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MortgagePoint Magazine

FEBRUARY 2025

Once the Smoke Clears

MortgagePoint examines how the **CALIFORNIA WILDFIRES** could have wide-ranging impacts on government programs, insurance coverage, and the housing market.

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WHITE HOUSE NOMINEES
A look at President Trump's picks for his cabinet and other high-level positions that are sure to shake up the industry.

A TALE OF TWO COASTS

This month's issue of *MortgagePoint*, we bring you news from both the West and East coasts.

As the Los Angeles region recovers from the catastrophic and wildfires that ravaged the area during January, writer Phil Britt has assembled a piece called "Once the Smoke Clears." In this cover feature, *MortgagePoint* examines how the California wildfires could have wide-ranging impacts on government programs, insurance coverage, and the housing market.

As those wildfires were unfolding, historic events of a very different bent were taking place on the east coast, as President Donald Trump returned to the White House for his second term. In our special Government Spotlight section, we have collected our coverage of several of his nominees to run various agencies, and the status of their nominations as of this issue going to print.

Our lineup of features penned by industry subject-matter experts opens with "The Rise of Multigenerational Housing: Lending Trends and Opportunity." Driven by economic pressures, demographic shifts, and evolving social norms, multigenerational housing is becoming more commonplace and reshaping how we live, lend, and borrow. Dan Catinella, Chief Lending Officer for Total Expert, shares his insights.

Next, T. Robert Finlay, Esq., Founding Partner of Wright, Finlay & Zak. LLP, examines "Changes to California's Homeowner Bill of Rights." The rule was intended to put loan servicers into two buckets —the "Big Guys" who annually handle 175 or more annual qualifying foreclosures, and the "Little Guys" who do not meet the 175 threshold. So what's changed?

In "Take Advantage of a Slow Market to Shore Up Processes," Franco Terango, the CEO of Certainty Home Lending, discusses why, with rates starting to drop, savvy lenders are moving to get ahead of the game before a rebound.

You'll find all of this and more in this month's issue. Welcome to the February 2025 edition of *MortgagePoint*.

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Editor-in-Chief

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ROCKET LAUNCHES NEW INTEGRATED SEARCH, FINANCE, AND MANAGEMENT WEBSITE TOOLS

Rocket.com has been unveiled, courtesy of Rocket Companies. Rocket.com streamlines every stage of the homeownership process by enabling users to search, buy, and manage their home financing using an AI-driven interface.

Rocket.com gives customers a one-stop shop and streamlines the process of becoming a homeowner in light of the current shortage of available homes and worries about cost. Conventional home search tools frequently only allow users to browse properties, depriving purchasers of the required direction or practical choices when they're ready to proceed.

By combining property search, financing, and maintenance into a single site, Rocket.com will enhance this. Clients will be able to quickly view properties and get customized financing choices from a Rocket Mortgage banker.

"Rocket.com is designed for serious buyers and sellers, offering a streamlined path to homeownership," said Jamie Belsky, Chief Product and Design Officer at Rocket. "The platform combines Rocket Mortgage's award-winning service with Rocket Homes' search and deep property insights. By leveraging AI technology, we are making buying a home more accessible and achievable for everyone."

Rocket's AI Agent is at the center of the website. It offers round-the-clock assistance, responds to inquiries regarding mortgages and real estate, and updates clients and real estate brokers on interest rates and market developments. Furthermore, the AI Agent expedites operations like application completion, facilitates communication between users and Rocket Mortgage bankers, and provides assistance along the process. Rocket's conversion rate from website visits to loan closings has tripled since its introduction thanks to this tool.

MORTGAGE MACHINE SERVICES FULLY INTEGRATES AI-POWERED PRICING ENGINE INTO PROPRIETARY LOS

An artificial intelligence (AI)-powered pricing engine has been added by Mortgage Machine Services (Mortgage Machine), a digital origination solution for residential mortgage lenders. Pricing for investors and aggregators of a lender is automatically ingested and updated by the pricing engine. Lenders can simplify secondary market procedures with granular controls for administrators, such as mark-to-market tracking against current market circumstances, real-time lock restrictions, and global and product-level pricing modifications.

