in federal district courts across the country, the National Association of Realtors (NAR) entered into a settlement with homebuyers and sellers who challenged the NAR's "anticompetitive" buyer broker commission fee rule. The NAR's rules control multiple listing sites (MLSs), which are local/regional databases of for-sale properties that feed into sites like Zillow. The challenged rule created a standard buyer's broker commission fee of 5-6% as part of sellers' property listings, and buyer brokers would steer buyers away from listings that offered a commission fee lower than the customary rate. The U.S. Department of Justice, Antitrust Division estimated that the inflated broker commission fee cost home sellers and buyers \$100 billion annually.¹

The National Association of Realtors faced numerous federal court lawsuits² alleging violation of Section 1 of the Sherman Anti-Trust Act, which prohibits any agreement among competitors that unreasonably limits competition³. The lawsuits claimed that by participating in MLSs that implemented the customary buyer broker commission fee, realty companies are conspiring in restraint of trade. Companies such as Realogy, HomeServices, RE/MAX, and Keller Williams were all implicated in this conspiracy in restraint of trade by way of the rules governing centralized property listing databases.⁴

In *Nosalek v. MLS Prop. Info. Network, Inc.*, the Department of Justice Antitrust Division filed a Statement of Interest op-



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posing a proposed settlement agreement that would drop the minimum allowable buyer broker commission fee.⁵ The DOJ found the change to be merely cosmetic as sellers have always been permitted to list a lower buyer broker commission fee than the customary 5-6%, but buyer brokers are permitted to steer buyers away from any listing that offers less than the customary rate.⁶

The challenged settlement agreement proposed a \$3 million settlement fund, none of which was specifically allocated to injured class members, and fully and forever waived all claims.⁷ By contrast, the jury in a similar case awarded damages of \$1.785 billion to a class of home sellers in Missouri against the National Association of Realtors.⁸ The DOJ felt the challenged settlement was "not fair, reasonable, or adequate, because it provides no meaningful benefit to class members. It makes insignificant and largely cosmetic changes

to the Rule, while perpetuating the existing structure that drives supra-competitive commissions. There is no reason to believe that the settlement will reduce broker commissions for the class."⁹

The DOJ posited the superior alternative was to prohibit buyer broker compensation offers from MLS participants.¹⁰ Instead, buyers and sellers would negotiate the commission percentage directly with their brokers as part of their representation contract. The DOJ's desired result in *Nosalek* was realized when NAR announced a new settlement on March 15, 2024. The settlement paid out \$418 million in damages and eliminated the buyer broker commission rule.¹¹ The settlement also set forth a new rule requiring buyer brokers to enter into written agreements with their buyers.¹²

While the paradigm shift will benefit buyers' and sellers' bottom lines, the industry repercussions could be less desirable. The new rule may cause an exodus of buyer brokers from the industry, and the resultant scarcity in buyer brokers could turn into a freeze on the real estate market altogether, which benefits no one. Further, the real estate brokerages that opt into NAR's settlement could be wiped out by the cost of the settlement.¹³ The real estate landscape will shift in the wake of the NAR settlement, and while some changes will benefit industry participants, there are currently plenty of unknown consequences which introduce chaos and uncertainty into the real estate industry. **MP**

1. Statement of Interest of the United States at 4, *Nosalek v. MLS Prop. Info. Network, Inc.*, No. 1:20-cv-12244-PBS (D. Mass., Feb. 15, 2024), ECF No. 290.

2. See *Moehrl v. Nat'l Ass'n of Realtors*, 2023 U.S. Dist. LEXIS 53299 (D., N.D. Ill., E. Div., Mar. 29, 2023); *Batton v. Nat'l Ass'n of Realtors*, 2024 U.S. Dist. LEXIS 28521 (D., N.D. Ill., E. Div., Feb. 20, 2024); *Sitzer v. Nat'l Ass'n of Realtors*, 420 F.Supp. 3d 903 (D., W.D. Mo., W. Div., Oct. 16, 2019).

3. 15 U.S.C. § 1.

4. *Nosalek v. MLS Prop. Info. Network, Inc.*, 2022 U.S. Dist. LEXIS 180409 (D. Mass., Oct. 3, 2022).

5. Statement of Interest of the United States, *supra*.

6. *Id.*

7. *Id.* at 9-10.

8. *Id.* at 9 (citing *Burnett v. Nat'l Ass'n of Realtors*, No. 19-cv-0332 (W.D. Mo.), Dkt. 1294 (Verdict Form)).

9. *Id.* at 12.

10. *Id.* at 20.

11. Goldman and Bahney, *The 6% commission on buying or selling a home is gone after Realtors association agrees to seismic settlement*, CNN Business (March 15, 2024), <https://www.cnn.com/2024/03/15/economy/nar-realtor-commissions-settlement/index.html>

12. *Id.*

13. Brooklee Han, *Deal or no deal? What opting in to NAR's settlement could mean for some of the nation's largest brokerages*, *Housingwire* (March 19, 2024), <https://www.housingwire.com/articles/deal-or-no-deal-what-opting-in-to-nars-settlement-could-mean-for-some-of-the-nations-largest-brokerages/>

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HOW MUCH ARE RECENTLY ORIGINATED MORTGAGES COSTING INDEPENDENT MORTGAGE BANKS?

Independent mortgage banks (IMBs) are not in a good position right now as the latest quarterly Mortgage Bankers Performance Report from the Mortgage Bankers Association (MBA) found that IMBs and mortgage subsidiaries of chartered banks posted a pre-tax net loss of \$2,109 on each originated loan during the fourth quarter of 2023, nearly doubling the loss of \$1,015 per loan during the third quarter of 2023.

“The fourth quarter of 2023 was about as challenging as it could get for

mortgage lenders to generate a production profit,” said Marina Walsh, CMB, MBA’s VP of Industry Analysis. “The fourth quarter is typically the slowest pace of purchase activity for the year. This year was exacerbated by the current lack of housing inventory and mortgage rates that increased to their highest levels of the year, keeping refinancing volumes low. These factors contributed to a ‘perfect storm’ that resulted in a decline in production volume for the quarter that reached the lowest level for this report since 2014.”

Added Walsh, “While production revenues were relatively strong and even increased by five basis points, expenses were up more than \$1,000 per loan from the previous quarter and the second-highest level ever reported in our series, indicating that lenders were unable to sufficiently adjust resources to align with fluctuating rates and volumes. At the same time, productivity metrics deteriorated, suggesting that there may still be excess capacity even after substantial employee reductions over the past two years.”

Finally, Walsh noted that “Despite tough market conditions, some companies have been able to weather seven consecutive quarters of net production losses through cash reserves or infusions and strong servicing cash flows.”

Key findings of MBA’s Fourth-Quarter 2023 Quarterly Mortgage Bankers Performance Report:

- » Including all business lines (both production and servicing), 29% of the firms in the report posted pre-tax net financial profits in the fourth quarter of 2023, down from 51% in the third quarter of 2023.
- » The average pre-tax production loss was 73 basis points (bps) in the fourth quarter of 2023, compared to an average net production loss of 34 bps in the third quarter of 2023, and a loss of 99 basis points one year ago. The average quarterly pre-tax production profit, from the fourth quarter of 2008 to the most recent quarter, is 43 basis points.
- » The average production volume was \$359 million per company in the fourth quarter, down from \$477 million per company in the third quarter. The volume by count per company averaged 1,170 loans in the fourth quarter, down from 1,497 loans in the third quarter.
- » Total production revenue (fee income, net secondary marketing income, and warehouse spread) increased to 334 bps in the fourth quarter, up slightly from 329 bps in the third quarter. On a per-loan basis, production revenues decreased to \$10,376 per loan in the fourth quarter, down from \$10,426 per loan in the third quarter.
- » The purchase share of total originations, by dollar volume, was 87%. For the mortgage industry as a whole, MBA estimates the purchase share was at 81% in the fourth quarter of 2023.
- » The average loan balance for first mortgages decreased to \$336,757 in the fourth quarter, down from \$341,708 in the third quarter.
- » Total loan production expenses—commissions, compensation, occupancy, equipment, and other production expenses and corporate allocations—increased to \$12,485 per loan in the fourth quarter, up from \$11,441 per

loan in the third quarter of 2023. From the fourth quarter of 2008 to last quarter, loan production expenses have averaged \$7,389 per loan.

- » Median productivity—measured as loans closed per retail/consumer direct production employee—decreased to 1.1 loans per employee in the fourth quarter, down from 1.3 loans per employee in the third quarter.
- » Servicing net financial income for the fourth quarter (without annualizing) was a negative \$24 per loan, down from a positive \$90 per loan in the third quarter. Servicing operating income, which excludes MSR amortization, gains/loss in the valuation of servicing rights net of hedging gains/losses, and gains/losses on the bulk sale of MSRs, was \$108 per loan in the fourth quarter, up from \$104 per loan in the third quarter.

HOMEBUYER VS. HOMEBUYER AS COMPETITION HEATS UP

The Mortgage Bankers Association (MBA) Builder Application Survey (BAS) data for February 2024 indicates that the number of mortgage applications for the purchase of new homes rose by an estimated 15.7% over the previous year. In January 2024, there was a 1% rise in applications. This comes after mortgage applications for new home purchases in January jumped 19.1% compared to a year ago.

“New home purchase activity in February was slightly hampered by the rise in mortgage rates over the month. However, homebuyers kept up their demand despite how competitive the purchase market still is, driving the level of applications to 16% ahead of last year’s pace,” said Joel Kan, MBA’s VP and Deputy Chief Economist. “The average loan size increased to its highest level since March 2023 at almost \$406,000, but it was still below the record high in MBA’s survey of more than \$436,000 in

“New home purchase activity in February was slightly hampered by the rise in mortgage rates over the month. However, homebuyers kept up their demand despite how competitive the purchase market still is, driving the level of applications to 16% ahead of last year’s pace.”

—Joel Kan, VP and Deputy Chief Economist, MBA



April 2022. The FHA share of purchase applications, which provides a read on first-time homebuyer activity, increased to 25.7%, indicating that first-time buyers continue to turn to new homes due to the lack of affordable existing home options. The estimated sales pace of new home sales was 689,000 units, a slight decline from the previous month.”

According to the MBA, seasonally adjusted annual new single-family house sales were running at a rate of 689,000 units in February 2024. New single-family home sales have historically been a leading indication of the U.S. Census Bureau’s New Residential Sales report. The BAS’ mortgage application data is used

to estimate new house sales, together with several characteristics and market coverage assumptions.

Seasonally adjusted estimates for February show a 1.6% decline from the 700,000 units rate in January. MBA projects that, on an unadjusted basis, there were 62,000 sales of new homes in February 2024, down 1.6% from 63,000 sales in January.

Conventional loans accounted for 63.9% of loan applications by product type, followed by FHA loans (25.7%), RHS/USDA loans (0.3%), and VA loans (10.1%). In January and February, the average loan amount for newly constructed residences was \$401,282 and \$405,719, respectively.

