YOUR TRUSTED SOURCE FOR MORTGAGE BANKING AND SERVICING NEWS
MortgagePoint Magazine
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FEBRUARY 2024

THE 2024 BLACK BOOK

ANNUAL DIRECTORY
—of—
FINANCIAL SERVICES ATTORNEYS

A LOOK AT THE INDUSTRY'S LEGAL PROFESSIONALS

The Black Book is a longstanding tradition here at Five Star's publications. Designed to spotlight the challenges and accomplishments of our industry's financial services attorney professionals, the Black Book was an annual tradition in our forerunner publication, *DS News*. And now, for the first year ever, we're proud to carry that tradition over into *MortgagePoint* magazine.

As we have in years past, with this year's Black Book we're bringing you an array of features focused on various aspects of the legal industry as it serves the mortgage sector. Our photo and text listings spotlight firms throughout the country, providing contact information, history, and areas of expertise for each. That's followed by our Women of Law profiles, which provide a deeper dive into some of the industry's exceptional female legal professionals, in the form of short profiles about their careers, experiences, and aspirations.

We are also continuing our tradition of bringing an array of feature articles focused on current/recent cases and precedents that impact mortgage servicing and that should be on your radar. This year's article lineup includes:

» "Bankruptcy Debtors Might Improperly Claim Homestead Exemptions" by JaVonne Phillips Boyer, Partner at McCarthy & Holthus, LLP
» "The End to Free House Decisions" by Reneau J. Longoria, Esq., Managing Member of Doonan, Graves & Longoria, LLC
» "Michigan Manufactured Home Title and Affixture" by Erica Nichols, Compliance Attorney at Schneiderman & Sherman, P.C.
» "Who Picks Up the Tab?" by Jason C. Tatman, Esq., President of The Law Offices of Jason C. Tatman

Not even our annual legal issue can be all about the law, however. We've also included two other exclusive features, because who doesn't love a little variety?

» "3 Steps for Lenders to Build a Generative AI Strategy" by Tim Von Kaenel, Chief Strategy Officer at CI&T
» "Assessing Home Equity: How Lenders Can Navigate HELOC Approvals with Data" by Joel Rickman, SVP of Verification Services at Equifax

You'll find all this and more in the pages beyond. Welcome to the February 2024 edition of *MortgagePoint*.

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Editor-in-Chief

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BLUE SAGE SOLUTIONS UNVEILS NEW DIGITAL SERVICING PLATFORM

Blue Sage Solutions announced the launch of the Blue Sage Digital Servicing Platform (DSP), enabling lenders to utilize a fully integrated platform covering the entire mortgage lifecycle. The initial version of the system includes all necessary functions to perform interim servicing, with full-scale servicing functionality to follow.

"We are thrilled to introduce a truly innovative, digital, cloud-built servicing platform that we expect will transform mortgage servicing operations as we know it," said Carmine Cacciavillani, Founder and Chairman of Blue Sage Solutions. "This groundbreaking achievement personifies our commitment to driving innovation and efficiency—not only within the loan production process but throughout the entire mortgage lifecycle."

The Blue Sage DSP revolutionizes mortgage operations through API-based technology that merges loan origination and servicing functions seamlessly and is fully compliant. The platform is not only for users of the Blue Sage Digital Lending platform, the company's end-to-end, cloud-based loan origination system.

All lenders, regardless of their current LOS, can use it to automate closed loan transfers, process individual and batch payments, onboard loans, collect payments, and more.

The Digital Servicing Platform modernizes servicing operations, reduces costs, and enhances borrower retention. Utilizing the same technology and architecture as all Blue Sage offerings, the platform offers a modern, user-friendly system accessible via any browser, enabling an optimized borrower and lender experience.

The full servicing version of the Blue Sage Digital Servicing Platform will include expanded functionality such as investor reporting and default management, providing lenders and servicers with a continually evolving platform capable of adapting to their growing needs and industry demands.

RADIAN ANNOUNCES INVESTMENT IN FINLOCKER TO EMPOWER HOMEOWNERSHIP

Radian Group Inc. announced that it has made a strategic investment in FinLocker, a personal financial fitness and homeownership tool. By leveraging advanced technology, FinLocker aggregates and analyzes a consumer's financial data, offering personalized paths to mortgage eligibility and other financial transactions.

The investment aligns with Radian's commitment to ensuring the American dream of homeownership responsibly and sustainably through products and services that span the mortgage and real estate spectrum, while also deepening relationships with its customers by introducing them to unique and relevant solutions to help build their businesses.

FinLocker and Radian's homegenius business share a strategic focus on creating a personalized and data-driven experience for homebuyers and sellers, and all the professionals who guide them to success in their homeownership journey.

FinLocker's customers primarily include mortgage lenders, banks, credit unions, and other financial service providers, which private-label the FinLocker tool with their brand to generate and nurture leads, stay meaningfully engaged with consumers throughout their homeownership journey, streamline the mortgage loan process, and cross-sell products to create customers for life.

"Radian and homegenius relentlessly seek to make homeownership more easily achievable and to help our business partners accomplish that goal more efficiently. FinLocker also does both of those things," said Rick Thornberry, CEO of Radian. "As we continue to help redefine the homebuying process, we are delighted to invest in innovative companies such as FinLocker, which are leading the way."

The platform also offers mortgage and financial education, credit score monitoring, credit report access, and tools to improve credit, pay down debt, save for a down payment, track progress toward mortgage eligibility, and initiate real estate searches. Importantly, consumers have complete control over the financial data they share with lenders for loan decision-making, enhancing privacy and security.

"We see great potential in FinLocker's business, both in its mission and its customer-driven approach, and together we can make homeownership more accessible," said Eric Ray, Senior Executive VP, Chief Digital Officer, and Co-Head of homegenius. "We are excited about this investment and the opportunity to offer FinLocker's services to both Radian and homegenius customers."

"This collaboration with Radian marks a significant milestone in our mission to empower the next generation of mortgage advisors," said Brian Vieaux, President and COO of FinLocker. "Our partnership will enhance our capabilities as a trusted source of financial preparation, paving the way for aspiring homebuyers to make informed decisions along their homeownership journey."

"Radian is a leader in the mortgage and real estate services industry, and we are thrilled by its support of FinLocker's unique business offering and execution," said Henry Cason, CEO of FinLocker. "We look forward to working with Radian on the next phase of our development and remain committed to our shared goal of helping people realize the dream of affordable and sustainable homeownership."

OPTIMAL BLUE PPE NOW AVAILABLE IN NATIVE MOBILE APP

Optimal Blue announced the release of its native mobile app for the Optimal Blue PPE. The announcement consists of a new mobile

> "Loan officers no longer sit at their desks all day, so Optimal Blue made it a priority to put 'pricing in their pocket' with full product and search capabilities from the convenience of a mobile device."
>
> —**Kevin Foley**, Director of Product Management, Optimal Blue

app for Android in addition to enhancements to the company's mobile offering for iOS.

"Loan officers no longer sit at their desks all day, so Optimal Blue made it a priority to put 'pricing in their pocket' with full product and search capabilities from the convenience of a mobile device," said Kevin Foley, Director of Product Management of Optimal Blue. "With just a few taps, a loan officer can identify the best product, rate, and price for their borrower without the constraint of being in an office. This helps them operate more efficiently and competitively, while also delivering a better experience to prospective homebuyers. Plus, it's a truly native mobile app experience, built specifically for the mobile devices loan officers are using."

By giving loan officers the flexibility to access scenario pricing from any location, the Optimal Blue PPE (OB) Mobile app assists with timely and productive borrower conversations. OB Mobile allows users to price scenarios and save favorites to a dashboard for quick access.

With a single tap, these scenarios can then be refreshed to show the best product, rate, and price, as well as any interest rate movement on a given day. The app displays the full array of pricing inputs and granularity currently available on the web version of the Optimal Blue PPE, including custom fields.

In addition to an all-new app for Android, the app for iOS now includes pricing analysis from the Optimal Blue Mortgage Market Indices (OBMMI). Calculated from actual locked rates with consumers across approximately 42% of all mortgage transactions nationwide, the OBMMI includes multiple mortgage pricing indices developed around the most popular mortgage products and specific borrower attributes.

The inclusion of this market data adds new value to a broader range of users. Any loan officer or person, regardless of whether they are an Optimal Blue client, can access OBMMI pricing analysis via the app, with PPE functionality reserved for client login.

"As the public continues paying close attention to rate movement in 2024, we're pleased to make our interactive OBMMI pricing analysis available in a native iOS app anyone can download," said Foley. "OBMMI access will be added to the Android app later this year."

NCONTRACTS ANNOUNCES AI-POWERED CONTRACT MANAGEMENT TOOL FOR FINANCIAL INSTITUTIONS

Ncontracts has launched its new AI-powered Ntelligent Contracts Assistant module within Nvendor, reducing hours of arduous contract reviews to just minutes.

The Ntelligent Contracts Assistant harnesses artificial intelligence trained by Ncontracts' legal and contract management experts to quickly extract key information from third-party vendor contracts and agreements, making it possible for financial institutions to:

- Score contracts for risk and adherence to regulatory requirements
- Generate summaries of key contract terms
- Automatically create alerts for key dates
- Search contracts for key terms and provisions (including renewal dates and price increases)

"The new interagency third-party risk management guidance mentions contracts 109 times," said Michael Berman, Founder and CEO of Ncontracts. "The Ntelligent Contracts Assistant helps financial institutions meet those requirements quickly and more accurately while maximizing the value of their contracts as risk controls."

Unlike black-box algorithms, the Ntelligent Contract Assistant is built with clear guardrails that can be tested and tracked for transparent results. The customer data remains private and segregated from others. It is used by the AI only to answer financial institution client questions, never to train the algorithm.

"When most people think of AI, they think of cutting and pasting a contract into

ChatGPT and asking a few questions," said Bill Simpson, Ncontracts Chief Product and Technology Officer. "The Ntelligent Contracts Assistant is trained specifically in contract management and uses each customer's unique data as context for responses that help with decision-making."

POLIARK LAUNCHES AI 3D MODELING PLATFORM FOR ARCHITECTS, ENGINEERS

Poliark has launched its new AI platform, Kend, which makes 3D modeling an instant task for architects and engineers.

Kend enables the construction of 3D models from scratch and turns sketches into 3D models using simple text inputs, enhancing the creative process and saving invaluable time. It also introduces a built-in material catalog that not only automates bill of quantities calculation but also includes embedded CO_2 emissions, enabling environmentally conscious decision-making.

"There is an immense opportunity to create a more efficient, less environmentally consuming world in the architecture and engineering sectors," said Esma Engür, COO of Poliark. "Poliark's commitment to innovation and sustainability has already advanced the space more than we've seen in the last 30 years. We believe that Kend has the capacity to truly usher in the future of building and AI."

The new platform will alleviate the manual aspects of technical drawing and craftsmanship in 3D modeling, leading to a significantly easier workload for architects and engineers. It will allow users to focus on the more creative aspects of their jobs and remove tedium from their tasks. Kend also enables seamless collaboration among geographically dispersed team members and stakeholders, reducing delays and errors in project management.

"The 3D modeling process for architects and engineers has historically been very time-intensive, limiting creativity in design," said Eda Erol, CEO of Poliark. "With Kend, not only are we fostering innovation and efficiency, but also, increasing potential profits through saving time and environment."

The new platform allows users to calculate and forecast CO_2e based on location and material usage, aiding in environmentally responsible decision-making and compliance with EPD and net zero tax regulations.

SNAPDOCS AND LENDERLOGIX PARTNER TO ENHANCE LENDER EFFICIENCY

Snapdocs has partnered with LenderLogix to provide shared customers with a unified closing experience. The integration between Snapdocs' eClosing platform and LenderLogix's LiteSpeed point-of-sale (POS) gives lenders the ability to offer borrowers a streamlined digital closing from loan application to final signature, all while automating cumbersome and time-intensive internal processes.

"Lenders should have the freedom to build a best-in-class technology stack that suits their specific business needs," said Camelia Martin, VP of Industry and Regulatory Affairs at Snapdocs. "Partnering with LenderLogix allows Snapdocs lenders to deliver a connected closing experience and realize the value of digitalization at scale."

The companies' newly integrated systems allow borrowers to start and complete their mortgage transactions within one familiar platform. No additional logins or interfaces are required.

Snapdocs' open API enables a secure stream of data from Snapdocs' eClosing platform into LenderLogix. This allows lenders to receive closing updates in real-time, reducing the time and costs of these otherwise manual processes and increasing overall lender efficiency.

"We believe in slick technology that gives lenders a competitive edge, regardless of organizational size. Our partnership with Snapdocs enables lenders to better compete without the bulk of adopting an entirely new tech stack," said Patrick O'Brien, CEO of LenderLogix. "By automating manual processes and providing greater control over borrower authentications, lenders can offer homebuyers a simple yet amazing closing experience."

DARK MATTER TECHNOLOGIES ANNOUNCES NEW WORKFLOW IN THE EMPOWER LOAN ORIGINATION SYSTEM

Dark Matter Technologies (Dark Matter) has announced the availability of a new, automated workflow in the Empower® loan origination system (LOS). This will make it easier for lenders to identify and qualify loan applicants who could benefit from an evaluation of their positive rent payment history.

Developed in partnership with Informative Research utilizing the positive rent payment history enhancement in Fannie Mae's Desktop Underwriter® (DU®), the workflow in the Empower LOS is configured to allow lenders to improve pull-through for borrowers who have a history of consecutive rent payments.

Fannie Mae's positive rent payment history enhancement was introduced to promote equitable and sustainable homeownership among renters with limited credit histories. By leveraging 12-month asset verification reports furnished by authorized providers such as Informative Research's AccountChek® and by using an integrated LOS such as Empower, lenders can harness Fannie Mae's DU® automated underwriting system to consider positive rent payment data when assessing the creditworthiness of certain first-time homebuyers.

According to Fannie Mae, as of Q4 2023, 5,600 mortgage applications have benefited from the borrower's positive rent payment history by being deemed approve-eligible. Some 41% of applicants who benefitted identified as Black, Latino, or Hispanic.

"Using positive rent payment history in credit evaluations is one of several ways Fannie Mae is improving access to affordable homeownership that supports our commitment to our mission and strong credit underwriting standards," said Peter Skarnulis, Fannie Mae VP of Single-Family Digital Management Solutions. "This new workflow makes it more practical for lenders to take advantage of this feature, which can help more first-time homebuyers qualify for a home loan."

The Empower LOS makes it easy for lenders to consider a borrower's positive rent payment history early in the loan process using business-friendly configurations rather than code. Here's how it works behind the scenes:

When a loan application is submitted to DU through Borrower Digital (or another front-end application integrated with the Empower LOS) and does not initially receive an approve-eligible recommendation, DU® will determine whether rent payment data could provide a more favorable recommendation.

If the DU® findings recommend evaluating the applicant's rent payment history, the automated engine within the Empower® system will suggest obtaining a 12-month asset verification report through AccountChek. The Empower LOS will play the role of the conductor, ensuring the consumer-permissioned asset data gathered from AccountChek is routed for resubmission to DU® in the process as identified by the originator.

By automating an additional opportunity for borrowers to receive loan approval and move forward, Dark Matter and Informative Research are contributing to Fannie Mae's ongoing efforts to help more renters realize their dream of homeownership.

"This is a prime use case of how business process automation can create value not only for lenders but for borrowers as well," said Rich Gagliano, CEO of Dark Matter Technologies. "Our task-based orchestration engine allows lenders to improve pull-through for borrowers with nontraditional credit references without burdening loan officers or processors."

"Enhancements to lender workflow that make innovative and equitable solutions practicable are a huge step toward making meaningful change," said Craig Leabig, Informative Research SVP of Marketing and Product. "Our goal is to blend technology with business process and verification products to improve outcomes."

COLONIAL SAVINGS TO LAUNCH NEW SERVICING ECOSYSTEM

Colonial Savings, F.A., has announced plans to launch a new mortgage servicing ecosystem on March 1.

Colonial will launch many enhanced, customer-focused servicing solutions, including ICE Mortgage Technology's MSP loan servicing system and its Servicing Digital and Customer Service tools.

"Colonial continues to be at the forefront of the mortgage servicing industry, integrating industry-leading technology with Colonial's commitment to excellence and award-winning customer service," said Dave Motley, President of Colonial Savings, F.A. "We are thrilled to offer our customers an enhanced mortgage servicing experience made possible by working with ICE Mortgage Technology."

Colonial will be leveraging multiple, new technology solutions:

- MSP: a comprehensive, end-to-end loan servicing system that supports the entire mortgage servicing life cycle.
- Servicing Digital: gives homeowners convenient, interactive access to personalized information about their mortgage and home; they can manage mortgage payments, view escrow and

equity information, make informed decisions to plan for lifestyle changes, and more—all from any internet-connected device.

» Customer Service: the all-in-one customer service system gives Colonial's team of customer relations professionals the ability to address borrower requests through highly personalized interaction, improving the customer experience.

RISKSPAN, DOMINIUM ADVISORS ANNOUNCE NEW DASHBOARD FOR MORTGAGE LOAN INVESTORS

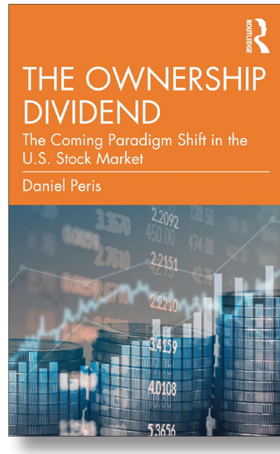
RiskSpan announced that it has partnered with Dominium Advisors to introduce a new whole loan market color dashboard to RiskSpan's Edge Platform.

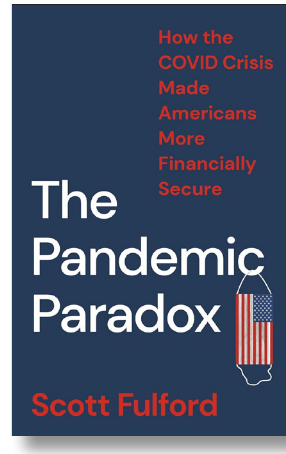
This new dashboard combines loan-level market pricing and trading data with risk analytics for GSE-eligible and non-QM loans. It enables loan investors unprecedented visibility into where loans are currently trading and insight on how investors can currently achieve excess risk-adjusted yields.

"Our strategic partnership with RiskSpan is a key component of our residential loan asset management operating platform," said Peter A. Simon, Founder and CEO of Dominium Advisors. "It has enabled us to provide clients with powerful risk analytics and data management capabilities in unprecedented ways."

The dashboard highlights Dominium's proprietary loan investment and allocation approach, which allows investors to evaluate any set of residential loans available for bid. Leveraging RiskSpan's collateral models and risk analytics, Dominium's software helps investors maximize yield or spread subject to investment constraints, such as a risk budget, or management constraints, such as concentration limits.

"The dashboard is a perfect complement to our suite of analytical tools," said Janet Jozwik, Senior Managing Director and Head of Product for RiskSpan's Edge Platform. "We are excited to be a conduit for delivering this level of market color to our mortgage investor clients."





Win-Win Revolution: An Insider's Guide to Investing in the Secondary Mortgage Market Paperback

by **BILL BYMEL**

A decade after the subprime mortgage meltdown of 2008, tens of billions of dollars' worth of real estate remain distressed, and even though conditions have improved, there are still sizeable profits to be made by investors in secondary markets. Author Bill Bymel has literally "written the book" on loss mitigation for non-performing residential loans (NPLs). A real estate investor and broker for over 20 years, Bymel currently serves as CEO of First Lien Capital LP, a privately owned distressed mortgage investment platform he founded in 2021, which owns over 700 residential mortgages and REOs in more than 30 states, valued at greater than $100 million.

Your Best Financial Life: Save Smart Now for the Future You Want

by **ANNE LESTER**

A former head of retirement solutions for JPMorgan Asset Management and award-winning investor, Anne Lester has written a simple, step-by-step blueprint that anyone can use to understand retirement savings for the future you deserve. Saving for a home and the future can seem daunting to many—and downright impossible for others—especially for the younger generations can find a way to save for your future. But everyone can find a way to save for the future, and with this book, you'll find actionable steps to demystify retirement tools using an easy-to-use roadmap to ensure you've saved enough for retirement by eliminating wasteful spending and how to stash your money where it really counts.

The Ownership Dividend: The Coming Paradigm Shift in the U.S. Stock Markets

by **DANIEL PERIS**

According to author Daniel Peris, we are on the verge of a paradigm shift for stock market investors. While dividend-focused stock investing used to be in vogue, today, that style is now a boutique approach. With many investors focusing on market values, this has led the investing public to downgrade the importance of dividends when they should be prioritizing them. Peris, who oversees his own dividend-focused portfolio on top of being an author, believes savvy individual investors, financial advisors, and institutional portfolio managers will want to position themselves to benefit from the reversion to cash-based investment relationships in the years ahead.

The Pandemic Paradox: How the COVID Crisis Made Americans More Financially Secure

by **SCOTT FULFORD**

Around March 2020, the world stood still as COVID-19 spread and government mandated lockdowns put the world on pause. In just two months, 22 million people lost their jobs—and yet somehow, according to author Scott Fulford, the finances of most Americans improved during the time until lockdowns ended. Savings went up, debts went down, and fewer people had trouble paying their bills. Drawing information from the CFPB's "Making Ends Meet" survey—which he designed—to interweave macroeconomic trends in spending, saving, and debt with stories of individual Americans' economic lives during the pandemic. Meet the people who came out in a better position than they were before the lockdowns while Fulford argues that there is a better, fairer, more productive economy is still possible.

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FREDDIE MAC NAMES NEW DIRECTOR

Freddie Mac has elected **Roy Swan** to its Board of Directors, effective February 19, 2024. Swan is an executive with more than 30 years of experience in law, banking, corporate finance, public policy, and investment management, currently serving as Director of Mission Investments at the Ford Foundation, where he leads a team making $1 billion in impact investments over a 10-year period.

"Roy Swan's experience in financial services and his work overseeing mission and community development investments established him as a major player in impact investing," said Lance Drummond, Chair-Elect of Freddie Mac's Board of Directors. "His background and three decades of experience in these and other areas make him uniquely qualified for this role, and we look forward to his contributions to Freddie Mac's Board."

Swan has served in his current role as head of Mission Investments for the Ford Foundation since 2018. Prior to Ford, he held various positions at Morgan Stanley from 2008 to 2018, including President and COO of Morgan Stanley Trust and Co-Head, Global Sustainable Finance. Swan held various positions at Carver Federal Savings Bank, departing as EVP and CFO.

Among other roles, Swan also served in various positions at Time Warner Inc., JPMorgan Chase & Company, as CIO at Upper Manhattan Empowerment Zone, and as an Associate at Salomon Brothers Inc.

He began his career as a Financial Analyst at First Boston Corporation, as a Public Service Fellow at the Coro Foundation, and as an attorney in the Corporate Securities Group of Skadden, Arps, Slate, Meagher & Flom LLP.

Swan also serves as a member of the Board of the Global Impact Investing Network and a Trustee of Parnassus Funds. Currently, he serves on the Varo Bank Social Impact Council, the Church Commissioners for England Oversight Group, and the KKR Sustainability Expert Advisory Council.