"Our clients are already delivering outstanding feedback," said James Cassinelli, COO of Mortgage Machine Services. "One client told us that the pricing engine provides great benefits and increases efficiency by reducing the friction introduced by pairing a separate pricing engine with an LOS. Instead of updating pricing details between two different solutions, loan officers can do it all in one."

Loan officers can view principal and interest breakdowns and compare rates using the pricing engine without having to switch screens or make calculations by hand. The Best X function of the pricing engine enables customers to quickly find the best rates for their borrowers.

"We see the pricing engine as a necessity, rather than the bow on top," Cassinelli said. "We have fully integrated the engine with Mortgage Machine's loan origination system at no extra cost to our LOS users."

ROCKTOP TECHNOLOGIES INTRODUCES FORESIGHT TO IMPROVE FORECLOSURE TIMELINES

The Solutions-as-a-Service business Rocktop Technologies (Rocktop) has unveiled ForeSight, a process automation tool that eliminates foreclosure management's expenses and inefficiencies. According to the Mortgage Bankers Association (MBA), the solution comes as residential mortgage delinquencies have increased recently, year over year.

"Rocktop is launching ForeSight at a critical moment for our clients, who are still experiencing stalled growth and prioritizing expense reduction and operational improvements," said Cade Thompson, Co-President and Chief Growth Officer.

By streamlining foreclosure title review procedures and offering cost savings and scalability, ForeSight assists mortgage servicers and their foreclosure lawyers in this endeavor. By cutting down on typical procedural durations, the system offers a quicker and more seamless route to referral and initial legal action. Important characteristics include:

- Comprehensive title evaluation to address exceptions and identify defects earlier in the default cycle
- Thorough collateral analyses to ensure referral readiness
- Proactive filing of title claims to mitigate issues that could derail momentum
- Assignment of Mortgage (AOM) chain review
- Compilation of foreclosure summary packages

A more detailed breakdown of benefits includes:

- **Cost savings:** Reduction in curtailment risk by eliminating additional title claim charges and reducing fees from unresolved title issues
- **Risk mitigation:** Lowering servicers' exposure to potential legal and financial liabilities by identifying impediments before they escalate
- **Time efficiency:** Minimizing the window between a default event and an attorney referral, and from referral to first legal
- **Competitive Advantage:** Improving servicers' competitive advantage by ensuring a smoother process in a dynamic market

ForeSight builds on Rocktop Technologies' combination of mortgage domain expertise and mastery of advanced technologies such as data science, machine learning, and AI to automate:

- The collection and integration of data from various sources, such as servicer platforms, public records, and title companies
- Data analysis using Rocktop's proprietary logic to detect potential impediments and notify stakeholders of prioritized action items
- Resolution of title defects or collateral issues, with follow-ups and status tracking
- Reporting and insights, using comprehensive dashboards and proactive monitoring to provide visibility into progress, cost savings, and improved efficiencies

BLACKFIN ANNOUNCES LAUNCH OF AI PROFESSIONAL SERVICES SUPPORT

BlackFin announced that its Professional Services team is now helping independent mortgage bankers, banks, and credit unions' mortgage teams adopt AI solutions that are specifically focused on mortgages. Based on its knowledge of AI, BlackFin is now assisting in the matching of client needs with AI solutions, as well as in the development of AI strategies, road-mapping, data audits, custom software and tool development, integration of AI systems, and vendor selection. Additionally, BlackFin is offering executive teams the AI education they desire through the perspective of an AI expert in mortgage lending.

Andrew Weiss, Partner, a mortgage technology and AI industry expert who runs the Mortgage Technology Professional Services and Consulting practice at BlackFin said, "Expanding our Professional Services division to support banks, credit unions, and independent mortgage bankers with their mortgage AI strategy is a natural next step for us at BlackFin. After recently launching our whitepaper study, Artificial Intelligence (AI) in Mortgage Banking, and the launch of our now widely requested AI Executive Training, it became clear lenders need actual mortgage bankers who are also AI experts to help guide them through the successful planning, adoption, and implementation of AI tools. Our expanded AI professional services and consulting support is committed to helping our client's separate fact from fiction, help them vet AI vendor sales speak, and ensure any AI investments in 2025 are immediately optimized. We understand there are still some AI compliance rules our industry needs to work through in relation to underwriting and risk management, and our associations are focused on that, but that will take years to fully define. In the meantime, there other applications of AI that lenders must start adopting now to remain competitive."