UNLOCKING THE 'LOCK-IN EFFECT'

New listings increased 3.8% month over month in February, reaching their highest level since September 2022, according to Redfin research. New listings rose 14.8% year over year, the highest annual increase since May 2021.

Active listings, or the overall availability of properties for sale, reached their highest level in more than a year. On a seasonally adjusted basis, they increased by 0.8% from the previous month and decreased by 0.1% from the previous year, the smallest yearly loss in months.

Texas had the largest increase in new listings over the previous year, while Florida had the highest increase in active listings—the two states with the most housing construction. In particular, condo listings in Florida are contributing to the increase in supply as HOA and insurance prices rise.

“The housing market is nothing like it was two years ago during the pandemic homebuying frenzy, but it’s better than it was last year. It’s coming back,” said David Palmer, a Redfin Premier real estate agent in Seattle. “Sellers who were on the fence in 2023 are now listing. They’re more used to elevated rates now. There still aren’t enough listings to quench pent-up buyer demand, but it’s getting better.”

Housing supply is increasing across the United States as the “lock-in effect” continues to fade. Eventually, homeowners who have been holding on to their ultra-low mortgage rates will be forced to leave.

“February was a mixed bag for the housing market and the economy,” said Chen Zhao, Redfin Economics Research Lead. “Housing supply is finally starting to recover in a meaningful way, which is great news for buyers who for months have been competing for a tiny pool of homes for sale. Still, many house hunters are hesitant to pull the trigger because mortgage rates and home prices remain elevated.”

Mortgage-purchase applications fell in February as mortgage rates rose after

decreasing in December. The average 30-year fixed mortgage rate rose to 6.78% last month from 6.64% in January. Mortgage rates are likely to remain up for a little longer than expected, following this week’s hotter-than-expected inflation data.

In addition, home sales rose 0.5% month over month on a seasonally adjusted basis in February but declined 3.5% year over year.

Metro-Level Highlights: February 2024

- » **New listings:** New listings rose most from a year earlier in Austin, Texas (44.6%); Dallas (38.1%); and Charleston, South Carolina (36.8%). They fell in two metros—Albany, New York (-2.9%) and Buffalo, New York (-0.7%)—and were flat in Fresno, California (0%).
- » **Active listings (total supply):** Active listings increased fastest in Cape Coral, Florida (60.6%); North Port, Florida (52.5%); and Fort Lauderdale, Florida (25.5%). They decreased fastest in Raleigh, North Carolina (-24.4%); New Brunswick, New Jersey (-19%); and Nassau County, New York (-18.5%).
- » **Median Sale Price:** Median sale prices rose most from a year earlier in Newark, New Jersey (16.5%); Anaheim, California (15.8%); and Grand Rapids, Michigan (15.8%). They fell in three metros: San Antonio (-4.2%); Memphis, Tennessee (-3.5%); and North Port (-2.2%).
- » **Closed home sales:** Closed sales rose most in San Jose, California (24.9%); San Francisco (21.1%); and Dayton, Ohio (15.1%). They fell most in Frederick, Maryland (-14.8%); New Orleans (-14.2%); and Tulsa, Oklahoma (-14%).
- » **Sold above list price:** In San Jose, 65.3% of homes sold above their final list price, the highest share among the metros Redfin analyzed. Next came Rochester, New York (62.8%) and Oakland, California (62.3%). The shares were lowest in North Port (6.6%), Cape Coral (8.3%), and West Palm Beach, Florida (8.7%).
- » **Off market in two weeks:** In Seattle, 77.4% of homes that went under contract did so within two weeks—the

highest share among the metros Redfin analyzed. Next came Rochester (75%) and San Jose (70.9%). The lowest shares were in Honolulu (8.4%); Greensboro, North Carolina (19%); and McAllen, Texas (20.8%).

- » **Days on market:** The typical home that went under contract in Seattle did so in 11 days, making the fastest market among those Redfin analyzed. Next came Rochester (12) and San Jose (12). The slowest markets were New Orleans (97), Austin (82), and Honolulu (77).

Home Prices Post Largest Increase in Nearly a Year and a Half

The median U.S. home sale price increased 6.6% year over year—the largest increase since September 2022—to approximately \$412,778.

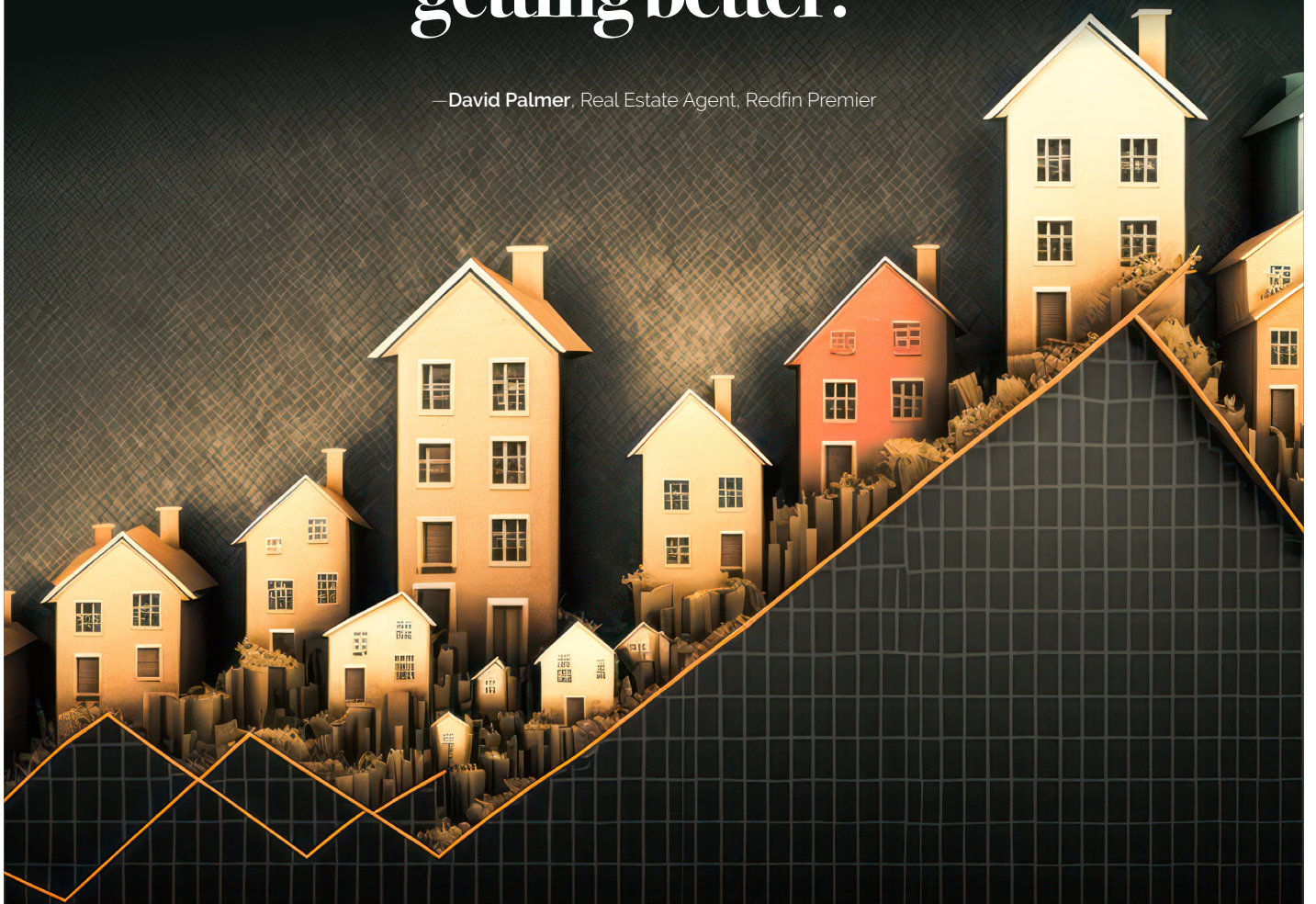
Prices have continued to grow because, despite the recent increase in listings, there is still insufficient supply to match demand. Both new and active listings remained well below pre-pandemic levels in February.

“If you price your home reasonably, buyers will show up. If you don’t, buyers will wait for you to drop the price,” Palmer said. “I recently listed an estate sale fixer-upper for \$550,000 and it got 14 offers, sold for \$75,000 over the asking price and the buyer waived every contingency.”

In Seattle, 77.4% of homes that went under contract did so within two weeks—the highest share among the metros Redfin analyzed. It took the top spot from Rochester, which has held that title for months. The typical home that went under contract in Seattle did so in 11 days (versus a national median of 48 days).

“Sellers who were on the fence in 2023 are now listing. They’re more used to elevated rates now. There still aren’t enough listings to quench pent-up buyer demand, but it’s getting better.”

—David Palmer, Real Estate Agent, Redfin Premier





growing home equity, which, at \$298,000 per average borrower remained near historic highs at the end of 2023,” said Dr. Selma Hepp, Chief Economist for CoreLogic. “By extension, at 43%, the average loan-to-value ratio of U.S. borrowers has also remained in line with record lows, which suggests that the typical homeowner has notable home equity reserves that can be tapped if needed.

Where Are the Underwater Homes?

Negative equity—also referred to as underwater or upside-down mortgages—applies to borrowers who owe more on their mortgages than their homes are currently worth. As of Q4 2023, the quarterly and annual changes in negative equity were:

- » **Quarterly change:** From Q3 2023 to Q4 2023, the total number of mortgaged homes in negative equity decreased by 1.1%, to one million homes or 1.8% of all mortgaged properties.
- » **Annual change:** From Q4 2022 to Q4 2023, the total number of homes in negative equity decreased by 15%, from 1.2 million homes or 2.1% of all mortgaged properties.

“More importantly, home price growth over the last year has helped lift the equity of homeowners who were underwater because of 2022 price declines—meaning that their mortgage amount was higher than the value of

»» Default Servicing

NUMBER OF UNDERWATER U.S. HOMES FALLS YOY

CoreLogic’s latest Homeowner Equity Report (HER) for Q4 2023 shows that U.S. homeowners with mortgages (which account for roughly 62% of all properties) saw home equity increase by 8.6% year over year, representing a collective gain of \$1.3 trillion and an average increase of slightly more than \$24,000 per borrower since Q4 of 2022. This brought total net homeowner equity to more than \$16.6 billion at the end of 2023.