Lenders/Servicers

XOME NAMES NEW COO

Dallas, Texas-based real estate marketplace Xome has announced the appointment of **Mike Jansta** as its new Chief Operating Officer.

"Xome is thrilled to welcome Mike Jansta as Chief Operating Officer," said Xome in a statement. "He comes to Xome with nearly two decades of real estate industry experience with a proven history of innovation and brand expansion—not to mention being an expert at leveraging technology to facilitate online property auctions. Mike is the perfect candidate for this new role as Xome focuses on continuing to expand its market share and brand awareness."

Mike joins Xome from Altisource, where he served in various leadership roles over the past three years, including as General Manager of Hubzu and Chief Marketing Officer of Altisource. Additionally, Mike spent the majority of his career with Auction.com, holding various leadership roles, including Chief Marketing Officer, over a 14-plus year career with the company. Altisource provides dozens of mortgage originations services and tech-enabled, end-to-end real estate management solutions. Since 2006, Jansta has facilitated more than $45 billion in closed sales by bringing sellers and buyers together in residential and commercial real estate auctions and transactions.

As Xome's COO, Jansta will oversee key aspects of Xome's operations, including auction, default servicing, and quality assurance, and will join Xome's Executive Leadership Team, reporting to CEO Mike Rawls.

SAGENT TAPS FORMER MR. COOPER PRESIDENT FOR EXECUTIVE CHAIR ROLE

Fintech software company Sagent has appointed **Chris Marshall** as its new Executive Chairman. In this role, Marshall will work closely with Sagent's executive team to deliver the $13 trillion mortgage servicing industry's first and only cloud-native software platform in 2024.

Marshall first joined Sagent's Board of Directors in 2022 as part of a multiyear agreement with Mr. Cooper Group. As Executive Chair, Marshall will oversee strategy to deliver on Sagent's vision for the future of mortgage servicing.

"Mortgage servicing is the last and toughest mile of mortgage industry modernization, and Sagent's technology, team, and industry expertise make it the best software partner for America's servicers," Marshall said. "Sagent's new platform will streamline processes and dramatically lower operating costs for servicers, while significantly improving customer experience."

Marshall had been Vice Chair and President of Mr. Cooper, announced his intent to retire last year, and will transition out of his role leading Mr. Cooper's businesses at the end of January. He will continue to lead efforts to raise capital for Mr. Cooper's first MSR fund, while shifting his focus to Sagent and the success of its customers. During his time with Mr. Cooper, Marshall led several initiatives to strengthen the company's balance sheet, accelerate growth, and improve efficiencies across the company.

"With his extensive experience and proven track record of success, Chris will keep Sagent in the lead on innovating the lending and homeownership experience for America's top mortgage players," Sagent CEO Dan Sogorka said. "With Chris' leadership, Sagent will enable servicers to realize their vision of a single data and user experience across their entire operations."

INDUSTRY VET RETURNS TO CARRINGTON TO LEAD TPO LENDING TEAM

Carrington Mortgage Services (CMS), one of the nation's largest privately held nonbank lenders and non-QM lender, has announced the return of **Samuel Bjelac** to lead the company's Third-Party Origination (TPO) Lending teams.

Bjelac, who previously served as Divisional VP of the Carrington Mortgage Services Wholesale Lending team, has rejoined CMS as SVP, National Sales, TPO. Prior to his return to CMS, Samuel honed his non-QM expertise as EVP of National Sales at Sprout Mortgage, while also leading the TPO teams at CoreVest Finance and LendingOne; and he returns with extensive experience in nonagency lending.

"Samuel brings more than 20 years of mortgage experience to Carrington," said Greg Austin, EVP, Lending for CMS. "Combining a deep understanding of the non-QM business, along with his sales leadership experience, I am very excited about the future of Wholesale and Correspondent at CMS."

In his new role, Bjelac will report to Austin, and his primary areas of responsibility include aligning the Wholesale and Correspondent Sales organizations with Carrington's overall objectives. He will provide daily leadership to Wholesale and Correspondent Sales leaders as they engage with brokers from initial contact through all phases of the loan origination process.

"I am blessed and humbled at the opportunity to come back to a company I called home for so many years; and I'm thrilled to continue building, growing and serving a high-performance sales team that can excel in any market," Bjelac said. "Our incredible loan programs, advanced technology and enviable operations teams are solidly committed to providing unwavering support to our mortgage industry partners."

> "Samuel brings more than 20 years of mortgage experience to Carrington, combining a deep understanding of the non-QM business, along with his sales leadership experience. I am very excited about the future of Wholesale and Correspondent at CMS."
>
> —**Greg Austin**, EVP, Lending, Carrington Mortgage Services

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ROCKET COMPANIES APPOINTS FIRST-EVER GROUP CMO

Rocket Companies has announced that it has named internationally recognized marketing leader **Jonathan Mildenhall** as its first-ever group Chief Marketing Officer (CMO).

In this new role, he will be responsible for creating a unified and compelling voice for all businesses under the Rocket Companies umbrella, with all marketing and communications teams for the company's brands reporting directly to him.

"Jonathan is one of the top marketing minds in the world, with a strong reputation for consistently delivering compelling campaigns that break through the clutter and become socially relevant," said Varun Krishna, CEO of Rocket Companies. "I have been highly impressed by the number of incredible stories we have to tell. Countless customers, team members, and vendors have told us how working with Rocket changed their lives. I am looking forward to Jonathan and the team creating new and innovative ways to share these inspiring narratives with the world."

Mildenhall brings more than 30 years of experience building and promoting large, brand-focused companies including Coca-Cola and Airbnb. In 2018, he co-founded TwentyFirstCenturyBrand, one of the world's leading branding and marketing consultancies. Over the past five years, the business has helped some of the world's most influential companies scale their impact, including Pinterest,

"The role Rocket plays in helping people achieve the American Dream through homeownership and financial freedom is massive and cannot be overstated."

—**Jonathan Mildenhall**, Chief Marketing Officer, Rocket Companies

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LinkedIn, Zalando, PepsiCo, NextDoor, and Walmart. Mildenhall will remain chairman of the business.

"The role Rocket plays in helping people achieve the American Dream through home ownership and financial freedom is massive and cannot be overstated," Mildenhall said. "I am honored to be given the opportunity to work with this talented team, led by Varun, to tell stories that will inspire and motivate. It will be our mission to create integrated marketing campaigns that live up to the extraordinary social impact that Rocket makes every day."

Prior to founding his own firm, Mildenhall served as the first CMO of Airbnb and led the marketing through a period of unprecedented growth for the company. He and his team helped the brand become a household name while the short-term rental company expanded from 400,000 homes on the platform to more than 4.5 million residences in 191 countries in just three and a half years. Airbnb aired its first Super Bowl commercial under Mildenhall and forged many co-marketing partnerships with culturally relevant brands to raise awareness and legitimacy for the business.

Before his time at Airbnb, Mildenhall led Coca-Cola's marketing as Vice President of Global Advertising Strategy and Content Excellence. He and his team took Coke's creative in new directions and created the company's global marketing campaign, "Open Happiness," which helped the brand see its most profitable growth period in 20 years. During his time leading Coke's marketing, it was named the Creative Marketer of the Year at the Cannes Lions International Festival of Creativity.

Mildenhall, a British-American, is also a board member of GoFundMe and Fanatics. He has been included on Forbes' list of the world's most influential CMOs, Business Insider's list of the most innovative CMOs, and won Adweek's Brand Genius award.

CENLAR APPOINTS NEW SVP OF DEFAULT OPERATIONS

Ewing, New Jersey-based mortgage loan subservicer Cenlar FSB has announced that **Ingrid Jaschok** has been appointed SVP of Default Operations.

As SVP of Default Operations, Ingrid will oversee all business segments within the default servicing portfolio including early and late-stage default. In addition to those duties, Ingrid will develop and implement strategies that ensure goals are achieved while enhancing the homeowner experience and meeting investor, regulatory, and compliance guidelines.

"Ingrid is a valuable addition to the team, and I am confident she will deliver the best experience for our clients and their homeowners," Cenlar SVP of Loan Operations Bill Moffett said. "A seasoned executive, Ingrid has a proven track record of utilizing innovative approaches and promoting the adoption of new technologies to increase productivity in the loss mitigation process."

Jaschok has more than 25 years of experience in call center operations, loan administration, mortgage loan servicing, loss mitigation, bank, and nonbank financial institution management, as well as regulatory and compliance oversight.

"I look forward to joining the team and further enhancing the homeowner experience. Homeowners are always first and foremost in the front of our minds, and we are always here to help them," Jaschok said. "My overarching goal is to create the best experience for homeowners no matter how they want to interact with us—whether that's through our self-service options or on the phone."

Prior to joining Cenlar, Jaschok was Senior Director and SVP of Default Servicing at Flagstar Bank. She was also SVP of Vulnerability Management at Citibank, where she assisted the team with a start-up of Vulnerability Remediation in the Global Technology areas. Before Citibank, Ingrid was EVP of Online Auction Operations at Auction.com, where she managed merchandising to transaction servicing processing. Jaschok also held leadership roles at both Freedom Mortgage and Mr. Cooper. As SVP of Mr. Cooper, she partnered with her team and technology to create an automated loss mitigation process for customers during the pandemic.

Jaschok earned her Bachelor of Science in education from Kent State University and was a recipient of the 2019 Women in Housing Leadership Award for Diversity & Inclusion.

FIRST UNITED BANK NAMES BRIAN JOHNSON AS NEW CFO

First United Bank announced **Brian Johnson**, a highly accomplished executive with more than two decades of financial services experience spanning work in investment banking, corporate leadership, and large financial institutions, has been named CFO, reporting directly to Greg Massey, Chairman and CEO of First United Bank. Johnson will lead accounting, corporate finance, and FP&A across the enterprise.

"Brian's extensive background positions him as a strategic partner for all our business lines, providing a comprehensive perspective at the holding company level," Massey said. "I am confident that his insight and leadership will play a pivotal role in driving our ongoing success and achieving Vision 2030."

As a respected and accomplished financial services executive, Johnson's background includes significant roles such as CFO, Head of Corporate Finance and Global Treasurer, and Head of Corporate FP&A and M&A at MoneyGram in Dallas. His experience extends to managing director and vice president positions at Commerce Street Capital LLC and notable tenures with Hudson Advisors/Lone Star Funds and Bear, Stearns & Company Inc. in New York.

Johnson holds a Bachelor of Science in mechanical engineering from Bucknell University and is a Chartered Financial Analyst and Certified Valuation Analyst.

"My family and I are eager to join the First United family," Johnson said. "I look forward to working with a team of highly motivated individuals who care about their peers and community, and I am excited to work alongside an innovative entrepreneur like Greg Massey to challenge the status quo and deliver solutions to those we serve."

ALLY FINANCIAL TO APPOINT NEW INTERIM CEO

Douglas Timmerman, President of Dealer Financial Services at Ally Financial, will be appointed Interim CEO on February 1, 2024, following the departure of sitting CEO Jeffrey J. Brown.

Timmerman was appointed President of Dealer Financial Services in 2021.

Ally announced the appointment will take place on February 1, 2024, following the departure of sitting CEO Jeffrey J. Brown on January 31, 2024.

Timmerman has more than 30-plus years with Ally and has held a wide variety of leadership positions across the company's auto finance and insurance business, most recently serving as president of dealer financial services, where he is responsible for deepening relationships with 22,000 dealer customers.

Under his leadership, Ally has cemented its position as the leading prime auto lender, optimizing the business significantly and increasing and diversifying the dealer customer base.

Brown announced in October 2023 that he plans to step down as CEO of Ally Financial in early 2024.

"Doug's long tenure at Ally and expertise in auto finance are extraordinarily well respected both inside and outside of Ally. I know he will ensure a seamless transition as the Board continues working with a leading search firm to identify the next permanent CEO," said Franklin W. Hobbs, Chairman of the Board at Ally.

In 2019, Timmerman was recognized as the first-ever Auto Finance News Auto Executive of the Year. The Nebraska native began his career with Ally shortly after earning his undergraduate and master's degrees in business administration from the University of Nebraska.

Timmerman supports several organizations and research efforts associated with finding a cure for Type 1 diabetes. He is an active volunteer and supporter of Children's Hospital of Atlanta and the Juvenile Diabetes Research Foundation.

NFM LENDING WELCOMES TWO NEW BRANCH MANAGERS

NFM Lending has announced the opening of a new branch in Fort Lauderdale, Florida, led by Branch Managers **Dan Longman** and **Ken Zorovich**. The NFM Lending branch will focus on expanding NFM's flexible and powerful lending platform to better serve community families with exceptional customer service. NFM Lending offers Conventional, FHA, VA, USDA, FNMA, Jumbo, and many other loan options to fit every borrower's needs.

"Once we started exploring companies, NFM clearly stood out," Longman said. "Their technology, resources, and systems were second to none. What sealed the deal for us was the people we met behind the scenes. The NFM Family is truly special, and you can tell they take great pride in their work. That attitude was contagious and the reason we decided to join forces with them. We could not be more thrilled with our decision and are ready to get to work for our clients!"

Zorovich added, "I am excited to join the team at NFM Lending. I believe in the people behind the scenes, the technology, and their vision. We are prepared to attack the next real estate market and give our clients the best chance to succeed."

» Service Providers

CALIFORNIA MBA TAPS AMDC CHAIR TO LEAD ITS DE&I COMMITTEE


Christensen


Whittenberg

The California Mortgage Bankers Association (California MBA) has named **Tai Christensen**, President and Co-Founder of national affordable housing program Arrive Home, as Chair of its Diversity, Equity & Inclusion Committee. Christensen will share the role with **Stephanie Whittenberg**, who will serve as Vice Chair of the Committee.

Christensen and Whittenberg will assist the association with its effort to promote diversity and inclusion within the mortgage lending space, a priority for the organization since it first launched its DE&I Committee in 2021.

"I am excited to continue to assist the CMBA's efforts to promote diversity in the mortgage industry," Christensen said. "This is an initiative that has been important to me since I began my career in this space more than 20 years ago. As someone who has dedicated much of their career to helping bridge the homeownership gap in underserved communities, I am eager to initiate more conversations about how industry leaders can effectuate this much-needed change and help advance the future of this profession."

Christensen is current Co-Founder and President of Arrive Home, a national affordable housing program dedicated to helping responsible borrowers in underserved communities become homeowners through their Down Payment Assistance offerings and alternative credit solutions.

Christensen also serves as Chair of the American Mortgage Diversity Council (AMDC) and serves as a board member for Axis Lift 360, a nonprofit that focuses on providing the mortgage lending industry with a more diverse talent pool of job candidates. Christensen is the current host of the California MBA's monthly DE&I podcast, which is available on the California MBA's YouTube channel and features industry thought leaders who are actively working to promote DE&I within mortgage lending.

She has been featured on Fox Business News, as well as articles in the *Washington Post*, *MReport*, *Real Estate Weekly*, *Forbes*, and numerous podcasts. Tai is passionate about assisting creditworthy borrowers in disadvantaged communities become homeowners and build intergenerational wealth through homeownership.

"I am looking forward to working with Tai to advance the California MBA's DE&I efforts," Whittenberg said. "She has a powerful voice within the mortgage community, and I am certain that, together, we can effectively bring this important cause to the forefront of industry conversation."

FORMER CENLAR EVP JOINS RANIERI SOLUTIONS AS CEO

Uniondale, New York-based Ranieri Solutions has announced the appointment of **Rob Lux** as its CEO where he will spearhead the company's go-to-market efforts for its cloud-native servicing platform.

Founded in 2018 by Lewis S. Ranieri, Ranieri Solutions is a financial services-focused technology company that invests in, develops, and applies innovative technology solutions in the real estate and mortgage industries. The collective Ranieri team has decades of experience in owning, operating, and investing in a broad range of real estate and mortgage-related businesses and strategies such as residential and commercial special and primary mortgage servicing businesses, residential and commercial real estate distressed debt investment funds, and large-scale, single-family rental, and rent-to-own strategies.

"The business of servicing has long since outgrown available technology which increases borrower dissatisfaction, exposure to risk, inefficiencies, and operating costs," Ranieri said. "Rob's unique background in mortgage includes extensive technology prowess with leading large servicing operations. Coupled with his drive to make positive change for the industry, I am confident Rob's leadership will cement our foundation and position the company as the Best-in-Class provider of mortgage technology solutions."

The Ranieri platform's standout feature is its uniform core and modern user interface, a modern, cloud-based platform built from the ground-up with servicers in mind, with features including:

- Seamless end-to-end servicing for performing and default loan processing using a single integrated system
- Modern, state-of-the-art cloud-based technology enables security, scalability, real-time processing, reporting, and analytics that eliminates the limitations of mainframe batch systems
- Intuitive, modern user interface that is easy to use and does not require extensive training
- Automated workflow that enables sophisticated task management
- Real-time seamless integration through an API ecosystem
- Digital loan file that provides a central repository for documents, images, audio, and video

"Our intention is to transform the mortgage technology landscape, beginning with servicing," said Karen Bellezza, Ranieri's COO. "Drawing from his experience as COO for one of the largest servicers in the nation, and CIO responsible for all technology at a GSE, Rob is the perfect addition to lead the team. The strength of the SAP Fioneer platform and the depth of mortgage and servicing knowledge at Ranieri is what this industry needs."

With the addition of Lux as CEO, coupled with the recent announcement of a partnership with SAP Fioneer, the company is set to expand upon Lewis Ranieri's history of pioneering innovation.

"I am both thrilled and humbled to have the opportunity to work with Lewis Ranieri, a legendary innovator who transformed our industry. My experience

"The business of servicing has long since outgrown available technology, which increases borrower dissatisfaction, exposure to risk, inefficiencies, and operating costs."

—**Lewis S. Ranieri,** Founder, Ranieri Solutions

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running operations for a top servicer and as CIO of a GSE made it clear to me that our industry would benefit from a new servicing solution," Lux said. "After reviewing existing servicing systems and ones under development, I concluded that Ranieri's servicing platform as part of SAP Fioneer's offering will be the new standard. Ranieri's modern technology, incredibly knowledgeable team, and strong partnership with a financial technology powerhouse in SAP Fioneer makes Ranieri the obvious choice for mortgage servicers looking to lower their costs, keep compliant with regulators, enhance their customers' experience, all in a modern cloud environment built from the ground up with security in mind."

MORTGAGE EXECUTIVE TONY MEOLA JOINS BOARD OF DIRECTORS AT MILESTONES

Milestones, an all-in-one home management solution specifically designed for consumers to buy, move, own, sell, manage and access mortgage services for their home, has announced that industry veteran **Tony Meola** joined the company's Board of Directors. The appointment is anticipated to significantly enhance the company's competitive edge within the mortgage industry with Meola's exceptional vision and ability to identify emerging trends.

Milestones' home management solution aims to be an industry game-changer in client retention, empowering consumers with online and secure homeowner portals to manage their property assets with the support of the real estate professionals that helped them acquire the home.

"Homeownership is typically a decade-long journey that naturally intersects the real estate and mortgage markets," Meola explained. "It is crucial that real estate professionals provide their clients a lifetime value proposition and become more relational through every stage of homeownership. Milestones provides that opportunity by creating home management solutions that engage consumers and deliver valuable resources throughout the entire life cycle of obtaining and owning a home. As a result, Milestones has a unique opportunity to help the industry lift brand loyalty and create real value for consumers while increasing the margins of providers."

Over the course of 30 years in the mortgage sector, Meola served on numerous industry advisory boards, including Black Knight Financial Services, Five Star Institute, Freddie Mac, Fannie Mae, and the Mortgage Bankers Board of Governors, where he demonstrated core strength in business strategy transformation, operations, and organizational growth.

"Real estate, mortgage, and title are the three pillars of any real estate transaction," said Dustin Gray, CEO of Milestones. "Our objective has always been to unify the experience—for consumers and professionals alike. Tony brings a unique perspective having already executed this vision at scale during his tenure at major financial institutions. We are grateful not only for his big picture thinking, but also his entrepreneurial mindset and experience scaling that will help take Milestones to the next level."

CLICK N' CLOSE APPOINTS NEW COO TO ACCELERATE GROWTH OF BUSINESS LINES

Click n' Close, a multistate mortgage lender serving consumers and mortgage originators through its wholesale and correspondent channels, has named **Kara Lamphere** as its new Chief Operating Officer (COO).

"Kara is a powerhouse, and we are thrilled to have her back as part of our executive team to help guide our continued growth and success," Click n' Close Owner and CEO Jeff Bode said. "There is a lot on the horizon for us as an organization, and adding Kara to our team of experts is imperative to accelerating Click n' Close's growth, especially for our SmartBuy down payment assistance product suite."

Lamphere's experience spans more than 20 years, and prior to joining Click n' Close, she served as COO at InterLinc Mortgage, and has held executive-level roles at Guaranteed Rate, Mid America Mortgage, CMG Financial, Prime Lending, First Command Bank, and Alaska USA Federal Credit Union.

"Jeff has always been ahead of the curve in creating and adopting cutting-edge technology," Lamphere said. "He was the first to begin digitalizing the mortgage origination process and continues that trend with Artificial Intelligence and SMART Docs. Helping lenders streamline their lines of business and operate efficiently is what I do best. To do so with a known and trusted team is a bonus."

STEWART LENDER SERVICES ADDS SVP OF SALES AND PRODUCT ENABLEMENT

Stewart Lender Services announced that **Thomas (T.J.) Harrington** has joined the Stewart organization as new SVP with responsibility for sales and product enablement. In this new role, Harrington will expand Stewart's impact by providing national title and settlement services solutions along with Stewart's broader suite of services to originators, servicers, capital markets, and other enterprise and institutional clients.

"Stewart has made thoughtful and strategic investments to build out our Lender Services business, and the addition of T.J. to the team represents another investment to elevate Stewart with our customers and the real estate community," said Beth Fowler, President & EVP of Stewart Lender Services. "His depth and breadth of experience will make a real difference to consumers, customers, and the industry. We are excited to have him as part of the Stewart Lender Services team and the growth ahead."

Harrington was most recently at Incenter (former parent company of Boston National Title Company and Agents National Title Insurance Company), where he had multiple roles including General Counsel, SVP of Enterprise Strategy, and President of Incenter Agency Solutions. Prior to Incenter, Harrington had roles at Bank of America/LandSafe, ServiceLink, and Mortgage Connect.

"Over the last few years Stewart has curated some of the most impressive companies, products, and capabilities in the market," Harrington said. "When you combine those careful investments with the acumen, knowledge, and the Stewart culture of service, incredible things can happen for our clients and customers. I can think of no team better positioned for success and I feel fortunate to join such an amazing organization."

FORMFREE NAMES NEW DIRECTOR OF MARKETING

FormFree has announced the appointment of **Jenny Moss** as its new Director of Marketing. The timing of the move comes just as the company is launching its Passport portable financial ID and the FormFree Exchange (FFX), an online marketplace where lenders compete for the business of Passport users.