Mike McChesney, Principal AI Consultant at BlackFin added, "Lenders cannot afford to wait for its baseline origination or point of sale technology vendors to eventually design, build, and offer AI solution-based tools. Otherwise, they will be at greater risk, losing out to those mortgage lending teams at banks and credit unions who are acting now to define their AI mortgage strategy to start lowering origination costs and increasing customer satisfaction scores."

DATATRACE ADDS SEARCH FEATURES AND EXTENDS AUTOMATED TITLE SEARCH

DataTrace reported that it has introduced major improvements to its data and product lines and extended automated title search to almost 1,000 counties. The DataTrace System (DTS) and the DataTrace Digital Gateway™ provide greater title search access, while TitleIQ™ Search Automation offers enhanced automated title search capabilities.

"DataTrace has continued to significantly invest in our data assets and in building out powerful automation solutions to further streamline title search and production, which has traditionally relied heavily on

> "In addition to increased efficiency, the broader use of automation will help our industry address the challenge of an aging and evolving work force."

—**Kim Armstrong**, VP of Product and Strategy, DataTrace

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deep institutional knowledge," said Robert Karraa, President of DataTrace. "Automated title search at scale is now becoming a transformative reality. The expanded access to our unmatched data assets moves our industry closer to a standardized national automated title search solution."

Customers now have direct access to more title plant and property data assets thanks to DataTrace's expansion of its industry-leading data through the DataTrace Digital Gateway. Furthermore, DataTrace has improved the functionality of property and name searches and the user experience by adding two additional search solutions to its TitleIQ solution: while TitleIQ Streamline180 provides search results going back 180 days, TitleIQ Streamline offers a fully automated search up to the title plant start date. Both new tools provide consumers with a unified experience by searching title data by owner name or property address.

"In addition to increased efficiency, the broader use of automation will help our industry address the challenge of an aging and evolving work force," said Kim Armstrong, VP of Product and Strategy at DataTrace. "Access to standardized data and rules-based systems can mitigate the loss of individual expertise due to workforce turnover and retirements and accelerate the learning curve for new associates. To support these efforts, we are also adding new online training programs to help drive productivity gains."

MORTGAGE CADENCE LAUNCHES TAAS OFFERING

Mortgage Cadence announced the release of a new Testing as a Service (TaaS) product. Businesses all over the world are being offered new technologies, but they lack the means to adequately and thoroughly test them. TaaS has been a creative new invention across a variety of industries. The emergence of TaaS offers a useful and timely remedy as lenders continue to struggle with growing operational demands and regulatory scrutiny.

"One of the challenges lenders have with implementing new technologies is the need to fully test any new system before putting it into production," said Monika Bhatla, Head of Quality for Mortgage Cadence. "No lender would risk a compliance violation by using a tool without testing, but few institutions have the resources in-house to run a rigorous testing process."

Fundamentally, the new TaaS team will provide lenders with an outsourced testing solution that blends knowledge, effectiveness, and state-of-the-art technology. For years, the Mortgage Cadence testing team has been improving these procedures in-house, using their knowledge to help the company's technological developments. Taking this tried-and-true method to the next level, the team is excited to share their knowledge to assist lenders with all of their testing requirements. To free up lenders to concentrate on their primary business, Bhatla's staff oversees verifying everything from software implementations to the correctness of loan paperwork.

The benefits of TaaS extend beyond operational support. By partnering with Mortgage Cadence and its experienced testing team, lenders gain access to:

- **Comprehensive Testing Expertise:** TaaS providers bring specialized knowledge and methodologies, often exceeding what an in-house team could achieve.
- **Reduced Workload:** By outsourcing testing, lenders free their teams to focus on other priorities, knowing their testing needs are in expert hands.
- **Enhanced Accuracy and Compliance:** Thorough testing ensures loan documents and processes meet regulatory standards, reducing risks for lenders.

