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MortgagePoint

Magazine

DECEMBER 2024

PRESERVING *the* AMERICAN DREAM



Industry experts from Five Star's **PROPERTY PRESERVATION EXECUTIVE FORUM** discuss the trends and challenges facing the field services sector as we head into the new year.

ALSO
IN THIS
ISSUE

EXPERT INSIGHTS
**ASSESSING TODAY'S
LANDSCAPE**

Derrick Barker, Co-Founder & CEO of Nectar, discusses his beginnings in the mortgage market

**CONTRIBUTED SPOTLIGHT:
LEGAL LEAGUE**

**IN PENNSYLVANIA,
IS THERE A RIGHT TO
JURY TRIAL IN IN REM
FORECLOSURE ACTIONS?**

**THE NATIONAL PROPERTY
PRESERVATION CONFERENCE
CELEBRATES TWO DECADES
OF INDUSTRY ACTION**

**REIMAGINING
CREDIT AND
VERIFICATION
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MortgagePoint Magazine



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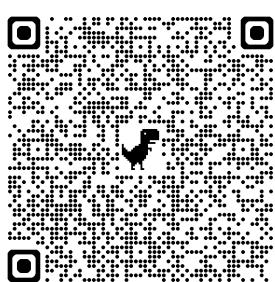
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PRESERVING THE AMERICAN DREAM

We have a longstanding tradition of dedicating one issue a year to the topic of property preservation here—first at our predecessor publication *DS News* and now continuing in *MortgagePoint*. Property preservation serves a critical function within both the industry and the larger housing ecosystem, helping to maintain property values, prevent urban blight, and restore and return homes to the marketplace.

For our final cover story of the year, *MortgagePoint* spoke with leaders from Five Star's Property Preservation Executive Forum, a collective of industry veterans tasked with navigating these complex waters. In exclusive interviews, subject-matter experts representing several PPEF member companies share insights into the trends reshaping the field, from the growing role of technology in field services to the mounting labor and cost pressures that threaten profitability.

Continuing the theme, we are also excited to bring you our coverage of the 2024 National Property Preservation Conference in Washington, D.C., hosted by Safeguard. *MortgagePoint* was onsite and we've got coverage of the events' panels, keynotes, and networking events beginning on page 46.

In the rest of the issue, we've got features on how "AI Is Rewriting the Rules of Fixed-Income Investing" from Cade Thompson, Co-President and Chief Growth Officer of Rocktop Technologies; and on "Reimagining Credit and Verification Workflows" from Greg Holmes, Chief Revenue Officer at Xactus.

Also be sure to check out our Legal League spotlight contributed article, "In Pennsylvania, Is There a Right to Jury Trial in *In Rem* Foreclosure Actions?" penned by Thomas C. Dyer, Associate Attorney at the Pennsylvania office of Hladik, Onorato & Federman, LLP.

Welcome to the December 2024 edition of *MortgagePoint*. We'll see you in 2025!



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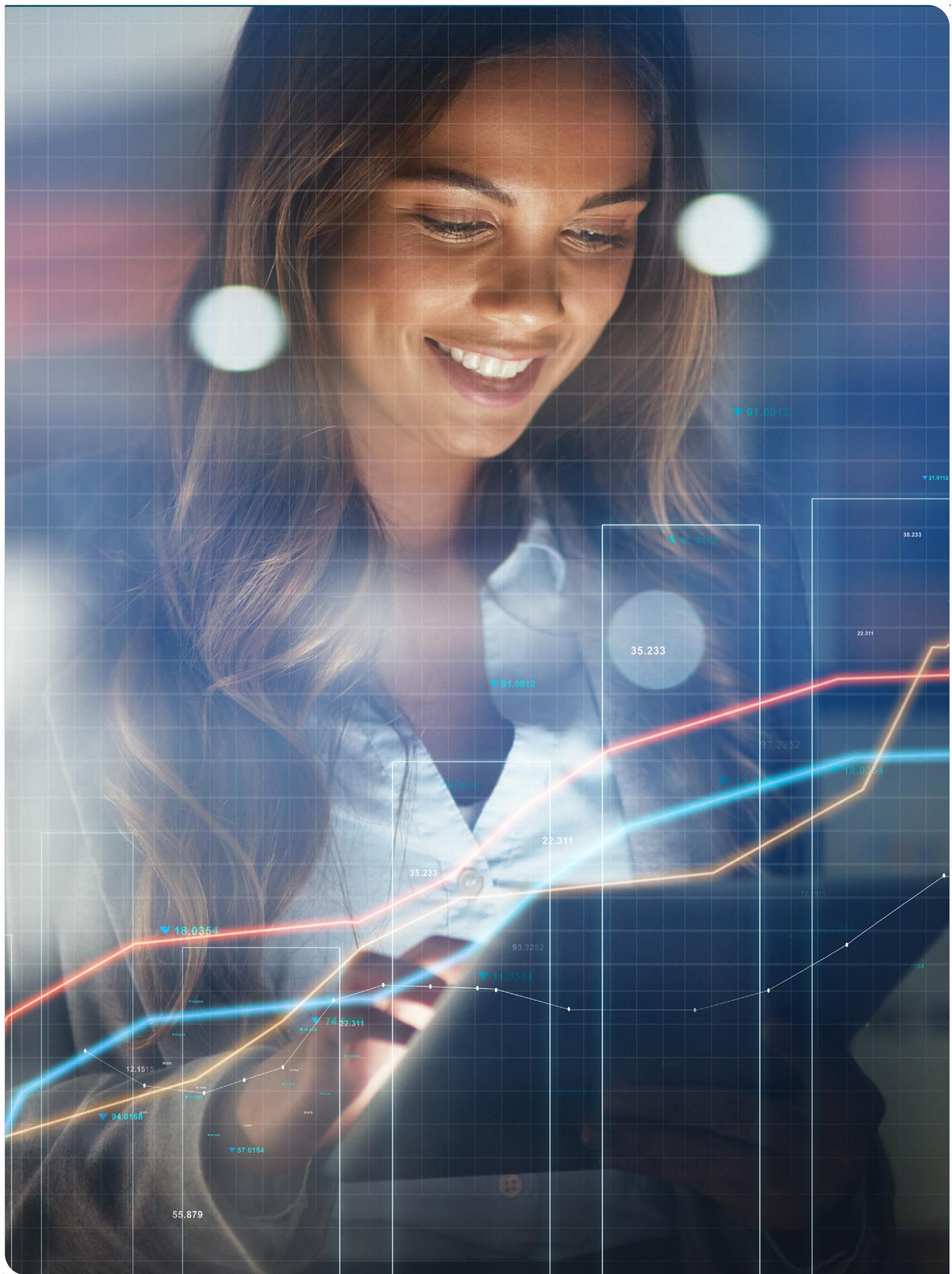
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» GOOD NEWS FOR RENTERS SEEKING AFFORDABLE RENTALS



A&D MORTGAGE UNVEILS FREE CRM TOOL FOR MORTGAGE BROKERS

A&D Mortgage has announced the launch of LEADER, its proprietary free CRM tool designed for its Approved Partners. The new platform is designed to transform how mortgage professionals manage client relationships and streamline operations to help them grow their pipelines.

A&D Mortgage has always been committed to providing mortgage brokers with the tools they need to excel in their profession. With the launch of this free CRM tool, A&D Mortgage aims to empower mortgage brokers to reach new levels of efficiency and success in their business endeavors.

Key features of LEADER include:

- Client Management:** Easily organize and access client information, communication history, and loan details in one centralized location.
- Task and Calendar Management:** Stay on top of appointments, follow-ups, and important deadlines with integrated task and calendar management.
- Lead Generation:** Capture and manage leads to expand your client base and grow your business.
- Automated Communications:** Send automated emails, reminders, and updates to clients, keeping them informed throughout the loan process.
- Single Sign-On (SSO):** LEADER offers Single Sign-On (SSO) functionality, allowing mortgage brokers to seamlessly access both the CRM and other critical platforms like AIM (Broker Portal) and ADVantage Loyalty Program.

- User-Friendly Interface:** Enjoy an intuitive and user-friendly interface designed with the needs of mortgage brokers in mind.
- Customization:** Tailor the CRM to suit your unique business needs with customizable fields and workflows.
- Secure and Compliant:** Rest easy knowing your data is stored securely and the CRM tool complies with industry regulations.

"At A&D Mortgage, we understand the challenges that mortgage brokers face in their day-to-day operations," said Max Slyusarchuk, Founder and CEO at A&D Mortgage. "LEADER is a testament to our commitment to supporting the success of mortgage professionals. We believe this tool will significantly enhance efficiency, client satisfaction, and ultimately, broker success."

R3 AND RADIAN TO MODERNIZE TITLE TRANSFER & INSURANCE PROCESS

R3 and Radian have collaborated to modernize and improve the title insurance, closing, and settlement services process. Titlegenius, provided by Radian Settlement Services Inc., utilizes R3's Corda platform to help the real estate market by providing a simple, transparent, and secure way to order title and closing services online.

Titlegenius by Radian is a workflow management tool and system of record that provides real-time status updates to buyers and their agents. By leveraging R3's Corda for secure document storage and data transfer, Titlegenius helps simplify and speed the execution of property title transfers, increasing

visibility of the transaction life cycle using cutting-edge blockchain technology. Customers can save an average of 25% on closing costs compared to other providers.

Corda is R3's open, permissioned technology platform, powering the tokenization of assets and currencies. The Corda platform delivers token issuance, collateral mobility, and settlement across markets, with the largest number of in-production solutions. Importantly, Corda transfers information and assets in a controlled environment to support privacy, security, sovereignty, and compliance. Corda helps speed and simplify the title insurance, closing, and settlement services process by putting the entire transaction management on the blockchain, providing a secure, transparent record of ownership and transfer, accessible via Titlegenius's secure portal.

Kate Karimson, Chief Commercial Officer at R3 said, "We are excited to announce this collaboration with Radian. Titlegenius illustrates the advantages of moving title data onto an open, permissioned ledger. This integration on Corda brings better transparency, data control, and smart contract execution, offering time and cost savings to Radian customers. With the most live, in-production use cases of any DLT platform, Corda's peer-to-peer structure continues to lead in privacy, security, and scalability for regulated markets."

Steven Stipetich, Radian's SVP of Title, said, "The title transfer process is notoriously slow and complex, and we are excited to collaborate with R3 to make this process simpler and more efficient for our clients. There are many valuable use cases for DLT in the property space like bulk refinancing—already supported by the Titlegenius platform. We look forward to continued collaboration with R3 in our mission to transform residential real estate transactions through cutting-edge technology."

ANNIEMAC HOME MORTGAGE EXPANDS CASH2KEYS PLATFORM TO PERMIT FHA LOANS

AnnieMac Home Mortgage has announced the expansion of its Cash2Keys Cash Offer platform to include FHA loan eligibility, broadening access to competitive cash offers for a larger number of buyers. This expansion enables more clients, including first-time buyers and those who may not qualify for conventional loans, to benefit from the power of a cash offer.

AnnieMac Cash2Keys' home buying and selling platform is a unique cash offer solution that empowers buyers to compete on an equal footing with traditional cash buyers in today's competitive housing market. By leveraging AnnieMac Cash2Keys capital, buyers can present a strong cash offer upfront, significantly increasing their chances

of success in securing a home. Because Cash Offer can now be paired with FHA financing, the Cash2Keys platform supports a wider range of buyers in achieving their homeownership goals.

"At AnnieMac, we understand that VA and FHA borrowers are often sidelined in a market that favors cash and conventional buyers," said Joseph Panebianco, CEO of AnnieMac Home Mortgage. "Our Cash2Keys platform is here to change that, giving first-time homebuyers, Veterans, and underserved borrowers a genuine opportunity to compete. That is why VA financing has been eligible and now FHA financing is eligible as a way to level the playing field, empowering our borrowers to make strong, competitive offers."

The Cash2Keys platform stands apart from other cash-offer solutions with three main advantages:

- **Use Our Cash to Show Sellers Your Offer is Superior:** Buyers can make a cash offer and remove their mortgage contingency without having their own cash. If the buyer cannot close due to a financial reason,

AnnieMac Cash2Keys purchases the home and resells it to the buyer for the same price.

- **Seamless Financing Transition:** At closing, the cash purchase smoothly transitions into a mortgage, without disrupting the buyer's financing plans or monthly budget.
- **Comprehensive Buyer Support:** Each Cash2Keys client has a dedicated AnnieMac Cash2Keys Home Purchase Coordinator to guide them and their real estate agent through the transaction ensuring a smooth experience from Cash Offer approval to closing.

This FHA expansion reflects AnnieMac's dedication to making homeownership accessible to a broader audience, providing clients valuable opportunities in an increasingly complex real estate market.

OPTIFINOW AND LOAN ORIGINATOR NETWORKS RELEASE INTEGRATION

OptiFiNow and Loan Originator Networks, LLC (LON) revealed a new integration that aims to revolutionize how wholesale account executives support brokers by streamlining loan scenario requests and pricing. This integration enables account executives to run complex loan scenarios using a range of pricing engines, enhancing the speed and accuracy of loan eligibility and pricing for brokers.

OptiFiNow's Loan Scenario Tracking Module and LON Pricer Integration

The integration combines OptiFiNow's Loan Scenario Tracking module with the LON Pricer tool, creating a seamless workflow for account executives to manage broker loan scenarios. By allowing account executives to input loan details and track scenario outcomes, the integration enables instant

“At AnnieMac, we understand that VA and FHA borrowers are often sidelined in a market that favors cash and conventional buyers”

—Joseph Panebianco, CEO, AnnieMac Home Mortgage

quoting and transparent visibility into broker loan preferences.

The LON Pricer tool, compatible with an array of popular loan products and pricing engines (PPE) like Optimal Blue, Polly, and MeridianLink Mortgage PriceMyLoan, offers wholesale lenders a flexible, unified approach to pricing. This collaboration empowers lenders to maintain continuity and control across their preferred pricing engines, without needing to juggle multiple systems.

Integration Increases Loan Submission Volume

Wholesale account executives track Loan Scenarios within the OptifiNow CRM when engaging with brokers and enter scenario details. The integration of LON Pricer enables account executives to generate instant results and immediately email product and price details to brokers. All loan scenario details are saved in the broker's CRM record, providing wholesale lenders with unique insights into loan preferences and trends. Wholesale lenders using the OptifiNow Loan Scenario Tracking Module report that for every three OptifiNow loan scenarios sent to brokers, one loan is submitted, illustrating the direct impact on submission volume and sales efficiency.

The OptifiNow-LON integration represents a significant advancement in helping Agency and non-QM wholesale lenders overcome the limitations posed by fragmented technology solutions. Wholesale lenders often face the challenge of having to support multiple PPE systems, making loan product management cumbersome. This integration provides the flexibility to use a lender's preferred PPE, simplifying loan product management and ensuring pricing accuracy across the organization.

"We believe that wholesale lenders deserve better technology at a lower cost," said John McGee, CEO and President of OptifiNow. "By combining our strengths, OptifiNow and LON demonstrate our commitment to helping wholesale lenders of any size to compete for their share of the third-party origination market."

“In between buying and selling a home comes homeownership, a phase that is quite decoupled from real estate and mortgage industry transactions.”

—Naren Nath, CEO, Finaya

FINAYA UNVEILS NATIONWIDE HOMEOWNERSHIP PLATFORM

Finaya has launched its all-new Homeownership platform, an all-inclusive resource that guides customers through the homeownership journey between buying and selling their homes. These tools and services are designed to support them at every stage of this journey. Finaya has also announced the nationwide rollout of its end-to-end Homeownership marketplace, encompassing real estate, mortgage, title, insurance, and other home-related services.

Consistent with Finaya's mission to empower and enable consumers at every stage of the homeownership life cycle, the Finaya Homeownership platform is a one-stop destination for everything homeowners need to manage, optimize, and thrive in their homes. From providing rich and current information about home values and property conditions to finding helpful repair and remodeling providers, to shopping for and securing the right insurance, the

platform simplifies the process, making it more accessible, convenient, and efficient.

By persisting property and customer data through the homeownership life cycle, the Homeownership platform also makes it easier to complete follow-on transactions such as refinancing or selling a home in a much more frictionless manner.

"In between buying and selling a home comes homeownership, a phase that is quite decoupled from real estate and mortgage industry transactions," said Naren Nath, CEO of Finaya. "Our platform is designed to bridge this gap and provide users with the tools and support they need to navigate every aspect of homeownership, while substantially reducing friction for refinancing, home equity, insurance, remodeling, repair, and other home-related service providers."

Key Features of the Finaya Homeownership Platform:

- **Buying Your Home:** Begin your search with a clear understanding of your home and financing needs. Utilize Finaya's nationwide online real estate listings, apps, and other resources to find homes that match

your criteria. Consider the community, schools, local amenities, and other factors that are important to you.

- **Home and Neighborhood Insights:** Gain insights and guidance on current home values, home details, and neighborhood details including schools and safety conditions. This section offers a wealth of resources to help you navigate the complexities of owning and managing a home.
- **Property Condition and Maintenance needs:** The platform provides in-depth maintenance details and conditions, including a property condition score called PICO, tailored for each home at each season or time of the year. Here, homeowners can find a wealth of information such as conditions of roof or heater systems and be automatically connected with qualified repair or remodeling service providers.
- **Selling Your Property:** Ready to move on to the next chapter? Finaya's Homeownership platform provides all home-related information to its comprehensive listing services and expert support to help you sell your property with confidence and ease.
- **Refinancing Your Mortgage:** Finaya's Homeownership platform simplifies the mortgage process by auto-filling home and homeowner details and offering a range of options tailored to your unique financial situation. The platform connects users with the right mortgage, the right refinancing, or the right home equity loan to make homeownership more accessible and affordable.
- **Protecting Your Home:** Choose from personalized homeowners' insurance or home warranty plans to safeguard your home. Through Finaya's network of premier partners, consumers can ensure investments are well-protected, giving more users peace of mind.

Finaya's expansion into homeown-

ership underscores the industry's commitment to providing comprehensive financial solutions tailored to the needs of consumers. By simplifying complex processes and offering best-in-class services, Finaya empowers individuals to turn their optimal homeownership dreams into reality.

CLEAR CAPITAL ANNOUNCES PROPERTY ANALYTICS API SOLUTION TO STREAMLINE PROPERTY INSIGHTS

Clear Capital, the national real estate valuation technology company, announced the launch of its Property Analytics API, providing a streamlined, data-driven solution to support home equity lenders and alternative finance companies. The API empowers lenders with comprehensive property valuations and insights that persist consistently from prequalification through closing, helping to avoid valuation discrepancies that commonly disrupt the loan process.

Property Analytics API allows users to create a customized valuation report by starting with a value from Clear Capital's industry-leading ClearAVM in prequalification and adding comparables or other property data once a file gets to underwriting—up to 90 days later.

"For lenders, AVM values used in loan prequalification often change in underwriting, leading to frustration and loan fallout when borrowers face modified terms or opt out altogether," said Erica Vigen, Senior Product Manager of Real Estate Analytics at Clear Capital. "This is one of the biggest pain points in home equity lending, and Clear Capital's Property Analytics API addresses this issue by enabling lenders to maintain the same valuation across the entire loan lifecycle. By enabling a seamless and consistent valuation, we're

helping lenders deliver a smoother, more reliable loan experience."

With Property Analytics API, lenders no longer need to order multiple analytics products to meet Investor Guidelines for underwriting. Lenders can create a single valuation report with the exact property insights and data needed, rightsizing the speed of delivery and the price paid.

Clear Capital's new Rental AVM is also accessible via Property Analytics API and offers reliable, automated monthly market rent estimates for individual addresses using the same high-quality data and modeling engine as ClearAVM. An automated evaluation of rent can increase the speed and reliability of decisions for property valuation, and it helps property managers and institutional investors properly make price listings and assess future cash flows. Additionally, users can access Interactive ClearAVM, which allows users to include a property's condition and characteristics as input to further refine the valuation for enhanced confidence.

In addition to launching Property Analytics API and Rental AVM, Clear Capital has also enhanced its Property Valuation API, a comprehensive solution designed to streamline property valuation by providing easy access to the company's full suite of valuation tools. Recent updates include the addition of AURA, the company's appraisal underwriting risk analyzer, which strengthens valuation accuracy by assessing potential risks within appraisals. The Property Valuation API integrates seamlessly with loan origination and order management systems, helping lenders increase efficiency and transparency while simplifying the valuation management process.

This announcement follows the recent launch of the Clear Capital Product Portal, a self-service platform that removes friction from the valuation process by allowing customers to order Clear Capital products quickly and easily, decreasing the time it takes for users to receive a reliable valuation and provide analytics products that aid in the decision-making process.

THE 2025 FIVE STAR EVENTS

MARK YOUR CALENDARS!



VELOCITY A FORCE CONFERENCE

Velocity: A FORCE Conference

February 24-25, 2025
The Worthington Renaissance
Fort Worth, TX

Velocity is an evolved, super-powered version of all that was great at REO Connect last year. The event is designed to serve professionals who work in the REO and adjacent markets—agents and brokers, asset managers, property management, attorneys, and servicers. It's named Velocity because it's powered through the expertise of FORCE members who have been in this market for years and thrived through these last few years. At this conference, FORCE leadership will gather the content and experts to teach others what it takes to build a business foundation that has *momentum and power*.



LEGAL LEAGUE SPRING 2025 SERVICER SUMMIT

Legal League Spring Servicer Summit

March 25-26, 2025
Hotel Crescent Court
Dallas, TX

Open to all Legal League 100 members, associate members, mortgage servicing professionals, and government representatives, the semi-annual Servicer Summits are the setting for the nation's elite financial services law firms to discuss default policies, procedures, and emerging issues with leading mortgage servicing executives. While the Fall Summit takes place in conjunction with the Five Star Conference, the Spring Summit is a standalone event. Join us for a day of education, networking, and engaging discussions about the pressing issues that impact financial services law firms.



GOVERNMENT Forum

Five Star Government Forum

April 16, 2025
The National Press Club
Washington, D.C.

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



FSC25 THE 2025 FIVE STAR CONFERENCE & EXPO

Five Star Conference & Expo

September 29-October 1, 2025
Omni Dallas Hotel
Dallas, TX

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

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VANTAGESCORE LAUNCHES MORTGAGE CENTER FOR MORTGAGE LENDERS

VantageScore has unveiled a new Mortgage Resource Center to enable lenders transitioning to VantageScore 4.0 for mortgages. In 2018, the Credit Score Competition Act ushered in a new era of homeownership requiring the use of new and more modern credit scores for mortgage lending including the VantageScore 4.0 credit score. This year, many of the largest government-sponsored mortgage enterprises (GSEs) adopted VantageScore 4.0 with immediate effect.

These GSEs include the Veterans Administration, Federal Home Loan Bank of New York, Federal Home Loan Bank of Chicago, and Federal Home Loan Bank of San Francisco. Fannie Mae and Freddie Mac will begin requiring VantageScore 4.0 in 11 months.

VantageScore's Mortgage Resource Center is a comprehensive platform offering essential tools for lenders so they can start using VantageScore 4.0 immediately, including:

- **Migration Playbook:** VantageScore's official Migration Playbook outlines how to implement VantageScore 4.0 for underwriting mortgages.
- **Digital Analytics Tools:** Lenders gain timely data insights into the predictive and inclusionary power of VantageScore via a suite of free access tools: CreditGauge, a monthly analysis of U.S. consumer credit health; Inclusion360, which uncovers underserved consumers by geographic market; RiskRatio, which examines the relationship between credit scores and default levels, and MarketGain, which looks at the increased addressable market after implementing VantageScore 4.0.
- **Training Resources, Timeline, and Background Information:** In-depth

information about the FHFA's decision mandating VantageScore 4.0 for mortgage, key milestones, and implementation FAQs are available to help lenders plan their transition.

"Adopting VantageScore 4.0 now is straightforward for lenders, and we're here to support them every step of the way with a comprehensive set of data tools and guidance," said Tony Hutchinson, SVP, Industry and Government Relations, VantageScore. "An immediate transition ensures lenders remain well-positioned to continue doing business with Fannie Mae and Freddie Mac, as well as the other principal GSEs that can accept VantageScore mortgages right now. If you are a lender, you need to be implementing VantageScore 4.0 now or risk losing access to key mortgage GSEs."

ZILLOW'S REAL-TIME AFFORDABILITY TOOL ASSISTS SHOPPERS FIND HOMES WITHIN THEIR BUDGET

Home shoppers now have a way to instantly understand if a home on Zillow fits within their budget. BuyAbility is an affordability tool from Zillow Home Loans that gives buyers a real-time, personalized estimate of the home price and monthly payment they can afford, and their likelihood of qualifying for a loan. Instead of wasting time on homes they can't afford, shoppers can now clearly and quickly identify homes on Zillow within their true budget.

Simulated Images

BuyAbility is the tool for this moment. Homeownership can feel out of reach for aspiring first-time buyers who are daunted by today's high prices and may not feel ready to share their financial details with a loan officer. Volatile mortgage rates have made it difficult to

know how much home they can afford, and their ability to qualify for a loan can change from day to day. BuyAbility is powered by real-time mortgage rates from Zillow Home Loans and makes updates whenever rates move up or down, or when a prospective buyer improves their credit score, their debt-to-income ratio, or saves more for their down payment.

"Mortgage rates have been on a wild ride this year," said Orphe Divounguy, a Senior Economist for Zillow Home Loans. "With improving inflation numbers and more balanced economic activity, mortgage rates could ease slightly heading into the new year. That will mean more affordability and more options for home shoppers. Buyers will be in a stronger position to act quickly when the right home enters their BuyAbility, bringing them one step closer to the American Dream of homeownership."

Shoppers can access BuyAbility from the Home Loans tab on the Zillow app. They enter their basic financial information, including their income, credit score, monthly debt payments, the amount saved for a down payment, and the amount they're comfortable spending each month. Within seconds, they get their BuyAbility: an estimate of the home price they are likely to qualify for, and a suggested budgeted maximum price based on their desired monthly payments. When they browse Zillow, listings will be clearly tagged when they are within that shopper's BuyAbility, providing instant clarity on whether they are likely to qualify for a loan on that home.

BuyAbility accounts for the one major factor that basic mortgage calculators neglect: the interplay between mortgage rates and a buyer's financial situation. Shoppers with higher credit scores or a lower debt-to-income ratio will qualify for a lower mortgage rate, which has a huge impact on their buying power. Assuming a 20% down payment and a fixed-rate mortgage, a median-income household would be able to afford a \$380,000 home with a 7% mortgage rate. That same household could afford the monthly payments on a \$420,000 home with a 6% mortgage rate.

“Mortgage rates have been on a wild ride this year. With improving inflation numbers and more balanced economic activity, mortgage rates could ease slightly heading into the new year.”

—Orphe Divounguy, Senior Economist, Zillow Home Loans

A vast majority of home buyers today are prioritizing budget above all else. Zillow data finds nearly 80% of recent buyers say it is very or extremely important to find a home within their initial budget (79%). That became a bit easier when mortgage rates dropped this fall. New Zillow research finds the share of homes that a middle-income household could comfortably afford hit a nearly two-year high in September. A household making the median U.S. income could comfortably afford 27.3% of homes listed for sale across the country. Only 22.7% of all homes listed for sale were affordable to a middle-income household when mortgage rates peaked above 7% in May.