"We are delighted to have Jenny join our team and build on the great work we've started in introducing our new product directions," FormFree Founder and CEO Brent Chandler said. "This is a pivotal time for our company and an exciting time to be in fintech. Jenny has the energy and mindset to help us move forward strategically as we launch our portable financial Passport for consumers and our Exchange that connects lenders with qualified borrowers."

Moss graduated in 2013 from the University of Georgia with a Master's of Science Degree in sports management and policy. She worked two years for the University of Georgia Athletic Association in sports communication before moving in July 2013 to the University of Florida Athletic Association. In August 2014, she joined Mercer University as Assistant Director of Media Relations, serving as the primary point of contact for all public relations initiatives for several men's and women's sports teams.

In May 2017, she moved to Silverton Mortgage in the greater Atlanta area, where she worked as a marketing and communications specialist before joining Atlanta-based Depth PR in November 2018. Moss initially worked as a Client Services Manager at Depth, working her way up into a Director's role at the firm. She worked at Depth for a total of five years before moving to FormFree.

"We will certainly miss Jenny. But we're looking forward to seeing her often, just this, time she'll be sitting at the client end of the table," said Kerri Milam, President and Principal Strategist at Depth. "We think this is a strong career move for Jenny—and we know she's joining a great team with lots of 'depth.'"

THE LEGAL LEAGUE ALL-STAR LINEUP

Raising the Bar for Financial Services Law Firms. Acting as the voice of advocacy for its member firms, the Legal League is dedicated to strengthening the mortgage servicing community.

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LEGAL LEAGUE

Industry Update

NRL MORTGAGE PARTNERS WITH CALQUE TO OFFER 'THE TRADE-IN MORTGAGE' TO CONSUMERS ACROSS THE NATION

NRL Mortgage, a mortgage originator, has partnered with Calque, a fintech company that enables traditional lenders to offer buy-before-you-sell programs, to launch "The Trade-In Mortgage" in 45 states. With The Trade-In Mortgage, homeowners can leverage their home equity to purchase a new home before selling their current one––a major advantage given unprecedented levels of equity natiowide and the highest mortgage interest rates seen in over a decade.

By working with Calque, NRL Mortgage can offer better terms to their clients looking to switch homes. With The Trade-In Mortgage, NRL Mortgage clients can use the equity in their current property to make non-contingent offers, finance, and move into their next home before they sell their current home, and qualify for the home they want by bypassing key debt considerations while their new loan is being underwritten.

With Calque, NRL Mortgage empowers everyday consumers to win bids and retain wealth by transferring their equity from one property to the next.

"We are dedicated to our clients, and we aim to secure the best mortgage strategy for them, under any conditions," said Mewael Ghebremichael, CEO at NRL Mortgage. "Integrating The Trade-In Mortgage into our product offering allows NRL Mortgage to provide a lending solution for clients who want or need to tap into equity accrued in their current home in order to purchase their next home."

"NRL Mortgage stood out as one of the top mortgage lenders to offer The Trade-In Mortgage," said Dan Mugge, COO at Calque. "True to their mission, NRL Mortgage brings reliability and dependability back into home financing for consumers, and we look forward to The Trade-In Mortgage making a difference for their buyers."

FAIRWAY INDEPENDENT MORTGAGE CORPORATION ANNOUNCES CHANGES TO WHOLESALE DEPARTMENT

Fairway Independent Mortgage Corporation has announced a restructuring involving its Wholesale Mortgage Department. Fairway is pivoting the company's business model to 100% retail originations. With this move, Fairway's Wholesale platform will cease.

"The people who have run Fairway's Wholesale Department are some of the most talented, humble people in the business and will be a huge value add at their next mortgage home," Fairway CEO and Founder Steve Jacobson said. "We want to thank our entire amazing Wholesale team for its dedication and professionalism over the years. We are simply making a business shift, nothing more, nothing less, in order to focus on our core business to ensure that we continue providing the best customer experience going forward."

REDFIN ANNOUNCES 'SIGN & SAVE' PROGRAM

Redfin announced "Sign & Save," a new way for consumers to get a better deal in real estate. Homebuyers who sign up to work with a Redfin agent before the second tour can get a refund of 0.25-0.5% of the purchase price at closing. For example, an eligible homebuyer purchasing a $500,000 home will save $1,250. For a $2 million home, eligible Sign & Save customers will get a $10,000 refund.

"Redfin is putting money back in homebuyers' pockets at a time when many are struggling with high prices and mortgage rates," said Jason Aleem, Redfin's SVP of Real Estate Operations. "The concept is simple: as a Sign & Save customer, you get extra savings because we know you're serious about buying a home, and we're serious about getting you into one. We started piloting Sign & Save in a handful of cities in September, and the customer response has been fantastic. We're now rolling it out to dozens more markets because we believe it will help our agents close more sales and increase profits by identifying and rewarding homebuyers who are ready to make a purchase."

When a homebuyer goes on their first home tour with a Redfin agent, the agent learns about the customer's goals, explains the benefits of working with Redfin to achieve those goals, and asks the customer to sign a buyer agency agreement. This is a contract that creates a formal working relationship between the customer and Redfin. Customers who sign up to work with a Redfin agent before the second tour get a refund when they close on their new home.

The standard Sign & Save refund is 0.25% of the purchase price. For customers who purchase a luxury home through Redfin's Premier service, Redfin offers a 0.5% Sign & Save refund. Because Redfin earns a larger commission on a luxury home sale, it's able to give the homebuyer a larger refund.

The program is part of Redfin's commitment to giving customers a better deal by offering great service from exceptional agents at a lower cost.

"Saving customers money has been central to our mission to redefine real estate in the consumers' favor," Aleem said. "Homebuyers are becoming more aware of the high cost of agent fees and less apologetic about negotiating commissions. We've helped usher in this new era of price transparency by advertising our low listing fee and publishing the buyer's agent commission on every listing on our website. Sign & Save is another opportunity for our agents to explain the fees involved in the transaction and the benefits of working with Redfin."

With Sign & Save, Redfin is rewarding customers who commit to working with a Redfin agent early in the process. Customers who don't want to sign a buyer agency agreement can still work with Redfin agents to tour homes with no obligation. In pilot markets, Sign & Save customers were significantly more likely to close than other customers. Buyers in the pilot markets are making offers with their Redfin agent at a significantly higher rate than buyers in comparable markets.

> **"Homebuyers today are often connecting with the first agent who responds to their online request without understanding how the process works or what the fees are."**
>
> —**Andrew Vallejo**, Agent, Redfin Premier

"Homebuyers today are often connecting with the first agent who responds to their online request without understanding how the process works or what the fees are," said Andrew Vallejo, a Redfin Premier agent in Austin, where Redfin piloted the program. "Sign & Save is a great way to start a conversation with new customers about why they should hire me and how I'll help them win and save."

Sign & Save is now available to Redfin's home-buying customers in more than 50 markets. The refund is available to customers who sign an exclusive Buyer Agency Agreement before their second tour with Redfin and go under contract to purchase a property within 180 days of signing the agreement. Redfin reserves the right to cancel or modify the program at any time.

NEW AMERICAN FUNDING TO EXPAND FOOTPRINT WITH ACQUISITION OF DRAPER AND KRAMER MORTGAGE CORPORATION

The acquisition of Draper and Kramer Mortgage Corporation (DKMC), with its strong presence in the Midwest and along the East Coast, deepens New American Funding's (NAF) capabilities and offerings in these key regions.

> **"The latest data from the St. Louis Federal Reserve shows that American homeowners are sitting on record levels of equity—approximately $32 trillion—in their homes."**

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"We are thrilled to welcome Draper and Kramer's mortgage division to NAF," New American Funding Co-Founder and CEO Rick Arvielo said. "Their reputation as one of the best mortgage companies in the nation aligns perfectly with our mission to provide top-notch service to our clients. This acquisition is a testament to our focus on growth while helping our customers achieve their dreams."

The acquisition will bring a majority of DKMC's loan originators as well as operations and support staff to NAF and enable NAF to fill existing open roles in various departments with experienced personnel from DKMC.

Founded in 1893, Draper and Kramer has a long-standing reputation for excellence in the mortgage industry and holds the country's oldest active Federal Housing Administration license. The company's dedication to customer satisfaction and ethical business practices aligns with New American Funding's values and mission.

"As a company, we are always looking for ways to expand and improve our services," Arvielo added. "This strategic move will allow us to expand our footprint and better serve clients in the Midwest and East Coast regions. We are also excited to welcome the talented loan originators and support staff from Draper and Kramer, who will bring a wealth of knowledge and experience to our team."

New American Funding is dedicated to helping individuals and families achieve their dream of homeownership. The acquisition of DKMC is another step towards this goal and solidifies New American Funding's position as a leader in the mortgage industry.

ANGEL OAK MORTGAGE SOLUTIONS LAUNCHES BANK STATEMENT HELOC PRODUCT

Angel Oak Mortgage Solutions LLC, a nonbank wholesale and correspondent non-qualified mortgage (non-QM) lender, announced the launch of the Angel Oak Bank Statement Home Equity Line of Credit (HELOC) solution, a product that allows self-employed homeowners to tap into their home equity while retaining their first mortgage. In addition, in response to Angel Oak's growth, the firm is pleased to welcome six new account executives.

The latest data from the St. Louis Federal Reserve shows that American homeowners are sitting on record levels of equity—approximately $32 trillion—in their homes. The U.S. Bureau of Labor Statistics reports that there are approximately 16 million self-employed individuals in the Unite States, and many of them are homeowners who have struggled to tap into their home equity through traditional financing solutions.

To meet the needs of this underserved but important group of homeowners, Angel Oak has launched the Bank Statement HELOC, which enables qualified self-employed borrowers to leverage their home's equity while retaining their first mortgage. This offering, which qualifies borrowers based on trailing 12- or 24-month bank statements, provides a line of credit with no restrictions on usage, like traditional HELOC offerings. Borrowers can qualify for this product with owner-occupied homes, second homes, or investment properties.

"Angel Oak's commitment to alternative mortgage solutions has allowed us to establish our reputation as a leader and innovator within the non-QM industry," says Tom Hutchens, EVP of Production for Angel Oak Mortgage Solutions. "Bringing our new Bank Statement HELOC product to the market is a testament to our dedication to meeting the evolving needs of borrowers nationwide. The introduction of this product and the growth of our team position our firm to better support the originators and borrowers we serve while scaling our services to align with the momentum in the market."

Due to Angel Oak's growth, the firm has welcomed six new account executives: Brenton Boulware, Suzie De Leon, Jessica Irwin, Glen Murphy, Mike Tackett, and returning employee Lisa Lee. These professionals will serve Northern California, North Carolina, Utah, Indiana, and Rhode Island, further enriching Angel Oak's national presence and bringing exceptional client service to potential borrowers in these states.

"I am thrilled to be back with Angel Oak and to leverage the technology and tools the firm has developed to best serve our clients," Lisa Lee said. "Angel Oak has shown a clear commitment to innovation, and I look forward to working with the team to deliver on our mission to support the underserved borrowers and homeowners we work with."

CV3 FINANCIAL LAUNCHES LONG-TERM RENTAL FINANCING OPTIONS

CV3 Financial Services, announced the introduction of new, long-term, 30-year, fixed-rate loan options to support customers with buy-and-hold investment strategies. The company, which provides financing of fix-and-flip and rental properties to real estate investors, was founded in September 2023 by William Tessar, the past President of CIVIC Financial Services.

"With increasingly diverse investment strategies, our customers need more financing choices. Profitability for real estate investors in the fix-and-flip space has increased for three consecutive quarters, with industry analysts reporting an average profit of $70,000," said William Tessar, CEO of CV3. "When it comes to rental properties, however, many of our customers want financing options that enable them to build long-term equity with principal and interest payments or refinance out of adjustable-rate mortgages into predictable long-term fixed rate loans."

"This marks the beginning of an exciting year for CV3. With the continued expansion of our product offerings, we expect to include ground-up construction and multifamily financing in the coming months, as well as add a dozen new states this year," Tessar continued.

"From the day we opened our doors, we set our sights on becoming the dominant private lender in the industry. In today's dynamic real estate investment space, offering more choices in financing will enable us to achieve our mission of becoming the capital partner of choice for all of our customers' financing needs."

CONSOLIDATED ANALYTICS ACQUIRES REAL INFO

Consolidated Analytics, Inc. (CA), a provider of technology-driven solutions to the mortgage industry, has acquired Real Info, Inc. (Real Info), a provider of property data and valuation technology solutions.

"This transaction underscores CA's commitment to expanding our product offerings and strengthening our position as a strategic, value-driven client partner. The Real Info acquisition marks our fourth strategic move since inception, highlighting our dedication to growth and success," said CEO Arvin Wijay.

The Real Info acquisition further expands CA's suite of valuation solutions, offering clients enhanced tools to better predict market value and access a more comprehensive selection of collateral assessment products for more informed decision-making.

Benefits include:

- Expanded Product Line: The acquisition results in an expanded product line, combining Real Info's suite of Automated Valuation Model products, i-Val®, realAssessment®, and Q-Val® product lines, providing a comprehensive suite of valuation products and services, from data and analytics to appraisals, BPOs, and a full array of valuation and review products.
- Enhanced Competitive Edge and Technological Solutions: The combined resources of CA and Real Info will provide cutting-edge analytics and technology for the most accurate determination of value.
- Expanded Client Base: Building on the success of both companies, this acquisition results in a broader client base, strengthening CA's market presence and fueling ongoing innovation in valuation services.
- Cutting-Edge Analytics and Extensive Property Database: The acquisition positions CA as a leading provider of analytics, supported by access to one of the nation's largest property databases.

Consolidated Analytics, in collaboration with Real Info's founder, Jim Kirchmeyer, is committed to maintaining the highest service standards, fostering innovation, and prioritizing client satisfaction. "We are pleased that Real Info has joined Consolidated Analytics, bringing our products, services, and skilled team on board," said Jim Kirchmeyer. "Bringing together advanced technologies and the robust capabilities of the team, we aim to make a meaningful impact with this collaboration."

NAVIGATING NON-JUDICIAL FORECLOSURES: WHY LENDERS AND SERVICERS SHOULD CONSIDER OUTSOURCING TRUSTEE SERVICES

By **PHIL JOHNSEN**

Today's real estate market is in a state of flux. With evolving mortgage servicing regulations, non-judicial foreclosures have become a critical and increasingly complex component necessitating expert navigation and strategic management. This process, where a foreclosure can be executed without court intervention, can rely heavily on the role and responsibilities of a trustee.

As lenders and servicers grapple with the challenges of non-judicial foreclosures, the outsourcing of trustee services has become an essential requirement rather than just a strategic option. This article delves into the intricacies of non-judicial foreclosures and explores why outsourcing trustee services is not just a viable option but often a strategic necessity for lenders and servicers.

Non-judicial foreclosure, permissible in many states, is governed by the specifics outlined in the mortgage or deed of trust. This method is generally faster and less expensive than judicial foreclosures, which involve court proceedings. The trustee, designated within the deed of trust, holds a pivotal role in this process, managing everything from issuing the notice of default to conducting the foreclosure sale.

For lenders and servicers, navigating the non-judicial foreclosure process can be daunting. This demands thorough knowledge of state-specific laws and regulations, meticulous record-keeping, and the ability to navigate complex legal nuances. This is where outsourcing to a specialized trustee services provider becomes advantageous.

PHIL JOHNSEN *joined Altisource during Q2 2021, serving as the SVP/GM of Servicing & Real Estate Solutions. He leads the Field Services, Premium Title, Trustee Services, Valuations, and Granite Risk Management business units. His broad experience in a variety of business leadership, executive sales, marketing, and operations positions in the mortgage, high-tech, and financial services industries ensures he can serve his customers well. Since 2002, he has focused on the mortgage industry, running valuations, field services, default/servicing business development, and servicing consulting companies and business units. He received his BA in psychology, a minor in Spanish—he is bilingual—and a Master of Business Administration from the University of Utah.*

Outsourcing trustee services to specialized firms can bring numerous benefits. These firms, with their deep understanding of the legal nuances of non-judicial foreclosures, can drive adherence to constantly evolving state and federal regulations, helping to mitigate the risks associated with such a complex process.

Their proficiency not only facilitates compliance but also helps expedite the foreclosure process. These professionals employ streamlined processes and advanced technologies, enabling them to manage foreclosures more effectively and swiftly than what might be achievable in-house by lenders or servicers.

From a financial standpoint, while outsourcing entails service fees, it often proves more cost-effective in the long run. It greatly reduces the need for lenders or servicers to maintain an internal team specifically for foreclosures, which can be both resource-heavy and expensive.

Lastly, outsourcing trustee services allows lenders and servicers to concentrate on their primary business operations. By entrusting the specialized task of managing foreclosures to experts, they can reallocate focus and resources, which can significantly boost their overall business efficiency and profitability.

The decision to outsource should not be taken lightly. It is crucial for lenders and servicers to diligently select a reputable and experienced trustee service provider. This involves evaluating the provider's track record, understanding their process transparency, and ensuring they have robust data-security measures.

Although default rates have been historically low, it's increasingly important for lenders and servicers to secure a working relationship with a seasoned trustee service provider now. Proactively establishing this relationship can help you and the trustee service provider respond effectively and adeptly to any

future increase in foreclosure activities.

In conclusion, as the real estate market continues to navigate through economic cycles, the role of efficient and compliant non-judicial foreclosures becomes increasingly significant. Outsourcing trustee services can offer a strategic solution for lenders and servicers, providing expertise, efficiency, and risk mitigation. By partnering with the right service provider, they can navigate the complexities of non-judicial foreclosures with greater ease and assurance, ultimately contributing to a more streamlined and effective foreclosure process. MP

The decision to outsource should not be taken lightly. It is crucial for lenders and servicers to diligently select a reputable and experienced trustee service provider.

THE END TO FREE HOUSE DECISIONS

By RENEAU J. LONGORIA, ESQ.

The Maine Law Court recently overturned the "one and done" foreclosure rule in Maine, which, since 2017, has resulted in debtors receiving "free houses" through frequently irrelevant discrepancies in legitimate demand letters provided to debtors under Title 14 § 6111. The Law Court specifically found that such a rule, which received its legitimacy under the *Deschaine/Pushard* cases, created an anomaly only for Maine cases so that if there was a technical defect in a foreclosure notice, no further action could be taken to enforce the note or mortgage.

Maine has now joined the rest of America in declaring that a typo in a demand letter will not result in the debtor receiving a free house. Maine has waited with anticipation for the decisions in *Finch v. U.S. Bank*, 2024 ME 2[1] and *J.P. Morgan Mortgage Acquisition Corp. v. Camille J. Moulton*[2] (argued November 1, 2022, in which Doonan, Graves & Longoria, LLC filed an amicus brief advocating that the Rule of *Pushard* be reversed because an invalid demand does not accelerate the loan). The Law Court agreed and, as it said itself, is moving on from "casino-by-court."

Since Doonan, Graves & Longoria has waged these battles for decades, some perspective is helpful on how far we have come on this long journey. At one point, Maine stood alone, in several respects, which seriously chilled lending, impeded servicing, and hamstrung loan sales. Maine had a singular perspective on evidence, which required that all servicers that had touched a loan must testify as to the related business records. Maine alone required nonexistent

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probate estates to be joined as necessary parties. Maine defense counsel even argued that law firms could not send acceleration notices under the Maine Statute.

We fought these rules in both the State and Federal Courts and through the *Jones*, *Needham*, and *Keniston* decisions confirmed that basic business records exceptions to the hearsay rule apply in foreclosure trials; agency relationships apply to foreclosure matters; and fictional parties are no longer required to be named in foreclosure cases.

Finch, in essence, adopts the argument we made in our Amicus that the demand letter, in and of itself, does not accelerate the entire loan.[3] There are several relevant points in the *Finch* and *Moulton* decisions, which represent a sea-change in Maine Law, but the ability to redemand and restart a foreclosure will have the most impact. The Law Court suggests that sanctions may be used more frequently by trial courts for abuses in the foreclosure context. Additionally, there is clearly a risk that if a demand is defective, any interest that accrues from the original default to the finding that the demand is defective is not collectable[4]. That risk will sufficiently incentivize compliance, and the draconian "Free House" rule has ended.

In *Finch,* we learned that Jimmy Stewart was right: you can succeed by fighting for what seems to be a lost cause. We will continue to fight for our clients. We will review pending litigation and outline strategic recommendations for all impacted files.

If you would like to learn more about these decisions or our Default Services in Maine, Massachusetts, and New Hampshire, please reach out and contact Attorney Longoria or our Business Development Lead, Beth Stillings, to set up time to discuss. (bs@dgandl.com and rjl@dgandl.com) MP

In *Finch*, we learned that Jimmy Stewart was right: you can succeed by fighting for what seems to be a lost cause.

1 2024 WL 118478
2 2024 ME 13
3 See also Moulton@ ¶ 12
4 Moulton @ ¶ 14

3 STEPS FOR LENDERS TO BUILD A GENERATIVE AI STRATEGY

By TIM VON KAENEL

Generative AI is the buzziest technology of recent times—and many boards are pressuring mortgage leaders to develop a game plan for adoption.

That's for good reason. Generative AI is already catching on throughout the broader financial services ecosystem. And tech-forward lenders like Zillow expect the technology to be "a platform shift on par with the introduction of … the touch interface on the first smartphones," per comments from the company's Q1 earnings call.

That means lenders who don't embrace generative AI now will soon be disadvantaged versus those who do. Lenders need a clear and informed strategy to embrace this new technology impactfully. Here, I'll explain three practical steps before investing in this new technology. But first, let's take a closer look at what generative AI is.

What Exactly Is Generative AI?

Generative AI uses models trained on extensive data to create original text, images, and audio. That data can be public (i.e., from across the internet) or proprietary, depending on the use case.

Today, most people who have interacted with generative AI use a conversational, chat-based interface such as ChatGPT. When a user enters a query (like "What documents do I need for a mortgage application?"), the AI draws on its training data to predict and generate the response most likely to satisfy the user's needs. The "generative" part is new to the AI landscape. But AI itself has been around for years.

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Most lenders have been using nongenerative AI to analyze loan documents and automate decisions, sometimes achieving subsecond response times. The most exciting capability that generative AI brings is its ability to produce new and coherent material—from chatbot replies to full documents—using only a simple, natural-language prompt.

The question is where generative AI can have the most significant impact. The answer depends greatly on your organization's existing technologies, management structure, and needs. Assessing these factors is a critical first step in building your generative AI strategy—more on that in the next section.