"By working closely with lenders to understand their unique needs and challenges, Mortgage Cadence can now ensure every solution the lender employs are tailored and impactful," said Pedro Garcia, CEO of Mortgage Cadence. Monika's team will provide complete testing of any system the lender wants to employ."

THE LEGAL LEAGUE ALL-STAR LINEUP

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PLANET HOME LENDING NAMES NEW SVP, DISTRIBUTED RETAIL

Planet Home Lending has hired **Matt Payan** as SVP, Distributed Retail Sales. Payan brings more than two decades of experience in retail mortgage sales leadership, branch operations, and driving high-performing sales teams, leveraging his 30-year finance background to increase profitability.

"Matt Payan is a strategic leader with an impressive track record of building and sustaining retail excellence," said Michael Dubeck, CEO and President of Planet Financial Group, parent of Planet Home Lending. "His expertise and focus on providing mortgage loan originators (MLOs) and branch managers with the tools and support they need to thrive will be pivotal as we accelerate our growth in Distributed Retail."

Prior to joining Planet, Payan served as Divisional VP at CMG Financial and SVP of Retail at HomeBridge Financial Services. In these roles, he played a significant part in leading growth initiatives, including strategic acquisitions, and in fostering smooth transitions for branches and MLOs.

"Planet's vision, leadership, and commitment to its MLOs are unparalleled," Payan said. "Loan officers work incredibly hard, and they need to know their customers will stay in the servicing portfolio. Planet's unmatched servicing capabilities, including refinances for existing customers, ensure they do. That trust, combined with the resources and tools Planet provides, makes this an ideal environment for retail teams to thrive."

During his tenure at HomeBridge and CMG, Payan successfully led teams through acquisitions, gaining invaluable experience in supporting branches and MLOs during times of transition. That knowledge will be instrumental as Planet continues to expand its retail footprint and attract top-tier talent.

"Matt brings a unique blend of experience and passion for retail mortgage sales," said John Bosley, President of Mortgage Lending at Planet Home Lending. "His ability to navigate complex transitions, build top-performing teams, and foster a culture of success aligns perfectly with Planet's fierce desire to grow Distributed Retail into an industry powerhouse. With Matt's leadership and Planet's strong capital backing, we are well-positioned to achieve that goal."

WATERSTONE MORTGAGE APPOINTS NEW MANAGER OF TEXAS BRANCH

National mortgage lender Waterstone Mortgage Corporation has announced the opening of a new branch in Bartonville, Texas, known as the Veteran Community Mortgage Team, to be led by **Jason Stier** (Director of VA Lending). The Veteran Community Mortgage team focuses almost exclusively on VA loans and serving the needs of Veteran and Military families in their communities.

"We saw a gap in the market," Stier said. "There weren't many lenders who really understood the ins and outs of the VA process, and we wanted to change that. Our team is dedicated to ensuring veterans get the benefits they've earned."

Stier has more than 21 years of experience in the mortgage industry. He has built a reputation as a trusted, knowledgeable, and approachable loan officer who goes above and beyond for his clients. Known as the "VA Loan Boss," Stier combines expertise with a deep passion for serving veterans, military members, and their families through Veteran Community Mortgage.

INTERLINC WELCOMES NEW BUSINESS DEVELOPMENT MANAGER

InterLinc Mortgage has named **Doug Opdycke** to its team as Business Development Manager, bringing fresh insights and expertise to drive new growth opportunities. With an unconventional career path and 24 years of experience in mortgage recruiting, Opdycke is set to shake things up and drive innovation and growth within the company.

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

Throughout his career, Doug has established a notable reputation with leading industry organizations such as Countrywide, MetLife, iMortgage, Fairway, Nations, and FBC. He takes pride in fostering meaningful connections with candidates, firmly believing that strong relationships are essential for driving success.

"In an industry where reputation and operational integrity are everything, InterLinc has always stood out," Opdycke said. "I'm thrilled to be joining a team that's as committed to quality and resilience as I am—and to help us look

"There weren't many lenders who really understood the ins and outs of the VA process, and we wanted to change that."