That significant shift shows how quickly homes can go from being unaffordable to affordable in today's market. BuyAbility gives shoppers a competitive edge by keeping them up to date on exactly what they can afford at any given time.

BuyAbility is currently available in every state but New York on the Zillow app and will be coming soon to desktop computers on Zillow's website.

MERIDIANLINK AND SCORENAVIGATOR ANNOUNCE STRATEGIC PARTNERSHIP TO ENHANCE CREDIT ANALYSIS CAPABILITIES

MeridianLink, Inc. has announced it has partnered with ScoreNavigator, Inc., a provider of an advanced credit report analysis tool designed to help consumers better understand and manage their finances. Through this newfound partnership, ScoreNavigator integrates with MeridianLink Mortgage Credit Link (MCL). The integration delivers powerful new solutions to CRAs and mortgage lenders, enabling them to better serve their customers.

This partnership represents progress in advancing credit analysis and improvement within the mortgage lending sector. Through the ScoreNavigator integration,

MCL users can track and monitor score changes based on applicant actions. This innovative functionality provides lenders with a more efficient screening software solution by supplying a communication platform to help increase the lender's opportunities for application approval and provision competitive lending terms.

“As financial institutions increasingly seek out faster, more efficient methods of assessing applicant creditworthiness and look to provide resources to their consumers that can help improve credit scores, ScoreNavigator has emerged as an innovative industry leader,” said Megan Pulliam, SVP of MeridianLink Marketplace. “Our partnership with ScoreNavigator represents a significant step forward in our commitment to providing top-tier credit analysis solutions to our customers.”

The integration of ScoreNavigator into MeridianLink's platform has undergone extensive testing with leading CRAs, including CIC and Advantage Credit, providing a seamless experience and powerful capabilities from day one.

“CIC Credit is excited to offer this innovative, modern credit analysis solution from ScoreNavigator to our lender community,” said Mike Thomas, Chief Operating Officer at CIC Credit. “The ScoreNavigator solution takes a fresh look at consumer credit score improvement and enables us to provide a more comprehensive suite of products to our lenders.”

Providing financial literacy resources to applicants during key financial moments enhances the consumer experience and offers valuable support. Institutions that deliver relevant materials at the right time—particularly through powerful automated engagement tools—can strengthen consumer relationships and boost retention.

“ScoreNavigator provides the tools for lenders to better understand consumer creditworthiness and consumers to better manage their credit,” said Rusty Bresse, CEO of ScoreNavigator. “We look forward to partnering with MeridianLink and working with lenders to expand financial freedom and open up significant benefits for consumers, institutions, and fintech partners alike.”



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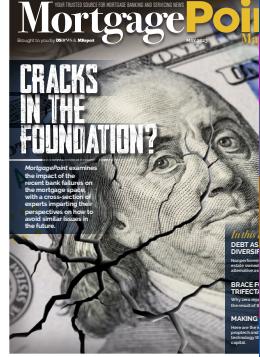
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TRUMP TAPS SCOTT TURNER AS NEXT HUD SECRETARY



U.S. President-Elect Donald Trump has announced the nomination of former NFL player and current America First Policy Institute (AFPI)

Chair of the Center for Education Opportunity Scott Turner as Secretary of the U.S. Department of Housing & Urban Development (HUD). Trump took to the social media platform Truth (@realDonaldTrump) to make the announcement, along with a host of additional nominations.

Turner has experience with high-level government housing affairs, having served during Trump's first term as U.S. President as Executive Director of the White House Opportunity and Revitalization Council, a Council of federal agencies tapped with developing ways in which federal agencies can better partner with Opportunity Zone investors to provide social services and other support to enact community revitalization.

Turner will replace Adrienne Todman, current Senior Official Performing the Duties of HUD Secretary, who has served as the agency's Deputy Secretary since her confirmation by the Senate in June 2021. She was named HUD's Acting Secretary in March 2024.

Richardson, Texas, native Turner currently serves as AFPI's Chair of the Center for Education Opportunity. Turner is a businessman, motivational speaker, and nine-year former professional football player who played in the NFL with the Washington Redskins, San Diego Chargers, and the Denver Broncos as a cornerback.

"We are thrilled about the nomination of Scott Turner as HUD Secretary," Manufactured Housing Institute (MHI) CEO Dr. Lesli Gooch said. "We appreciated his engagement and attention to innovative housing solutions in his previous role at the White House during President Trump's first term. We look forward to working with him again to elevate innovative housing and expand attainable homeownership."

Turner formerly served as a Texas state representative for the 33rd District, which includes part of Collin County, and all of Rockwall County. He attended the University of Illinois, where he played as their starting cornerback, and graduated with a degree in speech communications.

"On behalf of MBA, I congratulate Scott Turner on being nominated to serve as the next HUD Secretary," Mortgage Bankers Association (MBA) President and CEO Bob Broeksmit, CMB, said. "Pursuing policies and initiatives that help solve our nation's housing affordability crisis for owners and renters should be a top policy priority under the Trump administration. Scott's leadership as Executive Director of the White House Opportunity and Revitalization Council in the first Trump administration, where, alongside Secretary Ben Carson, he was instrumental in implementing Opportunity Zones, will serve him well. MBA is committed to working with the incoming HUD leadership and staff on policies and programs that boost housing supply, improve affordability, and address challenges and opportunities at the Federal Housing Administration and Ginnie Mae."

Carl Harris, Chairman of the National Association of Home Builders (NAHB) and a custom home builder from Wichita, Kansas, added, "NAHB congratulates Scott Turner on his selection as HUD secretary. Upon his confirmation to the Cabinet post, we

look forward to working with him on one of the most important issues facing Americans today. The nation's home builders stand ready to work together with HUD to roll back costly regulations and implement policies that will provide affordable homeownership and rental housing opportunities for all Americans."

GINNIE MAE PRESIDENT VALVERDE ANNOUNCES RESIGNATION



Sam I. Valverde, Acting President of Ginnie Mae, has announced that effective November 30, 2024, he will resign from his role as head of the wholly owned government corporation. Valverde has served in the Biden administration as the Acting President of Ginnie Mae since May 2024, after previously holding the roles of Principal EVP and COO, since joining the organization in March 2022. His appointment marked a historic milestone as he became Ginnie Mae's first Latino executive and, later, its first Latino leader.

"The opportunity to lead Ginnie Mae has been the most impactful and rewarding work of my career in public service. I am deeply honored to have had the chance to serve my country while championing a borrower-focused and market-driven housing finance agenda," Valverde said. "I am immensely proud of all that we have achieved on behalf of the borrowers, issuers, and investors that we serve."

U.S. Department of Housing & Urban Development (HUD) Acting Secretary Adrienne Todman added, "I would like to thank Acting President Valverde for his innovative leadership

at Ginnie Mae and years of public service. Mr. Valverde's tenure has been groundbreaking and has set the foundation for a people-first philosophy in Ginnie Mae's crucial mission to support affordable housing for people across the nation."



Upon Valverde's departure, current SVP and Chief Risk Officer (CRO) Gregory Keith will assume the responsibilities of Ginnie Mae President.

"Gregory Keith has been a key leader at Ginnie Mae for over a decade, bringing a holistic perspective on housing finance that will serve the organization well at this critical time," Valverde said.

Keith brings more than 35 years of housing finance experience to the role as incoming Ginnie Mae President, having led Ginnie Mae's risk and compliance functions since October 2010. His work has been instrumental in stabilizing Ginnie Mae's portfolio, implementing robust risk management practices, and overseeing key operational policies to safeguard the organization's mission.

Much of Keith's experience has been in mortgage- and asset-backed finance. Prior to joining Ginnie Mae, Keith spent nine years in various roles at Fannie Mae—across multiple disciplines, including strategy, risk, and finance. Most recently, he served as Director of Counterparty Risk Management, where he structured, monitored, and mitigated financial risk with business partners.

In 2001, Keith came to Fannie Mae from First Union Capital Markets, where he was VP of Business Integration. There, he managed the implementation of business strategies and tactical business requirements for the Structured Products Group of the Corporate and Investment Bank. Previously, Keith also served as a Manager at KPMG Consulting, focusing on the execution of strategic, financial, and operational engagements. Prior to joining KPMG, Keith worked as a Forecasting and Planning Analyst at the

"I owe a debt of gratitude to the team of career public servants who work tirelessly to uphold our mission."

—Sam I. Valverde, Acting President, Ginnie Mae



American Residential Mortgage Corporation and as a Financial Analyst at Great American Bank.

Prior to joining Ginnie Mae, Valverde served as Supervisory Attorney Advisor at the Federal Housing Finance Agency (FHFA) in the Division of Conservatorship Oversight and Readiness, leading agencywide projects intended to support greater access to mortgage credit and affordable rental opportunities for working families. In addition, Valverde led successful efforts to transition the government-sponsored enterprises (GSEs) away from utilizing LIBOR for a range of variable rate product offerings. He also coordinated efforts to develop a post-conservatorship regulatory framework for the GSEs and provided technical assistance on a variety of housing finance legislation.

Valverde also served as a Counselor for Domestic Finance at the U.S. Department of the Treasury, focusing on housing and consumer finance issues. While at Treasury, Valverde worked on issues related to the ongoing conserva-

torships of the GSEs and implementation of the housing programs under the Housing and Economic Recovery Act of 2008 (HERA). He also led development of the Department's first retirement savings product and efforts on multi-employer pension reform. While at the Treasury Department, Valverde was instrumental to the creation of its Puerto Rico Task Force, charged with developing policy solutions to the Commonwealth's fiscal crisis.

Prior to joining public service, Valverde began his career as a securities lawyer at Davis Polk & Wardell LLP. He received his J.D. from Yale Law School and an A.B. from Dartmouth College.

"I owe a debt of gratitude to the team of career public servants who work tirelessly to uphold our mission," Valverde said. "The talent and dedication of the Ginnie Mae team are unmatched, and the enormity of their daily responsibilities in managing our \$2.658 trillion-guarantee business is inspiring. I am pleased with our progress and confident in the foundation we've



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built to enhance Ginnie Mae's capacity to meet its essential affordable housing and capital markets mission on behalf of the U.S. government."

FANNIE MAE ADDS HOMEBUILDING EXEC TO ITS BOARD



Fannie Mae has named Scott D. Stowell to its Board of Directors, bringing nearly 40 years of experience in the U.S. homebuilding industry to the Board. Members of Fannie Mae's Board of Directors guide the company's efforts to responsibly expand access to mortgage credit and finance quality, affordable housing.

"We are pleased to welcome Scott to Fannie Mae's Board of Directors," said Michael J. Heid, Chair of the Board. "His leadership and guidance, especially from the homebuilding perspective, will be invaluable as Fannie Mae continues to create innovative solutions to help address today's housing challenges."

Stowell is the Founder, CEO, and President of Capital Thirteen LLC, an advisory, real estate investment, and angel investing company. Stowell currently sits on the Board of Directors at Toll Brothers, Pacific Mutual Holding Company, and HomeAid America, a nonprofit organization whose mission is to help people experiencing or at risk of homelessness build new lives through construction, community engagement, and education.

"Scott's extensive industry knowledge will complement our dynamic and talented Board of Directors," said Priscilla Almodovar, President and CEO of Fannie Mae. "With broad expertise across the residential spectrum, including single-family homes, mixed-use communities, and projects meeting local governments' affordability requirements, we will benefit from Scott's deep understanding of the homebuilding process as lack of supply and new construction issues persist in the U.S. housing market."

Stowell has held various roles at

Standard Pacific Homes from 1986-2015, advancing through the company to serve as CEO beginning in 2012. Upon the creation of CalAtlantic Group Inc. in 2015, the result of the merger of Standard Pacific Homes and the Ryland Group, Stowell served as the Executive Chairman of CalAtlantic Group Inc. After CalAtlantic merged with the Lennar Corporation in 2018, Stowell served on the Lennar Corporation Board of Directors until 2021.

FHFA ANNOUNCES STAFFING UPDATE



The Federal Housing Finance Agency (FHFA) has announced that Victoria Nahrwold has been named Deputy Director, Division of Enterprise Regulation (DER).

The FHFA's Division of Enterprise Regulation provides management oversight, direction, and support for all examination activity involving the government-sponsored enterprises (GSEs), the development of supervision findings, and preparation of the annual reports of examination. The DER monitors and assesses the financial condition and performance of the GSEs and their compliance with regulations through annual on-site examinations and periodic visits. An Examiner-in-Charge leads examination activity at each GSE. Examination teams will expand further as DER continues to build towards a post-conservatorship future.

"Victoria Nahrwold brings an immense depth of experience in supervision and examination, risk management and regulatory compliance that will be a valuable asset to the FHFA leadership team," FHFA Director Sandra L. Thompson said. "I am pleased that Victoria will be leading this outstanding division and our team of DER examiners. Victoria's experience at NCUA has prepared her well for this position, and I look forward to working with her."

Nahrwold has about 25 years of experience with the National Credit Union

Administration (NCUA), where she has served in various capacities related to financial institution supervision. In her current role as Associate Director, Office of Examination and Insurance, she has consistently exhibited exceptional leadership in directing a team tasked with developing and executing examination and supervision policies for a diverse array of financial institutions. Her comprehensive expertise in capital, operations, payments, investments, risk management, interest rate risk, liquidity risk, loans (including secondary market activities) and regulatory compliance has notably enhanced NCUA's supervision capabilities.

Nahrwold has successfully overseen high-priority projects, including congressional responses, rulemakings, and industry training programs. She has offered invaluable guidance on complex risk management and capital markets topics, representing NCUA on key committees such as the Task Force on Property Appraisal and Valuation Equity (PAVE), and Federal Financial Institutions Examination Council (FFIEC) Appraisal Subcommittee (ASC). With more than 20 years as a federal financial institutions regulator and a demonstrated track record of leading people, leading change, driving results, strong business acumen, and building coalitions, Nahrwold will be an asset to the FHFA.

» *Lenders/Servicers*

RATE ADDS TWO REVERSE MORTGAGE EXECS



Rate has announced the addition of **Jesse Q. Allen** as President of its Reverse Mortgage Division, and **Greg Pahel** as EVP Consumer Direct Reverse Lending. Together, Allen and Pahel will lead Rate's efforts



to expand its reverse mortgage business, catering specifically to homeowners aged 55 and above.

These appointments underscore Rate's commitment to enhancing financial solutions tailored to the unique needs of this demographic, empowering them to leverage their home equity for a more comfortable and secure retirement.

"Jesse brings a wealth of experience and a remarkable track record of success in the reverse mortgage space. His leadership aligns perfectly with Rate's vision of providing innovative solutions that truly meet the needs of homeowners seeking financial flexibility in retirement," Rate CEO Victor Ciardelli said. "With Jesse running our Reverse Mortgage Division and Greg establishing and growing our consumer-direct model, we are well-positioned to become a leader in this growing market."

Allen's career is distinguished by decades in industry leadership and a proven track record of launching and growing successful teams. He formerly served as President of Reverse at OneTrust Home Loans, and brings more than 35 years of experience in financial services, including an extensive background in reverse mortgages. Allen has held several senior-level positions at leading financial institutions, including American Advisors Group (AAG), and as Head of Bank of America's reverse mortgage business, which grew from a startup to one of the largest platforms in the history of the industry.

"Rate's entrepreneurial and innovative culture prioritizes the customer and loan officer at the heart of all operations," Allen said. "The company's extensive reach, core values, and brand credibility offer an incredible platform and opportunity to scale and empower more people to live retirement with greater financial freedom and peace of mind."

Pahel also brings over a decade of experience in reverse lending and is charged with establishing and growing a consumer direct model for Rate. Known for building and executing high-performance sales strategies, Pahel has been a

driving force behind some of the industry's most successful consumer direct sales platforms. Before joining Rate, he served as Head of National Retail Sales at Nations Direct Mortgage and held key leadership roles at prominent financial institutions, including AAG, where he consistently exceeded growth targets and led teams to unprecedented levels of performance.

"I am incredibly excited to embark on this new chapter with Rate. Over the next three to five years, I expect to see significant changes in the competitive landscape, with the rankings of the top lenders in the reverse mortgage market up for grabs," Pahel said. "The companies that embrace innovation, deliver outstanding customer service, and create efficiencies will rise to the top. Rate is exceptionally positioned to be at the forefront of this transformation, allowing us the opportunity to change countless lives with this remarkable loan program."

CORNERSTONE NAMES NEW HEAD OF RETAIL



Cornerstone Home Lending, a division of Cornerstone Capital Bank, has announced the promotion of **Jay Crowell** to the newly created role of President—National Retail Division. Crowell will drive the strategy and continued growth of Cornerstone's national retail and Realtor affiliate sales and operations.

Crowell joined Cornerstone Home Lending in 2009, and most recently, served as President of the Pacific Northwest Region. He was the company's top originator between 2019-2022, and his team was ranked among the company's top 10 origination teams each year since he joined.

"Cornerstone is a mission-based company, and Jay is firmly committed to our mission, vision, and convictions," Cornerstone Home Lending CEO Adam Laird said. "Throughout his 15 years at

Cornerstone, Jay has invested significant time in the success of everyone around him. I'm excited to see the growth opportunities that Jay will create for Cornerstone's next generation of retail sales, production, and operations leaders."

In 2023, one of the most challenging years in the mortgage industry, Cornerstone Home Lending significantly outpaced its largest competitors by achieving an average of \$26.3 million in loan volume per loan officer, according to data from Modex. This performance underscores Cornerstone's commitment to the success of their loan officers.

"I am thrilled to serve our loan officers and continue helping them grow and achieve success here at Cornerstone," Crowell said. "I intend to relentlessly pursue excellence in every area and facet of our retail business. My goal is to create a world-class experience for our clients and provide a platform that helps our originators exceed their goals and make a positive difference in every community we serve."

Based in Houston, Texas, Cornerstone Capital Bank is a national provider of mortgage finance and servicing solutions and banking services to businesses and consumers. Cornerstone holds certified *Fortune* Great Place to Work status, is recognized as "Top Workplace" in major markets, and has earned multiple Best Workplaces awards. Formed through the 2022 merger of Cornerstone Home Lending and Roscoe Bank, Cornerstone Capital Bank has a combined operating history dating back to 1906.

"It's about making a bigger impact," Crowell added. "I believe in Cornerstone's mission, and I am committed to strengthening our culture and building upon our 37 years of success. With our talented residential lending team and the unique products and services we provide our clients through Cornerstone Capital Bank and Cornerstone Servicing, I am confident that the best is yet to come."

KIND LENDING NAMES NEW BRANCH MANAGER



Kind Lending has named **Jenn Stears** as Branch Manager of the company's latest branch located in Daytona Beach, Florida. With experience and a commitment to mortgage lending, Stears will assist clients through the mortgage process and make a meaningful impact in Volusia County and its neighboring areas. She will also continue to serve clients in Connecticut, Arizona, and California.

Stears is passionate about helping clients achieve their homeownership goals. Her personalized approach ensures that each borrower secures the most suitable loan for their unique financial situation. With extensive industry expertise and a strong commitment to delivering exceptional service, Jenn consistently provides a seamless lending experience.

"We are delighted to welcome Jenn Stears to the Kind Lending team," said Jim Linanne, President of Retail at Kind Lending. "Her experience and dedication to exceptional client care align perfectly with our mission. We are confident that Jenn will be a tremendous asset in her new role and will continue to deliver the outstanding service that Kind Lending is known for."

Stears has been a prominent figure in the mortgage industry for 24 years, during which she has successfully assisted thousands of homeowners in achieving their dreams. Stears has attained roles as a Processor, Underwriter, LOA, Loan Officer, Branch Manager all within the Broker, Wholesale Lender, and Retail Lender space, which has allowed her to come to the table with extensive knowledge to help navigate clients through the mortgage process.

"There's nothing more rewarding than seeing someone achieve the dream of homeownership," Stears said. "I love educating clients and guiding them through the process, ensuring they make informed and sound financial decisions along the way."

LOANDEPOT ADDS NEW REGIONAL VP



loanDepot, a provider of products and services that power the homeownership journey, has appointed **Nancy Smith** to lead its growing Colorado and Wyoming branches as Regional VP, In-Market Retail.

"To successfully navigate today's homebuying markets, homebuyers and real estate professionals look for mortgage partners who can provide deep local expertise and industry knowledge," loanDepot EVP John Bianchi said. "Nancy is well known for her success building highly productive teams in the Colorado, Wyoming, Arizona, Utah, and New Mexico markets. Equally important, she emphasizes her teams' growth and development based on the core values of integrity, respect, and accountability, which perfectly align with our company culture. I am tremendously excited to have Nancy join us and take our Colorado and Wyoming teams even further."

Colorado, with the sixth-fastest percentage rate of growth in the United States, is an important market for loanDepot. The state's population grew by 19.25% from 2010 to 2023, and it has added approximately 1.55 million residents since 2001. Wyoming is an emerging market, traditionally underserved by independent mortgage banks, that will benefit from the leadership of top local talent.

Over the course of her career, Smith has held sales leadership roles at companies like Bank of America, MetLife Home Loans, Caliber Home Loans, and Homeowners Financial Group. She has a long track record in the Mountain States region and brings both strong relationships and extensive experience in building successful partnerships with local real estate companies and financial institutions.

"There is no one better to help us

“To successfully navigate today’s homebuying markets, homebuyers and real estate professionals look for mortgage partners who can provide deep local expertise and industry knowledge.”

—John Bianchi, EVP, loanDepot



serve the needs of our Colorado and Wyoming teams,” LDI Mortgage President Jeff Walsh said. “Not only is Nancy a proven partner who will help our originators further hone their skills and expand their reach, we’re confident her impressive leadership will attract other top producers in the region.”

NFM LENDING ADDS TWO BRANCH MANAGERS



NFM Lending has announced the opening of a new branch in Towson, Maryland to be led by Branch Managers **Greg Bork** and **Kevin Holmes**. The new branch will focus on expanding NFM Lending's lending platform to better



serve community families through Conventional, FHA, VA, USDA, Jumbo, and other home loan options to fit every borrower's needs.

“I am thrilled to announce my return to NFM Lending as Branch Manager for our Towson, Maryland location,” said Holmes, who previously worked for NFM in 2010. “I want to extend my heartfelt thanks to the NFM transition team for their support during this journey. I am excited to be back as part of the NFM family and look forward to growing our business together!”

Bork, a 20-year veteran of the mortgage industry, added, “Kevin and I met at NFM. As we’ve watched them grow and thrive, the idea of coming back has always been on our mind due to their outstanding leadership. I can honestly say that I feel like we are back home where we belong.”

INTERLINC WELCOMES NEW BUSINESS DEVELOPMENT MANAGER



InterLinc Mortgage has announced the addition of **Doug Opdycke** to its team as Business Development Manager. With an unconventional career path and 24 years of experience in mortgage recruiting, Opdycke will be tasked with driving innovation and growth within the company.

From his beginnings as an art major to stints as an entrepreneur and stock trader, Opdycke's journey is anything but ordinary. His passion for the mortgage industry ignited when a Regional VP recruited him during the closing of his first home—a chance moment that launched his calling.

Throughout his career, Opdycke has established a notable reputation with leading industry organizations including Countrywide, MetLife, iMortgage, Fairway Independent Mortgage, Nations, and FBC.

“We made a commitment to position InterLinc to leverage the opportunities on the other side of this market valley, and Doug’s role is part of our resolve to see that commitment through. We’re just getting warmed up,” said James Durham, InterLinc’s SVP.

» Service Providers

ZILLOW GROUP PROMOTES NEW COO



Zillow Group has promoted tenured executive **Jun Choo** to the role of Chief Operating Officer (COO) where he will oversee Zillow’s for sale business strategy and operations including Enhanced Markets and Mortgages, in addition to the company’s real estate

industry product lines, sales, and operations.

Choo joined Zillow Group in 2015 through the company's acquisition of Trulia and has more than two decades of leadership and go-to-market experience in the real estate tech space. He has held leadership and strategy roles throughout sales, marketing, and software over the last decade at Zillow. Most recently, he was SVP of Real Estate Software, which encompasses Zillow Premier Agent sales, ShowingTime, dotloop, Zillow Showcase, Aryeo, and other key B2B offerings for agents, brokers, and multiple listing services.

"Jun has long been an instrumental leader in our company, consistently creating and scaling innovative solutions across our business," Zillow Group CEO Jeremy Wacksman said. "He has been a key driver of our numerous technology investments to digitize the industry. Under his leadership, we will expand the integrated transaction experience to more customers—agents, movers, and industry professionals—and offer them a better way to transact in real estate."

Throughout Choo's tenure at Zillow Group, he has propelled the company's mission forward, creating the integral Connections platform, inventing Premier Agent market-based pricing, and spearheading the ideation, development, and nationwide launch of the unparalleled Zillow Showcase product.

"I'm honored to step into this role and continue supporting our company's growth. With more than two-thirds of U.S. homebuyers on Zillow, we are seizing our incredible opportunity to deliver a more tech-enabled and integrated experience to get more people home," Choo said. "Our industry software offerings are unmatched, and we will continue to invest in new solutions that help modernize the real estate experience through Zillow's housing super app."

In addition to Choo's appointment, Susan Daimler and Matt Daimler, President of Zillow and SVP of Product, respectively, have decided to leave Zillow.

"We're grateful for both Susan and Matt's many contributions and leadership over the last 12 years," Wacksman

“Our industry software offerings are unmatched, and we will continue to invest in new solutions that help modernize the real estate experience through Zillow's housing super app.”

—Jun Choo, COO, Zillow



said. "They've each had a tremendous impact on Zillow's growth and success, and we wish them all the best."

DARK MATTER TECHNOLOGIES APPOINTS NEW CEO



Mortgage tech provider Dark Matter Technologies has announced that Sean Dugan, the company's current

Chief Revenue Officer, will succeed Rich Gagliano as CEO effective April 2025. Gagliano, who launched Dark Matter in 2023 following over a decade of leadership at its predecessor, Black Knight Origination Technologies, will step into the role of Executive Chair.

For nearly 14 years, Gagliano has led the charge to transform mortgage origination with advanced automation and artificial intelligence (AI)/machine

learning (ML) solutions. More recently, Gagliano has helped Dark Matter find its footing as an independent company combining the agility of a startup with the pedigree of a mature and experienced provider. Gagliano's vision for Dark Matter and the team he has assembled to execute on that vision have earned the confidence of banks, credit unions and mortgage lenders nationwide.

"I am incredibly proud of what we've built at Dark Matter, and I am confident the company's best days are ahead," Gagliano said. "After years of working with Sean, I have absolute confidence in his leadership and in his team's readiness to execute on the strategy we've developed together. I look forward to supporting Sean and our clients as I transition to executive chair, knowing that Dark Matter is in the most capable of hands."

Gagliano's decision to step down as CEO is part of a broader plan to spend more time with family, though he will

remain actively involved as executive chair to support Dugan, the team, and clients during the transition.