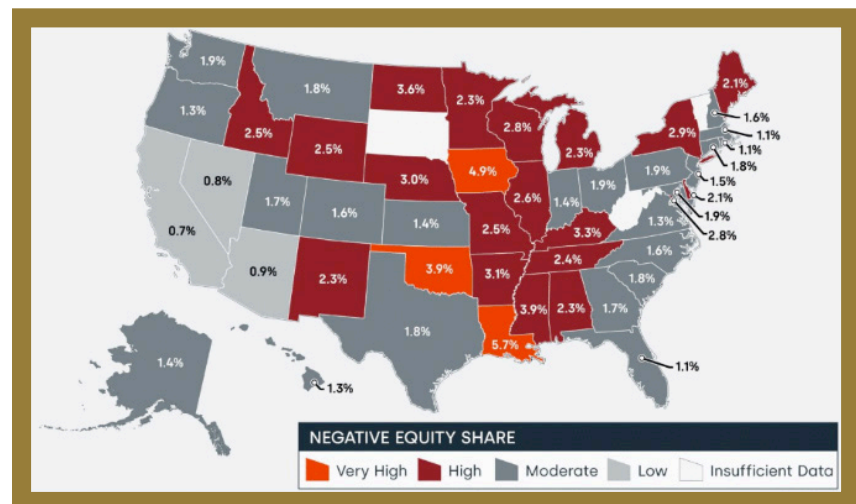
Home equity gains continued in Q4, providing owners with a solid financial cushion, particularly for baby boomers who have been in their homes for a while and have accumulated substantial equity.

Three Northeastern states posted the country’s highest annual equity gains in Q4:

- » Rhode Island (\$62,000)
- » New Jersey (\$55,000)
- » Massachusetts (\$53,000)

The equity growth in those states was due in part to the recent healthy home price increases in that area of the country. According to CoreLogic’s latest Home Price Insights report, Rhode Island and New Jersey led the nation for year-over-year appreciation in January, a respective 13.2% and 11.6%.

“Rising home prices continue to fuel



their properties,” Dr. Hepp added. “Now, slightly more than one million borrowers are underwater, the lowest number recorded in CoreLogic historic data and significantly below the 12 million seen coming out of the Great Recession.”

Because home equity is impacted by home price changes, borrowers with equity positions near (+/- 5%), the negative equity cutoff, are most likely to move out of or into negative equity as prices change, respectively. Looking at the Q4 2023 book of mortgages, if home prices increase by 5%, 114,000 homes would regain equity; if home prices decline by 5%, 162,000 properties would fall underwater.

DOES ANNUAL UPTICK IN FORECLOSURE ACTIVITY HINT AT ‘SHIFTING’ MARKET DYNAMICS?

According to ATTOM Data’s latest Foreclosure Market Report covering the month of February 2024, there were a total of 32,938 properties with foreclosure filings against them, down 1% from January, but this number is up 8% year over year.

“The annual uptick in U.S. foreclosure activity hints at shifting dynamics within the housing market,” said Rob Barber, CEO at ATTOM. “These trends could signify evolving financial landscapes for homeowners, prompting adjustments in market strategies and lending practices. We continue to closely monitor these trends to comprehend their complete effect on foreclosure activity.”

Foreclosure Completion Numbers Decrease Annually in 28 States

Through the REO process, lenders repossessed 3,397 properties during the month, down both on a monthly (14%) and yearly basis (11%).

States that had at least 50 or more REOs and that saw the greatest annual de-

“These trends could signify evolving financial landscapes for homeowners, prompting adjustments in market strategies and lending practices. We continue to closely monitor these trends to comprehend their complete effect on foreclosure activity.”

—Rob Barber, CEO, ATTOM



crease in February 2024 included: Georgia (down 52%); New York (down 41%); North Carolina (down 34%); New Jersey (down 28%); and Maryland (down 26%).

Counter to the national trend, those states with at least 50 or more REOs that saw the greatest annual increase in February 2024 included: South Carolina (up 51%); Missouri (up 50%); Pennsylvania (up 46%); Texas (up 7%); and Indiana (up 0.8%).

Highest Foreclosure Rates in South Carolina, Delaware, and Florida

Nationwide, one in every 4,279 housing units had a foreclosure filing in February 2024. States with the highest

foreclosure rates were South Carolina (one in every 2,248 housing units with a foreclosure filing); Delaware (one in 2,428); Florida (one in 2,632); Ohio (one in 2,828); and Connecticut (one in 2,884).

Foreclosure Starts Increased Monthly and Annually

Lenders started the foreclosure process on 22,575 U.S. properties in February 2024, up 4% from last month and up 11% from a year ago.

Those states that saw the greatest number of foreclosures starts in February 2024 included: Florida (2,732 foreclosure starts); California (2,730); Texas (2,694); New York (1,289); and Ohio (1,097).

OUTSTANDING Q4 COMMERCIAL, MULTIFAMILY MORTGAGE DEBT INCREASED BY BILLIONS

According to a report from the Mortgage Bankers Association (MBA), the level of commercial and multifamily mortgage debt that was outstanding during the fourth quarter of 2023 increased \$130 billion, or 2.8%, year over year.

In total, the MBA's report stated that total mortgage debt rose by 0.9%, or \$41.8 billion, to a total of \$4.69 trillion. Multifamily mortgage debt grew by \$25 billion, or 1.2%, during the fourth quarter alone and by \$88.5 billion, or 4.4%, year over year.

"The amount of commercial mortgage debt outstanding grew in the final quarter of 2023 and for the year as a whole," said Jamie Woodwell, MBA's Head of Commercial Real Estate Research. "However, the increase was among the slowest paces since the mid-2010s. Every major capital source increased its mortgage holdings during the year. Mortgage originations were down by roughly 50% in 2023 compared to 2022, but that meant that few loans were paying off, helping maintain portfolio sizes even in the face of lower inflows."

The four major investor groups are bank and thrift; commercial mortgage-backed securities (CMBS), collateralized debt obligation (CDO), and other asset-backed securities (ABS) issues; federal agency and government-sponsored enterprise (GSE) portfolios and mortgage-backed securities (MBS); and life insurance companies.

MBA's analysis summarizes the holdings of loans or, if the loans are securitized, the form of the security. For example, many life insurance companies invest both in whole loans for which they hold the mortgage note (and which appear in this data under "Life Insurance Companies"), and in CMBS, CDOs, and

other ABS for which the security issuers and trustees hold the note (and which appear here under CMBS, CDO, and other ABS issues).

According to the MBA, commercial banks continue to hold the largest share (38%) of commercial/multifamily mortgages at \$1.8 trillion. Agency and GSE portfolios and MBS are the second largest holders of commercial/multifamily mortgages at \$1.0 trillion (21% of the total). Life insurance companies hold \$733 billion (16%), and CMBS, CDO, and other ABS issues hold \$593 billion (13%).

Looking solely at multifamily mortgages, agency and GSE portfolios and MBS hold the largest share of total debt outstanding at \$1.0 trillion (48% of the total), followed by commercial banks with \$612 billion (29%), life insurance companies with \$235 billion (11%), state and local governments with \$116 billion (6%), and CMBS, CDO, and other ABS issues with \$67 billion (3%).

Changes in Commercial & Multifamily Outstanding Mortgage Debt

In the fourth quarter of 2023, Agency and GSE portfolios and MBS saw the largest rise in dollar terms in their holdings of commercial/multifamily mortgage debt, with an increase of \$15.5 billion (1.6%). Commercial banks increased their holdings by \$14.8 billion (0.8%), life insurance companies increased their holdings by \$9.9 billion (1.4%), and nonfinancial corporate business increased their holdings by \$1.3 billion (1.1%). Finance companies saw the largest decline (5.0%) at \$1.9 billion.

In percentage terms, agency and GSE portfolios and MBS saw the largest increase—1.6%—in their holdings of commercial/multifamily mortgages.

The \$25.0 billion rise in multifamily mortgage debt outstanding between the third and fourth quarters of 2023 represented a 1.2% increase. In dollar terms, agency and GSE portfolios and MBS saw the largest increase, at \$15.5 billion (1.6%), in their holdings of multifamily mortgage debt. Commercial banks increased their holdings of multifamily mortgage debt by \$5.3 billion (0.9%), and life insurance companies increased holdings by \$5.2 billion (2.2%). Finance companies

saw the largest decline (8.9%) in their holdings of \$1.2 billion.

In percentage terms, life insurance companies recorded the largest increase in holdings of multifamily mortgages (2.2%), and finance companies saw the biggest decrease (8.9%).

GAUGING THE STATE OF FORBEARANCES NATIONWIDE

The Mortgage Bankers Association (MBA) reports in its Loan Monitoring Survey that the total number of loans now in forbearance remained unchanged month over month at 0.22% as of February 29, 2024.

The MBA estimates that 110,000 U.S. homeowners are currently in forbearance plans and that mortgage servicers have provided forbearance plans to approximately 8.1 million borrowers since March 2020.

In February, the share of Fannie Mae and Freddie Mac (GSE) loans in forbearance declined just one basis point from 0.13% to 0.12%, while Ginnie Mae loans in forbearance increased by one basis point from 0.39% to 0.40%, and the forbearance share for portfolio loans and private-label securities (PLS) increased just one basis point from 0.28% to 0.29%.

Total loans serviced that were current (not delinquent or in foreclosure) as a percent of servicing portfolio volume (#) increased to 95.73% (on a nonseasonally adjusted basis) in February 2024, up six basis points from 95.67% in January 2024 and down from 95.76% one year ago.

Total completed loan workouts from 2020 and onward (repayment plans, loan deferrals/partial claims, loan modifications) that were current as a percent of total completed workouts were 75.68% in February 2024, up from 74.88% the prior month and down from 76% one year ago.

The Reach of Unemployment on Forbearances

The Bureau of Labor Statistics (BLS) reported that total nonfarm payroll



employment rose by 275,000 in February, and the unemployment rate increased to 3.9%. Job gains occurred in healthcare, government, food services and drinking establishments, social assistance, and transportation and warehousing.

The BLS also reported that the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.4% in February on a seasonally adjusted basis, after rising 0.3% in January. Over the last 12 months, the all-items index increased 3.2% before seasonal adjustment.

“The Consumer Price Index in February increased 0.4% month over month and 3.2% year over year, higher than expected,” First American Economist Ksenia Potapov noted. “Core CPI, all items less food and energy, rose 0.4% month over month and 3.8% year over year.”

The CPI for shelter rose in February, as did the Index for gasoline. Combined, these two indexes contributed more than 60% of the monthly increase in the index for all items. The energy index rose 2.3% over the month, as all of its component indexes increased. The food index was unchanged in February, as was the food-at-home index. The food-away-from-home index rose 0.1% over the month.

“Shelter and service inflation are slowly decelerating. Goods deflation, common throughout the past two decades, is helping push CPI down,” Potapov added. “Zoomed out, this CPI report suggests that inflation is cooling overall, but doing so slowly.”

With the overall cost of living on the rise, were homeowners in decent shape in paying their mortgage? The MBA reported that by reason, 71.9% of borrowers were in forbearance plans for reasons such as a temporary hardship caused by job loss, death, divorce, or disability; while 16.1% of borrowers are in forbearance because of COVID-19. Another 12% are in forbearance due to natural disasters.

“The performance of servicing portfolios and loan workouts improved in February, as borrowers benefitted from tax refunds, the extra day in the month to submit their payments, and continued resilience in the job market,” said Marina B. Walsh, CMB, MBA’s VP of Industry

“Shelter and service inflation are slowly decelerating. Goods deflation, common throughout the past two decades, is helping push CPI down.”

—Ksenia Potapov,
Economist, First American

★★★★

Analysis. “Only around 110,000 loans nationwide remain in a forbearance plan, with little movement this month. The pandemic’s impact has waned, with only 16% of borrowers in forbearance because of COVID-19, compared to 72% for temporary personal hardships, and 12% for natural disasters.”