—**Jason Stier,** Director of VA Lending, Waterstone Mortgage Corporation

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back and say, 'We not only survived one of the toughest times in the industry; we came out stronger than ever.'"

» *Service Providers*

SERVICELINK ADDS TO ITS NATIONAL SALES TEAM


McCLURE


SIMS

ServiceLink, a provider of tech-enabled services for all phases of the mortgage lifecycle, has announced the addition of **Adam McClure** and **Harold Sims** as National Account Executives. Both will be tasked with forging new lender partnerships for ServiceLink's origination division, focusing on helping lenders increase speed throughout the mortgage process, extend their digital workflow, reduce costs and enhance the consumer experience.

McClure joins ServiceLink with nearly 20 years of experience in the title industry as an individual contributor and leader. Most of his career has been spent in operations. McClure joins ServiceLink after nearly 14 years at Timios, where he held a wide range of positions, from pricing and systems analyst to title officer, policy specialist and trainer.

Sims brings a wealth of knowledge and experience to the ServiceLink team in B2B sales, real estate lending, and customer relationship building. His ability to perform analysis and create solutions for clients, coupled with his vision for issue resolution will bring value to his new role and our organization.

XACTUS WELCOMES NEW CHIEF PRODUCT OFFICER

Xactus has appointed **Mike Brown** as Chief Product Officer. Brown previously served as the firm's Chief Integration Officer.

"As we continue our transformation into a fintech-forward organization, the role of Chief Product Officer is critical to shaping our product strategy and driving impactful innovation to proactively deliver easy-to-configure, automated solutions that streamline workflows, reduce waste and facilitate intelligent decisioning," said Shelley Leonard, President of Xactus. "Mike's extensive expertise and proven leadership make him the ideal choice to lead this effort, ensuring we deliver the right products at the right time to meet our clients' evolving needs."

With nearly 25 years of experience in the financial services industry, Brown has focused much of his career on verification solutions and related mortgage and financial products. Prior to joining Xactus, he served as CEO of CIS, which was acquired by Xactus. He is an active board member of the industry trade association National Credit Reporting Association (NCRA) and has previously served as its VP, Treasurer, and President. A graduate of Robert Gordon's University in Scotland, Brown brings a global perspective to his work.

In his role as Chief Product Officer, Brown will spearhead the development and execution of Xactus' product vision. His responsibilities include overseeing the entire product lifecycle, from ideation and development to launch and implementation. Additionally, he will focus on identifying and analyzing emerging industry trends to ensure optimal product-market alignment, further solidifying Xactus' position as a leader in the verification and fintech spaces.

"I am thrilled to take on this role at a time of growth and innovation for Xactus," Brown said. "Together with our talented team, I look forward to advancing the modern mortgage process and delivering innovative solutions that drive success for our clients."

NEW HEAD OF INDUSTRY RELATIONS JOINS NAR

The National Association of Realtors (NAR) has announced the appointment of **Jarrod Grasso** as its first-ever SVP of Industry Relations. In this newly created role, Grasso will spearhead NAR's efforts to deepen engagement with state and local associations,

Five Star New Member Spotlight

Get to know the companies joining Five Star's constellation of industry membership groups.

LEGAL LEAGUE

NEW MEMBER:

MLS MANGANELLI, LEIDER & SAVIO, P.A.

Manganelli, Leider & Savio, P.A. (MLS), a boutique creditor's rights firm based in South Florida, has joined the Legal League. With over 70 years of combined experience, the firm specializes in mortgage foreclosure, bankruptcy, and real estate matters for mortgage servicers, banks, national lenders, and private investors. The firm offers comprehensive services, from title searches to foreclosure sales, addressing complex issues like bankruptcy, loan modifications, appeals, and more. Known for a hands-on approach, MLS attorneys prioritize clear communication and responsiveness, ensuring clients are always informed and receive efficient, cost-effective solutions. The firm has successfully represented clients in all levels of Florida's court system, including trial courts, district courts of appeal, and federal courts. With a proven track record of over 500 trials and oral arguments, MLS is committed to delivering exceptional results with personal attention throughout the entire process.