Dugan brings more than 25 years of mortgage industry expertise, including 14 years alongside Gagliano at Dark Matter and its predecessor. Known for his client-focused approach, Dugan has played a pivotal role in shaping Dark Matter's customer-centric culture and product offerings. As CEO, he will lead the company into its next chapter, focusing on delivering solutions that enhance operational efficiency for lenders.

"Our clients are at the heart of everything we do," Dugan said. "This transition represents an opportunity to double down on our commitment to delivering cutting-edge solutions that enable our clients to succeed in a challenging market. I'm honored by the trust Rich and Constellation Software's leadership has placed in me, and I look forward to leading Dark Matter's talented team in fulfilling our vision for the future of mortgage technology."

TECH PLATFORM INFORMATIVE RESEARCH NAMES NEW EVP OF OPERATIONS



Informative Research, a technology platform that delivers data-driven solutions to the lending community, has named **Brandon Hall** as its new EVP of Operations, bringing more than 20 years of experience driving operational excellence within the financial services sector. Hall is known for implementing innovative process improvements, fostering cross-functional collaboration and leading through change.

"Brandon's extensive background in process transformation and operational excellence will be a tremendous asset to Informative Research," Informative Re-

search COO Patrick Buckner said. "His proven track record in enhancing efficiency, quality and service metrics aligns perfectly with our mission to streamline origination costs and enhance the borrower experience."

As EVP of Operations, Hall will lead all operational activities, focusing on driving efficiency, productivity, and exceptional customer service. Reporting to the COO, he will oversee a large production support staff and managers, ensuring seamless execution of operational processes aligned with organizational goals.

"I am thrilled to join Informative Research and contribute to its mission of transforming the mortgage landscape," Hall said. "With its pioneering technology and commitment to reducing costs for lenders while enhancing the borrower experience, I look forward to driving innovation and delivering solutions that meet the evolving needs of our clients."

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December 2024

volunteers from Wells Fargo, Rebuilding Together and the community came together to help first time homeowner Mable Henderson with vital home repairs and backyard improvements. Wells Fargo teamed up with Miami Heat legend Udonis Haslem to surprise the Henderson family with new kitchen appliances and an outdoor living space. Rebuilding Together Miami-Dade received a \$34,000 grant to provide transformative repairs that include ceiling and structural repairs, interior and exterior painting, and landscaping to help improve safety and accessibility for the Henderson home, as well as the homes of two other local families.

Industry Update

WELLS FARGO DEDICATES \$1.2 MILLION TO REHAB AGING HOMES

The Wells Fargo Foundation is donating more than \$1.2 million in grants to Rebuilding Together, a national nonprofit dedicated to repairing homes and revitalizing communities. As part of the Wells Fargo Builds program, employees are also volunteering to provide repairs and accessibility modifications to 75 homes in 46 communities nationwide for older adults, veterans, and other neighbors in need.

A recent study shows that home repair costs in America have increased significantly in the past few years, and low-income individuals were nearly twice as likely to need persistent repairs.

"Everyone should have access to a quality, affordable place to call home," said Darlene Goins, Head of Philan-

thropy and Community Impact at Wells Fargo. "We're proud to support Rebuilding Together to help restore aging homes so more people can remain safely and independently in their homes and preserve their generational wealth."

Since 2010, Wells Fargo has donated more than \$19 million to Rebuilding Together and its affiliate network to support rebuilding efforts across the country, including providing essential home repairs, revitalizing communities, and helping veterans, older adults, people with disabilities, families with children, and victims of disaster remain in their homes.

"So many Americans want to age in place in the home and community they love. Unfortunately, not everyone has the means to do so," said Maureen Carlson, President and CEO of Rebuilding Together. "We are incredibly grateful for Wells Fargo's ongoing support to provide quality home repair services. Together, we're helping our neighbors in need remain in their homes for years to come."

The new grant funding was announced during a special event in Miami Gardens, Florida, where roughly 30

GUILD MORTGAGE EXPANDS GUILD GATEWAY TO HOMEOWNERSHIP ASSISTANCE PROGRAM

Guild Mortgage has announced new programs and initiatives to better meet the needs of underserved borrowers and a broad expansion of its Guild Gateway to Homeownership Assistance program.

Guild Gateway to Homeownership Assistance is a proprietary lending program that provides up to a \$5,000 lender credit toward closing costs for designated census tracts to homebuyers purchasing in or currently residing in an eligible Metropolitan Statistical Area (MSA). Since launching Guild Gateway to Homeownership Assistance in 2022 in St. Louis, Guild has helped 683 families and has provided assistance funds exceeding \$3.7 million. Guild has since expanded the program to four new MSAs in Arizona (Phoenix-Mesa-Chandler MSA), South Carolina (Columbia MSA), and Texas (Dallas-Plano-Irving MSA and Fort Worth-Arlington-Grapevine MSA). The program can be paired with

Conventional, FHA, and VA financing, allows for down payments ranging from 0%-3%, and includes mandatory homebuyer education to set first-time homebuyers up for long term success.

"Guild recognizes the importance of leveling the playing field for first-time homebuyers and traditionally underserved borrowers alike to create a more inclusive path to homeownership," said David Blazek, Director of Product Development for Guild. "We see Guild Gateway to Homeownership Assistance as an important tool to expand fair access to credit and are gratified with the success this program has already seen and the real impact it's made for hundreds of families. We look forward to seeing that impact grow as we expand the program to additional areas of the country where this assistance is needed most."

In addition to its Guild Gateway to Homeownership Assistance program, Guild is now offering qualified home-

buyers FNMA HomeReady First, a Special Purpose Credit Program (SPCP) from Fannie Mae, providing a \$5,000 credit, to which Guild adds a credit of \$1,500 to help with down payment and/or closing costs for first-time homebuyers. Eligible homebuyers just need to complete a free homebuyer education course and currently live in a qualifying area but can purchase anywhere. This program has already served nearly 100 families, representing \$650,000 in assistance against total funding of \$29.4 million.

Guild also offers the Freddie Mac BorrowSmart Access program which provides \$3,000 in assistance toward the down payment of qualifying homebuyers. It can be used alone or with other down payment assistance programs provided by Guild. The 10 metro areas covered by this Freddie Mac program include: Atlanta, Chicago, Detroit, El Paso, Houston, McAllen, Memphis, Miami, Philadelphia, and St. Louis. To

qualify for the program, a first-time homebuyer must have an income equal to or less than 140% of the area median income (AMI) and meet all other Freddie Mac lending guidelines. For more information on qualifying income levels, use the area median income tool from Freddie Mac.

"Purchasing a home is an American Dream, but for many there are obstacles and barriers that stand in the way," said David Battany, EVP of Capital Markets for Guild Mortgage. "Providing down payment assistance to first-time homebuyers in traditionally underserved communities can help them overcome one of the largest obstacles to homeownership."

SMITH DOUGLAS HOMES AND LOAN DEPOT ANNOUNCE RIDGELAND MORTGAGE

loanDepot, Inc. and Smith Douglas Homes have launched a new joint venture that would give prospective homebuyers a simple and easy financing choice.

The business, known as Ridgeland Mortgage, helps Smith Douglas Homes' ongoing development and prosperity while increasing loanDepot's presence in the purchase mortgage market. Smith Douglas Homes' emphasis on creating premium homes at competitive costs in expanding markets will help it, as will loanDepot's industry knowledge and top-notch platform.

Ridgeland Mortgage intends to work in the following markets as it expands:

- Atlanta and Central, GA
- Houston
- Birmingham and Huntsville, AL
- Charlotte and Raleigh, NC
- Chattanooga and Nashville, TN

★★★★★

“Guild recognizes the importance of leveling the playing field for first-time homebuyers and traditionally underserved borrowers alike to create a more inclusive path to homeownership.”

—David Blazek, Director of Product Development, Guild

"Smith Douglas Homes' approach to the new construction market is perfectly aligned with loanDepot's commitment to serving the needs of first-time homebuyers," said Dan Peña, Executive VP of National Joint Ventures for loanDepot. "Our new joint venture helps both companies make the American Dream of home ownership possible for more families while providing Smith Douglas Homes with access to an unparalleled lending platform that will deliver an exceptional customer experience."

Greg Bennett, CEO of Smith Douglas Homes, concurred. "Our partnership with loanDepot allows us to focus on what we do best—delivering incredible value to our customers with high-quality homes at an affordable price point—while leveraging loanDepot's mortgage lending expertise to provide a smooth and seamless home loan process. Our new joint venture will draw on the core strengths of both companies—including a shared commitment to operational excellence, quality, and innovation—so we can continue to meet the expectations of our customers."

ORION LENDING AND THE ARIVE PLATFORM ANNOUNCE NEW STRATEGIC PARTNERSHIP

The Arive platform and Orion Lending have announced their strategic alliance. This partnership coincides with Orion Lending's tenth anniversary, which experts deem a noteworthy turning point in the company's mission to empower brokers and boost their revenue.

"As we celebrate our 10-year anniversary, partnering with Arive marks a significant milestone for Orion Lending," said Curtis Edwards, Chief

Production Officer and Co-Founder. "We're excited to enhance the experience for brokers already using Arive and eager to introduce the Orion Difference to those yet to join us. This collaboration reflects our commitment to empowering brokers and hyper speeding their business."

Orion Lending's choice to join the Arive platform demonstrates its commitment to supporting the broker community by consistently offering chances to improve business operations and value. Through the relationship, Orion Lending will be able to provide more brokers with the resources and assistance they need to enhance customer service and accelerate their company's expansion.

SERVICEMAC EARNS 2024 USDA TOP SERVICER AWARD

ServiceMac, a member of the First American family of companies, has announced the company has been honored as a 2024 Top Servicers Award winner by the United States Department of Agriculture (USDA). ServiceMac was recognized for helping rural families and individuals across the nation achieve the dream of homeownership by purchasing homes through USDA Rural Development's Single-Family Housing Guaranteed Loan Program. The USDA 2024 Top Servicers Award highlights ServiceMac's excellence in servicing loans and the company's commitment to quality and customer satisfaction. ServiceMac was one of only three servicers to earn the prestigious award.

"We're committed to supporting rural families and individuals manage their loans and realize the dream of homeownership," said Bob Caruso, President and CEO of ServiceMac. "The recognition from USDA validates our innovative approach to servicing,

which combines our proprietary technology platform with industry-leading customer support delivered by our expert staff members."

Founded in 2017 and acquired by First American in October 2021, ServiceMac onboarded its first portfolio in 2019, and now services more than \$195 billion in loans for first and second mortgage portfolios. The company has grown on the foundation of its technology, risk management and compliance tools, customer service, and experienced team members. ServiceMac supports mortgage servicing rights (MSR) holders, master servicers, borrowers and subservicing needs with more effective and efficient servicing workflows.

FAY SERVICING EMPOWERS HOMEOWNERS THROUGH NEW PARTNERSHIP

Fay Servicing, a full-service mortgage company servicing loans for more than 170,000 U.S. homeowners, through its partnership with SpringFour, a social impact fintech platform, has facilitated more than 6,000 referrals in the past year alone, helping homeowners navigate financial difficulties and maintain homeownership.

SpringFour has enabled Fay Servicing borrowers who were struggling to save money and reduce their living expenses to access essential services at no cost, including vetted nonprofit and government programs, local grants, and other community resources.

In July 2024, Fay Servicing borrowers received 14% more referrals for utility cost assistance, a 13% rise in employment service referrals, and a 50% boost in financial counseling and child-care service referrals. Since the partnership began in 2014, Fay Servicing has



facilitated more than 96,000 financial health referrals through SpringFour. In Q2 of 2024 alone, borrowers conducted 23,504 searches for assistance, with the highest demand for help with heating, utility bills, food support, and employment services.

"At Fay Servicing, our priority is ensuring that borrowers can stay in their homes and manage their financial well-being effectively," said Kimberly Hare, President of Fay Servicing. "Our partnership with SpringFour plays a crucial role in this mission, providing our borrowers with the resources they need to overcome financial challenges and achieve lasting stability."

ROSEGATE MORTGAGE JOINS FORCES WITH RICE PARK CAPITAL MANAGEMENT

Rosegate Mortgage LLC, a mortgage lender based in Charlotte, North Carolina, has announced it has entered into a partnership with Rice Park Capital Management LP, a Minneapolis-based private investment firm. Through the partnership, Rosegate will be launching a direct-to-consumer

origination platform, which will provide home financing opportunities for portions of the approximately \$52 billion portfolio of mortgage servicing rights (MSRs) held by Rice Park's subsidiary, Nexus Nova LLC.

"We are excited to work with Rice Park and eager to grow alongside our new partner by providing home financing solutions and a wonderful experience for both pre-existing and new customers of Nexus Nova," said Bryce Bradley, Rosegate's President and CEO.

Craig Freel, Rice Park's President and Co-CIO said, "We're looking forward to cultivating this relationship as it gives Rice Park the ability to provide certain Nexus Nova customers with a range of options for new loans."

PRESERVING THE AMERICAN DREAM

Industry experts from Five Star's Property Preservation Executive Forum discuss the trends and challenges facing the field services sector as we head into the new year.

By DAVID WHARTON

The property preservation industry stands at a crossroads, shaped by shifting market dynamics, regulatory changes, and the uncertainty of a recent Presidential election. As mortgage delinquencies remain relatively low but economic uncertainties grow, property preservation companies are facing increasing pressure to maintain efficiency, ensure compliance, and adapt to the evolving needs of servicers and communities. At the heart of this transformation are the leaders of Five Star's Property Preservation Executive Forum, a collective of industry veterans tasked with navigating these complex waters.

In exclusive interviews, executives representing several PPEF member companies share insights into the trends reshaping the field, from the growing role of technology in field services to the mounting labor and cost pressures that threaten profitability.



Kimberly Dawson

Director, Single-Family Real Estate Asset Management, Fannie Mae

Q: What are the biggest challenges facing the property preservation space and how you



DAVID WHARTON,
Editor-in-Chief at the Five Star Institute, has 20 years' experience in journalism and an extensive and diversified portfolio of freelance material, with published contributions in both online and print media publications. He has been with Five Star since 2017, initially serving as an Online Editor. Wharton previously worked at Thomson Reuters, a multinational mass media and information firm, focusing on producing media content related to tax and accounting principles and government rules and regulations for accounting professionals. Wharton is a graduate of the University of Texas at Arlington, where he received his B.A. in English and minored in journalism. He can be reached at David.Wharton@thefivestar.com.

do business? How are prop pres companies having to adapt to meet these challenges?

At Fannie Mae, we've found one of the biggest challenges to be increased dispersion of properties—properties have become less centralized, with increasing levels in rural areas. The average distance between properties is approximately 10 miles, requiring more travel time to properties. This dispersion poses logistical challenges and increases operational costs for our vendors. The increased dispersion of properties,

especially in rural areas, combined with trending labor shortages in the property preservation space, has created challenges in sourcing labor. This situation is exacerbated by the fact that smaller pools of suppliers are willing to undertake projects in these dispersed and rural areas, while there are limited sources of labor in some circumstances.

Q: How have market conditions, such as shifts in interest rates or the overall economy, impacted the property preservation landscape this year? What changes do you anticipate in 2025?

Fannie Mae is not anticipating a substantial shift in the property preservation landscape in 2025. However, the current challenges will likely continue. We frequently visit markets across the country to meet face-to-face with vendors and walk properties, gaining in-depth looks at the unique challenges they encounter daily. Fannie Mae promotes a collaborative environment for questions or concerns from our vendors. These engagements allow our vendors opportunities to openly discuss roadblocks and make suggestions to address specific challenges they may be having. Operational and material costs, especially those that are influenced



by inflation or supply challenges, are important for Fannie Mae to acknowledge with our vendors when pricing discussions arise. It's important that our pricing is reflective of current market conditions as well as sustainable for our vendors. To ensure pricing is commensurate with market rates, Fannie Mae monitors pricing on an ongoing basis using available benchmarks and market research, adjusting as necessary. As the market changes, we evolve our processes to ensure that we are responding appropriately.

Q: What primary new technologies or innovations are property preservation companies adopting to improve efficiency and service quality? How is AI impacting the sector?

In 2018, Fannie Mae launched its Pre-Foreclosure Property Preservation Program, offering mortgage servicers the opportunity for Fannie Mae to handle the management of inspection and preservation activities on delinquent loans secured by vacant properties. Our program utilizes a national network of vendors that help standardize the preservation of these properties in our portfolio. This initiative reduces complexity for servicers, creates savings for borrowers and servicers, and standardizes end-to-end property management. It also allows us and our vendors to benefit from lower costs through economies of scale.

Q: How are you adapting to the need to service more remote/rural properties, necessitating more "windshield time?"

We are exploring batching inspections. With this process, we expect vendors to be able to develop more efficient routes, reducing travel time and operational expenses. This not only saves time and costs but also contributes to reducing greenhouse gas emissions. We are currently seeking feedback from servicers and vendors about how to best support this process improvement.

“Vendors have shared that staffing has been challenging since the pandemic. They are maintaining a sufficient work force through consistent recruiting, hiring, and training.”

—Kimberly Dawson, Director, Single-Family Real Estate Asset Management, Fannie Mae



Q: Are vendors maintaining a sufficient workforce? How do they recruit and retain talent?

Vendors have shared that staffing has been challenging since the pandemic. They are maintaining a sufficient work force through consistent recruiting, hiring, and training. At Fannie Mae, we are committed to diversity in our supplier base. We welcome suppliers that share our goals of quality, consistency, and professionalism. Our need for new suppliers is always changing in response to volume, attrition, and other factors. Keep in mind that, during times of low REO inventory, we may not have a need for new suppliers. Interested vendors can take steps today toward becoming a supplier for Fannie Mae, even if we do not have an immediate need for suppliers in your area. Start by registering interest in our Procure One system, so that you may be considered for our future needs.

Q: What strategies are companies using to mitigate the risks of vandalism, theft, or squatting in vacant properties?

To address the risks of vandalism, theft, and squatting in vacant properties, Fannie Mae employs a multifaceted approach. One key strategy is to ensure frequent property visits by vendors. Regular inspections help to identify and address any issues promptly, maintaining the security and integrity of the properties. Securing properties is another important step. This involves using special materials such as clearboarding and DAWGS (Door and Window Guard Systems), where permitted. DAWGS offers robust protection for doors and windows, further enhancing the security of vacant properties. Clearboarding provides a transparent yet secure barrier, allowing visibility while preventing unauthorized access.

Q: What are the keys to navigating local, state, and federal regulations impacting the property preservation industry?

One of the keys to navigating local, state, and federal regulations in the property preservation industry is leveraging the expertise of local vendors. These suppliers have a deep understanding of what's normal and customary in their specific areas, which is invaluable for ensuring compliance. By building strong relationships with local vendors, Fannie Mae can rely on their knowledge to guide us through the regulatory landscape.

Q: How is climate change impacting property preservation, particularly in regions prone to natural disasters?

At Fannie Mae, we recognize that climate impacts extend beyond immediate preservation activities and affect the long-term sustainability and resilience of our assets. We have several test-and-learn strategies in place that aim to enhance the sustainability and resilience of our properties, including providing Fannie Mae REO buyers with additional information and resources around flood risk, increasing REO property resiliency through roofing improvements in high-risk areas, and leveraging energy-efficient and water-saving products when repairing REO homes.



Alan Jaffa

CEO, Safeguard Properties

Q: What are the biggest challenges facing the property preservation space, and how is Safeguard Properties adapting to meet these challenges?

Safeguard Properties faces several challenges, including labor shortages, evolving compliance requirements, rising

costs for materials and services, and fluctuations in mortgage and foreclosure rates. To adapt, Safeguard has invested in automation and workflow technologies to enhance service efficiency and ensure quality control, even as demands on preservation shift. By streamlining field operations and actively collaborating with investors and insurers to refine completion timelines and inspection requirements, Safeguard continues to drive operational efficiency while aligning closely with stakeholder expectations.

Q: How have market conditions, such as shifts in interest rates or the overall economy, impacted the property preservation landscape this year? What changes do you anticipate in 2025?

This year, rising interest rates have moderated the housing market, reducing foreclosure volume and impacting the demand for property preservation services. Safeguard Properties has responded by optimizing resources and adopting cost-saving technologies. In 2025, the company anticipates continued adjustments to meet evolving investor demands and further diversification of services to stabilize profitability in response to market uncertainty.

Q: What primary new technologies or innovations is Safeguard Properties adopting to improve efficiency and service quality? How is AI impacting the sector?

Safeguard Properties is increasingly leveraging AI to streamline operations, improve data analysis, and optimize inspections. AI-driven tools help prioritize work orders, process data more rapidly, and identify critical patterns in property status, ensuring that Safeguard can meet investor and insurer standards efficiently. Additionally, route optimization technology reduces travel demands and enhances overall productivity, allowing Safeguard to serve clients with heightened consistency and quality.



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Q: How is Safeguard Properties adapting to the need to service more remote/rural properties, necessitating more "windshield time?"

Servicing remote areas is a priority at Safeguard Properties, which utilizes route-optimization tools and partners with local contractors to minimize extensive travel times. By recruiting professionals within these communities, Safeguard maintains its high service standards while addressing the unique logistical challenges that arise in rural areas. We have also worked with Investors and Insurers to review their specific requirements on inspection completion windows. Creating flexibility here will allow for denser routes and significantly help reduce windshield time.

Q: Is Safeguard Properties maintaining a sufficient workforce? How do you recruit and retain talent?

Retaining skilled contractors remains a focus for Safeguard Properties. The company supports recruitment through competitive compensation, flexible work schedules, and a commitment to ongoing training. To attract local talent, Safeguard targets recruitment efforts in high-need areas and provides a supportive structure through a mobile-enabled platform, ensuring seamless communication and coordination with contractors in the field.

Q: What strategies is Safeguard Properties using to mitigate the risks of vandalism, theft, or squatting in vacant properties?

Safeguard Properties proactively implements security measures, including regular inspections, remote monitoring, and collaboration with local stakeholders, to protect vacant properties. By engaging local communities and law enforcement and maintaining a consistent presence at properties, Safeguard reduces the likelihood of vandalism and enhances property security.

Q: What are the keys to navigating local, state, and federal regulations impacting the property preservation industry?

Safeguard Properties stays at the forefront of compliance by implementing advanced regulatory tracking systems, supported by a skilled legal team. Engaging with industry associations helps Safeguard maintain up-to-date knowledge and adapt swiftly to regulatory changes, ensuring compliance at federal, state, and local levels.

Q: What are the key compliance issues that property preservation companies need to focus on?

Compliance issues remain a central focus, including HUD and GSE guidelines, environmental handling protocols, and local property maintenance requirements. Safeguard is committed to embedding sustainable practices into its processes, with an eye on both regulatory and environmental standards.

Q: How is climate change impacting property preservation, particularly in regions prone to natural disasters?

Climate change has amplified the risk of natural disasters, particularly in hurricane-, flood-, and wildfire-prone regions. Safeguard Properties is prepared for these challenges through tailored response protocols and the use of resilient materials in repair work. The company also provides specialized training to contractors for managing weather-related damage, emphasizing readiness and resilience across its operations.

**Tony Maher**

EVP of Business Development, Cyprexx Services, LLC

Q: What are the biggest challenges facing the property preservation space and how you do business? How are companies having to adapt to meet these challenges?

The labor market is still tight for skilled talent in inspector/contractor networks. Inspection pricing increases have created positive movement in attracting qualified inspectors back to the industry. PP pricing continues to be relatively stagnant, so finding operating efficiencies is key. With lower overall volumes, it is not as profitable for some vendors to invest time and money in growing their mortgage field services businesses. Compounding the problem of stagnant pricing and lower volumes is less concentrated, more rural properties coupled with continued inflationary pricing. Additionally, we see many properties in relatively decent shape sell third-party, which leaves the more severely damaged properties moving through the HUD Conveyance or REO pipeline. No adjustments have been made to FHA guidelines/timelines for this aspect of the changing model. To manage the more difficult properties, we have increased headcount and oversight in the FHA space and are piloting several new initiatives to get more comprehensive evaluations for these rural, heavily damaged properties at FTV. This helps us avoid delays, expedite bids, and reduce liability. One additional concern we have is Investors and servicers looking to property preservation companies for reimbursement of loss, many times years after ICC or disposition without defining the issues. Pushing liability without specific identification of what issues were not managed properly by the PP vendors is not sustainable.

Q: How have market conditions, such as shifts in interest rates or the overall economy, impacted the property preservation landscape this year? What changes do you anticipate in 2025?

Inflation and rising wages have been significant challenges this year. Preservation pricing for most investors remains unchanged and outdated. When combined with lower volume, loss mitigation, and forbearance efforts, etc., some vendors have exited the industry since 2020. This has led to longer preservation timelines in select and rural areas due to reduced vendor coverage. If recent trends continue, the mortgage servicing industry will see further consolidation and acquisitions. This will lead to volume increases for preservation vendors working in those shops, which helps larger national preservation companies keep our networks engaged. One additional area we are watching is, if interest rates continue to decrease, what effects will that have on homebuilding and some migration of skilled labor to that market?

Q: What primary new technologies or innovations are property preservation companies adopting to improve efficiency and service quality? How is AI impacting this sector?

AI is being leveraged to help with QC and reading/interpreting legal documents, such as code violations. Our current view is there still needs to be a human component for most actions until machine learning becomes an "expert," but the use is proliferating to reduce cost and increase speed of service delivery and quality. Outside of AI, there are other technologies we are tapping into to improve timelines, efficiency, and service quality in both the inspection and field services space that are in the pilot stage. At this time, Cyprexx is absorbing these costs to provide proof of concept, at which time we will engage the investors to seek approval for these services.

Another area where the industry has expanded efforts is new-and-improved technologies in cybersecurity. Like all industries, ours is under attack every day by malicious threat actors trying to disrupt business operations and potentially steal important information. As such, Cyprexx has invested heavily in new technology, personnel, processes, and security awareness training to mitigate that risk and protect our business.

Q: How are you adapting to the need to service more remote/rural properties, necessitating more "windshield time?"

A lack of property concentration outside of metro areas is negatively impacting inspection routing and preservation vendor coverage/timelines. We are working with the Five Star Property Preservation Executive Forum and the investors directly to change inspection guidelines and combat these challenges. We are also layering our preservation network with more regionals to offset the loss of smaller vendors in rural areas, due to rising costs, insurance requirements, and lack of steady work. Unfortunately, this drives preservation costs higher. In many cases, we are seeing an increase in trip charges from our vendors when traveling to rural properties, which further drives up costs.

Q: Are there challenges maintaining a sufficient workforce? How do you recruit and retain talent?

We carry more staff than required to manage volume fluctuations and the onboarding of new clients. While this prevents us from being short-staffed, there are still challenges with recruiting and retention due to rising wages and the widespread adoption of remote work that leads to more options for job seekers. Internal surveys showed employees ranked remote work second only to wages—ahead of other traditional benefits like PTO, bonuses, and health insurance. While we offer all of those, we know employee job satisfac-

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Our current view is there still needs to be a human component for most actions until machine learning becomes an 'expert,' but the use is proliferating to reduce cost and increase speed of service delivery and quality."