Step 1: Perform an AI Readiness Check

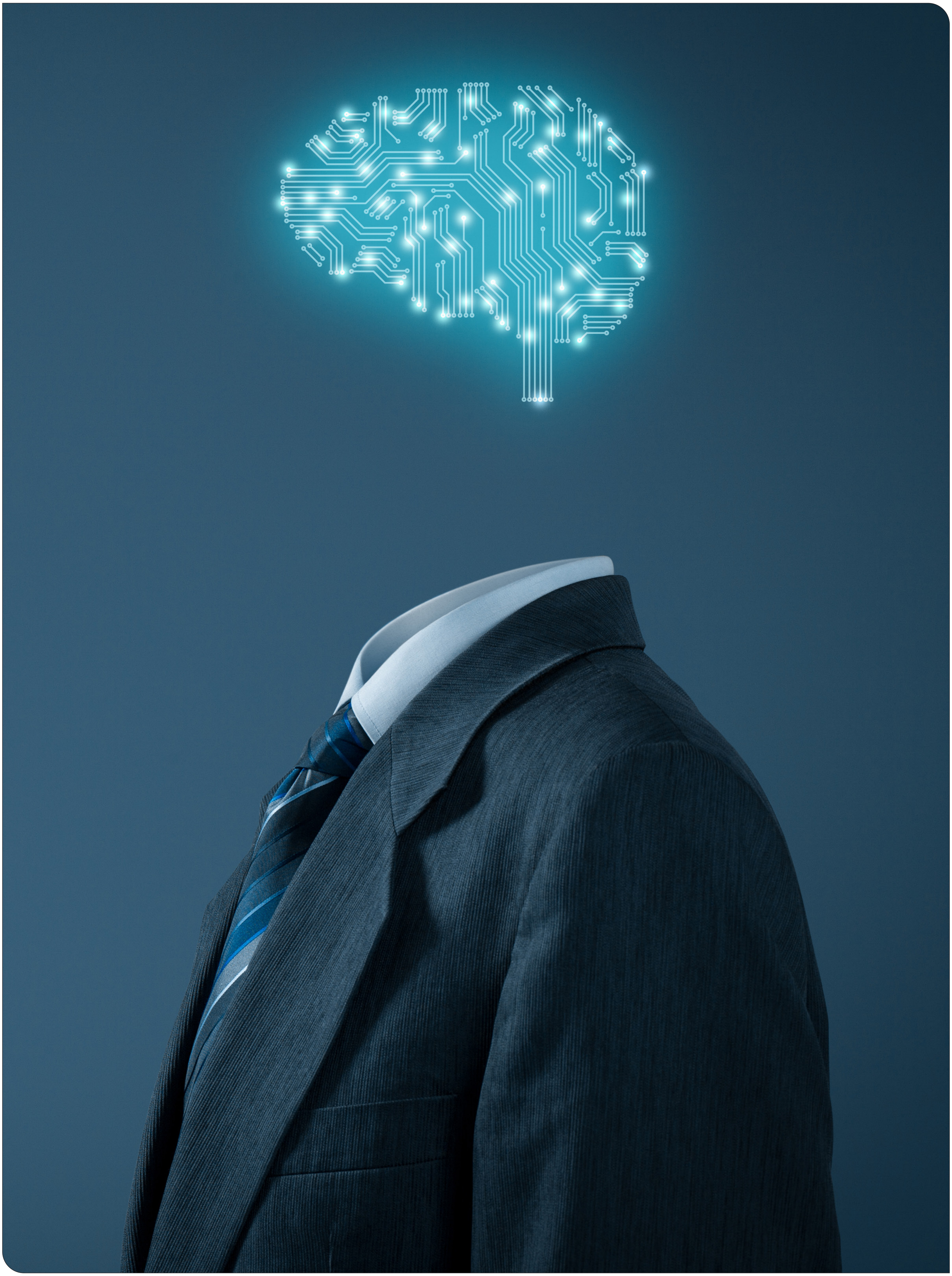
Before you invest in generative AI, it's essential to know whether your organization is ready for maximum impact. That involves considering two crucial areas: your AI maturity and efficiency needs. An experienced partner can help you evaluate both.

The right partner will start by taking stock of the AI you already use, other than generative AI, the newest flavor.

If your lending operation is familiar with nongenerative AI, you can likely implement a generative component with minimal disruption. But if your lending operation uses little AI, adopting generative AI could put the cart before the horse. Instead, a partner might suggest developing more institutional knowledge about AI (say, when it comes to proper data querying or responsible use) so your teams can make the most of generative AI tools.

A partner can also gauge your organization's current efficiencies. They might spend time with call center agents to see if they're drowning in calls or speeding through their queues. And they may check in with product teams about software development timelines.

This evaluation can help you understand where generative AI could impact most. Put simply: the more inefficiencies exist, the more value you stand to realize.



Both assessments give you a clear picture of your organization's readiness for generative AI. Now, it's time to think about use cases.

Step 2: Scope the Highest-Value AI Use Cases

Every generative AI strategy must highlight specific use cases with the highest impact in the shortest time. One promising thing for many lenders is using generative AI as a virtual loan officer assistant.

Imagine an AI-powered assistant that loan officers can ask to pull up specific loan documents, identify market trends, or distill complex regulations into simple explainers. Loan officers can use this chatbot while communicating with customers to complete otherwise manual tasks, deliver guidance faster, and serve more customers.

Another high-value generative AI use case for lenders is a software development copilot.

Picture conversational AI that can help software developers draft specifications, write and debug code, and automate application testing and deployment—all in seconds. That accelerated workflow is something we call digital efficiency. With an experienced partner, lenders can build a custom AI copilot to drive faster software development, lower development costs, and shorter timelines to launch new products or features.

Those are just two use cases for a rapidly evolving technology. It's also possible to train AI models on internal datasets to develop dozens of other functionalities.

One lender has already done that. It trained an AI chatbot on over 70,000 internal messages from an earlier bot iteration. The bot can answer basic mortgage questions from potential customers. It also uses sentiment analysis to gauge when a human agent should step in (e.g., if a customer seems frustrated or a question is on the bot's "do not answer" list).

As more generative AI use cases emerge, a partner can help you quickly build, test, and tweak proofs of concept to identify the most practical applications for your organization.

Step 3: Roadmap Your AI Implementation

Once you've identified a few generative AI use cases, start mapping your implementation. The specifics will vary for every lender, of course. But your roadmap should do two things:

1. Prioritize each generative AI use case by cost and impact.
2. Establish a timeline for implementation.

First, I recommend prioritizing use cases with the highest impact and lowest development and implementation effort and cost.

In your AI readiness check, for instance, you might have learned that your customer service agents struggle to keep up with call volumes. Here, generative AI could deliver a significant increase in efficiency.

With the help of a partner, you can gauge the cost and complexity of implementation (i.e., whether you need a custom system or an off-the-shelf tool). If you're leaning toward custom-built software, a partner can help you identify ways to lower costs (say, by contracting out the development work so internal teams can focus on their most essential projects).

Next, build out your implementation timeline. If you're in a downturn but expect volumes to stabilize in a few months, seize the moment to fast-track work on a new generative AI tool so you are ready to operate more efficiently when activity bounces back.

With a robust AI roadmap, you can give your organization a structured way to gain from generative AI.

The Best AI Strategy Is the One That Starts Now

Generative AI holds significant promise for mortgage lenders. Market leaders have recognized this promise and are working earnestly to find applications that will translate to meaningful product and service improvements.

Such applications could position leaders to gain market share and boost profit margins when the market picks up. But that trajectory is anything but guaranteed. Lenders who act now to implement generative AI solutions in their business will be best prepared to compete in this market cycle and beyond. MP

Generative AI holds significant promise for mortgage lenders. Market leaders have recognized this promise and are working earnestly to find applications that will translate to meaningful product and service improvements.

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THE 2024 FIVE STAR EVENTS

MARK YOUR CALENDARS!


Five Star Havana Nights Reception

February 20, 2024 | Cuba Libre Orlando, FL | 6:30-9:30 p.m.

(Hosted during the MBA Servicing Solutions Conference and Expo)

Each year, Five Star Institute hosts an elite social reception at Cuba Libre in Orlando, FL where mortgage servicing professionals, attorneys, and service providers convene for a night of valuable networking. Join power players across the country and make connections that will benefit your business.

Velocity: A FORCE Conference

March 27-29, 2024 Grand Hyatt | Nashville, TN

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*.

Five Star Government Forum

April 16, 2024 | 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.

Legal League Spring Servicer Summit

APRIL 29-30, 2024 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.

Five Star Conference & Expo

SEPTEMBER 24-26, 2024 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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DRILLING DOWN ON IMB LOSSES *(and How to Turn Them to Profits)*

Todd Maki is VP of Customer Success, at Snapdocs, a digital closing provider. In this role, Makin leads a team dedicated to helping lenders and settlement companies automate the closing process with a referral-worthy borrower experience. Maki joined Snapdocs in 2020 as VP, Head of Business Development & Partnerships. Over a 17-year career, he served as an engineering program manager at Sun Microsystems, Director of Business Development at Sunrun, and an investment banking analyst at Citigroup. He can be reached at todd.maki@snapdocs.com.

Q: The Mortgage Bankers Association reported that independent mortgage bankers lost $534 on each loan originated during the second quarter of 2023. Why are lenders experiencing these losses?

Maki: While MBA's data shows IMBs and other lenders lost about $534 per loan in the second quarter of 2023, this is an improvement compared to their reported losses of $1,972 per loan the previous quarter. This improvement is likely attributed to a mix of variables, including a slow increase in loan volume and improving operating costs. However, in today's low volume market, operating costs still outweigh profits for many. This is encouraging lenders to keep looking for ways to reduce operating costs and improve efficiency.

The good news is that many lenders have leveraged this period of low transaction volumes as an opportunity to reassess their closing strategies in a way that can both help the business now and prepare for the market's resurgence. The game-changer for many has been the adoption of digital closing technology. By automating processes for all parties involved, lenders are providing a referral-worthy borrower experience and creating operational and secondary market efficiencies in their business. This translates to less time spent on closing loans, the elimination of errors, and cost savings that can quickly turn losses into profits. Plus, as a lender's portfolio becomes more digital, the larger the impact. At this point in the industry's digital transformation, eClosing adoption is not just a survival strategy but a requirement for ensuring future profitability, regardless of market fluctuations.

Q: How can lenders afford to transition to digital closings?

Maki: For nearly every lender, the financial benefits gained by using digital closing technology offsets the investment. Digital closings provide operational benefits that translate to bottom-line savings. These cost savings are realized through faster closings and turn-around times in the secondary market, less physical storage needs, and a reduction in the manual hours required managing errors or lost documentation. It can be costly for lenders if preventable errors cause them to redraft documents, re-sign them with the borrower, or worse, buy back the loan. Because digital closings ensure all loan packages are complete and all data is accurate, the technology makes it easier for lenders to get everything right the first time. Our own platform, for example, includes AI-powered document processing that automatically prepares docs for eSignature and checks for errors on executed packages.

Closings represent the most important part of the origination process. It's the last point of engagement a lender has with the borrower to leave a lasting, positive impression.


BANK

Digital closings also enhance the borrower's experience by making each closing faster and more convenient. This makes lenders more likely to receive referrals and repeat business, which creates critical revenue. The question isn't whether lenders can afford to transition to digital closings, but rather how they can afford not to.

Q: How much are lenders saving with digital closings?

Maki: Our research analyzed the average savings across 25 top lenders using eClose technology. The results validate that lenders are saving $110+ per hybrid closing and $290+ if the hybrid closing includes an eNote. On a full hybrid transaction that involves an eNote and RON (remote online notarization), the savings spikes to more than $400 per loan.

Let's say a regional mortgage company handles 200 mortgages a month. The savings potential is huge. By implementing hybrid closings alone, they would save $264,000 a year. Add eNotes to the mix, and they're looking at an annual saving of over $700,000. When you consider these numbers, the financial incentive for making the digital transition becomes clear.

That being said, the exact dollar savings realized by implementing digital closings depends largely on the lender's business model and level of eClosing adoption. We also recently conducted a lender survey in collaboration with Arizent Research. The report found that 74% of lenders have invested in eClose technology, but only 28% of those offering eClosings have achieved an adoption rate above 60%. The lenders that are achieving stronger adoption and thus, greater savings, are those prioritizing change management and working with an eClosing technology partner focused on their unique business needs. We're proud of the adoption rates and savings our customers are realizing. Based on our data, 60% of lenders using Snapdocs eClosing, the company's digital closing platform, have reached an adoption rate above 60%. This is about double the adoption rate of the lenders surveyed.

But again, it's not just about the direct cost savings—it's about the value created by going digital. In addition to increasing borrower satisfaction, lenders that implement digital closings can free up resources to focus on value-added tasks, such as nurturing referral relationships or launching new channels of business.

Q: The same report from The Mortgage Bankers Association indicated that total production revenue for Q2, which includes net secondary marketing income and warehouse spread, worsened by 30 basis points from the prior period. How can lenders improve on these spreads?

Maki: Market conditions often dictate secondary market income and warehouse spread, which makes production revenue difficult for lenders to control. However, lenders do have control over the business's operational efficiency during low and high market conditions, which is where a strong digital closing strategy enters the picture.

Digital closings not only speed up transactions but quality control initiatives as well. When it comes to due diligence and portfolio analysis, it's much easier to accomplish both when the documents are digitized and easier to analyze. This is crucial when navigating the secondary market, since the faster lenders get their loans from origination to sale, the better their spread.

Moreover, a cleaner portfolio is naturally more appealing in the secondary market. Digital closing technology that automates manual tasks and leverages AI to improve accuracy will reduce the risk of errors. Lower risk translates to better rates and improved spreads. When every document is digital, it also becomes substantially easier to sift through data, spot trends, and even leverage analytics for predictive insights.

Q: In the current market, what is most important for lenders to think about?

Maki: Given that the average mortgage company has been losing money on each loan they originate, reducing expenses is paramount. But the goal is not strictly cutting costs, but doing so in a way that enhances overall business agility and the customer experience. By facilitating digital closings at scale, we're providing substantial cost savings that enables lenders to run their companies at maximum efficiency and do more with less.

The idea of efficiency is a critical factor, but so is building resilience and adapting to current market demands. Keep in mind, today's borrowers expect smooth, hassle-free closings and increasingly demanding online closings. By leveraging digital closings to meet their customers' expectations, lenders increase their prospects for referrals and repeat business. In fact, Snapdocs lenders see a 10-point increase in NPS (net promoter score) when offering digital closings to borrowers, which equates to a higher level of satisfaction.

As with any lender, IMBs must balance efficiency, adaptability, and customer satisfaction to remain successful in today's market. There's no more effective strategy to achieve this balance than by implementing digital closings with the right provider and strategy for adoption at scale. While the current environment remains challenging, we're excited to see more lenders turn to digital closing technology to reduce their operating costs and ensure long-term profitability. It's truly an exciting time. MP

MICHIGAN MANUFACTURED HOME TITLE AND AFFIXTURE

By **ERICA NICHOLS**

With the rising cost of traditional site-built housing, manufactured homes are often a more affordable path to homeownership. In Michigan, manufactured homes are treated as personal property rather than real property. As such, they are titled just like a vehicle with ownership records maintained by the Secretary of State. The vehicle title can subsequently be retired via affixture, allowing the ownership of the property to run with the land. Therefore, it is vital for lenders and their agents to understand how mobile homes are identified, titled, and legally affixed.

Upon manufacture and final inspection, the Secretary of Housing and Urban Development (HUD) gives each unit of a manufactured or mobile home a certification label. This certification label contains a unique label number known as a HUD tag number, which is stamped onto a metal plate and attached to the outside of the home. Each HUD tag number consists of three letters followed by six numbers—with multiwide homes receiving multiple HUD tag numbers. Each home is also assigned a serial number. In Michigan, the serial number is often the same as the Vehicle Identification Number (VIN); however, this is not always the case.

When a mobile or manufactured home is purchased, the purchaser must apply for a Certificate of Manufactured Home Title. This title certificate will name the purchaser as the owner of the mobile home and list other important information, including the manufacture year, make, and model of the mobile home, the serial number and/or VIN, and the name of any secured lienholders on the home. This certificate is the proof of ownership and what must be transferred in any subsequent sales of the home unless the home is legally affixed.

ERICA NICHOLS *is a compliance attorney for the firm of Schneiderman & Sherman, P.C.*

The best time to complete a transfer and affix the mobile home is at loan origination, since all relevant parties are “at the table.” Nonetheless, it’s often the case that this issue only arises in preparation for foreclosure or sale at REO. If a mobile home is found to be unaffixed, the process for applying for title in the lender’s name and legally affixing the mobile home can commence once foreclosure is completed and redemption has expired.

In the past, lender’s agents were able to apply for a certificate of manufactured home title by providing the Secretary of State the Sheriff’s deed showing that the lender has legal ownership and possession of the property after a foreclosure. However, the Secretary of State has recently updated their guidelines and advised that they will no longer accept a Sheriff’s Deed as proof of ownership.

There are three methods for the lender or purchaser to obtain ownership after foreclosure. The first method would be to obtain a transfer of the certificate of title. The lender will need to obtain an original certificate of title, either from the prior owner directly or by obtaining a duplicate from the State and have the prior owner sign ownership over to the lender. This method works best when the lender is working with a cooperative borrower or estate, such as during the process of a deed-in-lieu of foreclosure.

The second method is via Affidavit of Missing Mobile Home Title. In 2022, the Michigan legislature enacted MCL 125.2330K in an effort to aid those owners who either lost or never received the certificate of title to a mobile home. The Michigan Secretary of State will issue a certificate of title upon receipt of an Affidavit of Missing Mobile Home Title. This affidavit must contain all relevant owner and mobile home information, a statement that the mobile home is attached to a foundation with the wheels and towing hitches removed, that no further payments are being made to any secured party, and that the mobile home has been affixed

to the property for at least 15 years. The State requires evidence of either the date of physical affixture to the property or the date the mobile home was added to the tax roll for the parcel. Because county treasurers are often unable to provide this evidence, this workaround method is not always available.

The final method is to pursue a court order declaring that the lender is the rightful owner of the mobile home and order that the Secretary of State must issue title in the lender's name. This method will require additional time and be more costly but may be necessary in cases where the prior owner is unavailable or uncooperative, where there is an unreleased third-party secured lien on the title, or where there are any other outstanding title issues.

In lieu of affixing, the lender always has the option of selling the land at REO on an "as-is" basis, with the understanding that the new purchaser will have to address the mobile home affixture issues themselves. Many underwriters will take exception to these issues in their title policies, which may mean that a purchaser struggles to obtain traditional financing. However, selling as-is may still be a good option for certain low value properties where the lender does not want to take on the cost of litigation.

Unfortunately, the affixture process may sometimes be an arduous task. But if all parties from the lenders down to the REO agents have a baseline understanding of what manufactured home title entails, what information is needed, and how affixture can be attained, this will help to achieve the best outcomes and timelines for all involved. MP

MOVING WAREHOUSE LENDING TO CLOUD CUTS COSTS

Rich Berg

Senior Director of Warehouse and Custodial Technology, SitusAMC

Rich Berg is Senior Director of Warehouse and Custodial Technology at SitusAMC, a provider of solutions supporting the complete life cycle of real estate finance. Berg oversees the ProMerit & WLS Warehouse Lending Systems, a warehouse technology solution with more than a 75% share of the warehouse lending market. He has over 20 years of experience in warehouse lending and was Chief Product and Development Officer at MBMS Inc. prior to SitusAMC's acquisition of the company. You can reach Berg at RichardBerg@situsamc.com.

Q: How has the warehouse lending process been transformed by cloud-based technology?

Berg: First off, cloud-based technology is not necessarily something new. In fact, most software providers in the mortgage industry, whether it's an emerging player or an existing provider, offer cloud-based solutions. The warehouse industry is a very specialized segment of the market but extremely important to the mortgage ecosystem. With the critical role warehouse lenders play, they have traditionally wanted to keep their technology in house. Recently, that thinking has shifted and transforming the technology to cloud-based is helping drive strong relationships.

There are plenty of reasons why it's happening now. On-premises software products come with internal processes built around them that are costly to support and maintain. It is also difficult to update client hosted solutions with new features and benefits that warehouse lenders need to operate efficiently and adapt to market shifts. By moving everything to the cloud, warehouse lenders require fewer internal IT resources and staff to maintain their systems. Plus, it's much easier for technology providers to update and roll out new versions of their products and introduce new business services, which helps bring more lenders onto the cloud with them.

Cloud-based technology also makes it easier for lenders to access new updates and the latest authentication methodologies to address data security concerns, which is extremely difficult when working with premise-based software. When working with client-installed software, these are much bigger projects and take a lot more time. Overall, cloud technology eases the burden on both vendors and their clients. For vendors, the cloud facilitates a continuous-delivery model and enables them to streamline deployment. For warehouse lenders, it means quicker access to software improvements and new functionalities, which enhances their operational efficiency and security.

Q: You mentioned the business services side as well. How has cloud technology impacted business services?

Berg: The migration to cloud-based technology is revolutionizing the delivery of business services. For us, being in the cloud makes it much easier and more efficient for us to provide services to our warehouse lending clients in a secure environment and serve as an augmentation of their team. It creates the type of synergistic relationship that would have been impossible in a non-cloud environment or while working within the constraints of our clients' on-premises technology.

The best thing about cloud technology is that it enables vendors and their clients to collaborate and communicate seamlessly, which takes productivity up to an entirely new level for both parties. It makes it easier for warehouse lenders to integrate new products and services into their businesses. And it makes it easier for us to pivot more quickly and meet new client demands with greater agility. Ultimately, this enables us to take a more proactive approach to our clients' needs and become a stronger, more valuable partner.

Q: Are the updates made to cloud-based technology mostly those that involve security threats?

Berg: While security is a crucial aspect of our updates to our cloud solutions, it's not the sole focus. The beauty of cloud technology lies in the ability to seamlessly deliver new enhancements and integrations with third-party services. When you have a lot of bespoke, on-premises client installations and you want to deploy something new, efficient, or just plain cool, there are a lot of hurdles for both sides to make the deployment work. It takes much more time and can be cost-prohibitive. In the cloud, you can deploy new integrations and features anytime you want, and it gets pushed out to everybody automatically. It's a much more streamlined process and makes it significantly easier to maintain a uniform and up-to-date system across the board.

Q: Are security threats still an issue in the cloud?

Berg: Absolutely. Security is an ever-changing landscape, and new security threats are constantly emerging. For a lot of clients, it's at the very top of their list of priorities. Warehouse lenders need to make sure that they're in compliance with new guidelines and regulatory requirements involving cybersecurity, just like every other company in our industry.

When working with client-hosted systems, it's difficult to roll out security enhancements and updates, as we must work with each client individually. In the cloud, making updates and deploying security patches to comply with new guidelines is much smoother. With SaaS products in a cloud-hosted environment, everything is centrally managed and deployed. This means when we introduce an update or a security fix, it's instantly and uniformly pushed out to all clients. It's not only faster and more efficient but also ensures that all clients are on the latest, most secure version of our software. While this isn't the primary reason most of our clients move to the cloud, it is one of the most significant advantages.

"When you have a lot of bespoke, on-premises client installations and you want to deploy something new, efficient, or just plain cool, there are a lot of hurdles for both sides to make the deployment work."

BANKRUPTCY DEBTORS MIGHT IMPROPERLY CLAIM HOMESTEAD EXEMPTIONS

By **JAVONNE PHILLIPS BOYER**

When an individual with an ownership interest in their primary residence files a bankruptcy case, their home (amongst other applicable property) becomes a part of the bankruptcy estate. 11 U.S.C.A. § 541(a). A bankruptcy debtor may be able to protect their residence and obtain some protection from creditors by claiming a homestead exemption, which is either a federal exemption or, if a state has enacted its own law, a state exemption. California provides for its own homestead exemption, which defines homestead as a "principal dwelling" where the debtor resided when the lien attached and where the debtor resides when the bankruptcy case is filed. Cal. Civ. Proc. Code §§ 740.730(a)(1), 740.710(c). Further, California's homestead exemption requires the exemption to be applicable as of the bankruptcy filing date. Cal. Civ. Proc. Code § 703.140(c).