Website: mls-pa.com

PROPERTY PRESERVATION EXECUTIVE FORUM

A Five Star Institute Organization

NEW MEMBER:

BLACK DOME® Real Property Services

Black Dome Services is a next-generation property services provider specializing in commercial properties, single-family rentals, and property preservation. Black Dome's extensive offerings encompass property inspections, preservation, maintenance, renovations, and various other interior and exterior property-related services. Black Dome Services' mission is to redefine property management excellence by delivering innovative solutions, unparalleled service, and lasting value to its clients, partners, and communities.

Website: blackdomeservices.com

"I am honored to join NAR in this pivotal new role and look forward to working alongside my association colleagues, our members, and other industry partners to demonstrate how together we can create meaningful solutions for Realtors."

—**Jarrod Grasso**, SVP of Industry Relations, NAR

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MLS executives and other critical industry partners and ensure that the association remains at the forefront of innovation, collaboration and advocacy within the industry.

Grasso brings over two decades of experience in real estate association leadership, including his most recent position as CEO of New Jersey Realtors, where he successfully advanced legislative priorities, enhanced member services, and championed initiatives to promote professionalism and inclusivity within the profession.

In addition to his work in New Jersey, Grasso has maintained an active role on the national association level. Previously, he has served as a NAR Director and was the 2015 Chair of the Association Executives Committee. Grasso has been honored by NAR with the Realtor Association Certified Executive designation, which recognizes his specialized industry knowledge and achievements. In 2013, Jarrod was inducted into the NAR Association Executives Committee's Dr. Almon R. "Bud" Smith Leadership Society, and in 2020, he received the William R. Magel Award of Excellence for excelling in his role as an association executive.

"Investing in dedicated resources to facilitate state and local relations is critical to ensure we're hearing real-time feedback about challenges leaders face so they can be addressed quickly," said Nykia Wright, CEO of NAR. "Jarrod's extraordinary reputation across the industry and with our national, state, and local associations make him the perfect fit for this position. I am confident that his leadership will enhance NAR's ability to serve Realtors."

As SVP of Industry Relations, Grasso will serve as the primary liaison between NAR and state and local association leaders. A major area of his focus will be on raising awareness of and promoting value around NAR initiatives to ensure members at all levels can better leverage tools, training and resources from the national group to advance in their profession.

"I am honored to join NAR in this pivotal new role and look forward to working alongside my association colleagues, our members and other industry partners to demonstrate how together we can create meaningful solutions for Realtors," Grasso said. "By fostering strong relationships and addressing critical industry priorities, we can help members remain indispensable to their clients and communities."

CALQUE PROMOTES SRIVASTAVA TO CHIEF REVENUE OFFICER

Calque has announced the promotion of **Dr. Chandra Srivastava** to Chief Revenue Officer. Srivastava has been with Calque since its inception as a founding member and has played a pivotal role in its growth and success.

In her new role as CRO, Srivastava will oversee the company's revenue streams, develop partnerships, and ensure the continued expansion of Calque's innovative "buy-before-you-sell" programs, The Trade-In Mortgage and the recently launched Contingency Buster. Both programs remove compliance and risk barriers so established lenders can provide their borrowers with the tools they need to navigate the competitive housing market easily and successfully.

"Chandra has been an integral part of Calque since day one, and her leadership has helped us grow into the company we are today," said Michael Bremer, CEO of Calque. "Her passion for innovation and deep understanding of homebuyer needs make her the perfect fit to lead our revenue efforts and expand market reach."

Srivastava is a strong internal promotion for Calque, signaling a broader strategy to expand its suite of solutions for homeowners and lenders alike. Her extensive experience in product development and customer engagement is ideal for optimizing the existing "buy-before-you-sell" products and spearheading new initiatives to support lenders and real estate professionals.

"I'm excited to take on this new role and continue working with our talented team to build innovative solutions that meet the needs of today's lenders, real estate agents, and homebuyers," Srivastava said. "Calque's commitment to affordability and helping people achieve their homeownership goals has always been a driving force for me. I look forward to contributing to our next growth phase."