—Tony Maher, EVP of Business Development, Cyprexx Services, LLC

tion is paramount for retention, company culture, and our overall success. We embraced remote work and use it to our advantage as a benefit to recruit and retain talent. Recruiting nationally for specific FHA roles has improved our recruiting and ability to retain highly skilled employees. In addition, having a national, remote workforce has improved our business continuity readiness, mitigating risks caused by regional natural disasters.

Q: What strategies are companies using to mitigate the risks of vandalism, theft, or squatting in vacant properties?

This has always been a challenge in the preservation industry, but we have seen an uptick in the occurrence of these issues due to the conditions and locations of properties currently flowing through inventory. We find the best approach is timely and consistent recurring services coupled with layers of QC across both our inspection and preservation teams. This helps us identify and flag these high-risk properties as soon as we get eyes on them, and continuous monitoring throughout the property lifecycle. Often, we install DAWGS or exterior fencing (on select properties), but we have also gone as far as contracting with 24/7 security companies to prevent unlawful entry and vandalism. Moving quickly with our clients to determine the best course of action for each property via the options available, across both the preservation and servicing sides, is also helpful.

Q: What are the keys to navigating local, state, and federal regulations impacting the property preservation industry?

Timely and consistent monitoring, tracking, documentation, and implementation are all keys to remaining in compliance with changing regulations impacting the preservation industry. We have a dedicated department, independent of operations, that is responsible for this function. They monitor AllRegs and other reliable sources to stay abreast

of these changes and ensure compliance within our company. We also enlist the help of our in-house attorney and local attorneys as required to make sure we understand the new requirements and operate within them.

Q: What are the key compliance issues that property preservation companies need to focus on?

In property preservation, you must stay especially focused on the local regulations that vary by municipality and county, and particularly in areas where we do not see regular volume it is easy for a new coordinator to overlook, or be unaware of, a new or existing law. To reduce human error in these situations, we have enhanced our system of record with flags and links to the requirements and internal SOPs applicable to properties in those areas. This makes it much harder for coordinators to overlook key compliance issues that pertain to these smaller geographic areas.

Q: How is climate change impacting property preservation, particularly in regions prone to natural disasters?

Higher insurance premiums and loss of coverage in the United States could increase defaults. Both climate change and normal weather cycles impact property preservation throughout the year, and certain areas are more prone than others when it comes to weather events like hurricanes, tornados, wildfires, blizzards, etc. This year was impacted significantly by Hurricanes Helene and Milton due to the strengths and paths of these storms. High ocean temperatures in recent years have resulted in explosive strengthening of these storms over short periods of time. This, combined with multiple-day path uncertainty, makes it more difficult to prepare for these storms proactively. As a preservation company headquartered in Tampa, we prepare thoroughly at the beginning of each hurricane season and have taken many steps over

the years from a business continuity perspective to ensure operations continue running smoothly before, during and after a storm. This includes a standby generator that powers our main office, redundant internet providers, a fully functional alternative DR site for our technology and systems, and the issuance of laptops to all users to allow the continuance of remote work regardless of evacuations or post storm damage in the area.



Denia Ray

SVP of National Field Services, ZVN Properties Inc.

Q: What are the biggest challenges facing the property preservation space and how you do business? How are prop pres companies having to adapt to meet these challenges?

The most significant challenges facing our industry right now include the reduction in qualified property preservation companies, driven by the significant reduction in volumes and inadequate pricing, as well as scattered disburse portfolios, many of which are in rural areas. Our industry has been forgotten by FHA in terms of periodic pricing reviews and increases, to keep current with labor and expenses. FHA has had no measurable increase in property preservation fees in the past 20 years, which is relevant to the existing challenges as they have 55.67% of the seriously delinquent loans, with a default rate of 11.7%, per October's Housing Market Indicators Monthly Update Report.

The preservation industry has had to adapt by diversifying service offerings outside of traditional default, with many, including ZVN, pivoting into the Single-Family Rental repair and maintenance sector. Additionally, ongoing and locally focused recruitment is constant.

Reference: Housing Market Indicators Monthly Update October 2024

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"Property preservation is essential to safeguarding the integrity, safety, and value of residential and commercial properties, protecting investments for homeowners, lenders, and communities. The Property Preservation Executive Forum plays a vital role in this mission by providing a collaborative platform for industry leaders to share innovative solutions, address evolving challenges, and foster strategic partnerships. Together, these efforts help prevent blight, maintain neighborhood standards, and drive advancements that strengthen the property preservation landscape."

—Carrie Tackett, Business Development, Safeguard Properties



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For more information, contact Kristie Brewer at Kristie.Brewer@thefivestar.com.

“One of the highest risks is ensuring we don’t treat our vendor partners like employees.”

—Denia Ray, VP Property Preservation, ZVN Properties Inc.



Q: How have market conditions, such as shifts in interest rates or the overall economy, impacted the property preservation landscape this year? What changes do you anticipate in 2025?

This year continues to be impacted by a shortage of housing supply, which is driving the success of the Claims Without Conveyance of Title (CWCOT) and Second Chance auction sales. Many markets are still appreciating, creating ideal investment opportunities for investors via auction. While this is good for the overall economy in terms of real estate investments, it has negatively impacted the property preservation business with continual reductions in volume. What doesn't sell at auction is often in such a state of disrepair that getting the property into HUD's "Conveyance Condition" is challenging. Many of these assets have reached the end of their economic life. This causes increased financial risk for the preservation industry, as if we miss a timeline, or a material item, HUD considers it Mortgagee Neglect and, in order to convey, preservation vendors often have to do repairs and improvements at our own expense. One miss can easily cost us tens of thousands of dollars.

Looking into 2025, we are cautiously optimistic that HUD will start following Fannie Mae's property preservation pricing. The GSEs review and adjust

regularly, which would put the industry in a better financial footing, helping to secure the long-term survivability of our essential industry that helps stabilize communities and reduce blight, one house at a time.

Q: What primary new technologies or innovations are property preservation companies adopting to improve efficiency and service quality? How is AI impacting the sector?

The industry continues to evolve and challenge the status quo by looking to reduce costs and gain efficiency in every step of the process. Some of the tools we are currently leveraging include predictive analysis for storm tracking to be proactive in securing assets prior to a major event. We are then able to quickly prioritize disaster inspections based on asset level risk reporting and deploy our Disaster Response Teams. Proactively managing these events allows us to book rooms and secure car rentals before the demand increases and availability ceases. This solution also allows us to push snow removal orders in the field, with the factual snowfall amounts, while looking at temperature highs in the next 24 hours. This significantly reduces trip fees when a vendor is dispatched only to find that the snow has melted.

Artificial Intelligence has become "front and center" in successful property preservation company's playbooks. ZVN leverages technology that first gained rec-

ognition in the insurance space. We are able to take large repair and renovation scopes that used to take hours, down to minutes. The photo-recognizable technology is trained for our various clients to recognize deficiencies that our clients would want corrected and then provides a punch list of items that need to be bid. Our next phase is teaching AI to define scope and create the bids based on industry-recognized cost estimators. AI is more precise than a human in ensuring we do not miss anything. This also works for property condition reports and varying "conveyance condition" punch lists.

Q: What are the keys to navigating local, state, and federal regulations impacting the property preservation industry?

This continues to be a moving target. Staying abreast and having good matrixes and legal database reference providers is the only way to stay ahead of the curve and reduce your legal risk. There are numerous options available, but all come at a significant cost. The best solutions let you know about proposed laws before they are enacted, so you can proactively update standard operating procedures and get the updates out to the field, which is our first line of defense. We also listen to our local partners, who often know their own jurisdictional requirements better than we do. Swimming pool securing is a good example. It varies from municipality to municipality.

Q: What are the key compliance issues that property preservation companies need to focus on?

One of the highest risks is ensuring we don't treat our vendor partners like employees. Having good processes and procedures internally, with a team who understands this risk, and constant internal training, is essential to minimizing this risk. There are still ongoing class action lawsuits within our industry on this topic.

Code violation management is another area that requires the utmost of

compliance and sometimes client education, to ensure we can work with the Code Officer to abate safety and health issues, as well as keeping the property maintained in such a way that it doesn't cause neighborhood blight. Fees for failing to manage this properly can be up to \$1,000 per day.

Q: How is climate change impacting property preservation, particularly in regions prone to natural disasters?

The industry has to be ready for anything! The United States has had our fair share of natural disasters this year. The Pacific Northwest is on target for a "first of its kind" weather event that is deemed to be similar to a hurricane. Being successful in the industry requires a dedicated team with project managers and a playbook on how to implement, deploy, and execute a strong disaster response in all parts of the country. Being ready, and constantly monitoring your playbook and team, is mandatory.



Anthony Scotes

First VP, Production Operations, ServiceLink

Q: What are the biggest challenges facing the property preservation space and how you do business?

The biggest challenges facing property preservation and how we do business include the impact the long-term inflationary market has on the cost of goods, along with increased insurance expenses and declining default volumes year over year for the last decade. Asset density has plummeted and allowables (rates) to complete preservation work have not increased significantly enough to meet this shift. Turnaround times also have not been adjusted for the significantly lower volumes. This has caused a lot of preservation contractors to leave

the industry or rely more heavily on other lines of business to stay profitable.

Q: How are prop pres companies having to adapt to meet these challenges?

We have partnered with industry trade groups to sponsor pricing increases across the entire industry and have been able to drive two allowable increases in the last 24 months. We're continuing to partner with these groups to sponsor pricing increases for additional services. We're hopeful this will yield some relief in the near future. Where allowables have been increased, we partner with our network to share in the increases to ease the burden of rising costs of material, technology and insurance.

Q: How have market conditions, such as shifts in interest rates or the overall economy, impacted the property preservation landscape this year?

In general, the preservation industry as a whole has continued to see declining default volumes based more on the increase in loan workout options that expanded the waterfall during and since the COVID-19 pandemic. Higher interest rates and a sputtering economy have not impacted volumes for preservation but have caused significant stagnation in the housing market as a whole.

Q: What primary new technologies or innovations are property preservation companies adopting to improve efficiency and service quality? How is AI impacting the sector?

The use of image recognition and intelligent document processing has started to take off in the preservation space and is a trend I've been tracking closely. The anticipated impact of this technology is that it will allow for better identification of risk factors and real-time quality control that is far beyond the breadth of what can be accomplished with manual reviews.

Q: How are you adapting to the need to service more remote/rural properties, necessitating more "windshield time"?

Through aggressive recruiting and the targeting of key municipalities that minimize the windshield time associated with low-volume density in rural areas, ServiceLink has grown its network by 30% and reduced windshield time by over 50% while utilizing local contractors to perform preservation services in difficult-to-manage areas.

Q: What are the keys to navigating local, state, and federal regulations impacting the property preservation industry?

In ServiceLink's Field Services division, we have a dedicated regulatory oversight team with decades of combined industry experience who monitor changing regulations at the local, state, and federal levels, including legislation and court cases that are in progress. This helps us stay on the cutting edge of where the industry is heading from a compliance standpoint and allows us to prepare and swiftly address changes to keep our client partners in compliance.

Q: How is climate change impacting property preservation, particularly in regions prone to natural disasters?

Natural disasters are happening more frequently. We've seen it this year with Hurricane Beryl being the earliest Category 5 hurricane in the Atlantic Basin's history. We've seen it with the large-scale devastation brought from Hurricanes Helene and Milton. Lenders and servicers alike need to be prepared, and this means partnering with the right property preservation provider who will meet your individual needs. It's important for us to have a national presence with response teams that can travel across state lines, if needed, to ensure our clients receive prompt action, including disaster inspections and work toward remediation. **MP**

AI IS REWRITING THE RULES OF FIXED-INCOME INVESTING

By CADE THOMPSON

If you were a research oncologist looking to extract insight from massive amounts of patient data, or an engineer evaluating climatological patterns to identify renewable energy sites, or an e-commerce strategist looking for new ways to use customer data to enhance online shopping experiences, you wouldn't think twice about using artificial intelligence (AI) to advance your work. For many industries, AI is already firmly entrenched in the technology toolbox. But while the common promises of faster, more accurate and transparent data processing are highly applicable to the fixed-income world, adoption continues to be cautious.

Let's be clear. AI is not simply the next, natural iteration of machine learning (ML). It's multidimensional in its abilities, combining human-like logic with something humans will never be able to do—crunch and extrapolate information from massive lakes of both structured and unstructured data from hundreds of different sources—at scale, and *then*, as a logic-driven, decision-making tool, distill all that into recommendations, reports, and business-critical insight.

Mapping AI to Asset Management Objectives

At the ground level, fixed-income asset managers are focused on four core functions for optimizing returns:



CADE THOMPSON is Co-President and Chief Growth Officer of Rocktop Technologies, a Solutions-as-a-Service (SaaS) company committed to enhancing returns on complex, fixed-income assets such as mortgages. Its solutions, harnessing data science, AI, and digital ledger technology, strive to propel the fixed-income industry towards strong form efficiency, ensuring that every asset is a known quantity and enhancing liquidity, portability, and value. He may be reached by email at cthompson@rocktoptech.com.

- Liquidity management
- Portfolio construction and diversification
- Yield enhancement and risk management functions
- Performance and investor reporting

Myriad data-driven decisions and actions steer the strategies for these functions, as well as their successful execution. AI, with its power to drive out data management inefficiencies while driving in data veracity and transparency, enables asset managers to perform these functions not only faster, but with more confidence in their conclusions and recommendations. In doing so, AI is effectively bringing the power of logic-based automation to the trifecta of fixed-income management: Best Asset, Best Management, and Best Execution.

Creating the Best Asset

Improving asset quality and tradability improves asset value. In the mortgage world, a significant portion of an asset's value depends on its history. The more accurate and complete the history, the less risk associated with the asset and, therefore, the more it is worth. This sounds straightforward enough until you factor in all the different partners and players that "touch" an asset's data throughout its lifecycle, including multiple asset owners, servicers, law firms, and custodians. Every party has its own data collection and management process. Different departments within a servicer, (loss mitigation, for example) may collect different borrower data points, and typically have different methods for gathering, reviewing, and cataloging key back-up documentation, such as requisite legal and title reports. Residing across such disparate sources, none of the data, nor corresponding documentation, is easily accessible, much less validated, vetted for errors or reconciled. And the longer the seasoning of the asset, the more potential for inconsistent, incomplete, or inaccurate data. In other words, the less it's worth.

Questionable loan-level data severely compromises the validity and applicability of analytics and insights the data informs. The ensuing trust deficit has a domino effect, impacting asset management strategy and execution, continuing



AI is effectively bringing the power of logic-based automation to the trifecta of fixed-income management: Best Asset, Best Management, and Best Execution.

to drag on asset value and ROI.

How AI Helps Achieve Best Management

Lack of centralized, validated loan data casts a long shadow, impacting asset management effectiveness and decisioning at both the operational and strategic levels and eventually dragging on investor yield.

The weightiest asset management challenges lie primarily in secondary market operations where verification, manual validation, and extensive documentation requirements cause friction, delays, incremental costs, and potential disputes.

Compounding these challenges are third party diligence providers tasked with unearthing risk associated with ownership transfers and other asset conditions that may impede asset management efficiency and subsequent execution of the disposition strategy.

Meanwhile, AI has the power to make light work of even the most complex, labor-intensive diligence tasks; using sophisticated querying to help determine critical decision loan attributes such as:

- Lawful and rightful ownership and the seniority/subordination of the asset
- The right to foreclose or take ownership of the underlying collateral in the event of borrower default
- Compliance at the origination of the asset
- Value and condition of the underlying collateral
- Borrower payment history and likelihood of paying a loan to maturity, paying off early, or default [the borrower credit profile]
- Determination that proper servicing practices are in place, including loss mitigation and borrower contact

In essence, AI can be leveraged to identify, evaluate, validate, reconcile, tabulate, rank, verify, search, append, compose, analyze ... just about any data-enabled logic task associated with managing an asset or portfolio of assets

through their lifecycles.

These agents also enhance curative functions, not only pinpointing clouded assets and documentation issues but automating instructions for remediation and improving asset value. Even more impressive is AI's ability to perform complex asset management tasks and optimization across more esoteric asset classes such as reverse mortgages, HELOCs and EBOs.

Using AI to de-risk and improve value, enhances liquidity and tradability and, in the case of the more complex asset classes, provides transparency and confidence to help increase participation on both the buy and sell side of the transaction equation.

AI's Power to Reshape Best Execution

The true transformative power of AI for fixed-income lies in its potential to create a strong-form efficient market where every asset is a known quantity and portfolio pricing and trading are driven more by the future potential of an asset than its risky past.

When coupled with blockchain for ensuring full transparency and data immutability, AI can automate a more intricate pricing structure that takes more data points into account. In addition to due diligence findings, such as borrower credit and payment history, predictive algorithms can factor into valuations, probability algorithms on early repayment, possible default, legal timelines and expenses, and ongoing servicing costs. Because the data feeding these predictions is accurate and verifiable, the resulting valuation, pricing, financing, and hedging are better informed. Layering in additional data points regarding property condition and home improvements history also bolsters valuation and pricing while helping to minimize investor risk by ensuring the asset value covers the mortgage balance. If you're thinking "this is already being done," the answer is yes, but not at scale ... and not with the level of veracity necessary to protect asset valuation and pricing and optimize returns.

Additionally, the capacity of AI to automate the generation of investor and servicing reports brings an unprecedented level of speed and efficiency to the marketing and trading of portfolios creating greater options for liquidity. Inputting custom queries that "ask" AI specific counterparty and investor questions provides more reliable, data-informed answers in a fraction of the time it would take a team of humans.

How AI Goes Beyond Speed and Cost-Efficiency

If you believe in the potential of a strong form efficient market, you believe in the potential of AI. We simply will not get there without its (and blockchain's) ability to enable the free-flowing exchange of fixed-income assets whereby investors have trust in the assets and the integrity of the processes and systems for buying and selling them.

Furthermore, AI and blockchain technologies are fueling innovation and ideation in an industry that is certainly not known for either. Fractional ownership of assets through tokenization can open up market participation exponentially, eventually leading to direct access by retail investors.

What does not take much imagination is this: we are only at the very beginning of understanding how AI will eventually reshape the fixed-income industry and market **MP**



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Expert Insights

ASSESSING TODAY'S LANDSCAPE

Derrick Barker, Co-Founder & CEO of Nectar, discusses his beginnings in the mortgage market, elements that attracted him to home finance, and trends that will help shape the direction of the market moving forward.

By ERIC C. PECK

Derrick Barker is Co-Founder and CEO of Nectar. He started buying real estate from his dorm room at Harvard. After Harvard, he spent three years trading complex securities at Goldman Sachs, while simultaneously building a 500-plus unit real estate portfolio in his hometown of Atlanta. He left Goldman Sachs to focus on real estate full time, eventually growing his portfolio to more than 4,700 units and \$400 million in asset value.

MortgagePoint had a chance to catch up with Derrick to discuss his start in the mortgage finance space, what attracted him to his chosen profession, and other trends that will shape the marketplace in 2025 and beyond.

Q: How did you first get your start in the industry? What attracted you to the mortgage finance space?

I got my start in real estate investing while I was still in college at Harvard. During my senior year, a few roommates and I started buying and flipping houses. We were all from neighborhoods highly impacted by the Great Recession of 2008, and we set out to create opportunity out of the low prices that followed the crisis. We were able to raise some initial capital from an alumnus who liked our pitch.

After graduating, I worked as a bond trader at Goldman Sachs for a few years, but continued building my

real estate portfolio on the side. By 2013, I had amassed a 500-unit multifamily portfolio. This gave me a strong platform to focus on addressing the housing shortage directly, so I left Goldman to focus on real estate full time.

What attracted me to mortgage finance specifically was seeing how broken traditional capital structures were/are and how that impacts the supply of housing and the businesses that create that supply. Having been a real estate operator myself, I recognized the gaps in the market for providing liquidity even to very strong property owners. These gaps reduce our capacity to build housing units, even where there is strong demand for housing, and therefore they create economic opportunity.

That's what led me to start Nectar in 2021 ... to provide liquidity and creative financing to quality sponsors who were being poorly served by traditional capital sources.

Q: In the current market, what do you see as possible market corrections to alleviate the affordability crisis?

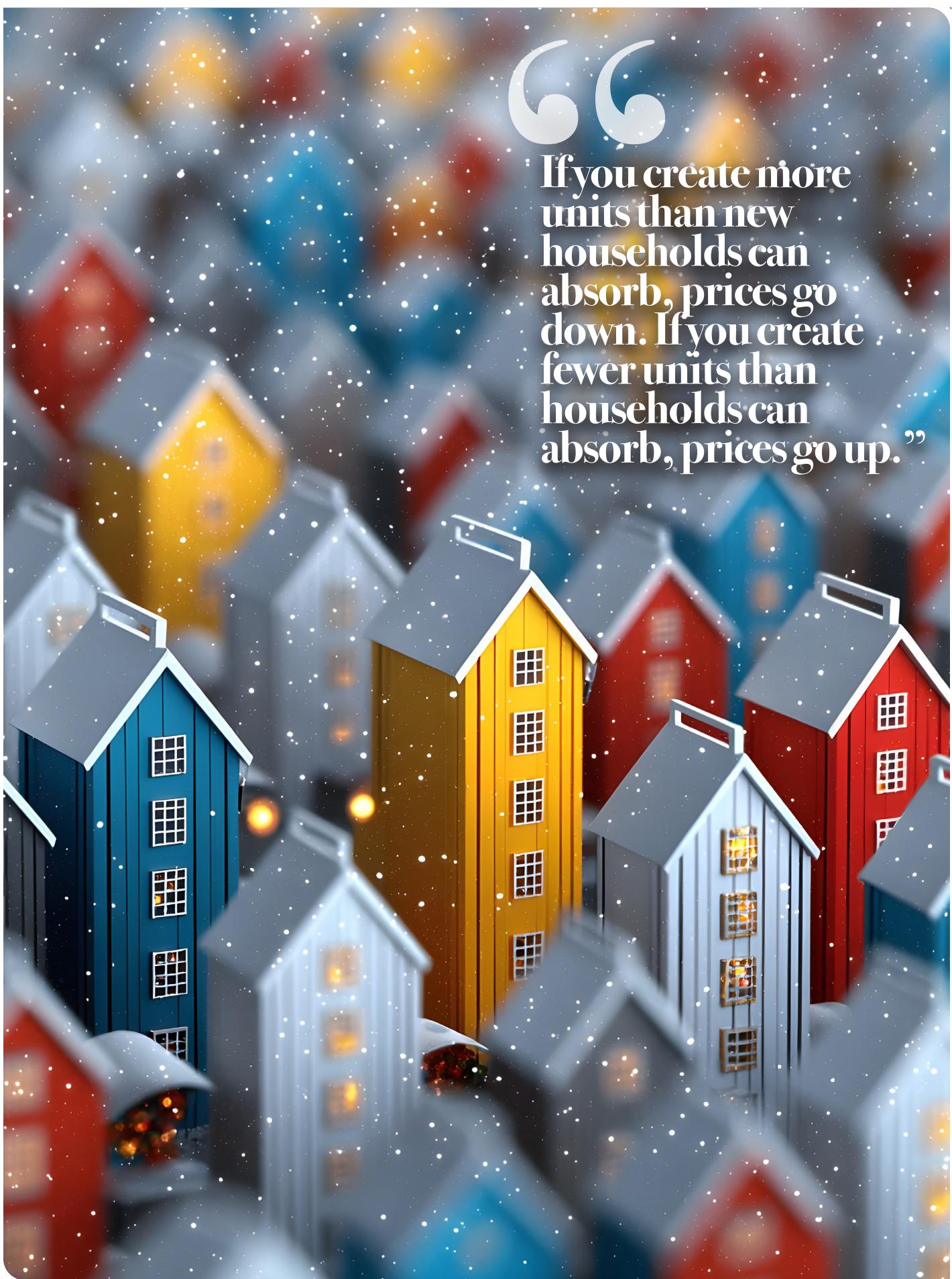
If you create more units than new households can absorb, prices go down. If you create fewer units than households can absorb, prices go up. To increase affordability, you have to increase supply. It's purely a numbers game, and it takes four things to create housing. Labor, materials, land, and capital. If you increase one or all of these things, you increase the supply and alleviate affordability challenges.

For instance, there was a record amount of new multifamily supply hitting the market in 2023-2024 because of low interest rates (increased capital availability). That is why rent growth has slowed across the nation and slowed by the most in markets with the most supply relative to population.

At the same time, higher interest rates have dramatically slowed new construction starts (reduced capital availability). So once this current wave of new supply gets absorbed, there will be limited new competition

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If you create more units than new households can absorb, prices go down. If you create fewer units than households can absorb, prices go up.”



coming online. Assuming household formation/demand stays the same, this will cause rents to rise again.

In order to sustainably correct the affordability crisis, you need to increase the supply of either capital, labor, materials, or land. There are various public solutions that could increase the supply of land and labor and typically innovation and various other dynamics impact materials. But the primary driver is capital.

To address capital, you have to either make financing more available or more flexible. This is what Nectar does in a creative way that works in both up and down markets. I would note that the government also subsidizes housing at every level and price point and will have a role to play in dealing with the crisis.

Q: What suggestions do you have for renters who are on the outside of the home buying market looking in?

For renters looking to eventually buy, I would suggest a few things:

- Focus on building savings and improving credit scores. Even small improvements in credit can make a significant difference in mortgage terms.
- Investigate first-time homebuyer programs and alternative financing options. There are many programs available that offer down payment assistance or more flexible qualification criteria.
- Consider buying in emerging neighborhoods or slightly further out suburbs where prices may be more affordable.
- Be patient and prepared. The market goes through cycles, so there may be better buying opportunities in the future. Use this time to get financially ready.
- Do not feel pressured to buy if the deal does not make financial sense. Sometimes renting is the better option, especially if it allows you to save and invest for the future.

Q: What course do you feel that rates will take as we prepare to enter 2025?

I don't anticipate rate cuts. Rates will stay around here unless economic conditions deteriorate.

Q: Do you see a shift in housing policies based on the outcome of the Presidential Election?

Regardless of the election outcome, I expect housing affordability to be a key issue for a long time to come as neither party had a plan that addressed the scale of our current problem.

The Republicans mentioned a focus on reducing regulations to spur private sector development and expanding opportunities for homeownership through tax incentives or reforms to lending practices.

It is important to note that the federal government already does much of what each candidate had proposed, and while expanding on existing programs will certainly help, current proposals are unlikely to close the housing supply/demand mismatch in full. Many of the most impactful housing policies are implemented at state and local levels. Zoning laws, building regulations, and local incentives for housing development will continue to play a crucial role in addressing housing challenges across the country.

Q: What tools do you feel a mortgage professional needs to survive and thrive in today's marketplace?

To thrive in today's mortgage finance marketplace, professionals need:

- Strong technology platforms for efficient underwriting, loan processing, and portfolio management.
- Data analytics capabilities to make informed lending decisions and identify market opportunities.
- Flexible capital sources to offer competitive products in different market conditions.

- Deep understanding of regulatory requirements and compliance best practices.

- Strong relationships with real estate operators, brokers, and other industry players.

- Ability to structure creative financing solutions from multiple capital sources tailored to borrowers' needs.