Measuring Forbearance Share

Loans in forbearance as a share of servicing portfolio volume (#) as of February 29, 2024: Total:

- » 0.22% (previous month: 0.22%)
- » Independent Mortgage Banks (IMBs): 0.25% (previous month: 0.26%)

- » Depositories: 0.23% (previous month: 0.22%)

Gauging Forbearance Stages

By stage of forbearance, 56.2% of total loans in forbearance were in the initial forbearance plan stage, while 25.2% were in a forbearance extension. The remaining 18.6% were forbearance reentries, including reentries with extensions. Of the cumulative forbearance exits for the period from July 1, 2020, through February 29, 2024, at the time of forbearance exit: 29.3% resulted in a loan deferral/partial claim.

- » 17.6% represented borrowers who continued to make their monthly payments during their forbearance period.
- » 18.7% represented borrowers who did not make all their monthly payments and exited forbearance without a loss mitigation plan in place yet.
- » 16.0% resulted in a loan modification or trial loan modification.
- » 10.7% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
- » 6.4% resulted in loans paid off through either a refinance or by selling the home.

The remaining 1.2% resulted in re-payment plans, short sales, deeds-in-lieu, or other reasons.

Forbearance by Region

The five states reporting the highest share of loans that were current as a percent of servicing portfolio included:

- » Idaho
- » Colorado
- » Washington
- » California
- » Montana

The five states reporting the lowest share of loans that were current as a percent of servicing portfolio were found in:

- » Louisiana
- » Mississippi
- » Indiana
- » New York
- » Illinois





continue to evolve their expectations of future monetary policy. Still, while we don't expect a dramatic surge in the supply of homes for sale, we do anticipate an increase in the level of market transactions relative to 2023—even if mortgage rates remain elevated.”

2024 Housing & Mortgage Forecast Changes

- » **Mortgage Rates:** Following the increase in interest rates in February, Fannie Mae's interest rate forecast has been upgraded this month. It is now projected that the average 30-year fixed rate mortgage rate will increase by four-tenths and five-tenths, respectively, to 6.6% in 2024 and 6.2% in 2025. Fannie Mae's forecast for interest rates is further complicated by the fact that mortgage rates remain unstable, especially in light of shifting Fed policy expectations.
- » **Existing Home Sales:** In January, the seasonally adjusted annualized rate (SAAR) of existing house sales was reported to be an estimated 4 million. Due to the anticipated higher interest rate environment, Fannie Mae has revised projections downward through 2025, although the GSE (Government-Sponsored Enterprise) believes that current sales will trend upward over time.
- » **New Home Sales:** Sales of brand-new single-family homes increased 1.5% in January to a SAAR of 661,000. Home sales in 2024 were revised lower, in line with our current prediction, as a result of higher interest rate assumptions and an update based on recently received data. The small number of existing homes for sale continues to boost new home sales, and Fannie Mae anticipates that this trend will continue in the upcoming months.
- » **Single-Family Housing Starts:** While permits increased to 1.02 million in January, single-family home starts decreased to a SAAR of 1.00 million. Fannie Mae anticipates a decline in Q1 of 2024, and primarily to account for the increased interest rate expectation, we have lowered our estimate. In the medium run, Fannie Mae still anticipates that the lack of existing homes

» Government

FANNIE MAE ADJUSTS 2024 ECONOMIC FORECAST

According to a March 2024 commentary from the Fannie Mae Economic and Strategic Research (ESR) Group, expectations for total home sales and mortgage originations in 2024 have been slightly lowered due to the increase in mortgage rates in February. The 30-year fixed mortgage rate is now expected to conclude the year at 6.4% by the ESR Group, up from 5.9% in the previous forecast released last month.

The ESR Group notes that labor market indicators are mixed, and disinflation will likely resume, but it also thinks that recent data are unlikely to give the Fed the “greater confidence” it needs to start easing monetary policy in the near future. Strong headline jobs numbers and hotter-than-expected inflation data

had led financial markets to price in a less aggressive rate-cutting path by the Federal Reserve. However, the ESR Group anticipates that existing home sales will rise in 2024, partly because of a rise in activity from households who are less susceptible to the interest rate lock-in impact because they are likely forced to relocate due to life events.

The ESR Group provided evidence that the gradual “thawing” of housing market activity is likely to continue in the coming months and quarters, pointing to the recent upward trend in new home listings and the relative strength in the most recent Fannie Mae Home Purchase Sentiment Index (HPI) “good time to sell” component.

“The housing market is likely to continue to face the dual affordability constraints of high home prices and elevated interest rates in 2024,” said Doug Duncan, Fannie Mae Senior VP and Chief Economist. “Hotter-than-expected inflation data and strong payroll numbers are likely to apply more upward pressure to mortgage rates this year than we’d previously forecast, as markets

for sale will contribute to an increase in new home building.

- » **Multifamily Housing Starts:** While permits decreased more gradually to a SAAR of 468,000, multifamily housing starts plummeted precipitously to a SAAR of 327,000 in January. Due to the reduced national rent increase and the approaching completion of additional multifamily units, Fannie Mae has decreased its near-term prediction to reflect the new data. Multifamily starts are still expected to decline in 2024.
- » **Single-Family Home Prices:** According to the most current nonseasonally adjusted Fannie Mae HPI, home prices increased by 7.1% in Q4/Q4 of 2023. On a Q4/Q4 basis, prices are expected to increase by 3.2% in 2024.
- » **Single-Family Mortgage Originations:** Due to downgrades in the home sales projection (which are a result of a higher mortgage rate outlook) and incoming data showing a persistently larger cash share of purchase transactions, Fannie Mae has reduced its outlook for purchase originations. The GSE anticipates that purchase origination volume will reach \$1.4 trillion in 2024—up 12% from 2023 but down \$90 billion from the previous estimate. Fannie Mae projects purchasing volume to increase by an additional 14% to \$1.6 trillion in 2025. They lowered their previous estimate by \$62 billion to \$397 billion for refinance originations in 2024. Since mortgage rates are predicted to gradually decline throughout 2025 and more borrowers would have an incentive to refinance due to lower interest rates, Fannie Mae projects refinancing originations to total \$626 billion in 2025, which is a downgrade from the previous forecast but represents growth from 2023.

Fannie Mae's overall home sales forecast was revised downward to 4.91 million in 2024 (originally 5.00 million) and 5.40 million in 2025 (formerly 5.54 million)—primarily due to changes in mortgage rate expectations. They adjusted their predictions for the total originations of single-family mortgages to \$1.76 trillion in 2024 (from \$1.92 trillion) and \$2.18 trillion in 2025 (from \$2.36 trillion). Ad-

ditionally, Fannie Mae slightly revised its projection for mortgage originations as recent data led them to revise expectations higher for the cash portion of home purchases.

Whether the Fed starts lowering interest rates in June or later in the year will not affect the macroeconomy or mortgage rates, according to Fannie Mae. However, Fannie Mae thinks mortgage rates will likely be more significantly impacted by the market's expectations of the total change in the fed funds rate over the next two to three years.

HUD COUNSELING INITIATIVE SEEKS TO BRIDGE THE HOMEOWNERSHIP GAP

The U.S. Department of Housing and Urban Development's (HUD) Office of Housing Counseling has announced that \$10 million in grant funding is available to eligible HUD-approved housing counseling agencies. These agencies will use the funding to prepare and equip prospective homebuyers to successfully navigate the homebuying process.

"HUD is committed to expanding access to homeownership, especially for those who have been shut out of homebuying opportunities for far too long," former HUD Secretary Marcia L. Fudge said. "Housing counselors across America offer invaluable information and guidance. I am pleased that even more people will be able to access their services, purchase homes, and begin building wealth, thanks to today's announcement."

This new funding will enable HUD-approved housing counseling agencies to provide culturally sensitive and linguistically appropriate services for pre- and post-purchase housing counseling, aiming to increase homeownership rates among historically underserved communities. The funding affirms the ongoing commitment of the

Biden administration to help close the racial wealth gap and address homebuying barriers that disproportionately affect marginalized communities.

HUD-certified housing counselors offer independent, expert advice customized to individual housing needs, helping prospective buyers understand and address housing barriers to help achieve housing goals. HUD-participating housing counseling agencies also offer classroom-style workshops and online education.

Types of housing counseling services offered by HUD include:

- » Financial management, budget and credit counseling, and workshops
- » Fair housing education workshops
- » Home improvement and rehabilitation counseling
- » Mortgage delinquency and default resolution counseling and workshops (foreclosure)
- » Non-delinquency post-purchase workshops
- » Pre-purchase counseling and homebuyer education workshops
- » Predatory lending education workshops
- » Rental counseling and workshops (eviction, landlord-tenant disputes, Section 8)
- » Reverse mortgage counseling (HECM)
- » Homeless counseling
- » Disaster preparation and mitigation counseling and workshops

"HUD-approved housing counseling agencies and HUD-certified housing counselors serve as trusted advisors to the next generation of homeowners, who will be the most diverse in our nation's history," Assistant Secretary for Housing and Federal Housing Commissioner Julia Gordon said. "Access to high quality, culturally and linguistically appropriate housing counseling can help more households attain the many benefits of homeownership, including the ability to build intergenerational wealth."

Expanding Access to Homeownership

"Modeled on successful public and private sector partnership initiatives,

these grants will expand access to homeownership, affirm the impact of pre- and post-purchase housing counseling, and expand the availability of HUD-approved counseling for consumers nationwide,” Deputy Assistant Secretary for Housing Counseling David Berenbaum said.

HUD EXTENDS COMMITMENT TO SAFER HOUSING

The U.S. Department of Housing and Urban Development (HUD) has awarded \$73.5 million in new loans and grants under the Green and Resilient Retrofit Program (GRRP) to support extensive energy efficiency and climate resilience renovations for low-income Americans as part of President Biden’s Investing in America agenda.

The \$73.5 million investment from President Biden’s Inflation Reduction Act will make homes safer, more efficient, and resilient to the climate crisis at 10 HUD-assisted multifamily properties that provide affordable housing for approximately 1,400 low-income families, including 44 homes for low-income seniors.

As of today, HUD has made more than \$368 million in GRRP awards to support renovations at 84 multifamily properties that will improve more than 9,000 homes for very low-income households, seniors, and people with disabilities.

“The Green and Resilient Retrofit Program ensures low-income individuals and families are not left out of the climate change conversation,” former HUD Secretary Marcia L. Fudge said. “HUD wants these families to have better access to clean energy upgrades like solar panels and modern and efficient heating and cooling systems so that they too can have resilient homes. This additional round of funding builds on President Biden’s Investing in America agenda, as we continue to boost energy efficiency and combat climate change in communities throughout the country.”

President Biden’s Inflation Reduction Act established the GRRP by providing

“The Green and Resilient Retrofit Program ensures low-income individuals and families are not left out of the climate change conversation.”