TRELIANT NAMES NEW MANAGING DIRECTOR

Treliant has named **Andrew Surgan** Managing Director, Regulatory Compliance, Mortgage, and Operations Solutions. Surgan has more than 30 years of experience in regulatory compliance including 23 years in the broker dealer and investment banking sector. Most recently, he was a Managing Director at Grant Thornton in New York City, leading the firm's regulatory compliance practice focused on this market. Previously, he has held the role of Chief Compliance Officer for several U.S.-based and global broker dealers, among other financial services firms including Mitsubishi UFJ Financial Group, RBC Capital Markets, The Bank of New York, and Citigroup.

Throughout his career, Surgan has interacted with regulators such as the Financial Industry Regulatory Authority (FINRA), Securities & Exchange Commission (SEC), and Commodity Futures Trading Commission (CFTC), helping firms remediate regulatory findings.

"In today's uncertain environment, members of the investment community need to be able to rely on experts who can not only identify potential risks but also provide efficient and practical solutions," said Brendan Mulvey, Senior Managing Director, Regulatory Compliance, Mortgage, and Operational and Enterprise Risk Management Solutions. "Andrew's deep understanding of the industry and regulatory landscapes combined with his proven track record of helping regulated entities navigate compliance and operational challenges will be invaluable to our clients."

"With efficient and innovative approaches, broker dealers and investment advisers can master the regulatory complexity and change all around them, optimize their operations, and leverage compliance as a strategic advantage," Surgan said. "I look forward to equipping our clients to achieve both compliance and operational excellence."

RE/MAX ADDS NEW EVP/ CHIEF GROWTH OFFICER

RE/MAX Holdings Inc., parent company of RE/MAX, has announced that industry veteran **Chris Lim** is joining RE/MAX as EVP and Chief Growth Officer. With more than 22 years of experience in real estate sales, franchise development, market expansion, and strategic growth, Lim brings a wealth of expertise to the role.

Lim's career includes serving as the former President of Christie's International Real Estate, where he played a key role in accelerating the brand's agent growth and expanding the network globally. He also held leadership roles as President of @properties, Brand President at Realogy Holdings, and Founder & CEO of Climb Real Estate. Throughout his career, he has demonstrated an unparalleled ability to execute franchise strategies that have fueled and increased brand visibility and strengthened network relationships.

"Chris is a visionary leader who brings a unique combination of strategic insight, operational excellence and relationship-building to the table," said Erik Carlson, CEO of RE/MAX Holdings. "His unique and expansive experience will be invaluable as we continue to expand the RE/MAX footprint and provide even more support to affiliates. He's the right person to help us grow and lead the charge into the future."

As EVP and Chief Growth Officer at RE/MAX, Lim will oversee the teams dedicated to supporting franchise growth and strength in U.S. company-owned regions, ensuring franchisees receive customized support that aligns with their needs, and driving the company's objectives of increasing agent count and expanding market presence. Lim's role is a key part of the company's ongoing commitment to evolve, adapt, and further solidify the brand's position as a leader in the real estate industry.

"I am thrilled to join the RE/MAX team and help shape the future of this iconic brand," Lim said. "I'm inspired by Erik's vision for the Company and the direction RE/MAX is taking. The future of the real estate landscape is about innovation, growth, and adaptability, and the best is yet to come for RE/MAX as we lead the way. I look forward to working with our franchisees and agents to drive growth strategies across the network."

MBA NAMES NEW VP OF COMMERCIAL/MULTIFAMILY POLICY

The Mortgage Bankers Association (MBA) has announced the promotion of **Megan Booth** to the role of VP of Commercial/ Multifamily Policy. In her new role, Booth will manage the development and execution of MBA members' policy objectives and goals and will serve as a staff lead on federal and state regulatory issues pertaining to commercial real estate finance.