- Continued education to stay current on market trends, new financing tools, and evolving regulations.

Q: What advice would you give to anyone looking to break into the mortgage finance industry today?

For those looking to break into mortgage finance today, I would offer this advice ... start by determining a niche where you can provide value to borrowers that the market is not currently providing. Fortunately, the market is vast and there are many inefficiencies. I would start by finding out how you can source or structure deals better than current incumbents.

Embrace technology, especially artificial intelligence (AI), as the industry evolves rapidly. Being able to use it to streamline your workflow, strengthen your underwriting and save time, yours, and your staff's, is golden. If you are not familiar with it, take a class to bring yourself up to speed and hire an expert to help you implement it. **MP**

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"I believe that education, understanding, and empathy are the keys to fostering inclusive environments which will strengthen our industry as a whole."

—**Ashley Shepherd**, Head of Marketing, Safeguard Properties, AMDC Advisory Council Member

IN PENNSYLVANIA, IS THERE A RIGHT TO JURY TRIAL IN IN REM FORECLOSURE ACTIONS?

By THOMAS C. DYER, ESQ.

A question that has become prevalent in Pennsylvania foreclosure of late has been, does a borrower have a right to a jury trial for *in rem* actions in foreclosure? This has particularly come to light as an opinion from the Philadelphia Court of Common Pleas stated a borrower does have such a right in *U.S. Bank National Association, not in its Individual Capacity but Solely as Trustee for the NRZ Pass-Through Trust XIV v Wright*, August Term 2020, No. 2826 (Phila. C.C.P. February 16, 2024) (hereinafter “*Wright*”).

Determining Whether a Litigant Has a Right to a Jury Trial

A right to a jury trial in Pennsylvania generally rests on whether the right existed prior to the adoption of the Pennsylvania Constitution. Absent such an existence, the right does not exist unless specifically created by the legislature. The Pennsylvania Constitution states in Article I, § 6, “Trial by jury shall be as heretofore, and the right thereof remain inviolate.”

To date, the legislature has created no right to a jury trial in mortgage foreclosure actions. In fact, Pennsylvania Rules of Civil Procedure (“Rule”) Nos. 1141 through 1150, which control the procedural aspects of actions in foreclosure, make no reference whatsoever to a trial by jury. Interestingly, Rule 1150 explicitly references trials without a jury, with no mention of

a trial by jury procedure. Further, there is no mention of jury instructions, standard for jurors, etc. contained within the Rules governing mortgage foreclosure actions in Pennsylvania.

Without legislation creating a right to jury trial in foreclosure matters, the test for determining if a right to jury trial exists rests in a three-part test. Specifically, courts are to analyze (1) whether the right has been conferred by statute; (2) whether jury trials were required in such actions before 1790; and (3) whether there was a common law basis for the proceeding. *Wertz v. Chapman Twp.*, 741 A.2d 1272, 1276 (Pa. 1999), *citing, Commw. v. One (1) 1984 Z-28 Camaro Coupe*, 610 A.2d 36, 39 (Pa. 1992). For determining whether the right has been conferred by statute, courts must analyze the following criteria: (1) whether the statute speaks to the right; (2) whether the statute describes the court as the entity providing relief; and (3) whether the legislative history supports the conclusion that the Legislature intended to include the right to a jury trial. *Mishoe v. Erie Ins. Co.*, 824 A.2d 1153, 1156 (Pa. 2003); *Wertz v. Chapman Twp.*, 741 A.2d 1272, 1275 (Pa. 1999).

The *Wright* Opinion

With the aforementioned framework in mind, the opinion from the *Wright* case reached the conclusion that a right to a jury trial did exist in mortgage foreclosure actions. In support of

this conclusion, the court relied on the law that controlled mortgage foreclosure prior to adoption of the Rules. Specifically, the legal theory of *scire facias sur mortgage* under the Act of 1705, 1 Sm. L. 57, 57-69 (the “1705 Act”).

In short, the *Wright* court used notes contained within the 1705 Act which required jury trials in certain circumstances.

The notes stated as follows:

the sheriff is to impanel a jury, who are to make inquiry of all the goods and chattels of the debtor, and to appraise the same, and also to inquire as to his lands and tenements; and upon such inquisition, the sheriff is to deliver all the goods and chattels (except the beasts of the plough) and a moiety of the lands to the party, and must return his writ, in order to record such inquisition in that court, out of which the [writ] issued. And when the jury have found the seizin and value of the land, the sheriff, and not the jury, is to set out and deliver a moiety thereof to the plaintiff by metes and bounds [...] And in Pennsylvania, it is the uniform practice to calculate the interest on all judgments for the seven years, to enable the jury, on the first inquisition, to decide whether or not the estate will satisfy them, by the yearly rents and profits, beyond all reprizes, within the term of seven years.



In the court's opinion, these notes demonstrated an intent of the legislature at the time to create a right to a jury trial in foreclosure actions. Thus, despite the later adopted Rules being silent on jury trials while including language of trials without juries, the court reasoned that the 1705 Act a right to jury trials in foreclosure actions has always existed in Pennsylvania, meeting the previously mentioned three-part test.

Key Questions Regarding the *Wright* Opinion

The *Wright* opinion opens the door to jury trials in an area of law which is very nuanced and law specific. However, questions still remain in the reasoning of the opinion, and whether such a right does exist.

The *Wright* opinion relies upon notes in the 1705 Act which pertain to collection of personal debts, not mortgage foreclosure. This is an important distinction as the opinion states the following in support of a right for jury trials "A process of inquisition and condemnation in connection with the writ of fieri facias (see § 1:3, *infra*) also gave debtors a means of avoiding 'foreclosure' when the suit was on the note. This procedure, provided for in 1705 (see 1 Sm. L. §§ 1 and 2), allowed debtors to avoid

the sheriff's sale where the income from the property would pay off the debt within seven years. Unfortunately, this protection could also be waived by the debtor in the 'note' or bond and warrant and usually was." With this language used by the *Wright* court, the provision deals with actions in personal liability under a note and not in rem actions to enforce a mortgage lien in a modern foreclosure action. Such a distinction calls into question whether the notes cited by the *Wright* opinion in fact indicate the existence of a right to jury trial in *in rem* foreclosure actions.

As one can imagine when relying on a piece of law from 1705, the purpose of the 1705 Act and what it exactly sought to provide in terms of a jury trial lacks clarity and is open to multiple interpretations on both sides. Which presents a potential issue for appellate review to determine this longstanding issue.

Ramifications Going Forward

It is important to note that the *Wright* opinion is a trial court opinion which is not binding upon other courts in the Commonwealth. Which begs the question, what does the future hold for foreclosure jury trials in Pennsylvania?

First, should courts permit jury trials in foreclosure actions, this would

undoubtedly bog down the judicial economy of courts throughout the Commonwealth. With the volume of foreclosure actions filed across such a large state, the conducting of potentially large numbers of jury trials would strain the court system and affect all matters on a court's docket, creating extensive delays. This is seemingly an untenable route to move forward with and would likely require the legislature to provide clarity on the matter to prevent such a backlog.

Second, jury trials would have a substantial impact on witnesses testifying in foreclosure cases. Foreclosure matters are littered with statutory prerequisites and requirements to prove a lender's entitlement to *in rem* judgment. In short, foreclosure cases are driven by statutory interpretation and application, which could present challenges for a jury at trial. This creates an interesting challenge for the attorneys and witnesses involved as they would now need to present a coherent case to a group of citizens with no prior knowledge in this unique area of law.

Finally, such a result could lead to vastly different results depending on which area of the Commonwealth you are in. It is easy to imagine a jury in Philadelphia reaching a different conclusion on a matter than that of a jury in one of the more rural counties in Pennsylvania. With venue being restricted to the county in which the mortgaged property is located, it is foreseeable the imposition of jury trials would create different risks for lenders depending on which county a property is located in.

Conclusion

In short, the potential right to jury trials in Pennsylvania foreclosure actions is certainly something to monitor. It is clear, however, that any uptick in jury trial demands in foreclosures would have a significant impact on both lenders as well as the court system. Ultimately, it seems in everyone's best interest for the legislature to take notice of this lack of clarity in the law and issue some guidance for the industry moving forward. **MP**

THE NATIONAL PROPERTY PRESERVATION CONFERENCE CELEBRATES TWO DECADES OF INDUSTRY ACTION

By DAVID WHARTON

On November 11-13, 2024, the National Property Preservation Conference (NPPC) celebrated its twentieth anniversary. It brought together industry professionals representing mortgage servicing, property preservation, and related government agencies for several days of discussion, education, and networking centered on all facets of the mortgage field services industry.

Created by Safeguard's founder, the late Robert Klein, the NPPC moved to a new venue this year at the MGM National Harbor Resort and Casino near Washington, D.C. The festivities kicked off on the evening of Monday, November 11, with a Welcome Reception at the Casino's Felt Lounge before Tuesday commenced with a full day's worth of programming.

The Lay of the Land

Tuesday's schedule began with a Keynote Address from Bill Killmer, SVP of Legislative and Political Affairs at the Mortgage Bankers Association. Killmer put the recent presidential election under the microscope, breaking down both how the election played out and examining the various ways President Trump's impending return to the White House could impact the industry.

While the House had still not been formally called for the Republicans at the time of the event, Killmer's presentation outlined various scenarios. Under



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the "full GOP sweep" scenario that Killmer posited, and which eventually proved to be the case, Killmer noted that President Trump's administration would likely pursue rollbacks of various aspects of President Biden's regulatory agenda (such as the Inflation Reduction Act) and to extend the tax provisions implemented by the Tax Cuts and Jobs Act. He then delved into various likely Trump administration priorities, such as corporate tax rates, FICA thresholds, and supply-side Housing Tax Credits.

Killmer also noted that Republican control of the White House and Congress could reduce "the impact of any congressional pushback on moves

by a Trump FHFA Director to shrink GSE footprint, rollback equity plans, raise fees, or end conservatorship via administrative action." However, Killmer added that "prospects for passage of comprehensive GSE Reform legislation remain low," but that narrower, more targeted GSE-related bills were more likely to get traction. He also said to expect a new CFPB Director, as well as possible moves towards congressional changes to the Bureau.

Continuing a longstanding NPPC tradition, Ed Delgado, AMP, Managing Director of Mortgage Policy Advisors and Chairman Emeritus of Five Star Global next moderated a panel of industry experts focused on "Current Trends and Future Outlook of the Property Preservation Industry." This year's panelists included Michael Greenbaum, COO of Safeguard Properties; Benjamin Gottheim, VP, Servicing Policy, Single-Family Portfolio & Servicing at Freddie Mac; Leslie Meaux-Pordzik, SVP for the Office of Issuer and Portfolio Management at Ginnie Mae; Tim Rood, Founder & CEO at Impact Capitol; and John Thibaudeau, VP, Single-Family Real Estate Asset Management at Fannie Mae. [Editor's Note: Five Star Global is the parent company of *MortgagePoint*, and *MortgagePoint* was a media sponsor of this year's NPPC.]

Rood built upon Killmer's presentation by discussing how President Trump's reelection is likely to be a





“game-changer” for industry regulation. Whereas the Biden administration prioritized issues such as climate change, DEI, and minority homeownership, Rood said that we should look to the precedent of President Trump’s previous administration for suggestions of what to expect. Rood also suggested that GSE reform and a reexamination of conservatorship will likely be on the table.

The panel discussed other likely trends on the horizon during the incoming administration, including changes in underwriting criteria, a focus on ways to lower interest rates, and potential friction between President Trump and Fed Chair Jerome Powell. Housing, and in particular strategies to make housing more affordable, should be a goal, Rood noted, who observed that “Living indoors has never been more expensive.”

The panel said that foreclosure rates and REO inventories are expected to remain low, barring any unforeseen “black swan” events. Gottheim explained that more people are selling after a foreclosure is initiated but before the process is completed, exiting with a high home-sale price. The whole ecosystem, Gottheim continued, is focused on working with homeowners and letting them leverage the high levels of equity the market currently makes available.

Delgado asked Thibaudeau to discuss Fannie Mae’s HomePath program,



which allows buyers to purchase REO properties out of Fannie Mae’s inventory, allowing owner/occupants more chances to purchase a home without competing against institutional investors. Thibaudeau added that due to ongoing inventory shortages, there is a renewed focus on rehabbing properties before sale, as opposed to selling as-is.

Safeguard’s Greenbaum then laid out some of the challenges currently facing property preservation vendors, including competition for workers from the gig economy and the ongoing impact of record-low defaults. Despite the cyclical nature of real estate, properties still need to be assessed throughout that cycle. He also suggested that prop pres companies struggling to make ends



meet may need to explore opportunities within “adjacent markets” such as single-family rental. He also reiterated the importance of staying focused on the fundamentals, ensuring comprehensive assessments to “truly understand the state of the property upfront.”

Exploring Different Facets of the Industry

Next up was a panel focused on the legal aspects of the property preservation sector, entitled “Understanding and Adapting to New Legislation,” moderated by Linda Erkkila, General Counsel of Safeguard Properties and featuring Greg Wallach, Supervising Attorney at Aldridge Pite; Marcel Bryar,



Managing Director of Mortgage Policy Advisors LLC; and Brendan Kelleher, Associate Director of Loan Administration and Residential Policy at MBA.

The panel focused heavily on so-called “squatter laws” across various states including Alabama, Florida, and Georgia, as well as providing examples of relevant affidavits. It also discussed the implications and aftermath of *Loper Bright Enterprises v. Raimondo*, a 2024 Supreme Court case that overturned the 40-year-old Chevron doctrine.

The stage then welcomed a panel entitled “Safeguarding Assets: Best Practices for Inspections and Recovery in FEMA-Declared Disasters.” Speakers included Troy Badman of FEMA Individual Assistance; Kimberly Dawson, SF Collateral Risk-Real Estate Asset Management Director, Property and Field Solutions at Fannie Mae; Johanna Granados, Account Executive at Verisk; and Laura MacIntyre, President of DIMONT.

They discussed takeaways from the two-dozen billion-dollar weather and climate disasters that impacted the United States in 2024 and what factors FEMA considers when evaluating a request for an Individual Assistance (IA) declaration, including state fiscal capacity and resource availability; uninsured home and personal property losses; disaster-impacted population profile; impact to community infrastructure; casualties; and disaster-related unemployment.

They also explored the increasingly difficult challenges of insurance costs and coverage, noting that average homeowners’ insurance costs have become significantly high in states such as Oklahoma, Texas, and Nebraska. The panel also underscored the critical importance of identifying damages early in the aftermath of these disasters.

Following a lunch break, programming resumed with a Fireside Chat with

Marcea Barringer, Duty to Serve, Office of Housing and Community Initiatives, FHFA, before moving into a look at Native American Housing Programs, moderated by Elizabeth Squires, AVP, Client Account Management, Safeguard Properties, and featuring insights from Erin Persons, Director, Duty to Serve at Freddie Mac.

The afternoon continued with “Code Compliance: Supporting Community Revitalization Through Collaboration,” moderated by Steve Meyer, AVP, High Risk and Investor Compliance at Safeguard Properties, and featuring Bryan Wagner and Victor Martinez of the American Association of Code Enforcement (AACE); Jennifer Rossman, Director of Client Operations at Safeguard Properties; and Amanda Koontz, Manager of Property Preservation at Carrington Mortgage.

The Code Compliance panel delved into topics including current primary challenges for Code Enforcement, servicer perspectives, pre-sale vs. post-sale, the handling of violations, property registration challenges, the importance of direct point of contact for handling violations, and the future of code enforcement. The discussion included insights into what conditions are driving most violations, whether the violations are complaint-driven or if there are processes to proactively inspect areas for



violations, and what issues are causing the most problems for cities. Looking ahead, the panel also discussed the potential future of code enforcement, such as using AI to identify violations.

The agenda next brought attendees “From Claim to Closure: Navigating Expectations Throughout the Hazard Insurance Claims Process.” Safeguard’s Michael Greenbaum returned to the stage for this session moderated by Jami Sherr, President and CEO at Sterling Claims Management, joined by Baker Breedlove, VP at Lakeview Loan Servicing, LLC; Aubrey Gilmore, President of Rutledge Claims Management, Inc.; and Priscilla Rivera, VP, Client & Operational Development at Sterling Claims Management, Inc. They walked through the ins and outs of insurable vs. non-insurable damages, ranging from water, fire/smoke, and wind/hail to vandalism and theft. They also discussed examples of areas where servicers may be “leaving money on the table,” citing data from a study by the Office of Program Policy

Analysis & Government Accountability, an office of the Florida Legislature.

As the day headed into the home stretch, Lisa Solis, Director, Investor Compliance at Safeguard moderated the day’s Investor/Insurer Panel Discussion, featuring insights from William Collins, Director, National Servicing Center at U.S. Department of Housing and Urban Development; Chris Cordina, Real Estate Manager at Fannie Mae; and Geoff Williams, Loss Mitigation Senior Manager at Freddie Mac. They continued the discussion of how servicers and prop pres companies need to address weather-related property damages and claims.

The first full day of programming wrapped up with an “Endnote Address” from Julianne Joseph, Senior Counselor to the Secretary, HUD. Her speech spoke powerfully about the human aspects of what the industry does, focusing on the importance of helping people pursue the American Dream of homeownership. She recounted how her career was shaped by seeing firsthand the struggles

of American homeowners and wanting to try to ensure that she helped people avoid those feelings of desperation that come with economic hardships. She shared how she came to work under HUD Secretary Fudge and how the Secretary sought to recruit people who remained “married to [their why]”—to the internal, personal drive to help people and make a difference in the industry.

A Focus on Tech, Government, and Servicing

The second day of the conference opened with a Keynote Address from Julia R. Gordon, Assistant Secretary for Housing and Federal Housing Commissioner, HUD. With a new Presidential administration set to take the White House in January, Gordon used the keynote as a chance to recount some of the accomplishments she was most proud of from her tenure as Federal Housing Commissioner, including renovation loans, the COVID waterfall



designed to keep people in their homes during and after the pandemic, and allowing lenders to consider first-time homebuyers' rental payment history. She also noted that the increased focus on manufactured housing as one lever to wield against housing shortages would likely continue.

Following Gordon's Keynote, the penultimate panel rolled out with the "Tech Transformations: Leveraging AI and Other Innovations for the Future of Property Preservation" presentation. With Mike Greenbaum, COO, Safeguard Properties moderating, panelists for this tech panel included Min Alexander, CEO and Founder of BOSSCAT Home Services and Technologies; Robyn Bui, SVP at Quality Claims Management; Clint Lien, VP of Cost Research and Product Development at The Bluebook International, Inc.; Vin Vomero, Co-Founder & CEO at FoxyAI; and Scott Heller, VP, Information Technology at Safeguard Properties.

The panel delved into the hot topic of AI applications within and throughout the property preservation sector, including applications such as helping

determine occupancy, aiding in disaster inspections, and utilizing machine learning models for forecasting. Heller compared the current state of AI to the early days of the internet, predicting "exponential growth" compared to the pace of traditional technological advancements. Overall, the panel laid out multiple examples of how AI adoption is driving efficiency, cost savings, and improved decision-making within property preservation and management. They also noted headwinds such as high initial investment costs, data-quality requirements, and the ongoing training needs of AI models.

The conference then wrapped up with the final panel of the day, entitled "Tackling the Challenges of Servicing Government-Backed Loans." Jennifer Hopkins, Client Account Manager, Safeguard Properties moderated and speakers for this session included Jodi Gaines, CEO at Claims Recovery Financial Services; Scott Arnold, VP at National Field Representatives; Carrie Derr, Property Preservation and Liquidation Manager at Planet Home Lending; Brooke Marshall, VP Property Preservation at LoanCare; Diane Snider,

Post-Foreclosure Claims Manager at Truist; and Justin Tucker, VP MSR Sub-Servicing Oversight & Asset Management at Lakeview Loan Servicing.

Once the event's final panel wrapped, women attendees were invited to gather for the Women's Impact Network (WIN) Luncheon. The event was created in the spirit of leadership, mentorship, and empowerment of women in the Property Preservation industry. Hosted by Elizabeth Squires of Safeguard Properties, Jodi Gaines of CRFS, and Laura MacIntyre of DIMONT, the event created an opportunity to share individual experiences both as a mentor and a mentee. Attendees were encouraged to network not only at the event, but to stay connected throughout the year. With the success of the inaugural event, the WIN Luncheon looks to become a staple at future NPPC events.

Next year's NPPC is scheduled for November 17-19, 2025, at the MGM Resort & Casino National Harbor. For more information on the National Property Preservation Conference, visit nppconf.com. **MP**

REIMAGINING CREDIT AND VERIFICATION WORKFLOWS

Updating verification workflows is not merely an understandable reaction to new technologies, but a necessity driven by market conditions, regulatory requirements, and customer expectations.

By GREG HOLMES

Few, if any, industries in the world have experienced such dynamic shifts in recent years as the mortgage industry. Within that rapid evolution, the landscape of credit and verifications has also experienced a fundamental shift. Mortgage lenders are no longer restricted to traditional and often time-consuming processes that have historically bogged down the loan journey. From pre-application through post-closing quality control (QC) reviews, lenders are increasingly recognizing the need to update their verification workflows to assist in enhancing operational efficiency, cutting costs, and maintaining compliance.

This shift requires not only technological adjustments, but also a top-to-bottom cultural transformation within lending institutions and their missions. It goes without saying that such a change will require a mindset overhaul when it comes to how industry verifications are handled, but it can—and should—be done.

Why Update Your Credit and Verification Workflows?

Updating verification workflows is not merely an understandable reaction to new technologies, but a



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necessity driven by market conditions, regulatory requirements, and customer expectations. The mortgage market is more competitive than ever. And as margins tighten, lenders are under immense, ongoing pressure to cut costs without sacrificing the quality of their processes.

This means that the entire loan cycle is undergoing constant scrutiny and reevaluation to identify outdated processes and blind spots. One key area in which lenders can implement cost reduction is verification services. Mortgage lenders often find themselves in relationships with multiple vendors for credit and verification-related tasks: credit reports, income verification, employment verification, etc. While it may get the job done, this piecemeal strategy creates inefficiencies and unnecessary expenses. By reevaluating these workflows and cutting out extraneous partnerships, lenders can reduce the

number of verification providers they work with, streamlining operations, and cutting expenses.

Evaluating Costs and Workflow Efficiency

To determine whether their costs are being properly minimized, lenders must first examine their current workflows to identify inefficiencies. For example, one common issue many lenders encounter is ordering verifications too early in the process. Before the advent of today's cutting-edge assistive tech, lenders would often pull a tri-merge credit report early in the pre-application stage to "get ahead of the game." However, this strategy sometimes led to unnecessary costs if the borrower chose not to proceed with the application. To avoid this roadblock, some lenders are adopting a more efficient approach, starting with a soft credit pull that functions like a hard pull without triggering credit monitoring alerts. The tri-merge report is then ordered later in the process, as required to underwrite the loan.

By shifting the timing of these mandatory verifications, lenders can better manage costs while still adhering to regulatory requirements like the Loan Quality Initiative (LQI). Additionally,



Lenders must carefully decide when and where to use consumer-permissioned data, depending on their specific needs and the type of loans they are processing. While this approach can be beneficial for reducing costs, some lenders may still prefer traditional verification methods in certain situations.”

automated service ordering based on specific milestones has become much more prevalent. This allows lenders to avoid over-ordering, or mis-ordering, products and ensures that they only pay the right price at the right time.

Finding the Right Credit and Verification Provider

As touched upon above, a significant consideration when changing the industry mindset around verifications involves selecting the right provider. Rather than juggling multiple vendors, many lenders are turning to a single provider for all their verification needs. Bundling these services can offer several advantages, including:

- **Cost Control:** By consolidating credit and verification services under one vendor, lenders can better predict possible variables and simplify expenses. In many cases, bundling services can offer better pricing and terms than working with multiple vendors. For instance, purchasing multiple verification products (credit, income, employment) from one provider often leads to lower overall costs due to the vendor's economies of scale.
- **Simplified Vendor Management:** It almost goes without saying that managing fewer vendors can significantly reduce the complexity of the verification process. Instead of juggling multiple relationships, utilizing a single, reliable vendor can create a partner that helps lenders navigate regulatory changes and provides consultative advice on improving operational efficiency. Furthermore, this strategy reduces the administrative burden on internal vendor management teams, allowing them to spend more time focusing on other priorities.
- **Scalability and Security:** Another critical consideration when choosing a verification provider is scalability. The right vendor must be able to scale up or down depending

on market conditions and lender goals. For example, during times of increased loan volume, a provider must be able to handle the influx without compromising quality. Additionally, data security should be a top concern. Lenders need to ensure that their verification provider has robust cybersecurity measures in place to prevent disruptions to day-to-day operations.

Reevaluating Workflows: A Focus on Automation and Consumer-Permissioned Data

Automation plays a pivotal role in today's mortgage verification process. Lenders are increasingly utilizing milestone-based, automatic ordering systems to eliminate inefficiencies. They can utilize these analyses to trigger certain courses of action. For example, employment verifications can be automated so that if one online database does not have the employment record, the system automatically moves on to the next provider, creating a waterfall effect. This reduces delays and ensures that critical data is available when needed.

Another trend is the move toward consumer-permissioned data, particularly for income and employment verification (VOE/I) and bank statements. In this case, borrowers provide their consent for verification providers to access payroll or bank account information directly. This can lead to significant time and cost savings, as the process eliminates the need for manual data entry and/or expensive third-party services.

However, lenders must carefully decide when and where to use consumer-permissioned data, depending on their specific needs and the type of loans they are processing. While this approach can be beneficial for reducing costs, some lenders may still prefer traditional verification methods in certain situations.

Incorporating Change Into Company Culture

Far-reaching pivots of this nature are not easy and a critical aspect of successfully implementing these changes is incorporating the new mindset directly into the company culture. Workflow improvements cannot succeed in isolation; they must be accompanied by a cultural shift that prioritizes efficiency, cost management, and collaboration with the right vendors. Here is a few ways that management can help get the entire team on board to foster this change:

- Educate Employees:** Everyone involved in the mortgage process, from loan officers to quality control teams, should clearly understand the benefits of the new workflows, as they affect both lender and consumer. Regular training sessions, workshops, and internal communications can help employees adapt to the changes and understand why they are necessary.
- Empower Decision-Makers:** Put power in the hands of key decision-makers within the organization to evaluate and implement new verification workflows. This could involve forming a task force that includes representatives from various departments—such as compliance, operations, and IT—to ensure that all angles are covered.
- Monitor Performance:** Establish clear performance metrics to monitor the success of the new workflows. It should be plainly understood and tracked how well the change is being implemented, and if there are any blind spots that are leading to stagnation or resistance. Tracking could include metrics related to cost savings, processing times, and borrower satisfaction. Regularly reviewing these metrics will help lenders fine-tune their workflows and confirm that they are achieving the desired outcomes.
- Partner With the Right Vendor:** As mentioned above, working with a

trusted and experienced verification provider can make the transition to new workflows smoother. Lenders should seek out providers that offer not only the range of verification services that are needed, but also consultative support to help them implement and refine these new deliverables as they transition to the new streamlined process.