A case recently decided by the Court of Appeals for the Ninth Circuit, *McKee v. Anderson*, No. 22-60055 (9th Cir. Jan. 17, 2024), presents an example of a situation in which a debtor claims a homestead exemption to which they are not entitled.

In *McKee*, an unmarried couple, McKee and her partner, and the partner's mother bought a lot. A home was eventually built; however, McKee moved out of the home about a year later, in 2016. Several years later, in 2021, due to financial issues, McKee filed a Chapter 7 bankruptcy case. In that case, McKee claimed an $88,250 homestead exemp-

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tion. The bankruptcy trustee, McKee's former partner, and her mother filed objections to the exemption claim, which the bankruptcy court sustained. McKee's appeal was then heard by the Bankruptcy Appellate Panel, which affirmed the bankruptcy court's decision. Next, McKee appealed to the Court of Appeals for the Ninth Circuit.

Citing prevailing California case law, the Court of Appeals recognized that a debtor does not have to physically live at the primary residence to meet the homestead exemption statute's residing requirement (*McKee* at 6,7). Specifically, the ability to claim the exemption requires a debtor to reside at the property when the case is filed or to intend to return to the property (*McKee* at 6,7). There was no dispute that McKee did not live at the property when she filed her bankruptcy petition (*McKee* at 7). Therefore, the core issue was whether she met the alternative requirement of intending to return to the property.

To show that she sufficiently met the intent-to-return requirement, McKee argued that she *wanted* to return to the property if her former partner moved out of the residence, but she was unable to do so, alleging emotional abuse by that partner. However, the facts supported a lack of intent to return to the subject residence.

In 2017, soon after moving out of the home, McKee signed a settlement agreement with her former partner that resulted in McKee returning her keys and garage opener. The agreement further provided that the former partner would assume the sole responsibility for paying the mortgage installments, home insurance, and property taxes. Additionally, McKee had removed all her personal belongings from the home and changed the home address on her driver's license and voter registration to her new condominium address. Finally, McKee had also expressed a desire to cash out her interest in the residence. Based upon the weight of this evidence that involved no access to the property, no belongings on the property, no responsibility related to the property, and wanting to cash out her interest in the property, the Court of Appeals found that McKee failed to meet the burden of proving she qualified for the homestead exemption and affirmed the decisions of the bankruptcy court and Bankruptcy Appellate Panel [*McKee* at 9-10; Cal. Civ. Proc. Code §§ 703.580(b)].

It may not happen often, but when applicable to the interests of a Creditor as a party in interest, consider objections to the homestead exemptions as an option. MP

WHO PICKS UP THE TAB?

By **JASON C. TATMAN, ESQ.**

As the President of Tatman Legal, **JASON C. TATMAN, ESQ.** *is responsible for the operation of the firm across its multistate platform. In this role, Tatman oversees all aspects of the firm's diverse practice areas, including, but not limited to, mortgage default services, litigation services, commercial and residential real-estate transaction services, multistate evictions, regulatory compliance, and homeowners' association issues and concerns. For more information, please visit tatmanlegal.com.*

The following issue is whether the prevailing party on a motion for relief is entitled to fees and costs per the underlying contract.

Creditors are already in a vulnerable position once their borrower files a bankruptcy petition. From the disruption of cash flow due to nonpayment of monthly debt obligations, to the fees and costs incurred in hiring counsel to assert their rights in the bankruptcy forum, is there an opportunity for the secured creditor to recoup fees and costs when they prevail on a motion for relief per the language of the underlying contract?

Current case law is split as to whether this is a certainty for the prevailing party.

Arguments for the Awarding of Fees and/or Costs

Look to specific contractual language: If the contract explicitly states that the prevailing party in any dispute, including motions for relief, is entitled to fees and/or costs, then this language would generally be given effect. Courts are often hesitant to override clear contractual provisions.

Generally, some courts argue that the rationale behind prevailing party fee provisions, which is to discourage litigation and make the prevailing party whole, applies equally to motions for relief as it does to full-blown lawsuits. They reason that awarding fees and/or costs to the prevailing party on a motion incentivizes both parties to act reasonably and resolve their differences efficiently.

Efficient administration of justice: Some courts find that awarding fees and/or costs on motions for relief can promote the efficient administration of justice by deterring frivolous motions and encouraging parties to focus on the merits of their claims.

Arguments Against Awarding Fees and/or Costs

Limited scope of motions for relief: Motions for relief are generally considered interlocutory proceedings, meaning they deal with procedural matters rather than the ultimate merits of the case. Some courts argue that it is premature to award fees and/or costs at this stage, as the ultimate outcome of the case is still uncertain.

Potential for abuse: Awarding fees and/or costs on motions for relief could create an incentive for parties to file frivolous motions simply to recoup their fees. This could increase litigation costs and burden the court system.

Contractual silence: If the contract is silent on the issue of fees and/or costs for motions for relief, then some courts argue that the prevailing party is not entitled to them. In these cases, the general rule that each party bears its own fees and costs applies.

Case Law

It is important to note that the relevant case law will vary depending on the specific jurisdiction and the language of the underlying contract. However, here are some examples of cases that have gone both ways:

Cases supporting awarding fees and/or costs:

In re Estate of Miller, 872 N.E.2d 355 (Ill. App. Ct. 2007): The court held that the prevailing party on a motion for summary judgment was entitled to fees and/or costs under the underlying contract, even though the contract was silent on the issue of motions for relief.

Johnson v. Equitable Life Assurance Society of the United States, 838 F. Supp. 547 (D. Kan. 1993): The court held that the prevailing party on a motion to compel arbitra-

tion was entitled to fees and/or costs under the underlying arbitration agreement.

Cases against awarding fees and/or costs:

Greenberg v. Boal & Co., 559 F. Supp. 368 (S.D.N.Y. 1983): The court held that the prevailing party on a motion to transfer venue was not entitled to fees and/or costs under the underlying loan agreement, which was silent on the issue of motions for relief.

In re American Home Products Corp., 952 F.2d 605 (2d Cir. 1991): The court held that the prevailing party on a motion to dismiss was not entitled to fees and/or costs under the underlying contract, even though the contract contained a prevailing party fee provision. The court reasoned that the contract was specifically aimed at resolving substantive contract disputes, not procedural matters.

What to Do

The sword cuts both ways and moving parties will want to be mindful their motion has merit because in the event it is denied debtor can also request fees as prevailing party on the contract.

Given the conflicting case law on this issue, it is best to consult with an attorney who is familiar with the relevant jurisdiction and the specific language of your contract. The attorney can advise you on your rights and the likelihood of success in seeking fees and/or costs for a motion for relief based on your specific circumstances. MP

ASSESSING HOME EQUITY: HOW LENDERS CAN NAVIGATE HELOC APPROVALS WITH DATA

By **JOEL RICKMAN**

In the ever-evolving landscape of the U.S. housing market, American homeowners may choose to use a home equity line of credit, or HELOC, over refinancing their current mortgages or purchasing new homes. Equifax data showed that through June 2023, around 617,000 HELOCs originated, equaling $75.4 billion year-to-date in total credit limit.

A HELOC is a secured loan borrowed against the available equity in a home, with the house serving as collateral for the line of credit. Homeowners have long used HELOCs as flexible sources of funds to address a range of needs, such as home improvements, debt consolidation, educational expenses, investments, or major purchases. HELOCs typically have lower interest than alternatives, such as credit cards, which make for an enticing alternative to some of the high interest rates that have been seen in recent years. HELOC usage spiked in 2021 and 2022, when the market saw a 39% surge in originations of the loans, and its continued use as an option shows how homeowners are approaching their financial needs.

Several factors are contributing to the desire for HELOCs. First, homeowners benefited from historically low mortgage rates for most of 2020 and 2021, when interest rate averages hovered around 3%. It's not surprising that homeowners would be hesitant to trade in their advantageous mortgage loan terms to purchase a new home at today's interest rates, which Freddie Mac's Primary Mortgage Market Survey (PMMS) reported as being at a 23-year high of over 7% in mid-September. For example, a borrower who purchased a $250,000 home in 2021 at a 3.75% interest rate would pay roughly $1,200 monthly. Fast forward to 2023, and the same house, financed at a 7% interest rate, would require a monthly payment of approximately $1,700. In fact, only 18% of homeowners said it was a good time to buy a house, and only 18% expect mortgage rates to go down over the next 12 months.

Second, the unprecedented increase in home prices over the last few years has resulted in many homeowners gaining unexpected equity in their properties. Home prices soared in 2021, hitting the biggest increase in 34 years, with regions across the United States seeing prices even higher than that of 2020, when many Americans took advantage of low mortgage interest rates. CNN also reported that in the South and Southeast, home prices saw the biggest spikes with averages exceeding 25%. This surge may be attributed to various factors during that same time period, including increased demand for homes, low mortgage interest rates, and a limited housing supply. While some were swept up by the real estate bidding wars, those who stayed in their homes saw a boost in their home values, allowing many homeowners to see substantial increases in their property's equity.

Today, the U.S. median home price continues to rise, and in August 2023, areas of the country such as Massachusetts were reporting new record highs. Paired with the low housing supply and current record-high mortgage interest rates, potential sellers are choosing to stay put in their current homes. With a

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HELOC, homeowners can access this equity without the hassle of selling their home or refinancing. As a result, they can conveniently access incremental funds as needed, only incurring interest on the amount drawn.

But there's a twist to the increase in HELOCs: the data shows that more HELOCs are being issued to consumers with subprime credit scores (of less than 620.) Originations through June 2023 saw 4.3% of HELOCs were issued to homeowners with subprime credit scores, almost double from the year prior. And unlike conventional mortgages, lenders issuing the HELOC are on the line if a borrower defaults. While traditional credit reports have been the go-to tool for assessing borrowers' creditworthiness, the HELOC underwriting process necessitates a more comprehensive approach.

Credit reports remain an important tool, but relying solely on them may not provide a complete picture of a borrower's financial situation. Crucial information such as income, employment stability, and debt-to-income ratios may be missing from traditional credit data. Incorporating income and employment data from third-party sources regulated under the Fair Credit Reporting Act (FCRA) can help provide lenders with a more comprehensive understanding of an individual's financial situation, encompassing various income sources such as employment wages, bonuses, commissions, dividends, and more. It can also offer a detailed view of gross income and salary or wages, contributing to a more holistic assessment of a borrower's financial capacity.

Employment data can also play a significant role in the assessment process. It allows for a truly holistic perspective on an applicant's work situation, including details like the employer's name, job title, duration of employment, and employment status (e.g., active, inactive, furloughed, full-time, part-time, or contract). Access to historical employment data spanning months or years helps gauge the applicant's employment consistency and income stability, which are vital factors in evaluating creditworthiness. These data points, while often overlooked in traditional credit assessments, can play a pivotal role in HELOC underwriting. Lenders can use this information to evaluate a borrower's ability to repay loans, determine their creditworthiness, and assess their overall financial stability.

The Debt-to-Income Ratio: A Key Metric in Underwriting

Lenders have to properly assess whether the borrower has the financial capacity to add the additional debt to their existing debt load. The debt-to-income (DTI) ratio evaluates a borrower's ability to repay that debt by comparing monthly debt obligations, including potential HELOC payments, to monthly income. Ideally, lenders seek a DTI ratio below a specific threshold, often aiming for 36% according to Fannie Mae, or 43% according to the Consumer Financial Protection Bureau, to ensure borrowers can comfortably meet their debt obligations.

However, depending solely on borrower-provided information for DTI calculations can pose significant risks for lenders. Inaccuracies or omissions in the borrower's financial data aren't uncommon and can lead to incomplete assessments of their creditworthiness. This is where verification of financial data from independent third-party sources can help mitigate the risks and enable more informed underwriting decisions.

By verifying employment status, job title, income, and other relevant details through third-party sources lenders can ensure that the borrower information they have is current. This information can ultimately help reduce the risk of defaults and provide a more complete picture of the borrower's financial capacity.

Additionally, leveraging income and employment data helps create for lenders a standardized approach to evaluating borrowers. For instance, right now, income is the biggest risk when it comes to mortgages in the current economic state, potentially transferring that risk to HELOCs if full affordability diligence is not completed and creating a larger need for leveraging that data. This promotes consistency in the underwriting process and helps ensure that people with similar income levels and employment statuses are treated consistently.

The Future of HELOCs and Data

The ebbs and flows in HELOCs showcases the tumultuous economic landscape of today, characterized by inflation, soaring home prices, and fluctuating mortgage rates. HELOCs continue to offer a lifeline for homeowners and their evolving financial needs.

However, the HELOC underwriting process may require a more comprehensive approach than traditional credit assessments can provide. Income and employment data offer valuable insights into a borrower's financial capacity and stability. By leveraging this data, lenders can better reduce risks, enhance consistency in their process, and make more informed underwriting decisions.

As the housing market continues to evolve, lenders must adapt. Incorporating income and employment data into the HELOC underwriting process is a significant step toward ensuring a more stable financial future for both lenders and borrowers. As HELOCs continue to be a financial resource for homeowners, lenders need to collect holistic data in order to make more informed, responsible decisions. MP

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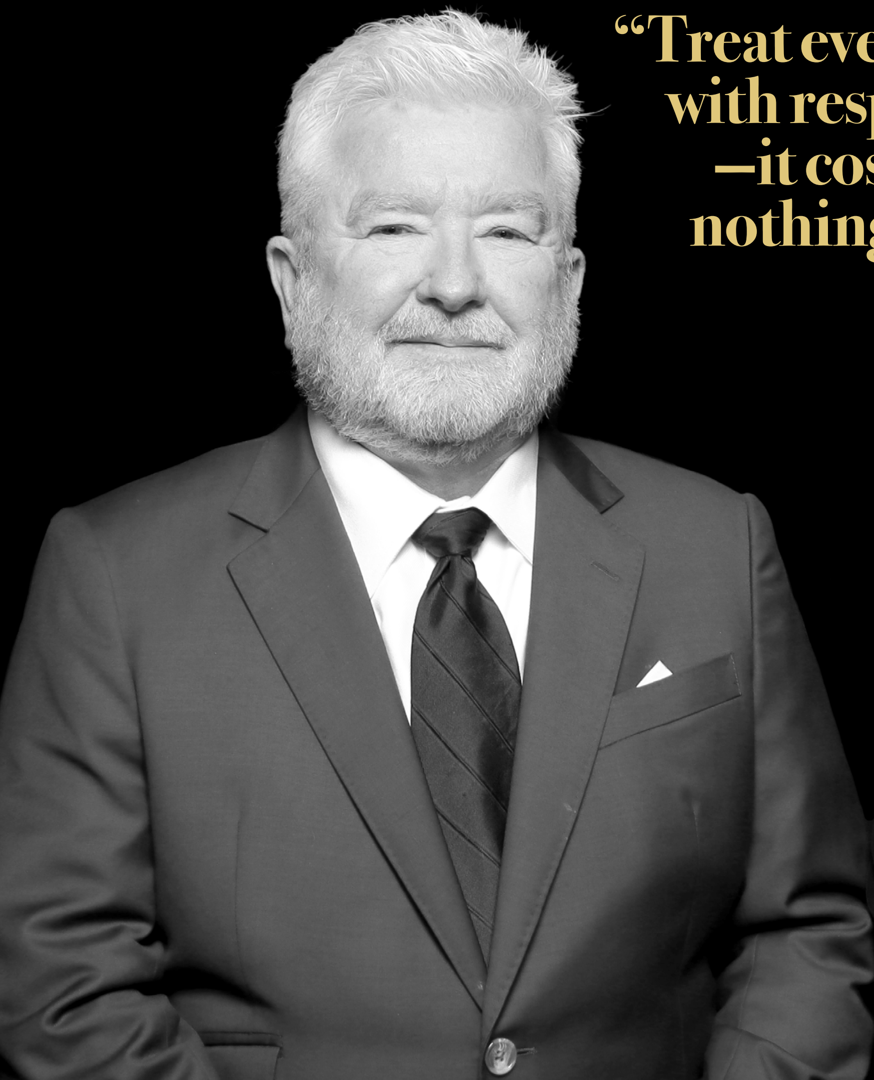

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Oliver Ayon, Esq.; Salvatore Carollo, Esq.; Catherine Di Lorenzo, Esq.; Steven K. Eisenberg, Esq.; Andrew Marley, Esq.; Steven Kelly, Esq.

SERVICES PROVIDED: Real estate and secured transactions, trusts and estates, REO and real estate closings, creditors' rights, litigation, bankruptcy, evictions, title and title curative, corporate law, and commercial law. **MISSION/FOCUS:** We are dedicated to professional advocacy and legal services for our clients, partners, and community with determined integrity and intensity. We continually invest in the education of our teams, our clients, and our industry, applying our extensive industry knowledge to advocacy and innovation across our multistate footprint. We are committed to our team approach in bringing seamless experiences while achieving optimal outcomes. **PARTNERS/SHAREHOLDERS**: Steven K. Eisenberg, Esq., MBA, Managing Partner. **SHAREHOLDERS:** Steven K. Eisenberg, Esq., MBA; Lucas Anderson, Esq.; Oliver Ayon, Esq.; Evan Barenbaum, Esq.; Salvatore Carollo, Esq.; Catherine Di Lorenzo, Esq.; Ryan Keesee, Esq.; Steven Kelly, Esq.; David Lambropoulos, Esq.; Jessica Manis, Esq.; Andrew Marley, Esq.; Arsenio Rodriguez, Esq.; Thomas Shea, Esq.; Stacey Weisblatt, Esq. **STATES SERVED:** GSE: New York, New Jersey, Pennsylvania, Delaware, West Virginia. Additional states of service: Maryland, District of Columbia, Virginia. **AFFILIATIONS/MEMBERSHIPS:** AISLE, ALFN, Legal League, Mortgage Bankers Association, Chamber of Commerce for Greater Philadelphia, BucksMont Chamber of Commerce, NACTT, CrossState Credit Union Association, Martindale-Hubbell AV Rated (Steven Eisenberg and Richard Stern). **WHAT SETS YOUR FIRM APART?** We consider innovation a cornerstone of our culture. It's a frame of mind we apply to every aspect of our practice, from technology to process and customer service. The Stern & Eisenberg Value Team is a cross-channel client services department devoted to client relations, issue resolution, internal escalation, and white-glove customer service from the moment you engage Stern & Eisenberg through the life of your relationship with the firm. **CHARITABLE INTERESTS:** Make-A-Wish, Kinds-N-Hope Foundation, Junior Achievement Golf, Bucks County Fire Police Association, Fireman's Association.

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"Creative solutions to everyday issues."

ALABAMA

McPHAIL SANCHEZ, LLC

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CONTACT: Kent D. McPhail
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E-MAIL: sarah@kmcphail.law
WEBSITE: mslawyers.law
SERVICES: McPhail Sanchez, LLC is a full-service default servicing firm with offices in Alabama, Mississippi, and Tennessee. For 30 years, McPhail Sanchez has provided high-quality, professional representation with a personal touch. Our firm maintains a full suite of default-related legal services including bankruptcy matters, foreclosures, ejectments, and unsecured debt recovery. We are proud of our history serving the mortgage industry, and with a strategic focus on the future, we will continue to offer top-notch professional service with the personal touch that our clients have come to expect. Experience the McPhail Sanchez difference.

ARIZONA

FOLKS HESS

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WEBSITE: AZDefaultLegalServices.com
SERVICES: We are a full-service default services firm. We represent banks, credit unions, and mortgage servicers concerning bankruptcy, foreclosure, eviction, collection, and all other types of default services matters and litigation in Arizona and Nevada.

CALIFORNIA

ALAW

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SERVICES: ALAW represents banks, creditors, and landlords in all facets of their businesses across our jurisdictions.

BONIAL & ASSOCIATES, P.C.

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SERVICES: For over 35 years, Bonial & Associates, P.C. has provided high-quality bankruptcy, creditors' rights, deed-in-lieu, eviction, foreclosure, general litigation, loan workouts, loss mitigation, real estate, REO, replevins, tax, and title services, with offices in TX, CA, MO, OK, NE, KS. Bonial & Associates, P.C. is a certified Women's Business Enterprise and LGBTBE law firm.

McCARTHY HOLTHUS, LLP

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WEBSITE: mccarthyholthus.com
SERVICES: At McCarthy & Holthus, we're extremely proud of our reputation for providing high-quality legal advice across our jurisdictions. Our goal is to always provide excellent customer service stemming from our accessibility, responsiveness, and open lines of communication. We strive to provide the highest level of legal offerings to the mortgage default and financial services industry in the areas of foreclosure, bankruptcy, eviction, compliance, litigation, title work, replevin, and many more. Let us know how we can be of service.

PROBER AND RAPHAEL, ALC

20750 Ventura Blvd., Suite 100
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WEBSITE: PRALC.Com
SERVICES: Prober & Raphael, a leader in the loan servicing industry since 1984, provides nationwide bankruptcy representation. The firm's California practice handles everything, including foreclosures, civil litigation, collections, bankruptcy, and evictions. The firm is uniquely structured to allow its clients to consolidate and centralize any bankruptcy processes nationwide with a single firm, or as a backup firm anywhere, to maximize efficiency, provide in-depth monitoring, and decrease costs. Prober & Raphael also offers online and in-house basic and advanced training.

TATMAN LEGAL

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SERVICES: Tatman Legal is a full-service creditors' rights firm. Through our multi-state platform, we offer a range of services including mortgage defaults, bankruptcies, litigation, commercial and residential real estate transaction support, multi-state evictions, regulatory compliance, and homeowners' association issues. Our signature white-glove service has become a hallmark of our reputation, including offering industry-leading performance metrics across a broad spectrum of client requirements. This transparency and accountability are what set us apart from other firms and remain the key to our success. States we service include AZ, CA, FL, OR, TX, and WA.

DELAWARE

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SERVICES: Real estate and secured transactions, trusts and estates, REO and real estate closings, creditors' rights, litigation, bankruptcy, evictions, title and title curative, corporate law, and commercial law.

FLORIDA

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SERVICES: Diaz Anselmo & Associates P.A. is a certified minority-owned Martindale Hubbell Preeminent A-V rated firm that has provided legal services to the banking and mortgage industry, with an emphasis on Judicial State practice, for over 30 years. The firm concentrates on creditors' rights, foreclosure, bankruptcy, litigation, and real estate transactions.

GILBERT GARCIA GROUP, P.A.

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SERVICES: Gilbert Garcia Group, P.A., a certified woman- and minority-owned business, operates throughout Florida with attorneys who have nearly 100 combined years of experience in default servicing and general civil legal work. Gilbert Garcia Group exhibits the highest competencies with the highest efficiencies, using refined business processes and cutting-edge technology to provide legal services to its niche industries. GGG is a high-touch, tech-savvy, industry-compliant real estate practice with emphasis on foreclosure, bankruptcy, evictions, litigation, loss mitigation, title resolution, and REO closings, plus probate, estate planning, guardianship, and business law.