—Marcia L. Fudge, Former Secretary, HUD



more than \$800 million in grant and loan subsidy funding and \$4 billion in loan commitment authority for efficiency and resiliency improvements. All the investments under the GRRP will advance President Biden’s environmental justice agenda, in alignment with the administration’s Justice40 Initiative which aims to deliver 40% of the overall benefits of certain federal investments to disadvantaged communities that are marginalized by underinvestment and overburdened by pollution. Retrofitting these homes will reduce their carbon emissions, make them more resilient to extreme weather events, and enhance their ability to respond to and recover from such events more quickly.

GRRP is the first HUD program to

simultaneously invest in energy efficiency, renewable energy generation, climate resilience, and low-embodied carbon materials in HUD-assisted multifamily housing. Investments under the program will be made in affordable housing communities serving low-income families in accordance with President Biden’s agenda for building the American economy from the middle out and the bottom up.

The GRRP Notices of Funding Opportunity (NOFOs) and accompanying guidance detail the multiple funding opportunities to which property owners may apply:

- » GRRP Elements provides funding to owners for proven and meaningful climate resilience and utility efficiency

measures in projects that are already in the process of being recapitalized.

- » GRRP Leading Edge provides funding to owners with plans for ambitious retrofit activities to achieve zero energy retrofits and an advanced green certification.
- » GRRP Comprehensive provides funding to properties with the highest need for climate resilience and utility efficiency upgrades, regardless of prior development or environmental retrofit experience.

The grants and loans announced are the second set of awards that HUD has made under the GRRP's Leading Edge category, which requires property owners to commit to achieving recognized high-performance green building certifications, such as the National Green Building Standard's Gold certification with the Green+ Net Zero Energy designation. The certifications recognize significant property upgrades, such as on-site solar power generation, wind turbines, impact- and wind-resistant roofing, and other substantial energy efficiency and climate resilience improvements.

"Far too many Americans struggle to stay warm in the winter and cool in the summer," said John Podesta, Senior Advisor to the President for International Climate Policy. "Today's awards from the Department of Housing and Urban Development will boost the quality of life for thousands of low-income American families by making their homes safer and more comfortable."

The Inflation Reduction Act also established HUD's Energy and Water Benchmarking Service, which is available now for properties receiving rental assistance from its Multifamily project-based programs. This service provides participating multifamily property owners with data on energy and water consumption at their properties to aid in identifying opportunities to improve efficiency. Property owners can also use the Energy and Water Benchmarking information to assess rehabilitation efforts that may be eligible for grant or loan funding under the GRRP or other sources of funding.

The 10 properties receiving Leading Edge awards represent a mix of property sizes. The majority are supported by HUD's Multifamily Section 8 project-based rental assistance program. Six of the properties have between 100 and 200 affordable rental homes, while two properties are smaller than 100 homes. One property, supported by HUD's Section 202 Supportive Housing for the Elderly program for low-income seniors, has 44 homes.

HUD recently partnered with the Environmental Protection Agency (EPA), and the Department of Health and Human Services (HHS) on two agreements to further their "whole of government" approach to strengthen these agencies' shared work in ensuring that children—especially those at substantial risk—are not exposed to human health risks from lead hazards. These two Memoranda of Understanding (MOUs) support commitments made in the Lead and Paint Action Plan, EPA's Strategic Plan, HUD's Strategic Plan, and HHS' Strategic Plan, which seek to reduce lead exposures locally with a focus on underserved communities and promote environmental justice through a whole of government approach.

GINNIE MAE'S NEW CYBERSECURITY RULES

Ginnie Mae has announced the implementation of new Cybersecurity Incident reporting requirements in All Participants Memorandum (APM) 24-02. These requirements are part of Ginnie Mae's continued commitment to the security and integrity of all operational systems and critical technology infrastructure related to the issuance and servicing of Ginnie Mae Mortgage-Backed Securities (MBS).

Through APM 24-02: Cybersecurity Incident Notification Requirement, issuers must notify Ginnie Mae of a cyber security incident within 48 hours of detection. A Cybersecurity Incident is defined as any unauthorized access to,

or use, disclosure, alteration, transfer, or destruction of, confidential information or non-public personal information (NPI) that may impact the Issuer's ability to meet its obligations under the terms of the Guaranty Agreement. Issuers who subservice for others are required to notify Ginnie Mae whether the incident occurred to their own portfolio and/or one or more subserviced portfolios.

Once the notification is received, representatives from Ginnie Mae will contact the designated point of contact to obtain additional information and establish the level of engagement needed depending on the scope and nature of the incident.

"These Cybersecurity Incident Reporting requirements are an important part of managing cyber risk that could impact our program," Ginnie Mae President Alanna McCargo said. "Prompt and clear communication is critical to managing cybersecurity events as they unfold. This new requirement is a crucial step in further enhancing our cybersecurity framework to meet current and future needs."

Ginnie Mae's new Cybersecurity Incident APM is part of its comprehensive approach to augmenting its cybersecurity protocols, with the intent of further refining its organization-wide information security, business continuity, and reporting requirements.

Ginnie Mae issuing APM 24-02 comes just weeks after loanDepot reported that it fell victim to a cyber-attack on January 8. In a release on the incident, loanDepot reported that an unauthorized third party gained access to the sensitive personal information of approximately 16.6 million individuals in its systems. The company has notified these individuals and offered credit monitoring and identity protection services at no cost to them.

"Unfortunately, we live in a world where these types of attacks are increasingly frequent and sophisticated, and our industry has not been spared. We sincerely regret any impact to our customers," loanDepot CEO Frank Martell said. "The entire loanDepot team has worked tirelessly throughout this incident to support our customers, our partners, and

each other. I am pleased by our progress in quickly bringing our systems back online and restoring normal business operations.”

The loanDepot incident was just the first in a string of cybersecurity and ransomware attacks to plague the mortgage finance industry.

In December, title insurance and settlement services provider First American Financial Corporation reported that the operations of several of its subsidiaries were disrupted by a cyberattack. First American went as far as taking email systems offline and warned customers to be aware of potentially malicious emails purporting to come from the company.

In November, Fidelity National Financial (FNF) had its systems knocked offline for nearly a week due to a ransomware attack that included a data breach. The ransomware operators stole data from the compromised systems to use as leverage against the victim. In a Form 8-K, FNF said it notified applicable state attorneys general and regulators, and approximately 1.3 million potentially impacted consumers by the attack.

And last October, Mr. Cooper Group experienced a cyber incident in which an unauthorized third party gained access to the company's systems. Upon detection, the company initiated response protocols, launched an investigation with the assistance of cybersecurity experts to determine the nature and scope of the incident, and contacted law enforcement. Mr. Cooper also decided to shut down systems to contain the incident and to protect customer information. Mr. Cooper identified that files containing personal information were obtained by an unauthorized party.

“We take our role as a mortgage company very seriously, and there is nothing more important to us than maintaining our customers' trust,” said Jay Bray, Chairman and CEO, Mr. Cooper Group of the incident. “I want you to know how sorry I am for any concern or frustration this may have caused. Making the homeownership journey as smooth as possible is our top priority, and we intend to make this right for our customers.”

HOUSE MARKS UP HOMEOWNER PROTECTION BILLS

The House Financial Services Committee announced several housing-related measures passed during the Committee's full markup meeting.

The bills include:

- » The “Wildfire Insurance Coverage Act,” led by House Financial Services Committee Ranking Member Rep. Maxine Waters, would require the Government Accountability Office (GAO) to conduct a study assessing the danger that wildfires increasingly pose to communities and how the market for homeowners' insurance is responding to this growing threat.
- » The “HUD Accountability Act” led by Mike Lawler would amend the Department of Housing and Urban Development Act to require the Secretary of HUD to testify before Congress on an annual basis. The bill would require HUD to amend policies and procedures applicable to HUD multifamily housing programs, including Section 8 project-based rental assistance (PBRA). The HUD Accountability Act would also require management and occupancy reviews conducted by the Office of Multifamily Housing Programs to include specified graded factors, including responsiveness to local code violations; and remediation of health, sanitation, and structural integrity issues.
- » The “HUD Transparency Act,” led by Rep. Monica De La Cruz, would require HUD's Inspector General to testify before Congress on an annual basis.

Introduced by Rep. Waters, HR 7462, the Wildfire Insurance Coverage Study Act of 2023 would require the GAO to conduct a study regarding insurance coverage for damages from wildfires, and for other purposes.

Combating Rising Housing Costs

Rep. Lawler's HUD Accountability Act was unanimously reported out of the House Financial Services Committee by a vote of 50 to 0.

“With families in New York and across our nation feeling the squeeze from skyrocketing housing costs amid a crippling affordability crisis, we have got to take this housing crisis seriously,” Rep. Lawler said. “That's why last week the Financial Services Committee held a field hearing in my district—the first congressional field hearing in Rockland County in years. It's also why I've introduced multiple bills to help reduce the cost of housing for families and heroes and to fix the workforce housing crunch. The American people and Congress need to hear from their Housing Secretary on these issues and that her department is taking them seriously. Unfortunately, before her most recent hearing with us, it had been 906 days since she last spoke to us. That's unacceptable. My legislation requiring annual testimony by the Secretary is common sense and that's reflected by the unanimous support it received in the Financial Services Committee yesterday.”

Commitment to Homebuyers Nationwide

Rep. De La Cruz introduced the bipartisan HUD Transparency Act to require accountability at HUD. The bill would require the HUD Inspector General to testify annually before Congress. Prior to June, the last time an official from the HUD Inspector General's office testified before the House of Representatives was in 2018.

“Given the magnitude of federal dollars sent to HUD, the housing affordability discussion cannot be had effectively without HUD's commitment to being good stewards of our tax dollars,” Rep. De La Cruz said. “To ensure that people in our communities who most need HUD assistance can get that assistance, it is imperative that we work to root out waste, fraud, and abuse where found. Oversight is the job of Congress, and this bill asserts that oversight.”



Continued Efforts to Assist the Housing Space

The Biden administration recently released details on how it will build more housing and lower housing costs nationwide through a series of initiatives by bolstering federal programs with a track record of producing affordable housing; boosting the supply and affordability of manufactured homes; and promoting a more fair and transparent rental market.

The Biden administration's latest actions seek to build upon the dozens of commitments in the White House Housing Supply Action Plan released last May, and the Blueprint for a Renters Bill of Rights, released last January. The administration recognized that additional actions were necessary to lower housing costs and has called on Congress to make the investments necessary to ensure access to quality and affordable housing for all Americans.

"Simply put, the supply of housing has not kept pace with increasing demand, making housing too expensive for far too many people. HUD is using every single tool we have to ensure the families we serve can access affordable homes," HUD Deputy Secretary Adrienne Todman said. "Today's announcement means that, together with our partners

at the Department of the Treasury, HUD will be able to continue providing the capital needed to build and preserve tens of thousands of rental units for the families who need our help."

HUD GRANTS NEARLY \$3M TO EXPAND HOUSING COUNSELING SERVICES ACCESS

The U.S. Department of Housing and Urban Development's (HUD) Office of Housing Counseling announced that it provided \$2.75 million in grants to seven nonprofit organizations to support training and education for existing and prospective HUD-certified housing counselors.