Improving Business Outcomes With Enhanced Workflows

The mortgage industry is undergoing a significant transformation in many areas, and one notable area that is rapidly evolving is how verifications are conducted. By reevaluating workflows, selecting the right verification provider, and incorporating a new mindset on how verifications should be handled into company culture, lenders can lower costs, drastically improve efficiency, and stay ahead of both competitors and regulatory changes. The key to success for this path lies in a comprehensive approach that combines technology, process improvement, and a cultural commitment to continuous innovation. As lenders continue to adapt to these changes, those that embrace this new mindset will be best positioned to thrive in today's razor-thin housing market. **MP**



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December 2024

- In Q3, the average production volume per company increased from \$492 million in the second quarter to \$542 million.
- Compared to 1,503 loans in the second quarter, the average volume by count per company increased to 1,642 loans in the third quarter.
- In Q3, total production revenue (which includes fee income, net secondary marketing income, and warehouse spread) dropped from 347 basis points in the second quarter to 341 basis points.
- Production revenues on a per-loan basis dropped from \$11,499 per loan in the second quarter to \$11,417 per loan in Q3.

Q3 2024 Highlights: Loans, Mortgage Originations and Profits

In Q3 2024, the total cost of loan production—which includes commissions, compensation, occupancy, equipment, and other production costs and corporate allocations—dropped from 330 basis points in the second quarter to 323 basis points. In 2024, per-loan costs dropped from \$10,806 per loan in the second quarter to \$10,716 per loan in the third quarter. Loan production costs have averaged \$7,573 per loan since the third quarter of 2008.

By monetary volume, some 84% of all originations were purchases. According to MBA, the buy share for the entire mortgage business was 75% in Q3 2024. Also, in Q3, the average loan balance for first mortgages climbed from \$356,993 in the second quarter to \$361,518.

In Q3 (without annualizing), servicing net financial income decreased from \$69 per loan in the second quarter to a loss of \$25 per loan. In the third quarter, servicing operational income—which does not include MSR amortization, profits, or losses in the valuation of servicing rights net of hedging gains or losses, or gains or losses on the bulk sale of MSRs—rose from \$88 per loan to \$93 per loan.

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IMB PRODUCTION PROFITS TICK UP IN Q3

According to the recently released Quarterly Mortgage Bankers Performance Report by the Mortgage Bankers Association (MBA), independent mortgage banks (IMBs) and mortgage subsidiaries of chartered banks reported a pre-tax net profit of \$701 on each loan they originated in Q3 2024. This is an increase from the reported net profit of \$693 per loan in Q2 2024.

“Mortgage companies reported net production profits for the second consecutive quarter after an unprecedented period of net production losses that spanned two years,” said Marina Walsh, CMB, MBA’s VP of Industry Analysis. “Net production profits increased to 18 basis points last quarter—far improved from the average loss of 43 basis points the past two years—with a drop in secondary marketing income offset by a decrease in production expenses.”

Walsh claims that the possibility of increased third-quarter prepayments led to mortgage servicing right (MSR) impairments and decreased profitability on the servicing side of the company. In the third quarter, net servicing financial income decreased from a gain of \$69 per loan in the second quarter to a loss of \$25 per loan serviced.

“Overall, it was a decent showing for independent mortgage banks with 71% reporting profitability across production and servicing operations, compared to 78% in the second quarter,” Walsh said.

Key Findings of MBA’s Q3 2024 Quarterly Mortgage Bankers Performance Report:

- The third quarter of 2024 saw an average pre-tax production profit of 18 basis points (bps), up from the reported 17 bps in the second quarter and a 34-basis point loss in the previous year.
- From the third quarter of 2008 to the most current quarter, the average quarterly pre-tax production profit was 42 basis points.

Compared to 78% in Q2 of 2024, some 71% of the companies in the report reported pre-tax net financial profits in the third quarter of 2024, including all business lines (production and servicing). Other performance metrics for the mortgage banking sector are provided by MBA's Mortgage Bankers Performance Report series, which includes pull-through rates, productivity, product mixtures for originations and servicing volume, and revenue and cost breakouts.

COSTS MOUNTING FOR HOMEBUYERS

According to new research from Clever Real Estate, a St. Louis-based real estate company, homebuyers spend an average of \$31,975 in homebuying expenses, such as closing costs, repairs, and moving, in addition to their down payment.

The costs are broken down into the following:

- Repairs and renovations: \$13,498
- Furniture, fixtures, and appliances: \$6,446
- Closing costs: \$4,754
- Concessions to seller: \$3,943
- Moving costs: \$2,670
- Private mortgage insurance: \$387 annually
- Home inspection: \$277

The report, "The True Cost of Buying a Home in 2024," authored by Jaime Dunaway-Seale, a Content Writer at Clever Real Estate, found that with a 15% down payment on the average-priced U.S. home (\$501,500) adding \$75,255, the upfront cost totals \$107,230.

The study found that 48% of buyers said costs were higher than expected, with 39% exceeding their budget and 38% reporting impacts on their savings. Notably, 63% of first-time buyers were surprised by the cost. Among Gen Z, 49% exceeded their budget—over 1.5 times more than boomers (31%).

It was noted that 79% of buyers compromised on at least one priority. Buying within budget was the most common priority, but also the most likely to be compromised. Of the 57% who prioritized their budget, more than one in 10 (11%) went over their limit. More than half of homebuyers (52%) negotiated with the seller, with 94% of those who did achieving success. About 34% of buyers paid below the asking price in 2024—up from 27% in 2022, when the market was more favorable to sellers.

According to the Clever Real Estate report, had buyers known the actual cost of purchasing a home, 68% would have taken a different approach, believing they could have saved an average of \$24,000. Moreover, buyers could incur an additional \$12,944 in commission costs on the average home if sellers opt not to pay the buyer's agent commission following the National Association of Realtors (NAR) settlement in August. Although 66% of buyers with agents in 2024 had their commissions covered by sellers, this is no longer required. The study found that 72% of buyers had regrets, with the most common being that buying a home is simply too expensive.

WHICH MORTGAGE LENDERS LED THE WAY IN CUSTOMER SATISFACTION?

Despite a September interest rate cut by the Federal Reserve, the average 30-year mortgage rate has been on the rise during Q4—continued high rates, combined with steadily rising housing prices, have put a strain on mortgage customers, according to the latest J.D. Power 2024 U.S. Mortgage Origination Satisfaction Study.

Some lenders have managed to turn those challenges into an opportunity

to play a more direct advisory role with customers, earning praise from customers along the mortgage process, while others may have struggled.

"The variability in rates and higher costs for buyers increases the importance of understanding consumers' individual situations," said Bruce Gehrke, Senior Director of Wealth and Lending Intelligence at J.D. Power. "Consistently, we're seeing that lenders that play an active advisory role in helping their clients navigate the current market are earning significantly higher customer satisfaction, loyalty, and advocacy scores than those that are treating mortgage lending as a transactional process."

The U.S. Mortgage Origination Satisfaction Study measures overall customer satisfaction based on performance in six factors (in alphabetical order): communication; digital channels; level of trust; loan offering meets my needs; made it easy to do business with; and people. The 2024 study was fielded from August 2023 through September 2024 and is based on responses from 7,534 customers who originated a new mortgage or refinanced within the past 12 months.

Key Study Findings

- Overall satisfaction has declined following a sharp increase in 2023: Overall customer satisfaction with mortgage lenders is 727 (on a 1,000-point scale), down a total of three points from a year ago when mortgage customer satisfaction surged 14 points year over year. In the past year, mortgage lenders have noticeably trimmed their staff, thus making it more challenging to deliver high-quality, personalized customer service that drove the gains in customer satisfaction just a year ago.
- Interpersonal relationships with local brand reps are critical to customer satisfaction: The only factor showing gains in this year's study is people, which has risen by a single point. The factors showing the biggest year-over-year declines

in customer satisfaction are digital (-8 points); communication (-5); and loan offering met my needs (-5). J.D. Power found that when local brand representatives are directly involved in the mortgage origination process, overall satisfaction rises 40 points.

- Having a lender as an advisor becomes key to navigating a tough market: Lenders that actively advise clients throughout the lending process have driven significantly higher customer satisfaction scores. The satisfaction score for trust among borrowers who strongly rely on the lender's expertise to get through the borrowing process is 133 points higher than among those borrowers who do not strongly rely on the lender's expertise.
- Timing is everything and earlier is better: Overall satisfaction is 41 points higher when lenders engage early with customers, connecting with them when they are first thinking about purchasing a home, compared with overall satisfaction when lenders get involved once customers are actively shopping. Satisfaction is 107 points lower when lenders get involved at the time customers are getting ready to apply for a mortgage.
- According to J.D. Power, Fairfax, Virginia-based full-service mortgage banker Prosperity Home Mortgage ranked highest in mortgage origination satisfaction, with an overall score of 772. A subsidiary of HomeServices of America, a Berkshire Hathaway Affiliate, Prosperity Home Mortgage, featuring a team of more than 500 mortgage consultants, operates in 49 jurisdictions, and, in 2023, funded nearly \$7 billion in production.

Landing in the number two spot on J.D. Power's list of U.S. Mortgage Origination Satisfaction Study was Indian Land, South Carolina-based Movement Mortgage. Founded in 2008, Movement Mortgage currently features more than 775 licensed offices in 49 states, staffed by

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—Bruce Gehrke, Senior Director of Wealth and Lending Intelligence, J.D. Power



more than 4,500 employees nationwide. Movement Mortgage totaled a customer satisfaction score of 761 on the list.

Bank of America, with a customer satisfaction score of 760, ranked third on the list. Bank of America serves approximately 69 million consumer and small business clients with approximately 3,700 retail financial centers, and approximately 15,000 ATMs (automated teller machines), and offers digital banking solutions for approximately 58 million verified digital users.

Citi ranked fourth on the list, with a customer satisfaction score of 759. Citi does business in more than 180 countries and jurisdictions, providing corporations, governments, investors, institutions, and individuals with a broad range of financial products and services.

Scoring fifth on J.D. Power's list was AmeriSave Mortgage, with a score of 758. With a total loan volume of \$130 billion, AmeriSave has been in existence for more than two decades, having helped more than 773,600 borrowers realize the dream of homeownership through the refinance and purchase processes in 49 states.

With a customer satisfaction score of 747, Rocket Mortgage ranked sixth on J.D. Power's satisfaction list. Founded

in 1985, Rocket Companies is a Detroit-based fintech platform company consisting of personal finance and consumer technology brands including Rocket Mortgage, Rocket Homes, Amrock Title and Settlement Services, Rocket Money, and Rocket Loans.

Coming in at seventh, Madison, Wisconsin- and Carrollton, Texas-based Fairway Independent Mortgage Corporation scored 746 on the survey. A full-service mortgage lender licensed in all 50 states, Fairway is the number two overall retail lender in the United States and was ranked the number one mortgage origination company for borrower satisfaction in 2023 by J.D. Power.

Chase ranked eighth on the customer satisfaction list. With a score of 745, Chase is the U.S. consumer and commercial banking business of JPMorgan Chase & Company, a financial services firm based in the United States with assets of \$4.2 trillion and operations worldwide. Chase serves 84 million consumers and 6.9 million small businesses, with a broad range of financial services, including personal banking, credit cards, mortgages, auto financing, investment advice, small business loans, and payment processing.

Coming in ninth, Pittsburgh-based PNC scored 738 on the survey. PNC Bank is a member of The PNC Financial Services Group, including a full range of lending products; specialized services for corporations and government entities, including corporate banking, real estate finance and asset-based lending; wealth management and asset management.

Rounding out the top 10, Wells Fargo landed a score of 731 according to J.D. Power. Wells Fargo has approximately \$1.9 trillion in assets, and provides a diversified set of banking, investment and mortgage products and services, as well as consumer and commercial finance, through its four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking, and Wealth & Investment Management.





Default Servicing

SHARE OF MORTGAGE LOANS IN FORBEARANCE JUMPS

The Mortgage Bankers Association's (MBA) monthly Loan Monitoring Survey revealed that the total number of loans now in forbearance increased to 0.47% as of October 31, 2024. According to MBA's estimate, 235,000 homeowners are in forbearance plans. Mortgage servicers have provided forbearance to approximately 8.4 million borrowers since March 2020.

The share of Fannie Mae and Freddie Mac loans in forbearance increased seven basis points to 0.20% in October 2024. Ginnie Mae loans in forbearance increased by 30 basis points to 1.06%, and the forbearance share for portfolio loans and private-label securities (PLS) increased six basis points to 0.43%.

"Approximately 65,000 more borrowers are in forbearance compared

to one month ago," said Marina Walsh, CMB, MBA's VP of Industry Analysis. "While forbearances are still low compared to the height of the pandemic, the monthly increase in forbearances is the largest since May 2020 and likely driven by the effects of Hurricanes Helene and Milton."

Added Walsh, "Of those loans in forbearance, 45% are related to natural disasters while the remaining 55% are primarily related to temporary hardship such as job loss, death, divorce, or disability. Notwithstanding the storms, some borrowers may be experiencing other economic distress. October marks the fifth consecutive month in which the forbearance rate has increased, and the performance of overall servicing portfolios and loan workouts weakened compared to this time one year ago."

Key Findings

- Total loans in forbearance increased by 13 basis points in October 2024 relative to September 2024: from 0.34% to 0.47%.
- By investor type, the share of Ginnie Mae loans in forbearance increased relative to the prior month

from 0.76% to 1.06%.

- The share of Fannie Mae and Freddie Mac loans in forbearance increased relative to the prior month from 0.13% to 0.20%.
- The share of other loans (e.g., portfolio and PLS loans) in forbearance increased relative to the prior month from 0.37% to 0.43%.
- Loans in forbearance as a share of servicing portfolio volume (#) as of October 31, 2024:
 - Total: 0.47% (previous month: 0.34%)
 - Independent Mortgage Banks (IMBs): 0.58% (previous month: 0.39%)
 - Depositories: 0.34% (previous month: 0.30%)
- By reason, 51.5% of borrowers are in forbearance for reasons such as a temporary hardship caused by job loss, death, divorce, or disability. Another 45.4% are in forbearance because of a natural disaster. Only 3.1% of borrowers are still in forbearance because of COVID-19.
- By stage, 71.6% of total loans in forbearance are in the initial forbearance plan stage, while 15.6% are in a forbearance extension. The remaining 12.8% are forbearance reentries, including reentries with extensions.
- Total loans serviced that were current (not delinquent or in foreclosure) as a percent of servicing portfolio volume (#) reached 95.44% in October 2024, down 15 basis points from 95.59% the prior month (on a nonseasonally adjusted basis), and down 36 basis points from one year ago.
- The five states with the highest share of loans that were current as a percent of servicing portfolio: Washington, Idaho, Colorado, Oregon, and California.
- The five states with the lowest share of loans that were current as a

percent of servicing portfolio: Louisiana, Mississippi, Indiana, West Virginia, and Alabama.

- 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 decreased to 68.47% in October 2024, down 29 basis points from 68.76% the prior month and down 384 basis points from one year ago.

MBA's monthly Loan Monitoring Survey covers the period from October 1 through October 31, 2024, and represents 64% of the first-mortgage servicing market (32 million loans).

Q3 MORTGAGE DELINQUENCIES DIP

The latest Mortgage Bankers Association's (MBA) National Delinquency Survey has found that the delinquency rate for mortgage loans on one- to four-unit residential properties decreased slightly to a seasonally adjusted rate of 3.92% of all loans outstanding at the end of Q3 2024, compared to one year ago.

The MBA reports the nationwide delinquency rate was down five basis points from Q2 of 2024, but up 30 basis points from one year ago. The percentage of loans on which foreclosure actions were started in Q3 rose by one basis point to 0.14%.

"Mortgage delinquencies have inched up over the past year," said Marina Walsh, CMB, MBA's VP of Industry Analysis. "Even though there was a small, third-quarter decline in the overall delinquency rate compared to the previous quarter, this was driven by a decrease in 30-day delinquencies. Later-stage delinquencies rose last quarter, and overall delinquencies were up 30 basis points from one year ago."

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Key Findings

- Quarter over quarter, the seasonally adjusted mortgage delinquency rate decreased for all loans outstanding. By stage, the 30-day delinquency rate decreased 14 basis points to 2.12%, the 60-day delinquency rate increased three basis points to 0.73%, and the 90-day delinquency bucket increased seven basis points to 1.08%.
- By loan type over the previous quarter, the total delinquency rate for conventional loans decreased one basis point to 2.63%. The FHA delinquency rate decreased 14 basis points to 10.46%, and the VA delinquency rate decreased five basis points to 4.58%.
- On a year-over-year basis, total mortgage delinquencies increased for all loans outstanding. The delinquency rate increased by 13 basis points for conventional loans, increased 96 basis points for FHA loans, and increased 82 basis points for VA loans from the previous year.
- The delinquency rate includes loans that are at least one payment past due but does not include loans in the process of foreclosure. The percentage of loans in the foreclosure process at the end of Q3 was 0.45%, up two basis points from Q2 of 2024 and four basis points lower than one year ago.
- The nonseasonally adjusted seriously delinquent rate, the percentage of loans that are 90 days or more past due or in the process of foreclosure, was 1.55%. It increased 12 basis points from last quarter and increased three basis points from

last year. The seriously delinquent rate increased five basis points for conventional loans, increased 46 basis points for FHA loans, and increased 19 basis points for VA loans from the previous quarter. Compared to a year ago, the seriously delinquent rate decreased by three basis points for conventional loans, increased by 29 basis points for FHA loans, and increased by 27 basis points for VA loans.

The five states with the largest quarterly increases in their overall delinquency rate were:

- Texas (24 basis points)
- Arkansas (14 basis points)
- Florida (13 basis points)
- Arizona (12 basis points)
- Wyoming (9 basis points)

“While delinquencies remain low by historical standards, the composition of loans in delinquency is changing, with more 60-day delinquencies and 90-day-plus delinquencies across all major loan types, compared to last quarter and one year ago,” Walsh said.

What Does the Delinquency Landscape Look Like for 2024?

Walsh noted that the effects of Hurricanes Helene and Milton will likely appear in the next reporting period of the MBA’s National Delinquency Survey, given the timing of the storms at the end of September and the beginning of October.

According to the National Hurricane Center (NHC), Hurricane Helene, the eighth named storm of the season, made landfall as a Category 4 hurricane in Florida’s Big Bend region at approximately 11:10 p.m. EDT Friday, September 27, with estimated sustained winds at 140 miles per hour. Helene hit the shore in Florida, just east of the mouth of the Aucilla River, approximately 10 miles southwest of Perry, Florida. CoreLogic’s Hazard HQ Command Central estimates Hurricane Helene’s insured wind and storm surge losses to be between \$3 billion and \$5

billion, with significant uncertainty due to the wind field. Losses include damage to buildings, contents, and business interruption for residential, commercial, industrial, and agricultural property. The flood losses do not include precipitation-induced inland flooding and exclude losses to the National Flood Insurance Program (NFIP). CoreLogic’s estimate does not include damage to offshore property.

CoreLogic’s initial residential and commercial wind and flood loss estimates for Hurricane Milton found that industrywide, insured wind and flood losses from Hurricane Milton are expected to be between \$17 billion and \$28 billion, and that total amount of damage, including losses to uninsured property, will be between \$21 billion and \$34 billion.

Q3 U.S. FORECLOSURE SNAPSHOT

According to ATTOM’s October 2024 U.S. Foreclosure Market Report, 30,784 properties in the U.S. had foreclosure filings, such as default notifications, scheduled auctions, or bank repossessions. This represents an 11% decrease from a year ago but a 4% increase from a month ago.

“Foreclosure activity remains challenging for U.S. homeowners, with starts and completed foreclosures up in October,” said Rob Barber, CEO of ATTOM. “As we approach 2025, the recent Fed rate cut, and the new administration could impact mortgage rates and market stability. While seasonal factors may slow things down briefly, we’ll be watching closely to see how these recent dynamics affect the market in the coming year.”

Highest Foreclosure Rates Found in Western, Southern States

The states with the highest foreclosure rates were:

1. South Carolina (one in every 3,272 housing units)
2. California (one in every 3,152 housing units)
3. Florida (one in every 3,086 housing units)
4. New Jersey (one in every 3,059 housing units)
5. Nevada (one in every 2,741 housing units with a foreclosure filing)

In October, there was a foreclosure filing for one out of every 4,578 housing units nationwide.

California Metros Lead in Highest Foreclosure Rates

Among the metro areas with a population of at least 200,000, those with the highest foreclosure rates in October were:

1. Vallejo, CA (one in every 1,464 housing units with a foreclosure filing)
2. Bakersfield, CA (one in every 1,640 housing units)
3. Chico, CA (one in every 1,724 housing units)
4. Stockton, CA (one in every 1,802 housing units)
5. Lakeland, FL (one in every 1,894 housing units)

The metro areas with a population greater than 1 million with the worst foreclosure rates in October were:

1. Riverside, CA (one in every 1,978 housing units)
2. Cleveland, OH (one in every 2,186 housing units)
3. Fresno, CA (one in every 2,247 housing units)
4. Indianapolis, ID (one in every 2,293 housing units)
5. Las Vegas, NV (one in every 2,314 housing units)



California, Texas & Florida See the Largest Share of Foreclosure Starts

In October, lenders began foreclosure proceedings on 20,950 properties in the United States, a decrease of 10% from a year ago but an increase of 6% from the previous month.

The U.S. states that had the greatest number of foreclosure starts in October included:

1. California (2,915 foreclosure starts)
2. Texas (2,282 foreclosure starts)
3. Florida (2,227 foreclosure starts)
4. New York (1,187 foreclosure starts)
5. Michigan (1,035 foreclosure starts)

The major metro areas with a population greater than 1 million that

had the greatest number of foreclosure starts in October included:

1. New York (1,247 foreclosure starts)
2. Los Angeles (911 foreclosure starts)
3. Chicago (761 foreclosure starts)
4. Miami-Fort Lauderdale, FL (727 foreclosure starts)
5. Houston (624 foreclosure starts)

Foreclosure Completions Tick Up From October

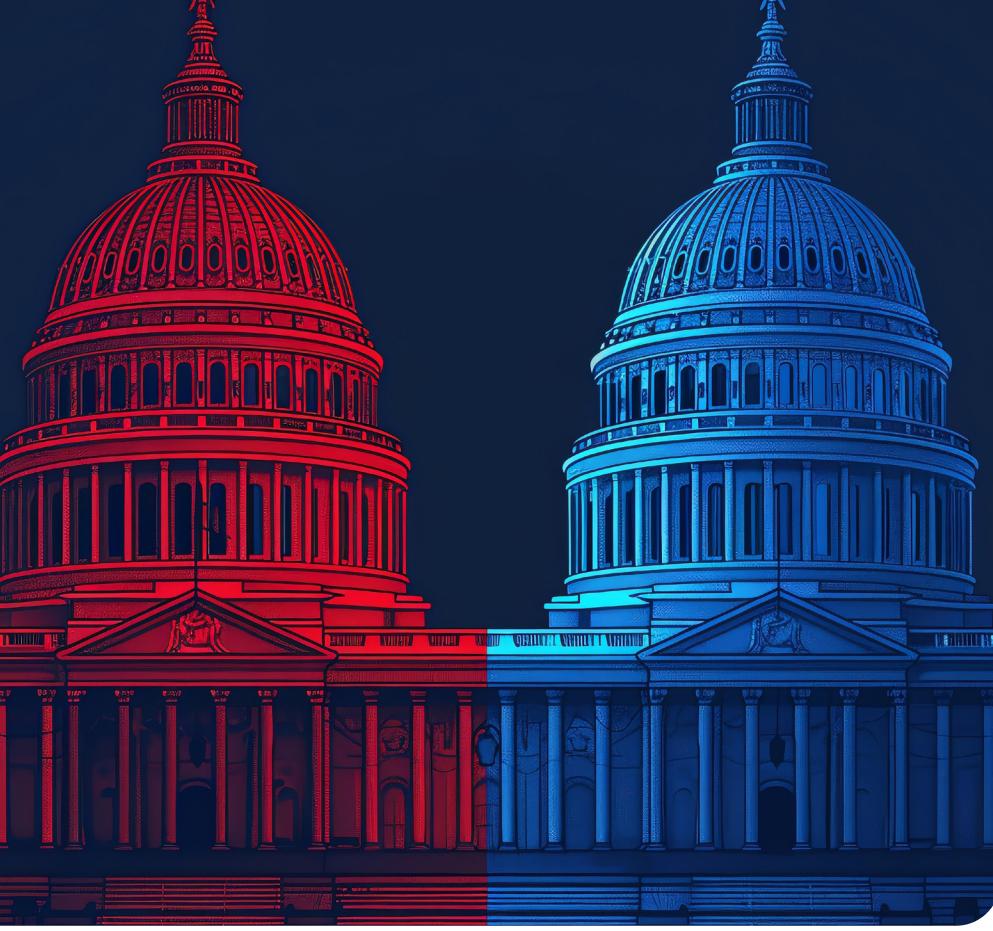
Last month, some 2,938 U.S. residences were repossessed by lenders through completed foreclosures (REOs), a decrease of 12% from the previous year but an increase of 12% from the previous month.

The U.S. states that had the greatest number of REOs in October included:

1. California (306 REOs)
2. Illinois (252 REOs)
3. Texas (249 REOs)
4. New York (212 REOs)
5. Florida (140 REOs)

The major metropolitan statistical areas (MSAs) with a population greater than 1 million that saw the greatest number of REOs in October included:

1. Chicago (162 REOs)
2. New York (147 REOs)
3. Los Angeles (61 REOs)
4. Detroit (59 REOs)
5. San Antonio (58 REOs)



December 2024

Government

TRUMP TAPS SCOTT TURNER AS NEXT HUD SECRETARY

U.S. President-Elect Donald Trump has announced the nomination of former NFL player and current America First Policy Institute (AFPI) Chair of the Center for Education Opportunity Scott Turner as Secretary of the U.S. Department of Housing & Urban Development (HUD).

Trump took to the social media platform Truth Social to make the announcement, along with a host of additional nominations.

Turner has experience with high-level government housing affairs, having served during Trump's first term as U.S. President as Executive Director of the White House Opportunity and Revitalization Council, a Council of federal agencies tapped with

developing ways in which federal agencies can better partner with Opportunity Zone investors to provide social services and other support to enact community revitalization.

Turner will replace Adrianne Todman, the current Senior Official Performing the Duties of HUD Secretary, who has served as the agency's Deputy Secretary since her confirmation by the Senate in June 2021. She was named HUD's Acting Secretary in March 2024.

Deep Housing Knowledge

Richardson, Texas, native Turner currently serves as AFPI's Chair of the Center for Education Opportunity. Turner is a businessman, motivational speaker, and nine-year former professional football player who played in the NFL with the Washington Redskins, San Diego Chargers, and the Denver Broncos as a cornerback.

"We are thrilled about the nomination of Scott Turner as HUD Secretary," Manufactured Housing Institute (MHI) CEO Dr. Lesli Gooch said. "We appre-

ciated his engagement and attention to innovative housing solutions in his previous role at the White House during President Trump's first term. We look forward to working with him again to elevate innovative housing and expand attainable homeownership."