KAHANE & ASSOCIATES, P.A.

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SERVICES: Florida's consecutive award-winning law firm and single-source solution, laser-focused on protecting its representative clients' brands while promoting the continuum of an exceptional customer experience during all phases of the collection process. The firm's cutting-edge proprietary technology and tenured staff, averaging 23 years of industry experience, effectively minimize operational risk while ensuring superior service and performance levels. Services: residential and commercial foreclosures, bankruptcy, litigation, replevins, unsecured collections, evictions, municipal/association lien mitigation/litigation, REO title, and closings. Fannie Mae/Freddie Mac Retained Counsel.

MARINOSCI LAW GROUP, P.C

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SERVICES: MLG's complete list of services includes foreclosure, bankruptcy, eviction, and litigation. MLG practices in Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kansas, Massachusetts, Mississippi, Missouri, New Hampshire, Oklahoma, Rhode Island, Tennessee, Texas, and Wisconsin. MLG has distinguished itself by consistently providing competent advice and effective legal representation. Our 17-state footprint makes it easier for us to be vendor-managed without the high fees and impersonal service generally associated with larger firms.

VAN NESS LAW FIRM, PLC

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SERVICES: Real estate and corporate practice law firm primarily serving the default mortgage industry, prosecuting foreclosures, evictions, creditor-side bankruptcy representation, title actions, litigation, appeals, and commercial collections. We are one of the older firms, having been founded in 2004, and one of the only black-owned firms in our industry. We have been Fannie Mae retained and were recognized as the best firm of the year two of four years pre-pandemic with a large servicing client, which is especially great being one of the few single-state firms in that network and the only one in Florida.

GEORGIA

McCALLA RAYMER LIEBERT PIERCE

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CONTACT: Marty Stone
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E-MAIL: marty.stone@mccalla.com
WEBSITE: www.mccalla.com
SERVICES: McCalla Raymer Leibert Pierce, a full-service real estate law firm, with over 40 years of experience focused on residential/commercial foreclosure, complex litigation, National evictions & Bankruptcy platforms. Providing exceptional service to lenders & investors in all major regional markets, with offices in AL, CA, CT, FL, GA, IL, KY, MS, NJ, NV, NY, OH, OR, PA, TX & WA.

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SERVICES: MLG's complete list of services includes foreclosure, bankruptcy, eviction, and litigation. MLG practices in Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kansas, Massachusetts, Mississippi, Missouri, New Hampshire, Oklahoma, Rhode Island, Tennessee, Texas, and Wisconsin. MLG has distinguished itself by consistently providing competent advice and effective legal representation. Our 17-state footprint makes it easier for us to be vendor-managed without the high fees and impersonal service generally associated with larger firms.

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E-MAIL: BPotestivo@PotestivoLaw.com
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SERVICES: Potestivo & Associates, P.C., provides superior legal solutions to the real estate finance and credit industry. With full-service operations in Rochester, Michigan, and Chicago, Illinois, the firm handles all aspects of default servicing, including foreclosure, bankruptcy, landlord and tenant, title resolution, loss mitigation, REO, and commercial and residential litigation work.

INDIANA
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SERVICES: Cooke Demers, LLC, is committed to integrity, premier customer service, and client success. We provide outside counsel legal services in matters involving foreclosure, replevin, and bankruptcy, in addition to the litigation that emanates from the industry. TILA, FDCPA, RESPA, FCRA, and TCPA. Cooke Demers has over 20 years of experience with mortgage default related litigation on GSE loans. We have been centrally located in Columbus, Ohio, for 30 years and are licensed to practice in state and federal courts in Indiana, Ohio, and Pennsylvania. In addition to the Legal League, we are long-term members of the MBA, ACA, and DRI.

IOWA
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WEBSITE: PetosaLaw.com
SERVICES: AV-rated and a proud member of the USFN, Petosa Law LLP has been a premier default servicing and creditors' rights law firm in Iowa for more than 50 years. The firm provides representation in various practice areas, including residential and commercial foreclosure, bankruptcy, eviction, and real estate throughout the state of Iowa.

WALENTINE O'TOOLE, LP
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WEBSITE: walentineotoole.com
SERVICES: Walentine O'Toole, LLP is a creditors' rights, banking, real estate, business, and litigation law firm. Established in 1985 with offices in Nebraska, Iowa, and South Dakota, our attorneys are leaders in the industry, providing clients with superior and cost-effective legal representation. We handle all types of GSE and non-GSE loans, including residential, agricultural, and commercial. Our expertise covers all areas of lending/regulatory matters, from origination to default (standard/complex loan originations, compliance, foreclosure, loss mitigation, title issues, bankruptcy, eviction/REO, claims, litigation, and closings). We offer client-focused solutions, understanding that effectiveness, timeliness, and responsiveness are critical for our and our clients' success.

LOUISIANA
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CONTACT: Candace A. Courteau
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E-MAIL: ccourteau@creditorlawyers.com
SERVICES: Dean Morris, LLC, is a law firm dedicated to providing high-quality, timely, and courteous legal services to the real estate finance industry throughout Louisiana. The firm specializes in conducting residential default procedures and enforcement of creditors' rights for mortgage lenders, related bankruptcy proceedings, and related litigation, representation, and defense in regulatory and consumer issues.

MASSACHUSETTS
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SERVICES: Default legal services including litigation, appellate, loss mitigation, foreclosure, and bankruptcy.

KORDE & ASSOCIATES

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SERVICES: End-to-end creditor default services covering the New England states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

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SERVICES: MLG's complete list of services includes foreclosure, bankruptcy, eviction, and litigation. MLG practices in Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kansas, Massachusetts, Mississippi, Missouri, New Hampshire, Oklahoma, Rhode Island, Tennessee, Texas, and Wisconsin. MLG has distinguished itself by consistently providing competent advice and effective legal representation. Our 17-state footprint makes it easier for us to be vendor-managed without the high fees and impersonal service generally associated with larger firms.

MAINE

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MICHIGAN

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SERVICES: Potestivo & Associates, P.C., provides superior legal solutions to the real estate finance and credit industry. With full-service operations in Rochester, Michigan, and Chicago, Illinois, the firm handles all aspects of default servicing, including foreclosure, bankruptcy, landlord and tenant, title resolution, loss mitigation, REO, and commercial and residential litigation work.

SCHNEIDERMAN & SHERMAN, P.C.

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SERVICES: Schneiderman & Sherman, PC, provides clients with access to the most creative, cost-effective solutions for their various mortgage default legal needs. The firm has a long history specializing in foreclosure, bankruptcy, mediation, loss mitigation, eviction, mortgage-related litigation, and REO closings throughout Michigan and Minnesota. As a member of the Legal League, the firm is dedicated to the interests of its clients, industry, and community and continues to establish best practices throughout the firm as new challenges to the industry arise.

MINNESOTA

SCHNEIDERMAN & SHERMAN, P.C.

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WEBSITE: SSPCLegal.com
SERVICES: Schneiderman & Sherman, PC, provides clients with access to the most creative, cost-effective solutions for their various mortgage default legal needs. The firm has a long history specializing in foreclosure, bankruptcy, mediation, loss mitigation, eviction, mortgage-related litigation, and REO closings throughout Michigan and Minnesota. As a member of the Legal League, the firm is dedicated to the interests of its clients, industry, and community and continues to establish best practices throughout the firm as new challenges to the industry arise.

MISSISSIPPI

DEAN MORRIS

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SERVICES: Dean Morris, LLC, is a law firm dedicated to providing high-quality, timely, and courteous legal services to the real estate finance industry throughout Louisiana. The firm specializes in conducting residential default procedures and enforcement of creditors' rights for mortgage lenders, related bankruptcy proceedings, and related litigation, representation, and defense in regulatory and consumer issues.

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SERVICES: McPhail Sanchez, LLC is a full-service default servicing firm with offices in Alabama, Mississippi, and Tennessee. For 30 years, McPhail Sanchez has provided high-quality, professional representation with a personal touch. Our firm maintains a full suite of default-related legal services including bankruptcy matters, foreclosures, ejectments, and unsecured debt recovery. We are proud of our history serving the mortgage industry, and with a strategic focus on the future, we will continue to offer top-notch professional service with the personal touch that our clients have come to expect. Experience the McPhail Sanchez difference.

MISSOURI

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SERVICES: For over 35 years, Bonial & Associates, P.C. has provided high-quality bankruptcy, creditors' rights, deed-in-lieu, eviction, foreclosure, general litigation, loan workouts, loss mitigation, real estate, REO, replevins, tax, and title services, with offices in TX, CA, MO, OK, NE, KS. Bonial & Associates, P.C. is a certified Women's Business Enterprise and LGBTBE law firm.

NEBRASKA

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SERVICES: Walentine O'Toole, LLP is a creditors' rights, banking, real estate, business, and litigation law firm. Established in 1985 with offices in Nebraska, Iowa, and South Dakota, our attorneys are leaders in the industry, providing clients with superior and cost-effective legal representation. We handle all types of GSE and non-GSE loans, including residential, agricultural, and commercial. Our expertise covers all areas of lending/regulatory matters, from origination to default (standard/complex loan originations, compliance, foreclosure, loss mitigation, title issues, bankruptcy, eviction/REO, claims, litigation, and closings). We offer client-focused solutions, understanding that effectiveness, timeliness, and responsiveness are critical for our and our clients' success.

NEW HAMPSHIRE

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NEW JERSEY

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SERVICES: Margolin, Weinreb & Nierer, LLP., provides legal services in the areas of foreclosure, federal foreclosure, bankruptcy, evictions, REO closings, litigation, loss mitigation, deeds-in-lieu, and title litigation. As a boutique firm, Margolin, Weinreb & Nierer, LLP has a different posture than larger firms. We pride ourselves on direct client communication and focus on being proactive and forward-thinking.

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SERVICES: Real estate and secured transactions, trusts and estates, REO and real estate closings, creditors' rights, litigation, bankruptcy, evictions, title and title curative, corporate law, and commercial law.

NEW MEXICO

IDEA LAW GROUP

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SERVICES: Creditors' rights, residential and commercial foreclosures, evictions and bankruptcy, creditors' rights litigation, title curative, and replevins. IDEA Law Group specializes in providing client-focused resolutions and we pride ourselves on timely and effective communications to ensure our clients receive the best possible service.

NEW YORK

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SERVICES: Margolin, Weinreb & Nierer, LLP., provides legal services in the areas of foreclosure, federal foreclosure, bankruptcy, evictions, REO closings, litigation, loss mitigation, deeds-in-lieu, and title litigation. As a boutique firm, Margolin, Weinreb & Nierer, LLP has a different posture than larger firms. We pride ourselves on direct client communication and focus on being proactive and forward-thinking.

SHELDON MAY & ASSOCIATES, P.C.

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SERVICES: Bankruptcy, capital markets, commercial litigation, commercial real estate and development, condominium law, contract negotiations, co-op law, creditors' rights, default servicing, due diligence, eviction, foreclosure, lender defense and consulting, loan modification, loss mitigation, mortgage banking, portfolio analysis, real estate closings, real estate owned (REO) properties, replevin, and title insurance.

STERN & EISENBERG

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SERVICES: Real estate and secured transactions, trusts and estates, REO and real estate closings, creditors' rights, litigation, bankruptcy, evictions, title and title curative, corporate law, and commercial law.

OHIO

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SERVICES: Cooke Demers, LLC, is committed to integrity, premier customer service, and client success. We provide outside counsel legal services in matters involving foreclosure, replevin, and bankruptcy, in addition to the litigation that emanates from the industry. TILA, FDCPA, RESPA, FCRA, and TCPA. Cooke Demers has over 20 years of experience with mortgage default related litigation on GSE loans. We have been centrally located in Columbus, Ohio, for 30 years and are licensed to practice in state and federal courts in Indiana, Ohio, and Pennsylvania. In addition to the Legal League, we are long-term members of the MBA, ACA, and DRI.

OKLAHOMA

BAER TIMBERLAKE

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SERVICES: Since 1986, Baer Timberlake, P.C., (BT) has specialized in real estate, corporate matters, mortgages, contracts, curative title actions, and title insurance underwriting issues. The firm's clientele predominantly includes banks, mortgage lenders, and servicers, providing both plaintiff work and defense against counterclaims. Baer Timberlake retains extensive experience in the foreclosure of commercial loans and residential loans, including conventional, Fannie Mae, Freddie Mac, FHA, and VA real estate mortgages. The firm is well-versed in loss mitigation, commercial loan packaging, and loan closings.

LAMUN MOCK CUNNYNGHAM & DAVIS, PC

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SERVICES: Our firm has extensive experience in commercial, private, and government residential real estate foreclosure matters in Oklahoma and surrounding states, with representation in all state and federal courts. We have substantial knowledge of loss mitigation alternatives, including deed-in-lieu of foreclosure, quiet title and curative title actions, mobile home title resolutions/cancellations, evictions, title insurance underwriting, real estate closings, mortgages and contracts, and lender and creditor's rights law.

PENNSYLVANIA

BERNSTEIN-BURKLEY, P.C.

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SERVICES: Our law firm concentrates on bankruptcy and restructuring, creditors' rights, business and corporate transactions, litigation, real estate, and oil and gas. We approach each client with the same care and diligence with which we handle our own business needs. Our clients like that we care about their business and business practices. We analyze the cost and benefits to the client as they relate to every action we might take. We view legal services with a business-oriented mindset.

COOKE DEMERS, LLC

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SERVICES: Cooke Demers, LLC, is committed to integrity, premier customer service, and client success. We provide outside counsel legal services in matters involving foreclosure, replevin, and bankruptcy, in addition to the litigation that emanates from the industry. TILA, FDCPA, RESPA, FCRA, and TCPA. Cooke Demers has over 20 years of experience with mortgage default related litigation on GSE loans. We have been centrally located in Columbus, Ohio, for 30 years and are licensed to practice in state and federal courts in Indiana, Ohio, and Pennsylvania. In addition to the Legal League, we are long-term members of the MBA, ACA, and DRI.

HLADIK, ONORATO & FEDERMAN, LLP

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SERVICES: Our firm provides complete default services, including foreclosure, bankruptcy, eviction, REO, title and related litigation, and defense litigation. At Hladik, Onorato & Federman, LLP, we value quality, timely, and effective advocacy for our clients. Our long track record of effective trial and defense work on behalf of our industry partners evidences our legal strengths. We are guided by a simple mission in all we do: strive to be the best at what we do. That overarching theme guides our principles for training staff and attorneys, maintaining stringent control standards, and seeking out the best technology to make our work more efficient.

KML LAW GROUP

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SERVICES: KML provides creditors' rights, foreclosure, bankruptcy, eviction, REO closing, and title litigation services.

LOGS LEGAL GROUP LLP

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SERVICES: Our firm has been in business for over 50 years, and operates in Pennsylvania as well as in 24 other jurisdictions throughout the United States. The firm represents mortgage companies and servicers in all facets of default servicing: foreclosure, bankruptcy, title curative, replevin, as well as landlord/tenant matters.

STERN & EISENBERG

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SERVICES: Real estate and secured transactions, trusts and estates, REO and real estate closings, creditors' rights, litigation, bankruptcy, evictions, title and title curative, corporate law, and commercial law.

SOUTH CAROLINA

BELL CARRINGTON & PRICE

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SERVICES: Bell Carrington is a leading provider of legal services to the financial services industry, with a full, Suite of services covering foreclosure, bankruptcy, creditors' rights, deed-in-lieu, eviction, general litigation, loan workouts, loss mitigation, real estate, REO, replevins, tax, title curative. The firm's footprint covers Georgia, Tennessee, Alabama, North Carolina, and South Carolina.

SCOTT & CORLEY

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SERVICES: Scott & Corley, P.A., is a South Carolina-based law firm tracing its history for some 40+ years. Ron Scott, Reggie Corley, and the firm have been selected repeatedly for inclusion in several of the most prestigious professional guides: Best Lawyers in America® (Woodward/White, Inc.), Super Lawyers®, and the Metropolitan Rankings of U.S. News & World Report's Best Lawyers-Best Law Firms. Additionally, Scott and Corley, respectively, were selected for the 2019 (Inaugural Class) Diversity & Inclusion Award from South Carolina Lawyers Weekly® and as a Riley Institute Diversity Fellow through the Riley Institute® at Furman University.

TENNESSEE

McPHAIL SANCHEZ, LLC

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SERVICES: McPhail Sanchez, LLC is a full-service default servicing firm with offices in Alabama, Mississippi, and Tennessee. For 30 years, McPhail Sanchez has provided high-quality, professional representation with a personal touch. Our firm maintains a full suite of default-related legal services including bankruptcy matters, foreclosures, ejectments, and unsecured debt recovery. We are proud of our history serving the mortgage industry, and with a strategic focus on the future, we will continue to offer top-notch professional service with the personal touch that our clients have come to expect. Experience the McPhail Sanchez difference.

TEXAS

ALAW

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SERVICES: ALAW represents banks, creditors, and landlords in all facets of their businesses across our jurisdictions.

BDF LAW

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SERVICES: The BDF Law Group provides a full range of legal services to creditors on residential and commercial real estate mortgage loans. Operating in Texas, California, Colorado, Georgia, Arizona, and Nevada, the firm is on the creative edge of innovation while maintaining the bedrock principles of integrity, accountability, and service in representation of its clients with the highest degree of character and expertise.

BONIAL & ASSOCIATES, P.C.

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SERVICES: For over 35 years, Bonial & Associates, P.C. has provided high-quality bankruptcy, creditors' rights, deed-in-lieu, eviction, foreclosure, general litigation, loan workouts, loss mitigation, real estate, REO, replevins, tax, and title services, with offices in TX, CA, MO, OK, NE, KS. Bonial & Associates, P.C. is a certified Women's Business Enterprise and LGBTBE law firm.

JACK O'BOYLE, LLC

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SERVICES: The firm specializes in delivering tailored and comprehensive legal services for default servicing in the state of Texas. The firm offers end-to-end representation in foreclosure (both non-judicial and judicial), litigation, bankruptcy, and eviction matters across all the 254 Texas counties. The firm's expertise extends to a wide range of landlord-tenant issues, providing dedicated support for owners, investors, and landlords involved in single-family rental and multi-family unit buildings.

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SERVICES: MLG's complete list of services includes foreclosure, bankruptcy, eviction, and litigation. MLG practices in Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kansas, Massachusetts, Mississippi, Missouri, New Hampshire, Oklahoma, Rhode Island, Tennessee, Texas, and Wisconsin. MLG has distinguished itself by consistently providing competent advice and effective legal representation. Our 17-state footprint makes it easier for us to be vendor-managed without the high fees and impersonal service generally associated with larger firms.

THE MORTGAGE LAW FIRM

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SERVICES: The Mortgage Law Firm (TMLF) is an industry-leading multistate law firm offering GSE-compliant, default-related services to investors, mortgage servicers, lenders, and other related entities. The firm's practice offers exceptional legal representation in seven states across the United States, including Arizona, California, Hawaii, Oklahoma, Oregon, Texas, and Washington. The firm has over a decade of experience, and its main practice includes foreclosure, bankruptcy, eviction, litigation, loss mitigation, title curative, and more.

UTAH

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SERVICES: With 53 years of award-winning experience representing lenders and servicers, Scalley Reading Bates Hansen & Rasmussen, P.C., is excited to help clients with all their default needs throughout Utah. We provide a full range of legal services, including foreclosures, bankruptcy, evictions, loss mitigation, title resolution, REO support, litigation, lender defense, meditation, apeals, replevin, deeds-in-lieu, short sales, loan modifications, and regulatory compliance. Put this experience to work for you.

WEST VIRGINIA

STERN & EISENBERG

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SERVICES: Real estate and secured transactions, trusts and estates, REO and real estate closings, creditors' rights, litigation, bankruptcy, evictions, title and title curative, corporate law, and commercial law.

WISCONSIN

VELNETSKE LAW FIRM

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SERVICES: Velnetske Law Offices, LLC, is dedicated to providing national and local banking, lending institutions, credit unions, mortgage servicers, and mortgage holders with quality representation throughout Wisconsin relative to foreclosure, title issue resolution, deed-in-lieu, mediation, bankruptcy, eviction, and REO closing. The firm, a member of USFN, seeks to exceed client expectations by providing a personalized level of service conducted in an efficient and cost-effective manner while maintaining the highest standards of ethics and integrity.

Jane Bond

Managing Partner, McCalla Raymer Leibert Pierce, LLC

Jane Bond is the Managing Partner of McCalla Raymer Leibert Pierce, LLC's Litigation Group with more than 35 years of experience in litigation, mortgage lending, and servicing industries. She chose to study law as she shares a deep love for learning and a genuine desire to help others. "I have always been a naturally curious person, asking a lot of questions," she said. "Law keeps that curiosity alive providing for a continuous learning experience where there is always more to discover and share. I believe in using this knowledge to make a positive difference in people's lives." She stated that the most enriching aspect of her role as a litigation manager is witnessing the professional growth of her team members and guiding and supporting individuals in their career development, which brings her immense satisfaction as a manager. However, as a female attorney, she has faced her fair share of professional challenges. "Certainly, I have encountered professional challenges as a female attorney," she said. "Successfully overcoming these obstacles has not only strengthened me but also fostered resilience, promoting continuous professional growth." She has contributed to the firm's readiness for today's challenging legal landscape by cultivating positive relationships with its clients. Additionally, she has played a role in ensuring the firm has experienced litigators on board to help solve the day-to-day issues that arise. Bond has commited to serving the industry by providing educational opportunities to attend webinars, trainings, and conferences, which enhances the entire industry to perform at a higher level.

Hilary Bonial

Managing Director, Bonial & Associates, P.C.

Hilary Bonial is Managing Director at Bonial & Associates, P.C., and has been practicing law for nearly 30 years. With expertise in foreclosure and bankruptcy, she is board-certified by the American Board of Certification and the Louisiana Board of Specialization. "Early in my career, I was often the only woman in the courtroom, other than the court clerk," she said. "I am happy to note that has changed." She chose to study law because it was the best fit for her personality and skill set. She affirmed that while dealing with change has been an obstacle, she remains accustomed to turning challenges into opportunities. She is most proud of watching the growth of the attorneys who have worked with her and seeing them achieve success. Bonial said the most enriching part of her job is finding solutions and providing opportunities for others. She enjoys the process of using the applicable law to find a solution to issues her clients are facing, as she finds it extremely gratifying to be able to provide opportunities for others to continue to grow in their professional and legal careers. "The best way to assist lenders and servicers is to listen," she said. "Listen and understand their pain points, and then use the legal tools at our disposal to build a solution. Large improvements are built on small improvements." She often asks herself and her clients how the firm can do better, actively looking for areas where Bonial & Associates, P.C., can improve each day.