"Our nation's housing counselors are important to helping people of all backgrounds get the guidance and resources they need to buy and maintain a home," former HUD Secretary Marcia L. Fudge said. "HUD is proud to help support current and prospective housing counselors, so they have all the tools they need to

assist those in pursuit of the American Dream."

This comes after Fudge, the 18th Secretary of HUD announced her resignation as head of the Department, effective March 22, 2024.

As President-Elect, Joe Biden nominated Fudge as Secretary of HUD on December 10, 2020. The U.S. Senate Committee on Banking, Housing, and Urban Affairs advanced her nomination by a vote of 17-7 on February 4, 2021, and she was confirmed by the Senate as HUD Secretary on March 10, 2021, by a vote of 66-34. She was virtually sworn in by VP Kamala Harris on March 10, 2021, becoming the second African American woman to serve as HUD Secretary.

"Knowledgeable housing counselors are instrumental to helping households make informed choices about their financial options," said Julia Gordon, Assistant Secretary for Housing and Federal Housing Commissioner. "We are pleased to support these organizations that are so vital to ensuring that everyone has access to safe and affordable housing."

Nonprofit organizations receiving funding awards:

- » National Association of Real Estate Brokers-Investment Division, Inc,

- Oakland, CA (\$82,500)
 - » Rural Community Assistance Corporation, West Sacramento, CA (\$396,246.39)
 - » National Community Reinvestment Coalition, Inc. Washington, D.C., (\$578,416.92)
 - » Neighborhood Reinvestment Corp. DBA NeighborWorks America, Washington, D.C., (\$524,936.58)
 - » Unidos US, Washington, D.C., (\$420,930.75)
 - » Housing Action Illinois, Chicago (\$391,035.89)
 - » Neighborhood Stabilization Corporation, Boston (\$355,933.47)
- “Investing in professional development not only strengthens the housing counseling community; it enables them to provide the best assistance available to individuals and families that need support with their housing needs,” said David Berenbaum, Deputy Assistant Secretary for Housing Counseling.

FHA EXPANDS LOAN LIMITS FOR MANUFACTURED HOMES

The Federal Housing Administration (FHA) has announced new loan limits for its Title I Manufactured Home Loan Program. The increased amounts use new methodologies for calculating and updating the program’s limits, which were announced in a final rule published on February 29, 2024.

This increase in loan limits marks the first update to the Title I program loan limits since 2008 and supports the Biden administration’s efforts to increase the supply and use of manufactured homes as a source of affordable housing.

Keeping Pace With Today’s Marketplace

The increases issued by the FHA align with current market prices and are expected to encourage more lenders to offer the program to homebuyers seeking to purchase manufactured homes and the lots on which they sit.

“We are using every tool possible to make affordable housing available for all Americans,” former HUD Secretary Marcia L. Fudge said. “Today’s announcement is another positive step toward helping people to buy manufactured homes, an innovative solution to the affordable housing supply crisis.”

Effective for FHA case numbers assigned on or after March 29, 2024, the new nationwide Title I Manufactured Home Loan Program loan limits are as follows:

- » Combination Loan (Single section): \$148,909
- » Combination Loan (Multi-section): \$237,096
- » Manufactured Home Loan (Single section): \$105,532
- » Manufactured Home Loan (Multi-section): \$193,719
- » Manufactured Home Lot Loan: \$43,377

FHA will recalculate the program’s loan limits annually so that they keep pace with home price changes over time.

“Updating the Title I loan limits was the next critical piece in our ongoing efforts to make the Title I Manufactured Home Loan Program work for lenders and homebuyers for whom manufactured housing offers an affordable way to meet their housing needs,” Federal Housing Commissioner Julia R. Gordon said. “We hope these changes will prompt more lenders to consider using the Title I program to meet the financing needs of consumers purchasing or refinancing manufactured homes.”

Manufactured Homes to Boost Inventory

In late February, the Biden administration released details on how it plans to build more housing and lower housing costs nationwide through a series of initiatives, including:

- » Bolstering federal programs with a track record of producing affordable housing
- » The promotion of a more fair and transparent rental market
- » Boosting the supply and affordability of manufactured homes

More than 20 million Americans currently live in manufactured housing, which represents the largest form of unsubsidized affordable housing in the country.

In addition to the FHA’s actions to increase the loan limits for Title I Manufactured Housing, the Biden administration is taking steps to preserve manufactured home communities and simplify the purchase of manufactured homes, by:

- » Releasing a \$225 million funding opportunity to support manufactured housing communities: HUD has announced that the application for Preservation and Reinvestment Initiative for Community Enhancement (PRICE) grants is now open to support the preservation and revitalization of manufactured housing communities. These grants can be used for the replacement of dilapidated homes, assistance for repairs and accessibility modifications, mitigation and resilience upgrades, improvement of infrastructure, housing services including eviction prevention, and planning activities. This marks the first time the federal government has made grant funding available specifically for investments in manufactured housing communities, including resident-owned communities. A portion of funds are dedicated to supporting Tribes and tribal nonprofit organizations.
- » Preserving the affordability of manufactured housing communities via expanded financing options: Corporate investors are purchasing manufactured housing communities and driving up rent and driving out longtime residents. The FHA is publishing a draft Mortgagee Letter that, once finalized, will create a new program to preserve affordability for existing residents of manufactured housing communities. Under the new program, resident cooperatives and other mission-oriented borrowers will be permitted to use FHA 223 (f) multifamily loans to acquire or refinance communities.

“Manufactured homes are an important part of the nation’s lower-cost housing stock, yet many families, especially historically underserved communities, lack access to safe and affordable financing for these homes,” said Rachel Seigel,

“Denying housing to Veterans, families with young children, or people trying to get off the street just because they get help to pay their rent preserves the legacy of discrimination, especially during this affordable housing crisis.”

— Former HUD Secretary **Marcia L. Fudge**



Senior Officer with The Pew Charitable Trusts’ Housing Policy Initiative. “Today’s announcement is a major step towards improving access to financing for thousands of American families that are shut out of today’s housing market.”

HUD LAUNCHES WEBSITE TO COMBAT INCOME DISCRIMINATION

In a new U.S. Department of Housing and Urban Development (HUD) release, Richard J. Monocchio, Principal Deputy Assistant Secretary for Public and Indian Housing, announced the launch of HUD’s new website, which will clarify protections against Source of Income (SOI) discrimination for families receiving Housing Choice Vouchers. SOI discrimination occurs when landlords, owners, and real estate brokers refuse to rent to current or potential qualifying tenants receiving an HCV or other types of public assistance.

The Source of Income Protections website is a “one-stop shop” for HUD

stakeholders, summarizing existing materials to explain what SOI discrimination looks like, identifying states and local jurisdictions that prohibit it, and providing resources for people who believe they have faced this type of discrimination.

“Denying housing to Veterans, families with young children, or people trying to get off the street just because they get help to pay their rent preserves the legacy of discrimination, especially during this affordable housing crisis,” former HUD Secretary Marcia L. Fudge said. “Source of Income protections are important for families to thrive regardless of their economic status.”

HUD launches this resource in accordance with the principles outlined in the Biden-Harris administration’s Blueprint for a Renter’s Bill of Rights, and at a time when low-income families confront significant problems in locating safe, quality, and affordable housing. Using all its resources, HUD is committed to ensuring that families with Housing Choice Vouchers (HCVs) have access to their housing and neighborhoods.

“There is no reason that those with vouchers should face discriminatory barriers that hinder or halt their housing

search. This experience is still all too common for renters, despite having Source of Income protections in many states and jurisdictions. To address this issue, it is important to work with stakeholders to eliminate those practices,” Principal Deputy Assistant Secretary for Public and Indian Housing, Richard J. Monocchio said. “HUD’s new webpage provides useful information to everyone—tenants, landlords, housing authorities, and others—with the ultimate goal of improving tenants’ leasing success.”

According to the announcement, SOI discrimination can, and frequently does, involve additional policies or practices that limit a potential renter’s ability to get housing through vouchers. In states and jurisdictions with current SOI rights, refusing to accept vouchers and other public aid to pay rent, or imposing additional conditions, can be considered housing discrimination.

“There is growing evidence that state and local laws prohibiting Source of Income discrimination improve voucher utilization rates for public housing authorities and expand housing and neighborhood choices for voucher holders,” said Solomon Greene, Principal Deputy Assistant Secretary for HUD’s Office of Policy Development and Research. “As part of our role at HUD, we believe it is imperative to support evidence-based policies that advance HUD’s mission to create strong, sustainable, inclusive communities and quality affordable homes for all.”

Local and state organizations may enforce illegal SOI discrimination and conduct fair housing testing to root it out.

“Fair housing testing is an indispensable investigative tool to root out housing discrimination and FHEO encourages testing activities designed to identify discrimination that violates the Fair Housing Act,” said Demeteria McCain, Principal Deputy Assistant Secretary for the Office of Fair Housing and Equal Opportunity. “As I made clear in my February 2024 memo, Fair Housing Assistance Program (FHAP) recipients may use HUD funds to design source of income discrimination testing projects to detect discrimination that may violate the Fair Housing Act or state or local laws.”



movers are targeting less expensive and less competitive metros. Mortgage rates easing down has helped some, but the key to improving affordability long term is to build more homes.”

Since January 2020, the average monthly mortgage payment for a property in the United States has increased by about 96.4% to \$2,188—assuming a 10% down payment. In that time, home values have increased 42.4%, with the average U.S. home currently valued at \$343,000. For most households that could afford a down payment, the cost of a home remained accessible with mortgage rates close to 3.5% as of January 2020. Approximately 6.6% was the mortgage rate at the time of this analysis.

A household earning the median salary would need to save for a down payment of 10% on a typical U.S. home for around 8.5 years, which is approximately one year longer than in 2020.

With the escalating cost of a mortgage, the majority of Gen Z and millennial purchasers believe that “house hacking”—the option to rent out all or part of a property for additional income—is crucial. Another strategy to help with affordability is to co-buy; 21% of buyers from the previous year reported doing this. This can be done with a friend or relative.

The metro areas in Pittsburgh (\$58,232 income required to acquire a home), Memphis (\$69,976), Cleveland (\$70,810), New Orleans (\$74,048), and Birmingham, Alabama (\$74,338), are those where a buyer may comfortably afford a conventional home with the lowest income.

Pittsburgh, St. Louis, and Detroit are the only three large metro areas where a typical home is within the means of a household earning the median salary.

Among the major metro areas, there are seven markets where a household’s income is required to be at least \$200,000 to afford a typical home: San Jose (\$454,296), San Francisco (\$339,864), Los Angeles (\$279,250), and San Diego (\$273,613) are the top four cities in California.

The remaining spots on the list are Boston (\$205,253), Seattle (\$213,984), and the New York City metro area (\$213,615).

Market Trends

HOUSE HACKING' OFFERS BUYERS MORE PATHS TO HOMEOWNERSHIP

According to a new Zillow report, buyers today must earn more than \$106,000 to comfortably purchase a home.