Turner formerly served as a Texas state representative for the 33rd District, which includes part of Collin County, and all of Rockwall County. He attended the University of Illinois, where he played as their starting cornerback, and graduated with a degree in speech communications.

"On behalf of MBA, I congratulate Scott Turner on being nominated to serve as the next HUD Secretary," Mortgage Bankers Association (MBA) President and CEO Bob Broeksmit, CMB said. "Pursuing policies and initiatives that help solve our nation's housing affordability crisis for owners and renters should be a top policy priority under the Trump administration. Scott's leadership as Executive Director of the White House Opportunity and Revitalization Council in the first Trump administration, where, alongside Secretary Ben Carson, he was instrumental in implementing Opportunity Zones, will serve him well. MBA is committed to working with the incoming HUD leadership and staff on policies and programs that boost housing supply, improve affordability, and address challenges and opportunities at the Federal Housing Administration and Ginnie Mae."

Carl Harris, Chairman of the National Association of Home Builders (NAHB) and a custom home builder from Wichita, Kansas, added, "NAHB congratulates Scott Turner on his selection as HUD secretary. Upon his confirmation to the Cabinet post, we look forward to working with him on one of the most important issues facing Americans today. The nation's home builders stand ready to work together with HUD to roll back costly regulations and implement policies that will provide affordable homeownership and rental housing opportunities for all Americans."

VETERAN HOMELESSNESS DROPS TO LOWEST LEVEL ON RECORD

The U.S. Interagency Council on Homelessness (USICH), U.S. Department of Housing & Urban Development (HUD), and U.S. Department of Veterans Affairs (VA) have announced that veteran homelessness has dropped to its lowest level on record since the annual Point-in-Time (PIT) started counting this data in 2009.

The PIT is a one-day unduplicated count of sheltered and unsheltered homeless individuals and families across the U.S. HUD requires that each Continuum of Care (CoC) conduct a count in the last 10 days of January every year.

The 2024 PIT data, which will be published by HUD later this year, represents a snapshot of homelessness on a single night. Between January 2023 and January 2024, the number of veterans experiencing any form of homelessness dropped from 35,574 to 32,882—a 7.5% drop since last year, an 11.7% drop since 2020, and a 55.6% drop since 2010. Among unsheltered veterans, the number dropped 10.7%, from 15,507 in 2023, to 13,851 in 2024.

This news comes weeks after VA announced that it permanently housed nearly 48,000 veterans this year alone and more than 133,000 in the last three. As of the end of Fiscal Year 2024, nearly 90,000 veterans were under lease with vouchers through the HUD-VA Supportive Housing Program (HUD-VASH), marking the most veterans served at any point in the program's history.

"Far too many of our nation's veterans experience homelessness each year, and that is why HUD is laser-focused on ensuring that every veteran has a home," HUD Agency Head Adrienne Todman said. "Today, thanks to interagency efforts by the entire Biden-Harris administration and our partners on

the ground, we are proud to announce a significant decline in veteran homelessness this year."

This year, VA has awarded more than \$800 million in grants to help veterans experiencing homelessness. In 2021, the administration released strategies to end veteran homelessness. In 2022, VA created the Legal Services for Veterans Grant Program to help veterans experiencing or at risk of homelessness obtain benefits, resolve legal issues, and avoid eviction.

"No veteran should experience homelessness in this country they swore to defend," said VA Secretary Denis McDonough. "This year's PIT Count shows that VA and the entire Biden-Harris administration are making real progress in the fight to end veteran homelessness. We still have a long way to go, but we will not stop until every veteran has a safe, stable place to call home."

Earlier this year, HUD announced policy and other changes to help veterans receive assistance, including:

- Increasing the initial income eligibility threshold to ensure more veterans qualify for HUD vouchers.

HUD-VASH eligibility is now set at 80% of Area Median Income rather than 50% of Area Median Income. Currently optional and many housing agencies have already adopted the higher threshold, but HUD is now making this increase mandatory.

- Adopting an alternative definition of annual income for applicants and participants of the HUD-VASH program that excludes veterans' service-connected disability benefits when determining eligibility. This alternative annual income definition could be adopted by other housing subsidy programs to determine income eligibility.
- Providing guidance to clarify income qualifications for assistance under the Community Development Block Grant (CDBG) program. Specifically, this guidance will clarify options for the consideration or exclusion of veterans' disability benefits when determining income for beneficiaries of CDBG-funded programs or activities.
- Hosting a series of "Boot Camps" in



"No veteran should experience homelessness in this country they swore to defend."

—Denis McDonough, VA Secretary

partnership with VA to help public housing authorities and VA Medical Centers improve their processes and more quickly transition veterans from homelessness to permanent housing with wraparound supportive services.

"Veterans have given so much to our nation and deserve access to housing, health care, and other critical needs. We must continue investments in stable housing, which are critical to the health and well-being of veterans and their families," said U.S. Department of Health and Human Services (HHS) Secretary Xavier Becerra, who also chairs USICH. "This data today shows that the efforts of the Biden-Harris administration over the past four years are working."

Both the VA and HUD participated in the ALL INside Initiative launched by USICH and the White House to help communities lower barriers to housing, health care, and support for people experiencing homelessness. HUD invested nearly half a billion dollars in first-of-its-kind funding last year to help communities reduce unsheltered and rural homelessness.

"This data show that with the right investments in housing and health care, and with strong leadership and coordination across government, homelessness is solvable," USICH Director Jeff Olivet said. "The challenge now is to end veteran homelessness and use the lessons we learn to help all people without a home."

HUD ANNOUNCES ADDITIONAL AID FOR HURRICANE HELENE VICTIMS

The U.S. Department of Housing & Urban Development (HUD) has announced nearly \$4.8 million to support people experiencing homelessness in communities across North Carolina and South Carolina

recovering from Hurricane Helene. Through HUD's Rapid Unsheltered Survivor Housing (RUSH) program, funding will be allocated to the following areas to address needs not fully met by existing federal disaster relief programs:

- Winston-Salem, North Carolina (\$548,000)
- Charlotte, North Carolina (\$1,000,000)
- Greenville County, South Carolina (\$162,699)
- Lexington County, South Carolina (\$108,780)
- The State of South Carolina (\$2,957,704)

The funding announced is the latest response and recovery action by the Biden administration to provide families, business owners, farmers, and other impacted communities with the support and assistance they need following Hurricane Helene's devastating impacts across the Southeast and Appalachia.

"When disaster strikes, people experiencing homelessness need immediate help," HUD Agency Head Adrienne Todman said. "HUD is committed to partnering with state and local leaders in South Carolina and North Carolina to deliver lifesaving assistance in the aftermath of Hurricane Helene."

Calculating the Costs

North Carolina Gov. Roy Cooper's administration estimates the flooding and destruction caused by Hurricane Helene in western North Carolina caused at least \$53 billion in damages. The state's previous record for storm damage was \$17 billion from Hurricane Florence, which struck eastern North Carolina in 2018.

Helene, a Category 4 hurricane that made landfall on September 26, caused flooding across Florida, North Carolina, South Carolina, and Georgia. CoreLogic calculates that Hurricane Helene caused between \$30.5 billion and \$47.5 billion in total wind and flood losses across 16 states.

While the Federal Emergency Man-

agement Agency (FEMA), the American Red Cross, and local community members have stepped up to assist survivors, the severity of the damage and displacement experienced in the State of South Carolina has exceeded local capacity, more assistance is needed.

RUSH funding was intended to address the immediate unmet needs for homelessness assistance and homelessness prevention in declared disaster areas by supporting people who experienced or were at risk of homelessness before the disaster. Funding provided by HUD will allow the state and localities to provide emergency shelter and rapid re-housing, which provides up to 24 months of rental assistance, financial assistance, and supportive wrap-around services.

"The RUSH program will fill the gaps in federal assistance, specifically reaching people who are most vulnerable in the wake of disasters," said Marion McFadden, HUD's Principal Deputy Assistant Secretary for Community Planning and Development. "HUD remains committed to strengthening our support for disaster-impacted communities moving forward."

RUSH funding provides rapid assistance under the Emergency Solutions Grant program for individuals and families who are experiencing homelessness or at risk of homelessness in eligible declared disaster areas where FEMA has activated Transitional Sheltering Assistance (TSA). TSA funding is available to help communities provide outreach, emergency shelter, rapid re-housing, homelessness prevention assistance, and supportive services.

HUD and FEMA recently published a report on the Pre-Disaster Housing Planning Initiative to promote collaborative approaches to disaster housing recovery challenges, and to bolster state planning for housing recovery before disasters occur. These steps will strengthen the agency's disaster and resilience work and expedite the recovery process for communities so that assistance can quickly reach those who need it most.

“The RUSH program will fill the gaps in federal assistance, specifically reaching people who are most vulnerable in the wake of disasters.”

—Marion McFadden, Principal Deputy Assistant Secretary for Community Planning and Development, HUD



The Pre-Disaster Housing Planning Initiative Advances Three Major Recommendations

- The report contends that existing housing issues must be identified and addressed before a disaster occurs.
- Second, the report argues that states must have the ability to share information with one another.
- Finally, the report draws attention to the fact that every community impacted by a disaster has different needs and suggests that, as a result, federal resources must be flexible enough to address these different needs.

FANNIE MAE AND FREDDIE MAC FURTHER SUPPORT RENTERS

The Federal Housing Finance Agency (FHFA) has announced greater rental housing support

from Fannie Mae and Freddie Mac (the GSEs) by raising the multifamily loan purchase cap for each GSE to \$73 billion, representing \$146 billion in total 2025 multifamily market support and a more than 4% increase from 2024.

The FHFA establishes the caps every year, and they are later included in Appendix A of the GSEs' Conservatorship Scorecard, a set of annual priorities that they are expected to meet. Just like in 2024, when the cap for each GSE was \$70 billion, multifamily loans that finance workforce housing will be excluded from the 2025 limits.

“The 2025 multifamily loan caps reflect the Enterprises’ strong commitment to provide liquidity to make renting a home more affordable,” FHFA Director Sandra L. Thompson said. “Additionally, the ongoing workforce housing exemption will continue to enhance the Enterprises’ ability to support properties that preserve affordable rents, including properties preserved or created through corporate-sponsored affordable housing initiatives.”

Since 2015, the FHFA has set caps on the GSEs’ conventional (market-rate) multifamily businesses to ensure that

they continue to support liquidity in the multifamily market, particularly for affordable housing and underserved segments, without crowding out private capital. In order to encourage GSE financing in affordable housing and underserved markets, the FHFA initially excluded several categories of business from the caps. However, in September 2019, the FHFA revised the cap structure to apply to all multifamily business and removed previous exclusions.

For 2024, FHFA set a \$70 billion volume cap for each GSE with a 50% mission-driven minimum percentage. Through Q3 of 2024, the GSEs have financed more than \$4.5 billion in workforce loans, more than doubling their combined total in 2023.

“The 4% increase in the multifamily loan purchase caps to \$73 billion for each GSE is appropriate, given the slightly improved market conditions and lending activity that’s expected next year due to the slow decline in interest rates,” Mortgage Bankers Association (MBA) President and CEO Bob Broeksmit, CMB said. “The cap levels should ensure that the GSEs are a viable option for lenders that finance properties that serve lower-income households and those living in rural areas. We are also supportive of the continued cap exemptions for loans that support workforce housing and appreciate that FHFA will remain flexible should adjustments to the caps and mission-driven requirements be necessary.”

Over the past year, since workforce housing was first exempted from the caps, both Fannie Mae and Freddie Mac have seen encouraging growth in this critical market segment. In addition, FHFA is continuing to require that at least 50% of the GSEs’ multifamily businesses be mission-driven.

The FHFA will continue to monitor the multifamily mortgage market and maintain the ability to raise the caps further if necessary to support liquidity in the market. However, to prevent market disruption, if FHFA determines that the actual size of the 2025 market is smaller than was initially projected, FHFA will not lower the caps.

HUD MAKES AVAILABLE MORE THAN \$1B IN HOUSING INVESTMENTS

The U.S. Department of Housing and Urban Development (HUD) has announced the final round of its Green and Resilient Retrofit Program, marking the successful delivery of more than \$1.43 billion from President Joe Biden's historic Inflation Reduction Act. With this award, HUD has executed 12 funding rounds under the program in just over one year's time, awarding grants and loans to housing providers in 42 states, the District of Columbia, and Puerto Rico, to make homes greener, healthier, and safer.

Today's final round of awards will deliver approximately \$30 million in awards to 45 properties across 23 states under its Green and Resilient Retrofit Program (GRRP) to support energy efficiency and protect residents and affordable housing from natural hazards in more than 4,700 homes. These grants and loans will increase energy and water efficiency, reduce polluting emissions, generate renewable energy, reduce housing operating and utility costs, promote the use of green building materials, and improve the quality of life for residents by making their homes more resilient to natural hazards at a time when both extreme weather conditions and property insurance costs are on the rise.

"Thanks to not only the leadership of our President and our Vice President but the incredible work of the HUD team, we have now delivered more than \$1.4 billion to the American people in record time," HUD Agency Head Adrienne Todman said. "These investments from the Inflation Reduction Act are going to help preserve and modernize affordable homes for countless people over many years to come."

"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. "The Green and Resilient Retrofit Program is boosting the quality of life for tens of thousands of low-income families, seniors, and Americans with disabilities by making their homes safer and more comfortable. Congratulations to HUD and the Honorable Adrienne Todman for getting all the funds under this impactful program awarded so they can make a real difference in the lives of Americans across our nation."

"In the race to secure lower energy bills and homes that are better equipped to handle extreme weather, another key investment from the Biden-Harris administration just crossed the implementation finish line. This is a win for working families—and for the environment," White House National Climate Advisor Ali Zaidi said. "From installing heat pumps and improving home water efficiency to constructing more climate-resilient buildings, President Biden and Vice President Harris's historic investment agenda has invested more than \$1 billion toward helping fortify more than 30,000 homes in neighborhoods in every corner of the country."

President Biden's Inflation Reduction Act—the largest climate investment in history—established the GRRP in 2022 to fund energy efficiency and climate resiliency improvements for multifamily properties participating in HUD's project-based rental assistance programs and serving very low-income families, seniors, and persons with disabilities. The investments announced today will advance environmental justice in line with President Biden's Justice40 Initiative, which sets a goal that 40% of the overall benefits of certain federal investments flow to disadvantaged communities that are marginalized by underinvestment and overburdened by pollution.

"Through the GRRP program, we've put more than a billion dollars into the homes of those who are usually

overlooked when it comes to climate-related investment," Assistant Secretary for Housing Julia Gordon said. "With this program, we're making a meaningful difference in the lives of more than 30,000 low-income individuals and families while supporting efforts to combat climate change."

The awardees include 34 properties that participate in the HUD Section 8 project-based rental assistance program for low-income individuals and families, eight properties in HUD's Section 202 program for low-income seniors, and three properties that receive support through HUD's Section 811 supportive housing for people with disabilities. Four properties have more than 200 units, 29 properties have between 51-200 units, and 12 properties have 50 units or fewer.

"We are pleased that we've been able to put federal dollars to work so quickly through the GRRP program to benefit the low-income individuals and families that rely on HUD-assisted housing," Deputy Assistant Secretary for Multifamily Housing Programs Ethan Handelman said. "Our rapid implementation of this program showcases the best of what government can do when funding is available to meet the urgent need for safe, energy-efficient, and resilient affordable housing." (see chart on opposite page).

FHA SUPPORTS HOMEOWNERSHIP FOR NEARLY 800K AMERICANS

More than 790,000 persons were served by the Federal Housing Administration (FHA) in 2024, according to the U.S. Department of Housing and Urban Development (HUD). The Annual Report to Congress Regarding the Financial Status of FHA's Mutual Mortgage Insurance Fund for Fiscal Year 2024

Green and Resilient Retrofit Program Elements Round 4 Awards

Property Name	Property City	State	Award Type	Award Amount	Sponsor
Forest Hills Village	Birmingham	AL	Surplus Cash Loan	\$750,000	HW Development
St. Charles Villas Apartments	Birmingham	AL	Grant	\$665,141	Housing Preservation Inc.
Hacienda Del Rio	Phoenix	AZ	Surplus Cash Loan	\$455,500	Related
Providence Gardens Apartments	Long Beach	CA	Grant	\$750,000	Redwood Housing
Marina Towers Annex	Vallejo	CA	Grant	\$564,739	Vitus
Ocean View Gardens	Berkeley	CA	Surplus Cash Loan	\$750,000	Orbach Affordable Housing Solutions
Playa Del Alameda Apartments	Alameda	CA	Surplus Cash Loan	\$750,000	Orbach Affordable Housing Solutions
Second St. Andrews Apartments	Los Angeles	CA	Grant	\$750,000	Preservation Partners
Gateway Village Apartments	Fort Morgan	CO	Grant	\$750,000	Rocky Mountain Communities
The Heights at West Rock	New Haven	CT	Grant	\$415,915	The Glendower Group
Fountain Heights	New Haven	CT	Surplus Cash Loan	\$750,000	First Hartford Realty Corp.
Riverside Park Apartments	Jacksonville	FL	Grant	\$750,000	Smith and Henzy
Gateway Terrace Apartments	Fort Lauderdale	FL	Grant	\$750,000	Housing Preservation Inc.
Hillsborough County VOA Living Center Inc.	Tampa	FL	Grant	\$439,674	Volunteers of America – Florida
Jack Hall Waipahu	Waipahu	HI	Surplus Cash Loan	\$750,000	Āhē Group
Forest Apartments	Glen Ellyn	IL	Grant	\$750,000	Standard Communities
Van Buren Place	Chicago	IL	Grant	\$410,000	National Preservation Housing Partners
West Byron Place	Chicago	IL	Grant	\$300,000	National Preservation Housing Partners
Madison Avenue Apartments	Richmond	KY	Surplus Cash Loan	\$673,343	Bywater Development
Westminster Tower	Kenner	LA	Grant	\$750,000	Housing Preservation Inc.
Talbot Bernard Senior Housing	Dorchester	MA	Grant	\$750,000	Codman Square Neighborhood Development Corp.
Bon Secours New Shiloh I Apartments	Baltimore	MD	Surplus Cash Loan	\$750,000	Enterprise
Elmtree Apartments	Detroit	MI	Grant	\$727,747	Century Partners
Hickory Townhouses	St. Louis	MO	Surplus Cash Loan	\$750,000	Skyline Multi Housing
PRC Westchester	Bronx	NY	Grant	\$750,000	Fairstead
Norgate Plaza	Brooklyn	NY	Grant	\$750,000	LIHC Investment Group (Low Income Housing Corp.)
Victory One HDFC	New York	NY	Grant	\$749,943	Harlem Congregations for Community Improvement, Inc.
Harlem Gateway NSA Site 2	New York	NY	Grant	\$652,000	L+M Development Partners
Paul Robeson Houses	New York	NY	Grant	\$750,000	LIHC Investment Group (Low Income Housing Corp.)
Georgetown Village Apartments	Dayton	OH	Surplus Cash Loan	\$750,000	Orca Housing
Lima Towers	Lima	OH	Grant	\$639,909	Essence Development
Burlwood Apartments	Portland	OR	Surplus Cash Loan	\$581,400	Hampstead Development Partners
Carson Square	Pittsburgh	PA	Grant	\$647,677	Standard Communities
Parcel 9 Phase I – 4%	Providence	RI	Grant	\$231,502	Pennrose
Parcel 9 Phase I – 9%	Providence	RI	Grant	\$203,560	Pennrose
Rock Ridge	Woonsocket	RI	Grant	\$750,000	The BLVD Group
Luther Terrace	Memphis	TN	Grant	\$750,000	Wesley Living
Oakhaven Village Apartments	Adamsville	TN	Grant	\$750,000	Wesley Living
City View Towers	Memphis	TN	Grant	\$750,000	Housing Preservation Inc.
Delmont Plaza	Richmond	VA	Surplus Cash Loan	\$750,000	American Community Developers
Forest Cove I	Chesapeake	VA	Grant	\$750,000	Standard Communities
Forest Cove II	Chesapeake	VA	Grant	\$750,000	Standard Communities
125th & Aurora Senior Housing	Seattle	WA	Surplus Cash Loan	\$750,000	Low Income Housing Institute
Coeur d'Alene Plaza	Spokane	WA	Grant	\$750,000	Redwood Housing
Lake Forest II	Oak Creek	WI	Grant	\$490,220	Wisconsin Housing Preservation Corp



was released along with this announcement.

The performance of the FHA Mutual Mortgage Insurance Fund (MMI Fund), which provides funding for the FHA Single Family mortgage insurance programs, is discussed in the report along with the activities of the programs during fiscal year 2024.

"Under the Biden-Harris administration, we have expanded access to homeownership," HUD Agency Head Adrienne Todman said. "Despite high housing costs and a challenging market, we made historic reforms to help hundreds of thousands of Americans buy and keep a home."

Key Findings: FHA's Impact in 2024

- Mortgage Availability:** FHA insured a total of 766,942 forward mortgages during fiscal year 2024. In the last four fiscal years under the Biden-Harris administration, FHA has helped facilitate mortgage financing or refinancing for more than 3.9 million individuals and fam-

ilies through its forward mortgage insurance programs.

- Senior Support:** Many seniors benefited from FHA-insured financing, with 26,501 obtaining FHA-insured Home Equity Conversion Mortgages (HECMs) in fiscal year 2024. More than 173,000 seniors were able to age in place with the help of the HECM program during the last four fiscal years.
- First-Time Homebuyers:** Some 82.64% of FHA-insured forward purchase transactions by loan count, or 498,363 mortgages, went to first-time homebuyers in fiscal year 2024. Over the past four years, approximately 2.3 million borrowers with FHA-insured home purchase mortgages were first-time homebuyers. This is eight out of every 10 FHA borrowers.
- Diversity in Borrowers:** In fiscal year 2024, roughly 31.66% of FHA-insured forward mortgages, or 242,796 mortgages, were made to borrowers who self-identified as borrowers of color. This is an increase of 18,500

mortgages by count and an increase of 1.03 percentage points by share of forward mortgages from FY 2023. Notably, 16.77%, or 128,601 mortgages, were for Hispanic borrowers, and 12.08%, or 92,622 mortgages, were for Black borrowers. In the past four years under the Biden-Harris administration, FHA has served more than 1.2 million borrowers who self-identified as borrowers of color.

- Helping Homeowners Facing Hardships:** Approximately 332,000 homeowners with FHA-insured mortgages requested and received for the first time an FHA forbearance—a temporary pause or reduction in their mortgage payment—in fiscal year 2024. FHA helped more than 592,000 borrowers this past fiscal year to stay in their homes through FHA home retention solutions. This is in addition to the 2.7 million forbearances granted and 1.7 million home retention solutions offered since 2020.

- Delinquency Rate:** As of September 30, 2024, FHA's serious delinquency rate—those mortgages where the borrower is 90 or more days behind on their mortgage payment—remained consistent with pre-pandemic levels at 4.15%. This is an increase of less than one percentage point from the rate's historical low of 3.52 percent in May 2024, but down 7.75 percentage points from its high of 11.90% in November 2020.

- Capital Ratio:** The MMI Fund showed very strong performance in fiscal year 2024, with an overall capital ratio of 11.47% as of September 30, 2024, an increase of 0.96 percentage points from fiscal year-end 2023. The stand-alone capital ratio of the forward mortgage portfolio stood at 10.88 percent. The FHA Home Equity Conversion Mortgage (HECM) portfolio stand-alone capital ratio stood at 24.50 percent.

- MMI Fund Capital:** The MMI Fund now holds \$173 billion in MMI Capital, a \$27.5 billion increase from fiscal year 2023. FHA's Insurance in Force

grew to \$1.5 trillion by the end of fiscal year 2024, representing a \$123.8 billion increase from the previous fiscal year.

- **Portfolio Size:** FHA's insured portfolio contained approximately 7.81 million single-family forward mortgages and 287,000 HECMs at the end of fiscal year 2024, emphasizing FHA's substantial role in the housing market.

Notwithstanding a market still limited by rising interest rates and a shortage of available housing, HUD built on its efforts during the previous three years of the Biden-Harris administration to eliminate obstacles to homeownership and carry out its responsibility of offering sustainable and reasonably priced access to mortgage credit in fiscal year 2024. Over 793,000 homeowners and homebuyers, including over 26,000 seniors who secured a Home Equity Conversion Mortgage (HECM) throughout the fiscal year, were able to access mortgage financing thanks to FHA in fiscal year 2024.

Furthermore, FHA kept offering a very useful suite of resources to assist borrowers who were still recuperating from the pandemic's effects, experiencing natural disasters, or dealing with other financial difficulties in staying in their homes.

FHA maintains a highly robust, well-capitalized insurance fund, according to the annual report. The MMI Fund's capital ratio was 11.47% as of September 30, 2024, up 0.96 percentage points from fiscal year 2023. The MMI Fund's total capital increased from \$27.5 billion to \$172.8 billion as a result. Furthermore, as of September 30, 2024, FHA's substantial delinquency rate—the proportion of mortgages in its portfolio that are 90 days or more past due—was 4.15%, which is comparable to rates before the COVID-19 epidemic started.

"The exceptional team of public servants at FHA and throughout this Administration continued to deliver a world-class mortgage program to support the nation's homebuyers in fiscal

"The latest data available for the calendar year 2023 shows that 16.7% of FHA's total mortgage volume was made to Black borrowers, about 2.5 times the market average, and 22.85% was made to Hispanic borrowers—nearly twice as high."



year 2024," Federal Housing Commissioner Julia Gordon said. "Through our work, we have demonstrated that FHA can facilitate homeownership and wealth-building opportunities for hundreds of thousands of households and provide support for homeowners facing hardships while maintaining a financially sound Mutual Mortgage Insurance Fund."

The report emphasizes how crucial FHA is in helping groups that the private mortgage market does not sufficiently serve. This year, first-time homebuyers accounted for almost 82% of FHA purchase mortgage insurance endorsements. As in previous years, borrowers of color received a far larger percentage of FHA's overall endorsements than did other market participants.

The latest data available for the calendar year 2023 shows that 16.7 percent of FHA's total mortgage volume was made to Black borrowers, about 2.5 times the market average, and 22.85% was made to Hispanic borrowers—

nearly twice as high. Lastly, data from the calendar year 2023 shows that nearly half of all rural homebuyers received mortgages insured by FHA.

GINNIE MAE ANNOUNCES RISK-BASED CAPITAL RELIEF FOR MSRS

Ginnie Mae, in All Participants Memorandum 24-12, has announced that issuers who have a track record of managing their interest rate exposure through Mortgage Servicing Rights (MSRs) hedging and who meet prescribed eligibility requirements may qualify for Risk-Based Capital Ratio (RBCR) requirement relief.

To determine if it will grant risk-based capital relief, Ginnie Mae

will review information submitted quarterly on the issuer's Mortgage Banking Financial Reporting Form and calculate an MSR value adjustment, the percentage by which the issuer's MSR values will be reduced for the purposes of calculating RBCR. The adjustment will be based on the issuer's hedging efficacy (as defined in the APM) over the most recent 12 quarters. If issuers have not hedged in each of the last 12 quarters, Ginnie Mae will use the average of hedging performance where hedging results are available. The adjustment is strictly for compliance with RBCR; the issuer's adjusted net worth will not be adjusted, subject to the following minimum eligibility requirements.