Leisha Delgado

Founder, CEO of Hello Solutions, LLC

Leisha Delgado is the Founder and CEO of Hello Solutions, LLC, with seven years of industry experience. While successful, she has said the relationships she's made while running this business are by far the most enriching part of her job. "I'm proud of having built and maintained a successful national business while overcoming Stage 3 breast cancer, and eternally grateful for my clients who stood by me during that difficult time," she said. Delgado remains satisfied when connecting servicers and investors with some of the best creditors' rights law firms across the country. She assists servicers by streamlining their due diligence, law firm selection, and performance management by providing a single point of contact to work with them every step of the way. "Law firms can help servicers stay up-to-date on changing legal and regulatory requirements to ensure that the clients stay compliant," she said. "Beyond that, firms should be proactively advising clients—troubleshooting so that little problems don't become big ones—and respond immediately to client requests. Law firms like those in our network know the ins and outs of the court systems in their states and can often move through the foreclosure process much more quickly and efficiently." She firmly believes that law firms owe it to servicers to stay current on changes and trends in their states to help ensure that the clients stay in compliance with regulatory and legal requirements. She suggests firms should be proactively advising clients and responding immediately to requests.

Catherine Di Lorenzo

Managing Delaware Attorney, Stern & Eisenberg, P.C.

Catherine Di Lorenzo is a Shareholder and Managing Attorney at Stern & Eisenberg, P.C., with 20 years of experience in criminal and family law, litigation, default servicing, litigation, estate planning, and general civil litigation. Specializing in foreclosure and bankruptcy, she's always felt strongly about fairness and equality. She has also faced her fair share of challenges as a woman in the industry. "I have definitely faced challenges my male counterparts have not experienced," she said. "I have been dismissed by other attorneys and judges, I have had to work harder for recognition and promotions, and I have been penalized for having to tend to my family rather than work. Women are inherently treated differently, and the expectations are almost unattainable at times." Despite these challenges, she finds that the most enriching part of her job is when lenders and borrowers can resolve a foreclosure with loss mitigation. Being a lawyer has allowed her to exercise her passion while becoming a shareholder in her firm has also been a career highlight. "I think every lawyer's goal is to become a partner or shareholder in a firm," she said. "I am flattered Stern & Eisenberg presented the offer to become a shareholder and it is definitely a big step in my career." She remains optimistic that mortgage and foreclosure processes can improve and is open to offering her insight and suggestions on how to do so. Di Lorenzo is becoming barred in other states so she can represent the firm in a larger capacity.

Camille R. Hawk

Partner/Attorney, Walentine O'Toole, LLP

Camille Hawk, one of the region's leading creditors' rights attorneys, offers financial institutions first-rate representation in the areas of real estate, lending law, and default services, including lending regulations, bankruptcy, title issues, foreclosure, loss mitigation, litigation, closings, eviction, and collections. She is licensed in Nebraska and Iowa and has over 30 years' experience working with creditors. Camille has been published regionally and nationwide. She has presented seminars for NBI, Lorman, State Bar Associations, and other industry organizations. Some of her presentation topics include triaging files after moratorium holds, foreclosure gap seminars, ongoing CFPB changes, agricultural lending, and foreclosure pitfalls. She also has helped draft and pass several pieces of creditors' rights legislation related to manufactured homes, lines of credit, HOA and COA statutes, lien releases, Trustees' powers, and post-foreclosure funds disbursement requirements. Believing it is important to give back, Camille is active in professional organizations and serves on various community boards. She is the current Chair of the NSBA Education committee, the current Vice Chair of the NSBA Bankruptcy section and the NSBA Bank Attorneys section, a past Chair of the Bank Attorneys section, and a NSBA House of Delegates member.

Laura Scurko

Senior Associate, Stern, Lavinthal & Frankenberg, LLC

Laura Scurko is a Senior Associate at Stern, Lavinthal & Frankenberg, LLC, with 37 years of industry experience. She focuses in default litigation and foreclosures and her passion for law speaks to her successful career. "I have never really wanted to do anything other than to practice law," she said. "I enjoy being intellectually engaged in my tasks. I always liked to learn, and the practice of law provides an opportunity for continued learning daily. I also enjoy problem-solving. While the problems themselves can be daunting, assisting in a resolution is very satisfying." The extent of her experience provides a unique and practical perspective on the issues in default litigation. She has been a valued member of the firm's team since 2004. She has been instrumental in the firm's change management space, ensuring that developments in the law, policies, and procedures are implemented accurately and efficiently. "I am a member of a team of professionals who are observant of what is happening in our areas of practice both in the law and in policy," she said. "I am tasked with monitoring changes in the law and court policies and procedures. I help to facilitate incorporating those changes into our practice, and to advise clients about how those changes may impact their policies and procedures." Scurko is licensed to practice law in New Jersey and is admitted in the 3rd Circuit Court of Appeals and is a member of the American Bar Association.

Lending/Originations

MORTGAGE RATE DROPS ENCOURAGING MARKET ACTIVITY

HouseCanary's December Market Pulse Report showed that activity in terms of net new listings placed on the market is up 5% versus December 2022.

With the Federal Reserve keeping rates steady in December and mortgage rates dropping slightly, affordability has marginally improved. As a result, the market saw the first signs of positive activity in terms of both net new listings and properties under contract. Cooling inflation and anticipated rate cuts this year signal that further positive momentum is to come. However, given that inventory remains at historically low levels, sales growth is expected to be gradual and modest.

"The slight increase in December listings indicates the impact of lower mortgage rates is beginning to trickle down into the market, which comes as an optimistic sign as we head into the new year," said Jeremy Sicklick, Co-Founder and CEO of HouseCanary. "With that said, any market turns are likely to be slow. The mortgage rate lock-in effect is going to keep many would-be sellers who secured pre-pandemic mortgage rates of sub-5% with little incentive to move, meaning low inventory will be a continuing trend. As we enter the year ahead, promising signs that the Federal Reserve will cut rates persist, which will provide at least some relief for homebuyers looking to purchase in 2024."

Key Takeaways:

- Over the last 52 weeks, 2,504,407 net new listings were placed on the market, and 2,589,823 properties went under contract. This represents a decrease of 18.1% and 13.5%, respectively, versus 2022.
- For December 2023, 110,572 net new listings were placed on the market, and 183,184 properties went under contract. This represents an increase of 5.0% and 7.0%, respectively, versus December 2022.
- The increase in net new listings was driven by a 0.8% decrease in new listing volume that was offset by a larger 9.5% decrease in removals compared to December 2022.
- The median number of days on the market is 51. This is down 5.6% from where it was one year prior, at 54 days on the market.
- The median price of all single-family listings in the United States was $424,729, and the median closed price was $394,223. On a year-over-year basis, the median price of all single-family listings is up 3.1%, and the median price of closed listings is up 5.6%.
- Month over month, the median price of single-family listings is down 1.2%, and the median price of closed listings is down 0.5%.

Contract Volume and Net New Listing Volume

Over the last 52 weeks, 2,504,407 net new listings were placed on the market, and 2,589,823 properties went under contract. This represents a decrease of 18.1% and 13.5%, respectively. For December 2023, 110,572 net new listings were placed on the market, and 183,184 properties went under contract. This represents an increase of 5.0% and 7.0%, respectively, versus December 2022.

The increase in net new listings was driven by a 0.8% decrease in new listing volume that was offset by a larger 9.5% decrease in removals compared to December 2022.

The interest rate shock is having the biggest impact on net new listing volume which remains sharply down year over year. Contract volume is also down year over year, but not as much. Net new listing and contract volume are trending at multiyear seasonal lows. Total inventory is up 12.1% from the same period in 2022, and up 24.5% from 2021. Inventory remains very low from a historical perspective.

Contract Volume and Net New Listing Volume by Price Tier

Contract volume in December 2023 is up across all price tiers compared to December 2022.

- » Net new listing volume in December 2023 is down for the two lower price tiers and up for the three price tiers above $400,000 compared to December 2022.
- » The total volume of listings going into contract over the last 52 weeks is down across all price bins compared to the year prior.
- » The total volume of net new listings over the last 52 weeks is down across all price bins compared to the year prior.

Single-Family Price Activity

The median price of all single-family listings in the United States was $424,729, and the median closed price was $394,223. On a year-over-year basis, the median price of all single-family listings is up 3.1%, and the median price of closed listings is up 5.6%. Month over month, the median price of single-family listings is down 1.2%, and the median price of closed listings is down 0.5%.

The median price-per-sqft of all listed single-family homes in the United States sits at $222.30, and the median closed price-per-sqft was $220.80. On a year-over-year basis, the median price-per-sqft of all listed single-family homes is up 2.7%, and the median price-per-sqft of closed listings is up 6.6%. Month over month, the median price-per-sqft of all listed single-family homes is down 1.3%, and the median price-per-sqft of closed listings is down 1.0%.

The sale-to-list-price ratio stands at 97.9%, which is well above the lowest value observed in January 2023. Price cuts are down 6.4% compared to the same time last year.

The median price of all single-family rental listings in the United States was $2,531. On a year-over-year basis, the median price of all single-family rental listings is up 3.1%. Month over month, the median price of single-family rental listings is down 0.3%. Total single-family rental inventory is up 31.3% from the same period in 2022 and up 141.1% from 2021.

FORECAST: COMMERCIAL AND MULTIFAMILY MORTGAGE MARKETS TO STABILIZE IN 2024

According to the Mortgage Bankers Association's (MBA) Commercial Real Estate Finance (CREF) Outlook Survey for 2024, commercial and multifamily mortgage originators will continue to experience an unsettled market for borrowing and lending but anticipate those conditions will stabilize over the year.

"Commercial real estate markets are entering 2024 amid a great deal of uncertainty and, as a result, a significant slowdown in activity," said Jamie Woodwell, MBA's Head of Commercial Real Estate Research. "Leaders of top commercial real estate finance firms believe that a host of factors may continue to act as a drag—rather than a boost—to the markets. However, they do believe that overall uncertainty will dissipate over the year, helping to boost borrowing and lending above 2023 levels."

Highlights of MBA's 2024 CREF Outlook Survey include:

- » More than 90% of respondents consider today's market either somewhat or very unsettled.
- » Among property types, the office market is viewed as most negatively affecting today's borrowing and lending. Meanwhile, half of the respondents view the industrial outlook as having positive impacts.

> "Commercial real estate markets are entering 2024 amid a great deal of uncertainty and, as a result, a significant slowdown in activity."
>
> —**Jamie Woodwell**, MBA's Head of Commercial Real Estate Research

- Cap rates and valuations, base interest rates, and rate volatility are all viewed as having negative impacts on today's financing activity.
- Originators expect the market to stabilize throughout 2024.
- In 2024, lenders are expected to have a (slightly) stronger appetite to lend than borrowers will have to borrow.
- Borrowing and lending volumes are generally expected to rise in 2024.
- Expectations for particular capital sources vary broadly.
- There is a wide range of views as to whether the supply of or demand for debt is greater.
- Across a variety of factors affecting the CRE finance volumes, more are seen as negative than positive for 2024.

According to the Mortgage Bankers Association's (MBA) latest Commercial/Multifamily Mortgage Debt Outstanding quarterly report on Q3 2023, the level of commercial/multifamily mortgage debt outstanding increased by $37.1 billion (0.8%) in the third quarter of 2023. Total commercial/multifamily mortgage debt outstanding rose to $4.63 trillion at the end of Q3, while multifamily mortgage debt alone increased $26.8 billion (1.3%) to $2.05 trillion from Q2 2023.

"The level of commercial mortgage debt outstanding has continued to increase despite a continued pullback in borrowing," Woodwell said. "A decline in sales transaction and refinance volumes has meant less new debt being extended, but it also means that fewer loans are paying off than in many earlier periods. The result is that debt levels continue to rise, but at a pace that is roughly half of what was seen last year."

The 2024 MBA CREF Outlook Survey was conducted between November 30 and December 15, 2023. The survey request was sent to leaders at 60 of the top commercial and multifamily mortgage origination firms, as determined by MBA's 2022 Annual Origination Rankings Report. The survey had a response rate of 40%. Percentages shown are calculated based on applicable responses. Non-responses and "n.a." responses are excluded from the percentage denominator.

CREDIT AVAILABILITY FALLS TO DECADE-PLUS LOW

Mortgage credit availability decreased by 4.6% to 92.1 in December 2023, according to the latest Mortgage Credit Availability Index (MCAI), a report from the Mortgage Bankers Association (MBA) that analyzes data from ICE Mortgage Technology.

A decline in the MCAI indicates that lending standards are tightening, while increases in the MCAI are indicative of loosening credit. The Index was benchmarked to 100 in March 2012.

By loan type, the Conventional MCAI decreased by 3.2%, while the Government MCAI decreased by 5.9%. Of the component indices of the Conventional MCAI, the Jumbo MCAI decreased by 1.7%, and the Conforming MCAI fell by 5.9%.

"Credit availability declined in December to the lowest level since 2012, as ongoing industry consolidation is resulting in more loan programs being removed from the marketplace," said Joel Kan, MBA's VP and Deputy Chief Economist. "Both conventional and government indices experienced decreases. The decrease in the government index was driven by lower investor demand for renovation loans and streamline refinance loans."

As 2023 closed, the 30-year, fixed-rate mortgage (FRM) was on the decline, falling the final two months of the year after edging toward the 8% mark at the outset of Q4.

MEDIAN HOUSING PAYMENT DOWN FROM OCTOBER PEAK

According to a new report from Redfin, the median U.S. mortgage payment dropped $372 to $2,361 during the four weeks preceding the new year, a 14% drop from its all-time high in October resulting in a 14% drop.

The market is beginning to see early-stage homebuying demand return as buyers take advantage of dropping mortgage rates and additional inventory that has hit the market in the last few weeks. Redfin's Homebuyer Demand Index—a seasonally adjusted measure of requests for tours and other homebuying services from Redfin agents—is up 10% from a month ago to its highest level since August. Pending sales are down just 3% annually, the smallest decline in two years.

"There have been more tours and more offers on my listings since mortgage rates started declining," said Shay Stein, a Redfin Premier agent in Las Vegas. "It's all about perspective: Two years ago, buyers would have cried about a 6% mortgage rate. Now, they're happy they've dropped down to the mid-6s."

By the numbers according to Redfin:

- Median Sales Price: $363,371, a 4.4% year-over-year increase
- Median Asking Price: $359,236, a 4.3% year-over-year increase
- Median Monthly Mortgage Payment: $2,361, a 5.4% year-over-year increase
- Pending Sales: 52,552, a 3% decline year over year
- New Listings: 44,297, up 9.5% year over year
- Active Listings: 789,516, down 3.9% year over year
- Months of Supply: 3.8 months
- Median Days on Market: 41, down two days year over year

Looking at the top 50 metropolitan areas, the median sales prices increased the most in the cities of:

1. Newark, New Jersey (18.2% increase in median sales prices)
2. Anaheim, California (18.1%)
3. West Palm Beach, Florida (15.2%)
4. Fort Lauderdale, Florida (15.1%)
5. Miami (11.7%)

Metropolitan areas that saw the biggest decreases were Fort Worth, Texas (3.1% decrease); Austin, Texas (-1.7%); San Francisco (-1.1%); and Denver (-0.4%).

Default Servicing

COMMERCIAL BANKRUPTCIES SPIKED 70% LAST YEAR

According to a new monthly bankruptcy filings report covering the calendar year 2023 published by Epiq AACER, commercial Chapter 11 bankruptcy filings increased a whopping 72% over the year, rising from 3,819 in 2022 to 6,569 in 2023.

Looking at the bigger picture, all commercial filings increased 19% to 25,627 in 2023 from the 21,479 filings recorded in 2022. Subchapter V elections within Chapter 11 also experienced a substantial increase in calendar year 2023, as the 1,939 filings represented a 45% increase from the 1,334 recorded in 2022.

In total, all bankruptcy filings during the calendar year 2023 amounted to 445,186 filings, an 18% increase from the 378,390 recorded in 2022. While representing a substantial year-over-year increase, total bankruptcy filings remain lower than the pre-pandemic total of 757,816 recorded in CY 2019.

"As anticipated, we saw new filings in 2023 increase momentum over 2022 with a significant number of commercial filers leading the expected increase and normalization back to pre-pandemic bankruptcy volumes," said Michael Hunter, VP of Epiq AACER. "We expect the increase in number of consumer and commercial filers seeking bankruptcy protection to continue in 2024 given the runoff of pandemic stimulus, increased cost of funds, higher interest rates, rising delinquency rates, and near historic levels of household debt."

Overall consumer filing totals for calendar year 2023 were 419,559, representing an 18% increase from the 356,911 consumer filings the previous year. The 175,964 consumer Chapter 13 bankruptcy filings during calendar year 2023 also registered an 18% increase over 2022's total of 149,069. Consumer Chapter 7 filings increased 17% in CY 2023 to 242,936 from 207,188 filings the previous year.

"Though still below pre-pandemic figures, bankruptcies in all filing categories climbed last year amid the evaporation of pandemic emergency responses, increased interest rates, and tougher lending standards," said Amy Quackenboss, Executive Director for ABI. "As interest rates remain elevated, increasing geopolitical tensions weigh on global supply chains and debt loads continue to grow, struggling businesses and families can turn to the proven process of bankruptcy for a financial fresh start."

2023 U.S. FORECLOSURE ACTIVITY SNAPSHOT

ATTOM has released its Year-End 2023 U.S. Foreclosure Market Report, which revealed that foreclosure filings—default notices, scheduled auctions, and bank repossessions—were reported on 357,062 U.S. properties in 2023.

This is up 10% from 2022 and up 136% from 2021, but down 28% from 2019, before the pandemic shook up the market. Foreclosure filings in 2023 were also down 88% from a peak of nearly 2.9 million in 2010.

Those 357,062 properties with foreclosure filings in 2023 represented 0.26% of all U.S. housing units, up slightly from 0.23% in 2022, but down from 0.36% in 2019 and down from a peak of 2.23% in 2010.

"Reflecting on 2023, we see the recent rise in foreclosure activity as a market correction rather than a cause for alarm. It signals a return to more traditional patterns after years of volatility," said Rob Barber, CEO at ATTOM. "Our data suggests that while foreclosure activity may fluctuate, it's unlikely to approach the highs seen in the last decade. Instead, we foresee a market that is more reflective of broader economic trends, with foreclosure filings becoming a more predictable aspect of the housing landscape. This shift offers a silver lining—an opportunity for investors, homeowners, and industry professionals to plan and strategize with greater confidence and insight."

The report also includes new data for December 2023, showing there were 30,314 U.S. properties with foreclosure filings, down 6% from the previous month and down 2% from a year ago.

Q4 2023 Foreclosure Activity: High-Level Takeaways

- There were a total of 92,896 U.S. properties with foreclosure filings in Q4 2023, down 8% from the previous quarter but up 2% from a year ago.
- Nationwide, in Q4 2023, one in every 1,503 properties had a foreclosure filing.
- States with the highest foreclosure rates in Q4 2023 were Delaware (one in every 903 housing units with a foreclosure filing); New Jersey (one in every 914 housing units); Ohio (one in every 922 housing units); Maryland (one in every 943 housing units); and South Carolina (one in every 995 housing units).

December 2023 Foreclosure Activity: High-Level Takeaways

- Nationwide, in December 2023, one in every 4,606 properties had a foreclosure filing.
- States with the highest foreclosure rates in December 2023 were Maryland (one in every 2,570 housing units with a foreclosure filing); Connecticut (one in every 2,660 housing units); New Jersey (one in every 2,775 housing units); Ohio (one in every 2,819 housing units); and Delaware (one in every 2,967 housing units).
- 20,490 U.S. properties started the foreclosure process in December 2023, down 8% from the previous month and down 3% from a year ago.
- Lenders completed the foreclosure process on 3,503 U.S. properties in December 2023, up 37% from the previous month but down 4% from a year ago.

Foreclosure Starts on the Rise Nationwide

Lenders started the foreclosure process on 270,222 U.S. properties in 2023, up 9% from 2022 and 193% from 2021, but down 20% from 2019 and down 87% from a peak of 2,139,005 in 2009.

States that saw the greatest number of foreclosure starts in 2023 included:

1. California (29,180 foreclosure starts)
2. Texas (28,533)
3. Florida (27,427)
4. New York (17,330)
5. Illinois (13,764)

Some six states saw an increase in foreclosure starts compared to 2019. They included Indiana (+73%), Idaho (up 70%), Michigan (+15%), Nevada (+10%), and Minnesota (+9%).

Those metropolitan statistical areas with a population greater than 1 million that saw the greatest number of foreclosure starts in 2023 included:

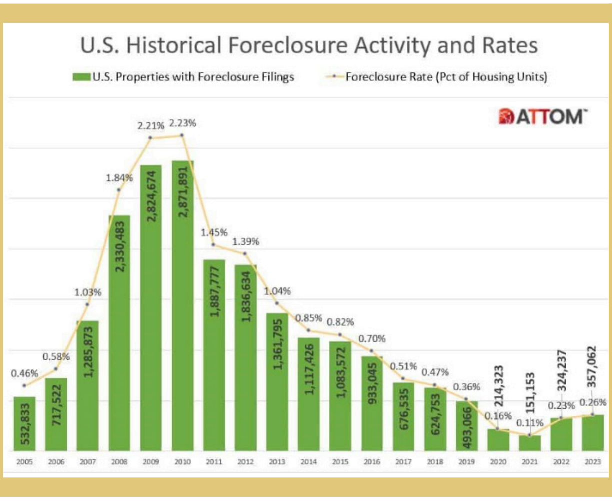
1. New York, New York (18,464 foreclosure starts)
2. Chicago (11,620)
3. Houston (9,476)
4. Los Angeles (8,835)
5. Philadelphia (8,224)

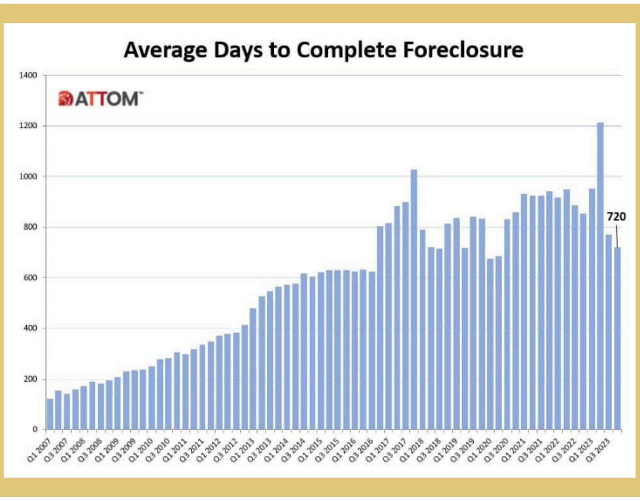
Bank Repossessions Experience Slight Decline from 2022

Lenders repossessed 42,090 properties through foreclosures (REO) in 2023, down 2% from 2022 but down 71% from 2019 (143,955) and down 96% from a peak of 1,050,500 in 2010.

States that saw the greatest number of REOs in 2023 included: Illinois (3,814 REOs), Michigan (3,634 REOs), Pennsylvania (2,853 REOs), California (2,633 REOs), and New York (2,538 REOs).

Those metropolitan statistical areas with a population greater than 1 million that saw the greatest number of REOs in 2023 included Chicago (2,505 REOs), New York City (2,045 REOs), Detroit (1,795 REOs), Philadelphia (1,130 REOs), and Baltimore (872 REOs).