That represents an 80% increase from January 2020, illustrating how the market has shifted in favor of prospective homeowners, who are increasingly “house hacking” or working with friends and relatives to become homeowners.

Key Findings:

- » Those shopping for homes today need to make more than \$106,000 a year to comfortably afford a home.
- » A mortgage payment on a typical U.S. home has nearly doubled since 2020.
- » Pittsburgh, Memphis, and Cleveland

are the most affordable markets. Households in California need to make the most money to afford a home.

A household with an annual salary of \$59,000 could afford a typical U.S. home’s monthly mortgage in 2020, provided it put down 10% of the total and spent no more than 30% of its income. This was less than the \$66,000 median income in the United States, indicating that over half of all American households could afford to become homeowners.

Today, the approximate \$106,500 required to comfortably afford a normal home is significantly more than the \$81,000 annual income that the average U.S. household makes.

“Housing costs have soared over the past four years as drastic hikes in home prices, mortgage rates, and rent growth far outpaced wage gains,” said Orphe Divounguy, a Senior Economist at Zillow. “Buyers are getting creative to make a purchase pencil out, and long-distance

PANDEMIC-ERA HOME PRICE GROWTH FUELS RISE IN PROPERTY TAXES

Annual property taxes are a direct, out-of-pocket expense that affects budgets for homeowners in the United States. Rising real estate taxes are hurting millions of homeowners as U.S. home prices continue to grow and hit all-time highs. This is according to a new CoreLogic report, which examined just how much property taxes have changed since the pandemic.

Specifically, the significant increases in home prices during the pandemic were followed by the 2023 property-tax assessment cycle. The U.S. home market experienced one of the greatest price increases in history between 2019 and 2022, rising by almost 40%.

Property taxes can differ by state and municipality and are determined by the assessed value of a home. However, as values increase over time, property taxes almost always rise.

Through an assessment cycle, local tax assessors reevaluate properties regularly. State rules and norms regulate assessment cycles, while local decisions are frequently made in accordance with statutory provisions. As a result, property taxes will rise more frequently and assessed values will more accurately represent the property's current market value in the shorter assessment cycles that local tax officials use. Evaluation cycles could last anywhere from one year to 10 years.

Homeowners who reside in states or tax jurisdictions where homes are subject to annual reassessments (or have recently been reassessed) as the 2023 assessment cycle draws to a close will probably notice a sharp increase in property taxes, especially in places where home prices increased significantly during the pandemic.

How Much Have Americans' Property Taxes Changed Since the Pandemic?

Whether or not there was a reassessment, the median property taxes in the United States for all properties reached \$2,826 in 2023, an increase of \$539 from 2019 and a 23.6% increase over that time, or 5.9% annually.

The typical property taxes for reassessed properties were \$2,943 in 2023, an increase of \$612, or 26.3%, from 2019—an average of 6.6% annually. As a result, homeowners whose homes were not reassessed paid \$315 less in median property taxes, totaling \$2,592. Additionally, there was a lower increase in non-reassessed properties between 2019 and 2023—402 or 18.4%, on average 5% annually.

Examining Annual Property Tax Rates and Costs by State

According to the analysis, property taxes differ vastly at the state level. In 2023, Mississippi (\$896), Arkansas (\$847), West Virginia (\$694), and Alabama (\$708) had the lowest median property taxes among the states. The states with the highest median property taxes were New Jersey (\$8,498), Connecticut (\$6,103), and New York (\$6,043).

California, Texas, Vermont, New Hampshire, Rhode Island, and Massachusetts have the next highest property taxes, with median yearly payments ranging from \$4,500 to \$6,000.

The main cause of varying property taxes is the disparity in property tax rates and home prices. State regulations that set annual limits on assessment value rises are also significant because they influence the annual rate of growth in property taxes, independent of the market rate of appreciation of home prices.

For example, reassessment hikes are capped in California at 2%, but homeowners in Texas are subject to a 10% annual cap. Even though both Texas and California have had some of the greatest increases in home prices in recent years, many homeowners in Texas have probably seen their property taxes rise considerably more quickly than those in California due to Texas's less stringent assessment cap.

Hawaii has property tax rates as low as 0.3%, while states like Illinois, Pennsylvania, New York, New Jersey, and Vermont have rates as high as 2% or higher. After a significant legislative tax decrease in 2023 that benefited homeowners with an average 18% drop in property taxes, Idaho has the second-lowest rate. Idaho's median annual property taxes in 2023 were \$1,718.

In conclusion, it's critical to remember that the figures above are state averages. Property taxes are set and administered by local governments, counties, and municipalities in the United States, therefore the location of your purchase will affect the actual rate and yearly expenses.

WHERE ARE AMERICANS LOOKING TO SETTLE?

New research from Storage.com has revealed which states people are most likely to lose out on their dream home to others getting there first, with Colorado being named the top state for those hoping to move.

Storage.com's research analyzed nationwide and regional Google searches for keywords related to real-estate sites such as Zillow and Trulia to identify which states' properties and rentals are most in demand. The searches were then compared against local populations to determine where reported the highest desire.

"Finding the right place to live can seem like the biggest challenge of the process at the time; however, it's only the first hurdle. While it's near impossible to remove all stress from a move, beginning packing as soon as things are in motion can seriously ease the headache," said Chuck Gordon, CEO of Storable, the parent company of Storage.com. "You'll be surprised how quickly time can creep on you, and suddenly you have most of your house to pack still. However, it can take weeks upon weeks before you receive a moving date—sometimes even months—and living amongst boxes can add to the

“If the trend spotted last year repeats itself, people are going to increase their research for their next potential home again next month. As interest surges, so will competition, so prospective renters and buyers may have to act fast if they want to secure a property.”

—Chuck Gordon, CEO, Storable



sense of chaos. If you can, use a storage unit to hold non-essential items.”

The added financial pressure caused by the current economic situation might put some off moving; but for others, it appears to be motivating them to take the plunge. In fact, 476,050,700 Google searches were made in the United States for real estate listings during 2023.

While the driving factor for this interest is unclear, it could reflect tenants’ desire for cheaper rent as landlords hike up fees or the urge to get onto the property ladder. Whatever the reason, those in Colorado hope to move home more than anywhere else. The state averaged 14,414 searches per 100,000 residents, which is 21% higher than the national average of 11,869 searches per 100,000 residents.

Florida is the second state where potential movers are up against the most competition, with 13,985 searches per 100,000 people—18% higher than the national average. In third is Arizona, which is still 16% higher at 13,782 searches per 100,000 people.

States People Are Looking to Avoid

Meanwhile, Alaska residents are the least likely to have to rush into a deal to

avoid losing it to other interested renters or buyers, with only 6,025 searches per 100,000 people, which is 49% lower than the national average.

Behind Alaska, the next state where people are least looking to move is Hawaii, as people search for real estate websites 46% less than the average person, with 6,438 searches per 100,000 people.

Closely following in third is Mississippi with 6,671 monthly searches—which is 44% below the national average.

Interestingly, U.S. searches for housing sites peaked in March last year at 44,698,660, which is 13% higher than the monthly average of 39,670,892 searches. This indicates this is the best time for sellers to list their property, as demand for new homes could rise again this year.

In 2023, Americans showed the least interest in moving throughout December, with searches dropping 20% below the average to 31,662,739 monthly searches.

“Now that we are a couple of months into the New Year, it’s likely those that were home hunting beforehand will return to it—and many others may start looking too if they set moving as a goal for 2024,” Gordon said. “If the trend spotted last year repeats itself, people are

going to increase their research for their next potential home again next month. As interest surges, so will competition, so prospective renters and buyers may have to act fast if they want to secure a property.”

YOY HOME PRICE GROWTH HITS HIGHEST PROJECTED RATE

In a new report, CoreLogic has announced the CoreLogic Home Price Index (HPI) and HPI Forecast for January 2024.

January was the highest annual rate of increase in home prices, but growth is predicted to slow down in the upcoming months and drop to 2.6% by early 2025. The nation’s long-standing housing affordability issue is being made worse by both rising mortgage rates and a lack of available inventory, which primarily impacts regions with historically lower earnings.

“U.S. annual home price growth strengthened to 5.8% in January 2024,”

said Dr. Selma Hepp, Chief Economist for CoreLogic. “And while the acceleration continues to reflect the residual impact of strong appreciation in early 2023, the annual rate of growth is expected to taper off in coming months.”

Key Findings of the CoreLogic HPI/HPI Forecast:

- » U.S. single-family home prices (including distressed sales) increased by 5.8% year over year in January 2024 compared with January 2023. On a month-over-month basis, home prices increased by 0.1% compared with December 2023.
- » In January, the annual appreciation of detached properties (6%) was 1.1 percentage points higher than that of attached properties (4.9%).
- » CoreLogic’s forecast shows annual U.S. home price gains relaxing to 2.6% in January 2025.
- » Miami posted the highest year-over-year home price increase of the country’s 10 highlighted metro areas in January, at 10.2%. San Diego saw the next-highest gain at 8.5%.
- » Among states, Rhode Island ranked first for annual appreciation in January (up by 13.2%), followed by New Jersey (up by 11.6%) and Connecticut (up by 11%). No states recorded year-over-year home price losses.

Many younger Americans are finding a way to become homeowners despite financial worries. Between 2020 and 2023, millennials are expected to make up more than half of all home purchase applications. The fact that baby boomers, who already have substantial savings, may pay for homes totally with cash adds to the difficulties faced by other buyers.

“Home prices further increased in late 2023 despite high mortgage rates, which surged to the highest level since the beginning of the millennium,” Hepp said. “But metro areas that have struggled with the impact of higher rates continue to see downward movement on home prices. Generally, pressures from higher mortgage rates tend to occur in markets where the higher cost of homeownership pushes against the affordability ceiling.”

In January 2024, the national average

price of homes—including distressed sales—rose 5.8% year over year from January 2023. In January 2024, house prices fell by -0.1% from December 2023 on a month-over-month basis.

The CoreLogic HPI Forecast indicates that home prices will remain unchanged from January 2024 to February 2024 and increase by 2.6% on a year-over-year basis from January 2024 to January 2025.

The next CoreLogic HPI press release, featuring February 2024 data, is scheduled to be issued on April 2, 2024.

BUYER PREFERENCES SHIFT TOWARD SMALLER, MORE PERSONALIZED HOMES

The average size of a new home is still decreasing, falling from 2,479 square feet in 2022 to 2,411 square feet in 2023, according to a new report from the National Association of Home Builders (NAHB). This represents the smallest average size in 13 years after a slight rise in new home sizes in 2021.

This trend is in line with homebuyer preferences for less square footage. According to the latest What Home Buyers Really Want report by NAHB, buyers are looking for homes that are typically 2,070 square feet, as opposed to 2,260 square feet two decades ago.

“It’s related to two factors that are linked,” said Rose Quint, Assistant VP of Survey Research for NAHB. “First, we’ve seen changes in home buyer preferences. Second, housing affordability has worsened in recent years.”