To be eligible for risk-based capital relief, issuers, at a minimum, must have hedged:

- At least one of the most recent four quarters, and
- At least four of the most recent 12 quarters.

"As we have said previously, Ginnie Mae will continue to look for ways to adjust our RBCR, where industry practice reflects demonstrable risk mitigation," Ginnie Mae Acting President Sam I. Valverde said. "With RBCR set to go into effect at the end of the year, we are pleased to provide this relief for proven hedging strategies."

In APM 22-09, Ginnie Mae announced the implementation of the RBCR requirements for institutions seeking approval as Ginnie Mae single-family Issuers (SF Applicants) and Ginnie Mae single-family Issuers (SF Issuers) that are non-depository mortgage companies.

Ginnie Mae recently announced that its mortgage-backed securities (MBS) portfolio outstanding grew to \$2.64 trillion as of September 2024. Ginnie Mae also issued \$45.2 billion in total MBS, resulting in a net portfolio growth of \$16.2 billion. This issuance supports the financing of over 132,000 households, including more than 61,000 first-time homebuyers, and approximately 65% of issuances reflected new home purchases.

VA LOANS EMPOWERING VETERAN HOMEOWNERSHIP

More than three out of four (74.5%) home sales with Veterans Affairs (VA) loans over the past year had a 0% down payment, and nearly eight out of ten (83.5% of) VA home loan sales had a down payment below 10%, according to new information released by Realtor.com celebrating the recent holiday of Veterans Day. According to recent Realtor.com research, VA borrowers are more than twice as likely as conforming borrowers to have made a small down payment, which lowers the upfront costs of homeownership. Down payments are a

significant obstacle to homeownership.

"Realtor.com compared loan characteristics of VA and conforming borrowers to highlight the many advantages that VA loans offer enabling Veteran households and the industry professionals working with them to better grasp the impact that this has on Veteran households and homeownership," said Danielle Hale, Chief Economist at Realtor.com. "Despite the significant advantages provided to Veterans with VA loans, according to a survey conducted by Veterans United Home Loans, only 3 in 10 veterans and active-duty service members were aware of the zero down payment benefits of VA loans. With this research, we hope to empower Veteran households with the knowledge and tools they need to make informed decisions about their homeownership goals and financial well-being."



Top 10 U.S. Markets with Significantly Higher Military Homeownership Rates Than Non-Military Rates

Metros	Age-Adjusted Homeownership Rate Gap	Homeownership Rate, Military HH	Homeownership Rate, Non-Military HH	Share of Military HH	Share of Sales with VA Loans	Monthly Savings with VA Loans
Stockton, CA	18.8 %	80.9 %	61.7 %	9.8 %	5.4 %	\$92
Des Moines-West Des Moines, IA	18.4 %	88.8 %	68.5 %	9.5 %	6.4 %	\$58
Buffalo-Cheektowaga, NY	16.7 %	81.9 %	63.9 %	10.6 %	6.6 %	\$45
Syracuse, NY	16.4 %	84.4 %	63.9 %	11.7 %	6.9 %	\$48
Little Rock-North Little Rock-Conway, AR	15.5 %	78.7 %	60.6 %	14.8 %	14.2 %	\$47
Fresno, CA	14.9 %	71.2 %	53.1 %	10.0 %	6.6 %	\$75
New York-Newark-Jersey City, NY-NJ-PA	14.7 %	71.5 %	51.3 %	5.6 %	2.0 %	\$123
Memphis, TN-MS-AR	14.3 %	79.7 %	57.9 %	11.5 %	9.9 %	\$54
Virginia Beach-Norfolk-Newport News, VA-NC	13.4 %	71.6 %	59.3 %	31.5 %	42.3 %	\$63
Providence-Warwick, RI-MA	13.4 %	77.8 %	61.1 %	9.9 %	4.4 %	\$92

VA Loans Promote Homeownership and Help With Affordability

In today's housing markets, military households are in a better position than non-military households because of the benefits of VA loans. Due to a zero or small down payment, VA loan applicants frequently take on a little greater debt, but the combination of reduced mortgage rates and fees results in cheaper monthly payments. A VA loan saves \$69 (2.7%) a month and \$824 annually for first-time homeowners with a 0% down payment compared to a somewhat comparable conforming loan with an 8% down payment.

After controlling for age differences, the average homeownership rate for military households in the top 100 metro areas in 2022 was 77.3%, significantly higher than the non-military population by roughly 8.5 percentage points.

Among the top 100 metros, Myrtle Beach, South Carolina (92.9%) saw the highest homeownership among military households, followed by Des Moines, Iowa (88.8%), Deltona, Florida (87.5%), and Palm Bay, Florida (85.8%). Meanwhile, Urban Honolulu, Hawaii (55.1%), San Diego, California (62.6%),

and El Paso, Texas (64.7%) saw the lowest homeownership among military households.

When looking at the difference between the military and non-military rates of homeownership, Stockton, California, Des Moines, Iowa, and Buffalo, New York, are the markets where we see the biggest age-adjusted increase in homeownership for military households.

VA Borrowers More Likely to Have a Lower Credit Score

The average down payment percentage for VA loans is also consistently lower than that for conforming loans, which is another key point to emphasize. This pattern is especially noticeable for the approximately one in four VA borrowers who have credit scores below the "good" range. Younger homebuyers who could encounter difficulties because they lack both high credit scores and the sizeable down payment money usually required for their first home purchase will particularly benefit from this advantage.

By enabling lower down payments, credit scores, and interest rates, VA loans enable Veterans to become

homeowners. Being able to buy a house without a down payment is one benefit of VA loans. The average down payment percentage for VA loans was roughly 4.6%, which is far lower than the average down payment percentage for conforming loans, which is 19.7%.

However, some borrowers do make down payments in order to lower the principal balance of their loans. This year, some 23.2% of recent VA loan borrowers had Fair credit scores, compared to 4.5% of conforming loan borrowers, demonstrating the flexibility of VA loans' credit requirements. Recent VA borrowers had smaller down payments as a percentage of the purchase price than conforming loan borrowers for all credit score groups.

VA loans not only make it possible for more people to become homeowners with smaller down payments, but they also usually have lower mortgage interest rates, which reduces monthly expenses. For 30-year fixed-rate VA loans, the average mortgage rate from October 2023 to September 2024 was 6.05%; for conforming loans, it was 6.58%. In addition, VA loans often have lower mortgage interest rates than conforming loans for all down payment



Market Trends

HAIL-RELATED STORM DAMAGE CLAIMS ON THE RISE

According to data produced by Verisk Weather Solutions, the impact of severe hail in the U.S. storms that delivered hail of at least one inch in size—increased by 20% in 2023, compared to 2022. The number of insurance claims resulting from hail events increased by more than 40% from 2022.

“2023 was a historic year when it came to hail losses but notably was not driven by more hail days or even more areas being impacted by hail,”

said Tory Farney, VP of Verisk Weather Solutions. “Rather 2023 was historic because when hailstorms happened, they tended to produce larger hail, and that larger hail tended to impact more populated areas, and when you couple that with the rising costs of labor and materials, it is no wonder that we saw the losses we did in 2023.”

The Verisk analysis compared the number of severe hail events during 2023 to the prior year and sorted these events by impact on metros. Much of the damage caused by severe hail events was concentrated in states across the South and Midwest. When ranking the top 20 metro areas that experienced severe hail days in 2023, 16 were located in the South and Southeast; metro areas in Colorado and Missouri were also represented in the list. The Lone Star

State of Texas was hit particularly hard as major metro areas in the state were impacted around 70 times by severe hail in 2023. Of the top 10 metro areas in the United States that experienced the most severe hail events, five of those were located in Texas.

Hail Trends Continue

Through mid-September 2024, Verisk found that severe hail impact areas are very similar to the areas that experienced much of the hailstorm activity in 2023. Using the same definition of a severe hail event (the occurrence of one-inch hail within a metro area), three of the top five metro areas that experienced severe hail events in 2024 were located in Texas. Comparing severe hail days through mid-September for 2023 and 2024, the majority of the top 10 impacted metro areas from 2023 were also in the top 10 list for 2024. The Dallas/Fort Worth, San Antonio, Houston, and Killeen, Texas metro areas consistently fall towards the top of the list in terms of hail events through the spring months. The southern region, including Oklahoma through Arkansas, has seen significant hail impacts in 2024 as well. The St. Louis metro area is also on the list of top-impacted metro areas for 2024, experiencing 40 hail days this year. Out of these hail days, four notable severe weather events in the first half of the year resulted in significant hail damage across St. Louis.

“While severe weather events might seem very random, there are still steps that investors with property portfolios, lenders, mortgage servicers, and asset managers can take to effectively monitor, maintain, and manage their properties,” Farney added. “As severe hail events continue to cause more damage, it’s important to be aware of both seasonal and geographic patterns and take the necessary steps to minimize their risk.”

Data found in the company’s Respond hail product, also showed that the incidence of larger-sized hail—hail with a diameter of at least 1.75 inches—increased by more than 50% on a year-over-year basis.

“In 53% of Opportunity Zones nationwide with sufficient data to measure, median prices for single-family homes and condos rose between the second and third quarters of 2024.”



OPPORTUNITY ZONE HOUSING MARKETS KEEPING PACE WITH NATIONWIDE PRICE GAINS

The third-quarter 2024 study from ATTOM examines eligible low-income Opportunity Zones that Congress designated for economic revitalization under the 2017 Tax Cuts and Jobs Act. In this analysis, ATTOM examined 3,857 U.S. zones that had at least five home sales in the third quarter of 2024 and had enough data to analyze.

According to the analysis, in 53% of Opportunity Zones nationwide with sufficient data to measure, median prices for single-family homes and condos rose between the second and third quarters of 2024. In 61% of those zones, they were rising annually.

In over half of the Opportunity Zones examined, median prices rose by

more than 10% a year as the country's protracted housing market bubble persisted.

These patterns, which are found in and near low-income communities where the federal government provides tax credits to promote economic resurrection, continued a long-standing trend in which, for at least the last three years, property values inside Opportunity Zones have moved in tandem with more general price swings across the country. Regardless matter whether the housing market has experienced a sharp upturn, a slight improvement, or a slight decline, that pattern has persisted.

The third-quarter trends were mixed, with typical values increasing more in higher-priced zones and helping fewer of the very lowest-priced communities, despite overall advances within Opportunity Zone markets. This further demonstrated how the bottom of the U.S. housing market is less benefited by the 13-year national run of price increases and may become more vulnerable if that trend slows down or reverses.

However, the most recent trends

once again demonstrated how, in contrast to other markets across the country, some of the most troubled towns in the country are showing clear indications of sustained economic strength or minimal downturn.

Opportunity Zones once more outperformed the country overall in the third quarter of 2024 by several significant metrics. For instance, median prices within the zones climbed more frequently than outside by at least 10% per year.

“Another quarter, another sign of rising fortunes. That again is the takeaway from home-price data inside neighborhoods with some of the most pressing needs around the country, marking just the latest indication of their economic potential,” said Rob Barber, CEO of ATTOM. “We keep seeing this over and over as soaring values push house hunters without a ton of resources out of pricier locations to more affordable markets.”

Barber added that “the situation inside Opportunity Zones still is far from rosy. Significant numbers still face depressed prices. But the latest big picture provides more evidence of homebuyers interested in these communities, which can only be a positive lure for the investments that Opportunity Zone incentives are designed to attract.”

However, the most recent trends once again demonstrated how, in contrast to other markets across the country, some of the most troubled towns in the country are showing clear indications of sustained economic strength or minimal downturn. Opportunity Zones once more outperformed the country overall in the third quarter of 2024 by several significant metrics. For instance, median prices within the zones climbed more frequently than outside by at least 10% per year.

In all 50 states, the District of Columbia, and U.S. territories, census tracts in or next to low-income communities that satisfy specific requirements for redevelopment are designated as Opportunity Zones under the Tax Act legislation. According to the U.S. Census Bureau, census tracts are regions

having 1,200–8,000 inhabitants, with an average of roughly 4,000.

In the third quarter of 2024, despite economic constraints, the average home value in the majority of Opportunity Zones was still significantly lower than the average for the majority of the country. About 80% of the zones had median third-quarter prices that were lower than the \$360,500 median for the United States. That was roughly the same amount as during other times during the previous three years. Additionally, in nearly half of the zones, median prices stayed below \$200,000.

Significant price volatility persisted within Opportunity Zones as well, with median prices in almost three-quarters of those areas either declining or rising by at least 5% between the second quarter of 2024 and the third quarter of this year. Once more, that probably represented the low volume of sales in numerous zones.

CONSUMERS FEELING BETTER ABOUT HOUSING MARKET DESPITE HIGH HOME PRICES

The Fannie Mae Home Purchase Sentiment Index (HPSI) increased 0.7 points in October to 74.6, pushing the measure of consumer confidence to its highest level since February 2022 and significantly higher than the all-time low recorded two years ago.

In October, the share of consumers who think it's a good time to buy a home increased to 20%, while the share who think it's a good time to sell a home declined to 64%. On net, consumers continue to expect home prices to rise and mortgage rates to fall, with the latter component hitting another survey high this month. The personal finance components also remained

fairly flat month over month, with fewer consumers expressing job loss concerns and slightly more indicating that their household income fell year over year. The full index is up 9.7 points year over year.

"While we have seen significant improvement in overall housing sentiment over the past two years, consumers' perception of homebuying conditions remains strained, with only 20% believing it a 'good time' to buy a home, primarily due to high home prices," said Mark Palim, Fannie Mae SVP and Chief Economist. "In fact, the share citing mortgage rates as the primary driver of their homebuying pessimism declined again this month; however, since the fielding of the survey primarily in the first half of October, mortgage rates moved sharply higher, which may serve to suppress some of the recently observed rate optimism. One effect of the prolonged period of relatively high home prices of the past four years is that we are seeing a slowly growing preference to rent rather than buy on consumers' next move. With rent growth expected to remain modest in 2025, more consumers may be seeking—and finding—attractive deals in the rental market as they continue saving toward a future home purchase."

Home Purchase Sentiment Index – Component Highlights

Fannie Mae's Home Purchase Sentiment Index (HPSI) increased by 0.7 points in October to 74.6. The HPSI is up 9.7 points compared to the same time last year. Read the full research report for additional information.

Household Income: The percentage of respondents who say their household income is significantly higher than it was 12 months ago remained unchanged, on a rounded basis, at 18%, while the percentage who say their household income is significantly lower also remained unchanged, on a rounded basis, at 11%. The percentage who believe their household income is about the same remained unchanged

at 70%. The net share of those who say their household income is significantly higher than it was 12 months ago decreased 2 percentage points month over month to 6%.

Good/Bad Time to Buy: The percentage of respondents who say it is a good time to buy a home increased by 1 percentage point this month to 20%, while the percentage who say it is a bad time to buy decreased from 81% to 80%. As a result, the net share of those who say it is a good time to buy increased 2 percentage points month over month to -60%.

Good/Bad Time to Sell: The percentage of respondents who say it is a good time to sell a home (64%) decreased 1 percentage point this month, while the percentage who say it's a bad time to sell (35%) remained unchanged month over month. As a result, the net share of those who say it is a good time to sell fell 1 percentage point month over month to 29%.

Home Price Expectations: The percentage of respondents who say home prices will go up in the next 12 months remained unchanged at 39%, and the percentage who say home prices will go down also stayed steady at 23%. The share who think home prices will stay the same increased by 1 percentage point to 38%. As a result, the net share of those who say home prices will go up in the next 12 months increased 1 percentage point month over month to 17%.

Mortgage Rate Expectations: The percentage of respondents who say mortgage rates will go down in the next 12 months decreased from 42% to 39%. The percentage who expect mortgage rates to go up also decreased from 27% to 22%, a new survey low. The share who think mortgage rates will stay the same increased from 31% to 38%. As a result, the net share of those who say mortgage rates will go down over the next 12 months increased 1 percentage point month over month to 16%, a third consecutive survey high and the highest in survey history.

Job Loss Concern: The percentage of employed respondents who say they are not concerned about losing their job in the next 12 months increased from 77% to 79%, while the percentage who say they are concerned decreased 2 percentage points to 20%. As a result, the net share of those who say they are not concerned about losing their job increased 2 percentage points month-over-month to 58%.

GOOD NEWS FOR RENTERS SEEKING AFFORDABLE RENTALS

The median asking rent in the U.S. increased by just 0.2% year-over-year to \$1,619 in October, according to new Redfin data. Month over month, overall rents decreased by 0.6%.

Due to a development boom in some Sun Belt states brought on by a spike in demand during the epidemic, rents have stayed relatively stable over the last two years. However, rental markets may fluctuate greatly depending on where you reside in the nation; in some metro areas, asking rents are increasing by double digits, while in others, they are declining by comparable amounts.

"New apartments are being completed at the fastest pace on record and that's leading to rents falling in places like Tampa or Jacksonville, where supply now outweighs demand," Redfin Senior Economist Sheharyar Bokhari said. "Construction is slowing, but we will continue to see a wave of new apartment buildings coming onto the market in coming months, which is good news for renters looking for an affordable rental in 2025."

Rents in Sun Belt Metro Areas Drop, While East Coast & Midwest See the Highest Increases

Compared to the Sun Belt, the

Top 10 Major U.S. Metros with Highest Rent Increases

U.S. Metro	Median Asking Rent (Oct)	Median Asking Rent YoY Change	Price Per Square Foot YoY Change
Virginia Beach, VA	\$1,647	11.7%	9.8%
Washington, DC	\$2,060	11.1%	11.4%
Cleveland	\$1,350	9.8%	9.0%
Chicago	\$1,768	8.8%	3.0%
Baltimore	\$1,595	8.5%	5.2%
Providence, RI	\$2,100	7.7%	9.3%
Memphis, TN	\$1,249	6.4%	5.4%
Minneapolis	\$1,625	6.2%	8.4%
Columbus, Ohio	\$1,450	6.1%	9.5%
Detroit	\$1,405	6.0%	7.2%

Major Metros with Highest Rent Decreases

U.S. Metro	Median Asking Rent (Oct)	YoY Change	Price Per Square Foot YoY Change
Raleigh, NC	\$1,450	-8.8%	-10.2%
Tampa, FL	\$1,736	-8.5%	-5.4%
Jacksonville, FL	\$1,495	-8.4%	-9.3%
Austin, Texas	\$1,515	-8.2%	-10.4%
San Diego	\$2,770	-6.4%	-4.1%
Nashville, TN	\$1,526	-5.9%	-12.0%
San Francisco	\$2,685	-5.8%	-6.1%
Pittsburgh	\$1,394	-4.8%	-0.7%
Orlando, FL	\$1,720	-4.4%	-6.1%
Phoenix	\$1,497	-4.3%	-3.7%

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Number of Units	Median Asking Rent	YoY Change
0-1 Bedroom Apartments	\$1,475	-0.4%
2 Bedroom Apartments	\$1,699	-0.1%
3+ Bedroom Apartments	\$1,985	-1.5%

Midwest and East Coast have seen the largest increases in rents due to a lack of new building. Out of the 50 most populated metro areas we examined in October, Virginia Beach, Virginia, saw the largest rent increase, rising 11.7% annually to \$1,647.

Rents in Washington, D.C., rose 11.1%, while Cleveland (+9.8%), Chicago (+8.8%), and Baltimore (+8.5%) rounded out the five major metros where rents rose the most. Raleigh, North Carolina saw the biggest rent decline, down 8.8% year over year to \$1,450. It was followed by Tampa (-8.5%), Jacksonville, Florida (-8.4%), Austin, Texas (-8.2%), and San Diego (-6.4%).

Rents Dropped Across All Bedroom Counts for the Third Time in Four Months

For the third time in four months, asking rentals decreased across all bedroom counts, despite a minor increase overall last month. Simpson's paradox is a statistical phenomenon that explains the slight difference between the three distinct bedroom counts—all of which decreased—and the total median rent (which showed a slight 0.2% gain).

The median monthly rent for apartments with 0–1 bedroom decreased by 0.4%, to \$1,475; for apartments with 2 bedrooms, it decreased by 0.1%, to \$1,699; and for apartments with 3 or more bedrooms, it decreased by 1.5%, to \$1,985.

For the 18th Consecutive Month, Asking Rents per Square Foot Has Decreased

For the 18th consecutive month, October saw a 1.1% decrease in rental unit asking prices per square foot compared to a year earlier, underscoring the general improvement in affordability for renters.

The general rise in supply brought on by the recent building boom is one factor contributing to the decline in price per square foot. According to the latest data available, the second quarter saw a 6.2% year-over-year decline in the rents of newly built apartments.

Building owners are now fighting with one another to fill their apartments in places like Florida and Texas where new development has exploded, which has resulted in lower rentals and concessions being offered.

communities. In many cases, investors and all-cash buyers have stepped in to fill the void, purchasing these homes and either flipping them for a profit or using them for rental income. This has made it even harder for low- and moderate-income families to become homeowners.

The *Socioeconomic Consequences* report explores the decline in small-dollar mortgage lending and its impact on homeownership in three U.S. cities: Philadelphia, Pennsylvania; St. Louis, Missouri; and El Paso, Texas. The report draws on quantitative data from the American Community Survey, the Home Mortgage Disclosure Act, and CoreLogic, and qualitative data from interviews with homeowners and renters in each city.

City-by-City Homeownership Analysis

Craig J. Richardson Economic Consulting found that as of 2022, there were still large numbers of owner-occupied homes assessed at \$150,000 or less in each of the three cities studied, particularly in distressed areas. However, the stock of low-cost homes declined from 2007 to 2022 due to home price appreciation.

After the Great Recession, applications for and originations of small-dollar mortgages dropped more dramatically than the stock of small-dollar homes valued at \$150,000 or less. These trends were more severe in distressed areas of Philadelphia and St. Louis, but less severe in distressed areas of El Paso.

Between 2007 and 2022, distressed areas saw consistently higher levels of all-cash purchases than affluent areas, despite residents there having lower incomes and less wealth than the city as a whole. This finding suggests that investors are more active in these markets.

Nominal housing prices rose in nearly all affluent and distressed areas between 2007 and 2022. But while price growth in affluent areas was consistent across cities, price growth in distressed areas varied widely, from -4% in St.

THE SHRINKING DOLLAR'S IMPACT ON HOMEOWNERSHIP

The American Dream has long been synonymous with homeownership. However, for many low- and moderate-income families, realizing this dream is becoming increasingly out of reach. This is due to several factors, including rising housing costs, stagnant wages, and a decline in the availability of small-dollar mortgages, defined as those for homes priced at \$150,000 or below.

Recently, The Pew Charitable Trusts funded two white papers that took a closer look into small-dollar mortgages, titled *Access to Small-Dollar Homeownership in Three U.S. Cities: A Qualitative Analysis* and *The Socioeconomic Consequences of the Decline in Small Mortgages*.

Authored by Craig J. Richardson Economic Consulting LLC, *Socioeconomic Consequences* found that a key factor contributing to the decrease in affordable mortgages for low- and moderate-income families is the 2010 Dodd-Frank Act, which made small-dollar mortgages relatively more expensive to process than larger loans. This is due to a rise in fixed processing costs per loan and caps on banking fees for smaller loans. As a result, many banks have found it unprofitable to issue these smaller loans, leading to a decline in their availability.

This decline in small-dollar mortgage lending has had a significant impact on homeownership in the United States, particularly in low-income

The decline in small-dollar mortgage lending is a serious issue that is contributing to the growing gap between the haves and have-nots in the U.S.



Louis to 175% in El Paso. Distressed communities in Philadelphia and El Paso experienced a rapid rise in housing unaffordability between 2007-2022 as income growth lagged behind housing price growth.

In contrast, affluent areas in these cities are becoming more affordable, using the same index. In all three cities, commute times to work are higher for residents of distressed communities than residents of affluent communities, making it more difficult to earn the income necessary to afford a home purchase.

It Takes a Village: Social Ties Key to Buying a Home

The *Access to Small-Dollar Homeownership* qualitative study provides additional insights into the challenges and opportunities associated with small-dollar homeownership. This study was also compiled by Craig J. Richardson Economic Consulting with The Future of Land and Housing Program at New America. The report found that when traditional mortgage loans are not accessible, the culture of a community plays a large role in the strategies used to maneuver through those challenges and access homeownership. Regardless of income levels, it

was rare for interviewees to buy a home with a standard mortgage loan without any outside financial assistance. "Local and community culture matters for the homeownership strategy relied upon, with individual initiative, family ties, and personal networks playing key roles," the report stated.

Renters interviewed expressed pessimism or discouragement about their prospects of becoming homeowners in the near future. There is a gap between reported data and the perception of the availability of small-dollar homes in each city.

Uncovering the Policy Implications on Mortgage & Housing

The report's findings have several policy implications, including:

- There is a need for policies that support the development of affordable housing and increase access to credit for low- and moderate-income homebuyers.
- There is a need to address the challenges facing smaller lenders in providing small-dollar mortgages.
- There is a need for more research on the impact of the decline in small-dollar mortgage lending

on homeownership and wealth building.

Expert Insights: Recommendations for the Future of Housing

The report's authors recommend several steps that can be taken to address the decline in small-dollar mortgage lending and promote homeownership. These include:

- Supporting the development of innovative mortgage products that are tailored to the needs of low- and moderate-income homebuyers.
- Providing incentives for smaller lenders to offer small-dollar mortgages.
- Increasing education and outreach on the homebuying process.
- Addressing the issue of housing affordability through a variety of policy interventions.

The decline in small-dollar mortgage lending is a serious issue that is contributing to the growing gap between the haves and have-nots in the United States. By taking steps to address this issue, policymakers can help to ensure that the American Dream remains within reach for all.

“people want to feel safe”

Daryl Fairweather, Chief Economist at Redfin, discussed the severity of homeowners' climate risk worries, as nearly one in seven house-hunters reported a concern for natural disasters or climate risks in their area as a reason they are likely to move in the next year.



“a win for working families”

Ali Zaidi, White House National Climate Advisor, expressed his support as the U.S. Department of Housing and Urban Development (HUD) announced the final round of its Green and Resilient Retrofit Program, marking the successful delivery of more than \$1.43 billion in housing investments to U.S. citizens.



“more bang for their buck”

Jessica Lautz, Deputy Chief Economist and VP of Research for the National Association of Realtors, discussed how U.S. migration trends are being influenced by homebuyers seeking closer proximity to family, in addition to more affordability and job opportunities.



“gratifying to see”

Michael Althea, VP of Coldwell Banker Luxury, revealed his sentiments as the demand for luxury homes continues to increase amid declining mortgage rates, and how sales of \$1 million-plus single-family properties increased by 2.66% in the first six months of 2024.



“rates have leveled off”

Sam Khater, Chief Economist for Freddie Mac, discussed how mortgage rates have moderated downward after a six-week spike, but prospective homeowners remain concerned about overall affordability, as mortgage payments are higher than rentals on the same homes over the majority of the previous three decades.



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