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>
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New Jersey, Illinois, and Delaware Posted the Highest State Foreclosure Rates in 2023

States with the highest foreclosure rates in 2023 were:

1. New Jersey (0.46% of housing units with a foreclosure filing)
2. Illinois (0.42%)
3. Delaware (0.41%)
4. Maryland (0.40%)
5. Ohio (0.38%)

Rounding out the top 10 states with the highest foreclosure rates in 2023 were South Carolina (0.38%), Nevada (0.37%), Florida (0.37%), Connecticut (0.35%), and Indiana (0.32%).

Cleveland, Atlantic City, and Lakeland Posted the Highest Metro Foreclosure Rates in 2023

Among 223 metropolitan statistical areas with a population of at least 200,000, those with the highest foreclosure rates in 2023 were:

1. Cleveland (0.62% of housing units with a foreclosure filing)
2. Atlantic City, New Jersey (0.62%)
3. Lakeland, Florida (0.56%)
4. Columbia, South Carolina (0.55%)
5. Fayetteville, North Carolina (0.51%)

Metro areas with a population greater than 1 million, including Cleveland, Ohio, that had the highest foreclosure rates in 2023 were: Philadelphia, Pennsylvania (0.48%); Jacksonville, Florida (0.47%); Las Vegas (0.46%); and Chicago (0.45%).

The Average Time to Foreclose Decreases Quarterly, Annually

Overall, U.S. properties foreclosed in Q4 of 2023 had been in the foreclosure process for an average of 720 days, a 7% decrease from the previous quarter and a 16% decrease from a year ago.

States with the longest average time to foreclose in Q4 2023 were Louisiana (2,641 days), Hawaii (2,031 days), New York (2,006 days), Nevada (1,816 days), and Kentucky (1,643 days).

COMMERCIAL PROPERTY DELINQUENCIES JUMPED IN Q4

According to the Mortgage Bankers Association's (MBA) latest commercial real estate finance (CREF) Loan Performance Survey, delinquency rates for mortgages backed by commercial properties increased during Q4 2023.

"Ongoing challenges in commercial real estate markets pushed the delinquency rate on CRE-backed loans higher in the final three months of 2023," said Jamie Woodwell, MBA's Head of Commercial Real Estate Research. "Delinquency rates jumped to 6.5% of balances for loans backed by office properties, and to 6.1% for lodging-backed loans. Delinquencies for loans backed by retail properties remain elevated from the onset of the pandemic but were unchanged during the quarter. Delinquency rates for multifamily and industrial property loans both increased marginally but remain much lower."

The balance of commercial mortgages that are not current increased in December 2023 (compared to September 2023):

» 96.8% of outstanding loan balances were current or less than 30 days late at the end of Q3, down from 97.3% at the end of Q3 2023.

- 2.3% were 90-plus days delinquent or in REO, up from 2.2% the previous quarter.
- 0.3% were 60-90 days delinquent, up from 0.2% the previous quarter.
- 0.6% were 30-60 days delinquent, up from 0.3%.
- Loans backed by office properties drove the increase.
- 6.5% of the balance of office property loan balances were 30 days or more days delinquent, up from 5.1% at the end of last quarter.
- 6.1% of the balance of lodging loans were delinquent, up from 4.9%.
- 5.0% of retail balances were delinquent, flat from the previous quarter.
- 1.2% of multifamily balances were delinquent, up from 0.9%.
- 0.9% of the balance of industrial property loans were delinquent, up from 0.6%.
- Among capital sources, CMBS loan delinquency rates saw the highest levels.
- 5.1% of CMBS loan balances were 30 days or more delinquent, up from 4.4% last quarter.
- Noncurrent rates for other capital sources remained more moderate.
- 0.9% of FHA multifamily and healthcare loan balances were 30 days or more delinquent, up from 0.8%.
- 0.9% of life company loan balances were delinquent, up from 0.7%.
- 0.5% of GSE loan balances were delinquent, up from 0.4%.

"Long-term interest rates have come down from their highs of last year, which should provide some relief to some loans, but many properties and loans still face higher rates, uncertainty about property values, and—for some properties—changes in fundamentals," Woodwell added. "Each loan and property faces a different set of circumstances, which will come into play as the market works through loans that mature this year."

MBA's CREF Loan Performance survey collects information on commercial and multifamily mortgage portfolios as of December 28, 2023, where participants reported on $2.7 trillion of loans in December 2023, representing 58% of the total $4.6 trillion in commercial and multifamily mortgage debt outstanding (MDO).

Epiq AACER's recent monthly bankruptcy filings report covering the calendar year 2023 found that commercial Chapter 11 bankruptcy filings increased 72% over the year, rising from 3,819 in 2022 to 6,569 in 2023. All commercial filings increased 19% to 25,627 in 2023 from the 21,479 filings recorded during 2022. Subchapter V elections within Chapter 11 also experienced a substantial increase in calendar year 2023, as the 1,939 filings represented a 45% increase from the 1,334 recorded in 2022.

In total, all bankruptcy filings during the calendar year 2023 amounted to 445,186 filings, an 18% increase from the 378,390 recorded in 2022. While representing a substantial year-over-year increase, total bankruptcy filings remain lower than the pre-pandemic total of 757,816 recorded in CY 2019.

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Government

GINNIE MAE PLANNING NEW REVERSE MBS

Ginnie Mae has announced that it is exploring the development of a new securitization product as part of its effort to enhance and expand its existing Home Equity Conversion Mortgage (HECM) mortgage-backed securities (HMBS) program.

In light of continued liquidity constraints in the reverse mortgage sector, Ginnie Mae is exploring the viability of a new securitization product that would accept HECM loans with balances above 98% of FHA's Maximum Claim Amount (MCA). This new product will not change the requirements for the existing HMBS program, where HECM loans with balances at or above 98% MCA are required to be bought out of HMBS.

"Ginnie Mae remains committed to the HMBS program, which supports an important tool that enables seniors to tap into their home equity," Ginnie Mae President Alanna McCargo said. "This potential product exploration reflects our focus on current liquidity issues affecting the secondary mortgage market. Given the growing population of older Americans that may need to rely on home equity for financial support, continued efforts to provide stability in the secondary market are crucial to the ongoing health and access to the FHA HECM product."

Ginnie Mae recently announced that its MBS portfolio outstanding grew to \$2.52 trillion in December 2023, including \$28.7 billion of total MBS issuance, leading to \$13 billion of net growth.

December's new MBS issuance by Ginnie Mae supported the financing of nearly 95,000 households, including more than 47,000 first-time homebuyers. Approximately 76.3% of the December MBS issuance reflects new mortgages that support home purchases because refinance activity remained low due to higher interest rates.

For the 2023 calendar year to date, Ginnie Mae supported the pooling and securitization of more than 620,000 first-time homebuyer loans.

In addition, Ginnie Mae also recently issued its Annual Financial Report for fiscal year 2023, highlighting its financial performance and accomplishments from the past year, During FY 2023, Ginnie Mae supported more than 1.2 million households, including underserved communities, first-time homebuyers, servicemembers, and veterans. MBS issuance topped \$404 billion, and the Ginnie Mae MBS outstanding reached \$2.476 trillion.

"I am impressed with our financial results and the incredible impact Ginnie Mae has had on millions of American households, even in the face of a challenging housing market," McCargo added. "As the Annual Report shows, we continue to manage an incredibly complex program, numerous risks, and continued growth with strength and precision, and we are managing a number of emerging risks in the housing market with incredible efficiency. I am very proud of our outstanding team for continuously delivering results for the American people during a time when housing affordability has been greatly challenged."

The 2023 Annual Financial Report demonstrates the progress made toward the strategic plan and, more importantly, the strong risk management, governance, and operational discipline that ensures the Ginnie Mae program continues to deliver strong and stable results for issuers, investors, and American taxpayers.

HUD REACHES AGREEMENT WITH RENTAL PROVIDER OVER FAIR HOUSING ACT VIOLATIONS

The U.S. Department of Housing and Urban Development (HUD) has entered a Voluntary Compliance Agreement for Shore Hill

"Restrictive occupancy policies can limit housing opportunities for families in a manner that is discriminatory. HUD is committed to ensuring that every eligible applicant has a meaningful opportunity to participate in HUD-funded housing programs."

— **Demetria L. McCain**, Principal Deputy Assistant Secretary for Fair Housing and Equal Opportunity, HUD

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Apartments resolving a compliance review concerning nondiscrimination in marketing and tenanting procedures.

Shore Hill Apartments is a 558-unit multifamily property comprised of studio and one-bedroom units in Brooklyn, New York, that provides affordable subsidized units through the Section 8 program for families with a member who is 62 or older or has a disability, including otherwise qualified families with children.

HUD enforces the Fair Housing Act, which prohibits discrimination because of race, color, national origin, religion, sex, familial status, and disability. HUD also enforces other federal civil rights laws, including Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin in programs and activities receiving federal financial assistance. Section 504 of the Rehabilitation Act of 1973 prohibits discrimination based on disability in programs and activities receiving federal financial assistance.

"Restrictive occupancy policies can limit housing opportunities for families in a manner that is discriminatory," said Demetria L. McCain, HUD's Principal Deputy Assistant Secretary for Fair Housing and Equal Opportunity. "HUD is committed to ensuring that every eligible applicant has a meaningful opportunity to participate in HUD-funded housing programs."

This Agreement arises from a compliance review that was conducted by HUD's Office of Fair Housing and Equal Opportunity (FHEO) under Title VI and Section 504. FHEO opened the review based on information indicating disproportionately low participation rates of Black and Hispanic residents relative to the housing market area over decades, extending to prior owners of the property. The review sought to ensure eligible persons were not discriminated against in opportunities to learn about, apply to, and reside in HUD-subsidized housing based on race, color, or national origin. In particular, the review revealed the property's occupancy standard restricted occupancy of studio units to a family size of one and one-bedroom units to a family size of two, contributing to denials based on race and deterring families as small as two persons from applying to the property.

FHEO expanded the review to include Section 504 when the investigation revealed the property had a practice of denying families with heads of households under 62 years of age, without considering whether the household was otherwise eligible to apply to and reside in the property based on disability.

The Agreement provides a fund in the amount of $510,000 to compensate individuals who were either denied due to the restrictive occupancy policy or individuals with disabilities who were improperly denied housing.

HUD ANNOUNCES $40M+ IN FUNDING FOR HOUSING COUNSELING AGENCIES

The U.S. Department of Housing and Urban Development's (HUD) Office of Housing Counseling has announced that $40.25 million in grant funding is available to support housing counseling services for homebuyers, homeowners, and renters.

"Housing counselors across the country connect Americans—particularly those from disadvantaged communities—to affordable, safe, and quality housing in the communities of their choice," HUD Secretary Marcia L. Fudge said. "The funding we are announcing will help hard-working people find homes for themselves and their families."

Through the 2023 Office of Housing Counseling Comprehensive Notice of Funding Opportunity (NOFO), HUD plans to award grants to more than 150 housing counseling agencies and intermediary organizations.

These funds will equip individuals and families with the education and resources they need to make informed decisions regarding their housing needs. Funds will also support an array of counseling services provided by HUD-approved agencies on topics including financial management and literacy, homeownership, and affordable rental housing.

Three million dollars of the available funding will be allocated to Historically Black Colleges and Universities, other Minority Serving Institutions, and partnering agencies to help bridge the racial homeownership gap and support underserved communities.

"We're pleased to make these funds available to housing counselors to help American households identify and address their housing needs," Assistant Secretary for Housing and Federal Housing Commissioner Julia Gordon said. "Housing counseling continues to play a vital role in helping homebuyers, homeowners, and renters access and sustain suitable housing, particularly as housing instability and costs are on the rise."

"These awards are instrumental in helping families tap into the wealth-building potential of homeownership and enabling renters to live in decent, affordable homes," Deputy Assistant Secretary for Housing Counseling David Berenbaum said.

FHFA: APPRAISERS UNDERUTILIZING APPRAISAL TIME ADJUSTMENTS

Underappraisals spiked to 15% in 2021 and 12% in 2022, when home prices experienced rapid growth, according to the Federal Housing Finance Agency (FHFA), while house price growth and underappraisal rates returned to more typical levels in early 2023.

As 2024 is predicted to see some similarities to 2023's chaotic market, home purchases remain complicated for many due to appraisals that come in below the homebuyer's contract price offer.

From 2013-2020, the annual rate of appraisals below the contract price ranged from 7% to 9% of transactions. Low appraisals can also impact refinance borrowers by leading to less attractive loan terms, limiting borrowing amounts, or resulting in canceled transactions. Appraisers can consider price changes that have occurred since the time the comparables were sold and make adjustments known as market conditions adjustments or time adjustments.

National Trends in Time Adjustment

During the analysis period, from Q3 2018 through Q4 2021, home prices generally rose, especially in 2021. National house prices grew annually from 5 to 18% over this period. For residential real estate, recent sales of comparable properties are commonly used to determine a property's valuation.

Because comparable sales in this analysis are typically six months old at the time of the appraisal, expected time adjustments would range from approximately 2.5% to 9% of the sales price on average. However, time adjustments are not very common. During much of the analysis period, appraisers time-adjusted fewer than 10% of comparable sales. Even during the rapid price increases of 2021, time adjustment frequency rose only to about 25%.

While adjustments are not necessarily expected in every case, these rates seem to be considerably lower than local price growth would warrant.

Appraisers and Time Adjustments: When Are They Necessary?

When comparable sales are recent or home price growth is slow or flat, there may be no need for a time adjustment. Appraisers adjusted only about 5% of these properties, perhaps because these adjustments are too small to have much impact.

In conclusion, adjustments were unnecessary for, at most, 36% of properties where the predicted adjustment was between -1% and 2%. This result implies that appraisers should have time-adjusted 64% of comparables, far greater than the 13% adjusted.

Are Time Adjustments Accurate?

For predicted adjustments from 1% to 3%, actual time adjustments are within a few tenths of a percentage point. However, as the expected adjustment gets larger, the discrepancy grows. When the predicted adjustment is 5%, actual adjustments average 3%. At 10%, actual adjustments average 5%.

The report concluded that appraisers underutilize and underestimate time adjustments but do not attempt to determine the cause or propose potential solutions. One potential reason for underutilization is that these adjustments are some of the more analytically complex calculations appraisers might perform.

Market Trends

MILLENNIALS BELIEVE THEY'RE MORE FINANCIALLY SAVVY THAN THEIR PARENTS

According to new SWNS Digital research, more than half (58%) of millennials think they're more "financially mature" than their parents. But are they?

A survey of 2,000 millennials examined their financial knowledge and found that while many feel they know more than their parents, a whopping 71% still want to learn more.

But respondents aren't sitting on their hands—half of those surveyed said they've already taken more of an interest in managing their finances this year than last year. So much so that eight in 10 are confident in their ability to manage their finances.

Conducted by OnePoll and commissioned by BOK Financial, the survey found that there's still plenty to learn, as just over a third were able to correctly match each of six basic financial terms to their correct definitions.

One in nine millennials admit that they're not confident in understanding how the credit score system works. Similarly, nearly a fifth of respondents haven't heard of the term "rising rate environment" (19%), and even more aren't aware that they've likely been impacted by this kind of economy (36%).

Surprisingly, 62% of millennials could not correctly identify the definition of "credit," and others couldn't define "net worth" (66%), "mutual fund" (66%), "home equity" (68 Market %), or "bonds" (68%).

To avoid misinformation and make sure they're guided correctly, most have sought information from a financial professional (59%), citing that this is the top source (33%) they trust beyond their own research.

Interestingly, the second-most go-to resource for financial information is their friends (54%), and another 47% look for guidance from social media or influencers.

"Millennials gather information from a variety of sources, and the survey reiterated the importance of having a financial professional you can rely on," said Kimberly Bridges, Director of Financial Planning at BOK Financial. "With all of the information out there coming from many directions, we encourage you to double-check the qualifications of your sources and consult a professional advisor prior to making significant financial decisions."

Many are playing the long game when it comes to their finances, but one in seven still lacks confidence in their financial plans to save for long-term goals, especially female respondents (58% of women feel confident compared to 65% of men).

But maybe millennials are being too hard on themselves. While the average respondent expected that they'd purchase a home at 37 years old, the average millennial homeowner surveyed accomplished this feat at age 29.

Seventy percent of millennials surveyed are homeowners, and while women felt less confident in their long-term financial plans, more women (78%) than men (63%) currently own their homes.

However, times have changed, according to one in eight people who believe others their age can't afford a home today.

A quarter of millennial non-homeowners have saved up money to purchase a house (26%), but most of these respondents have put those plans on hold (62%) in the current economic cycle.

The average millennial who was saving up for a home but hasn't yet purchased one has $46,560.51 from their home fund in the bank.

Further, half of all respondents said the current economy has had an impact on where they always imagined themselves living (48%), putting their plans for moving somewhere secluded (27%), or to a big city (22%), on hold for now.

"Millennials are confident and optimistic on the whole, in spite of the economic challenges they have experienced. Even with today's rising home prices, they are not deterred, with 70% still believing it is possible for people their age to afford to purchase a home," Bridges said. "With their positive outlook, willingness to educate themselves, and desire to partner with trusted financial professionals, I have no doubt they will be able to accomplish their long-term goals."

ZILLOW FORECAST: THE HOTTEST HOUSING MARKETS OF 2024

The Big Apple remains hot! Buffalo, New York, will be the hottest major housing market this year, according to a new Zillow study.

New data found that affordability is the most powerful force driving real estate, bringing lower-cost markets in the Great Lakes, Midwest, and South regions to the top of Zillow's 2024 rankings.

Key Findings:

- Affordability and job growth have pushed the Great Lakes and Midwest regions to the forefront of the forecast.
- The hottest major housing markets in 2024, led by Buffalo, Cincinnati, and Columbus, will highlight affordability.
- Affordability across the United States could improve this year if mortgage rates ease and wage gains continue.

"Housing markets are healthiest where affordable home prices and strong employment are giving young hopefuls a real shot at buying and starting to build equity," said Anushna Prakash, Data Scientist for Zillow Economic Research. "I'm cautiously optimistic that the housing market will get back on stable footing in 2024—we shouldn't see the massive price spikes of the early pandemic or fast-rising mortgage rates of recent years."

Top 10 Hottest Markets in 2024:

1. Buffalo, New York (Average home price: $248,445)
2. Cincinnati ($270,826)
3. Columbus, Ohio ($301,138)
4. Indianapolis ($268,125)
5. Providence, Rhode Island ($455,609)
6. Atlanta ($373,212)
7. Charlotte, North Carolina ($371,844)
8. Cleveland ($215,597)
9. Orlando, Florida ($388,048)
10. Tampa, Florida ($375,338)

Among the front-runners, Buffalo has the highest number of new jobs per new home permitted—a measure of expected demand. New jobs often mean new residents, which increases competition and drives prices up unless new construction can match that additional demand. Inventory is moving extremely quickly in Cincinnati, and Columbus is home to the fastest expected rise in owner-occupied households, an indication of family formation and population growth.

Housing costs hit record highs for both buyers and renters in 2023. This made buying and selling an expensive proposition, even for homeowners with plenty of equity. Zillow's most popular markets in 2023 were relatively affordable, and a Zillow study of United Van Lines data shows relocating households were attracted to areas where houses were roughly $7,500 less expensive than in the area they were leaving.

Affordability should improve in 2024, but it is still going to be the biggest driver of the housing market. Competition for homes is already high in affordable Great Lakes and Midwest markets. Homes listed in these areas tend to go under contract faster than the national average.

Charlotte was dubbed Zillow's hottest market for 2023, and Cleveland and Atlanta also returned from last year's top 10. San Antonio took a long fall to the 49th spot after ranking 13th last year and fourth in 2022.

Examining U.S. Price Growth

Home value growth slowed in 2023, fueled largely by the highest mortgage interest rates seen since 2008. Only 15 of the 50 largest markets are expected to see home values grow in 2024. Even the fastest-growing markets of 2023 are expected to see significant slowdowns in the year to come. Hartford had the highest year-over-year home value growth of any of the country's large markets in 2023 at 11%; that rate is expected to decline to 0.7% in 2024. Charlotte, last year's hottest market, is expected to maintain its steady growth at 1.2%, and Buffalo's typical home value is expected to decline in 2024 by 0.2%.

Taking a Look at Housing Inventory

The inflow of new listings in 2023 slowed dramatically from last year, keeping for-sale inventory at multiyear lows. It's likely that these low inventory markets, in which buyers had the hardest time finding a home and homes generally sold very quickly in 2023, will continue to experience outsized demand (relative to supply) in 2024, compared to other markets. The markets with the fewest listing days per home in 2023—in other words, where the homes generally sold the fastest—were Hartford, Cincinnati, and Columbus.

Demographics

Baby boomers and millennials represent two enormous generations, and both are very active in the housing market. Baby boomers are hardly exiting the market as they age, a departure from previous generations at the same age, and millennials are aging into their prime homebuying years as they hit their early and mid-thirties.

In 2024, only 14 of the 50 largest markets are expected to see homeownership rise. The market with the most lift in the for-sale market is Columbus, with a trend suggesting the formation of 11.4% more owning households (assuming there are homes available for them to buy). Austin and Memphis follow at 9.7% and 9.6% respectively. Of the markets with negative demographic pressure, Birmingham is expected to have the least (-25%), then San Diego (-21.8%), and Oklahoma City (-20.2%).

Of the markets studied, the coolest metro areas of 2024 are expected to include New Orleans, San Antonio, Denver, Houston, and Minneapolis. Each of these is characterized by expected annual home value declines, led by New Orleans where Zillow expects the typical home value to fall by 6% in 2024, and by a projected decline in the number of owner-occupied households.

FINAL THOUGHTS

In this month's Final Thoughts, experts talk about generational homeownership trends, sentiment, and the state of rental and housing markets, including price growth predictions, the current demand vs. supply crisis, and what's to come in 2024.

"escalation of rental costs"

Rob Barber, CEO at ATTOM, discussing how rents are outpacing home prices in more than half the nation—despite rent prices remaining more affordable than owning—making buying and renting a challenge for most Americans.

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"affordability remains strained"

Daryl Fairweather, Chief Economist at Redfin, highlighting the affordability challenges Gen Zers face during the homebuying process and how homeownership rates have stagnated.

★ ★ ★ ★ ★

"supply-constrained"

Doug Duncan, SVP and Chief Economist at Fannie Mae, detailing how affordability changes are going to affect housing demand, with the millennial generation driving much of it, and that rising rates further slowed price growth in Q4.

★ ★ ★ ★ ★

"ready to downsize"

Sheharyar Bokhari, Senior Economist at Redfin, revealing that many empty-nest households—those headed by baby boomers whose children have left home—are looking to downsize to smaller homes or condos as they don't need as much space. But housing demand continues to outpace supply, leaving them with even fewer options to choose from.

★ ★ ★ ★ ★

"generational tug-of-war"

Jon Bostock, CEO of Leaf Home, talking about the "death grip" baby boomers have on the housing market, stalling many millennials' homeownership plans. But he predicts that boomers will eventually face aging-in-place difficulties, with millennials projected to face homes in need of major upgrades, posing financial challenges for both cohorts.


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