In response to this trend, builders are building smaller homes. Some 38% reported they did so in 2023 to boost home sales, and 26% said they intend to do so in 2024. Additionally, they are attempting to close the affordability gap in housing by lowering the cost of homes, offering incentives for sales, and introducing more reasonably priced finishes.

While existing home prices con-

tinued to rise to \$394,600, a percentage point increase over the previous year, the median price of new homes fell to \$427,400 in 2023, down 7 percentage points from 2022 and a dip not seen since 2009. Homebuyers are not only shifting their preferences on size; they’re shifting their overall design preferences as well, placing higher value on personalization and authenticity.

Home features that remain at the top of buyers’ wish lists include four outdoor features, kitchen features, and features related to energy efficiency.

Home Features on Buyers’ Wish Lists:

- » Laundry room
- » Patio
- » Energy Star window
- » Exterior lighting
- » Ceiling fan
- » Garage storage
- » Front porch
- » Hardwood flooring
- » Full bath on the main level
- » Energy Star appliances
- » Walk-in pantry
- » Landscaping
- » Table space in the kitchen

Security cameras, wired home security systems, programmable thermostats, video doorbells, multizone HVAC systems, and energy management systems are also among the technological elements that are growing in popularity.

Home Features Growing in Popularity Over the Past Decade Include:

- » Quartz or engineered stone for kitchen countertops
- » Lighting control systems
- » Outdoor fireplaces
- » Outdoor kitchens
- » Built-in kitchen seating
- » Exposed beams

“Our homeowners are looking to personalize their homes,” said Donald Ruthroff, AIA, Founding Principal at Design Story Spaces. “They want to it feel like it was made just for them and be significantly different than their neighbors’ homes.”

This can be seen in the house’s

design and the additions that homebuyers decide to make, such as building an island that resembles furniture, better cabinetry, or more costly flooring.

HALF OF ALL MORTGAGES ARE GOING TO MILLENNIALS

Though millennial homeownership confidence may be low, as many believe they are doomed to live in their parents' basements—or be forever renters—new data from LendingTree shows that in 2023, half of the year's mortgage offers on their platform went to millennials.

The millennial generation (now aged 24-42) snapped up 53.85% of all mortgages including some for homes in the most expensive areas of the country, like San Jose, California.

Key Findings:

- » Across the nation's 50 largest metros, 53.85% of mortgage offers in 2023 went to millennials. Millennials received more than 50% of all mortgages offered in 35 of the nation's 50 largest metros.
- » Millennials made up the largest share of potential homebuyers in San Jose; San Francisco; and Boston. In San Jose, some 64.75% of mortgages in 2023 were offered to millennials. That's up slightly from 63.57% in 2022. In San Francisco and Boston, the 2023 figures were 62.77% and 61.46%, respectively. These figures increased from 59.18% and 60.59% in 2022.
- » Millennials in Las Vegas, Phoenix, and Tampa, Florida, made up the smallest share of potential buyers—though still substantial. In Las Vegas, 40.76% of mortgage offers in 2023 went to millennials. In Phoenix and Tampa, those figures were 44.31% and 45.16%, respectively. These figures were lower than in 2022, when they were 41.92%, 46.11% and 48.71%.
- » Millennials in expensive California

metros San Jose, San Francisco, and Los Angeles planned to put the largest down payments toward their homes. The average down payments among potential millennial homebuyers across these three metros in 2023 were \$170,591, \$159,392 and \$111,068, respectively. For comparison, down payments among potential homebuyers were the smallest in Virginia Beach, Virginia; San Antonio; and Oklahoma City, averaging \$36,123, \$38,413, and \$38,481.

- » Like down payments, offered loan amounts were largest in San Jose, San Francisco, and Los Angeles. Loan amounts in these three metros in 2023 were \$785,391, \$731,062, and \$627,322, respectively. Conversely, at \$242,220, \$268,484, and \$268,900, average loan amounts offered in Buffalo, New York; Cleveland; and Louisville, Kentucky, were the smallest among the nation's 50 largest metros.

So why are millennials depressed but taking half of all mortgages? It mainly has to do with the fact that they are now in their prime homebuying years; this means they have a greater financial ability to become homeowners and are incentivized by reasons like needing to provide for their loved ones in a way they may not have been when more of them were in their 20s.

Of course, this doesn't mean members of older generations aren't buying. They are. This is especially true in today's high-rate, low-demand lending environment where a relatively large share of buyers pay for their homes entirely in cash. Despite this, millennials remain an active force in the housing market and their influence will likely continue to grow as rates fall and all-cash purchases become less common.

Simply, though millennials are certainly not as wealthy as older generations, they're at a place where buying often makes the most sense. As millennials age, younger generations will almost certainly supplant them as the largest share of homebuyers on the market—even if those younger generations might also have to deal with increased financial hardships related to buying.

CONSUMER OPTIMISM GROWS AROUND HOME-SELLING CONDITIONS

Fannie Mae's latest Home Purchase Sentiment Index (HPSI) increased 2.1 points in February to 72.8, inching higher for the third consecutive month, due primarily to increased optimism around home-selling conditions.

In February, Fannie Mae reported that 65% of consumers said it's a "Good Time to Sell a Home," up just 5% from 60% last month. The share of those who believe it's a "Good Time to Buy a Home" ticked up slightly this month but remains at just 19%.

Additionally, some consumers believe mortgage rates will drop over the next year, although on the net, that component fell slightly this month. Overall, the full index is up 14.8 points year over year.

Q1 Closing With a Dip in Rates

According to Freddie Mac, the 30-year fixed-rate mortgage (FRM) has risen to hover near the 7% mark, averaging 6.88% as of March 7, 2024, down from the previous week when it averaged 6.94%. This marked the first drop in rates after four consecutive weeks of rates on the rise. At this time a year ago, the 30-year FRM averaged 6.73%.

"The HPSI increased for the third straight month, continuing its slow but steady rise from the low-level plateau observed through much of 2023, and consumer sentiment toward housing now rests firmly above where it was this time last year," said Douglas G. Duncan, Fannie Mae SVP and Chief Economist. "Consumer attitudes toward home-selling conditions increased markedly in February, with current homeowners, in particular, expressing greater optimism that it's a 'Good Time to Sell,' a development that may foreshadow an upcoming increase in existing home listings. Additionally, despite the recent uptick in rates, consumers remain relatively optimistic that mortgage



rates will decrease over the next 12 months. If their expectations come true and rates move closer to the 6% mark by the end of 2024, as we currently expect, then it's likely that consumer sentiment on both sides of the transaction will improve, perhaps leading to a further thawing of the housing market. A decline in mortgage rates—and the resulting uptick in sentiment—would bode well for the upcoming spring home-buying season, although affordability will likely remain a significant challenge for buyers, at least until there's a meaningful addition to net supply.”

The slight dip in rates and the arrival of spring may have combined to boost overall mortgage application volume over the previous week, as the Mortgage Bankers Association (MBA) reported that mortgage applications increased by 9.7%, according to data from the MBA's Weekly Mortgage Applications Survey for the week ending March 1, 2024.

“A small decline in mortgage rates last week led to a nearly 10% jump in mortgage applications, with refinance and purchase activity both posting solid gains,” MBA President and CEO Bob

Broeksmit said. “Housing inventory remains tight and home prices are elevated, but first-time buyer interest is strong this spring. FHA purchase applications jumped 16%.”

Home Purchase Sentiment Index—Component Highlights

Fannie Mae's HPSI rose in February by 2.1 points to 72.8. The HPSI is up 14.8 points compared to the same time last year. Specifically, the HPSI found:

- » Good/Bad Time to Buy: The percentage of respondents who say it is a “Good Time to Buy” a home increased from 17% to 19%, while the percentage who say it is a “Bad Time to Buy” decreased from 83% to 81%. As a result, the net share of those who say it is a “Good Time to Buy” increased four percentage points month over month.
- » Good/Bad Time to Sell: The percentage of respondents who say it is a “Good Time to Sell” a home increased from 60% to 65%, while the percentage who say it's a “Bad Time to Sell”

- decreased from 40% to 35%. As a result, the net share of those who say it is a “Good Time to Sell” increased 11 percentage points month over month.
- » Home Price Expectations: The percentage of respondents who say “Home Prices Will Go Up” in the next 12 months increased from 37% to 42%, while the percentage who say “Home Prices Will Go Down” increased from 22% to 23%. The share who think “Home Prices Will Stay the Same” decreased from 40% to 34%. As a result, the net share of those who say “Home Prices Will Go Up” in the next 12 months increased four percentage points month over month.
- » Mortgage Rate Expectations: The percentage of respondents who say “Mortgage Rates Will Go Down” in the next 12 months decreased from 36% to 35%, while the percentage who “Expect Mortgage Rates to Go Up” increased from 28% to 32%. The share who think “Mortgage Rates Will Stay the Same” decreased from 35% to 32%. As a result, the net share of those who say “Mortgage Rates Will Go Down” over the next 12 months decreased five percentage points month over month.
- » Job Loss Concern: The percentage of respondents who say they are “Not Concerned About Losing Their Job” in the next 12 months decreased from 82% to 78%, while the percentage who say they are “Concerned About Losing Their Job” increased from 18% to 22%. As a result, the net share of those who say they are “Not Concerned About Losing Their Job” decreased eight percentage points month over month.
- » Household Income: The percentage of respondents who say their household income is “Significantly Higher” than it was 12 months ago increased from 17% to 19%, while the percentage who say their household income is “Significantly Lower” decreased from 13% to 11%. The percentage who say their household income is “About the Same” increased from 69% to 70%. As a result, the net share of those who say their household income is “Significantly Higher” than it was 12 months ago increased five percentage points month over month.

FINAL THOUGHTS

In this month's Final Thoughts, experts offer their insight on nationwide and regional market trends, the state of home prices, their projected growth, housing supply, and how homebuyers feel about the market and their chances of attaining homeownership in 2024.

“leading the charge”

Danielle Hale, Chief Economist of Realtor.com, reveals that Southern regions are leading in the number of active homes for sale, with the first couple of months of 2024 proving to be “positive for inventory levels.”

★★★★★

“price growth strengthened”

Dr. Selma Hepp, Chief Economist for CoreLogic, detailed that home prices improved in early 2024, as January experienced the highest annual rate of increase, but that growth is predicted to slow in the coming months.

★★★★★

“slow but steady”

Doug Duncan, Fannie Mae SVP and Chief Economist, discusses how Fannie Mae's latest Home Purchase Sentiment Index has increased, continuing its modest but steady upward trend from the low-level plateau experienced during much of 2023, and how consumer sentiment toward housing is now above where it was this time last year.

★★★★★

“more or less vulnerable”

Rob Barber, CEO at ATTOM, unveiled that “fault lines” in the foundation of the U.S. housing market are appearing in different regions throughout the country, with some areas remaining more or less at-risk than other, less clustered areas.

★★★★★

“major obstacles for homebuyers”

Chen Zhao, Economic Research Lead at Redfin, explains how low inventory and high housing costs have remained persistent obstacles for homebuyers in today's market, but as more supply enters the market, those challenges may moderate.



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