"Megan is a recognized policy expert who consistently delivers for MBA and its members," said Jamie Woodwell, MBA's SVP of Commercial/Multifamily and Strategic Industry Engagement. "Building on her 28-year career in commercial real estate policy development and advocacy, Megan has established MBA as the leading voice on a range of important regulatory issues, and our members will continue to benefit greatly from her extensive policy knowledge and innate ability to advocate successfully on their behalf."

Booth, who joined MBA in 2022 as Associate VP of Commercial/Multifamily Policy, will help lead MBA's commercial and multifamily policy activities, including policy and advocacy formulation and strategy, member engagement, representation before federal housing and financial regulators, and partnerships with fellow trade associations and other groups within the industry. In her previous role at MBA, she was instrumental in securing numerous advocacy wins on multifamily housing issues and wrote comment letters, congressional testimony, and other communications while increasing member engagement and attendance at MBA conferences.

Prior to joining MBA, Booth served as SVP of Policy at the Manufactured Housing Institute. Before that, Booth held ascending roles at the National Association of Realtors (NAR) for nearly 24 years, where she worked on federal housing and commercial, multifamily, and property management issues. Booth also has previous experience in construction management and maritime policy and as a legislative aide on Capitol Hill.

NEIGHBORWORKS AMERICA ADDS NEW DIRECTOR OF SUSTAINABILITY AND RESILIENCE

NeighborWorks America has named **Cormac Molloy** as its Director of Sustainability and Resilience, a new position on the National Real Estate Programs team within the National Initiatives Division. The position follows increased emphasis by NeighborWorks America and its national network of nearly 250 locally managed nonprofit community development organizations on building resiliency and sustainability for all types of affordable homes throughout the country.

"I am so pleased to welcome Cormac to the National Initiatives team," National Real Estate Programs Vice President Lisa Getter said. "In this new role, Cormac will be responsible for strategies that promote healthier, more affordable and disaster-resilient homes in collaboration with new and existing lenders and other business partners."

Cormac has been a leader in the NeighborWorks Training Division, establishing professional development programs that build technical and financial expertise necessary to access investment funds that improve the sustainability and resiliency of our built environment.

A 2024 national survey for NeighborWorks America found that 51% of adults said that the weather-related risk to their homes was either growing somewhat or a lot, while nearly 20% of the nation's homeowners and renters reported having trouble getting disaster-related insurance. The cost of housing-related disaster insurance rose much faster than inflation in recent years, and people in multiple states are finding it difficult to get insurance against disaster at all.

"Given this reality for homeowners and renters, it's vital that everyone associated with housing work better together to find affordable solutions," Molloy said. "I'm excited by this opportunity to forge new alliances that will increase accessibility to strategies that improve affordability and sustainability for households."

VISIO HIRES NEW CEO

Visio Financial Services Inc. has announced the hiring of **Jenny Coupland** as CEO. Coupland is poised to lead the next phase of rapid expansion and growth for Visio, leveraging her expert management of Visio from the Board of Directors, optimization of hedge fund private investments, and her legal and business experience with financial institutions in the financial industry and beyond.

Coupland replaces Founder CEO Jeff Ball and President Matt Matza upon their recent retirements.

Most recently, Coupland served as Managing Director of Private Investments at Beach Point Capital Management in Santa Monica, California, where she not only was responsible for managing and optimizing the hedge fund's private investments, but also sat on the Board of Directors for Visio. Prior to Beach Point, Coupland was an Attorney for both Winston & Strawn, and Morgan, Lewis & Bokius LLP, advising issuers and financial institutions on complex structured transactions. Coupland also spent a number of years focused on correspondent lending, whole loan pricing and trading at one of the largest mortgage lenders in the country.

"Real estate investors are a critical driver of our economy and addressing the housing crisis, and Visio has done an impressive job at focusing so heavily on loan products for this vital group," Coupland said. "I am thrilled to join the team and look forward to working for such an innovative and reputable company."

> **"Real estate investors are a critical driver of our economy and addressing the housing crisis, and Visio has done an impressive job at focusing so heavily on loan products for this vital group."**
>
> —**Jenny Coupland**, CEO, Visio Financial Services Inc.

Industry Update

FREDDIE MAC, ICE COLLABORATION OFFERS LENDERS GREATER EFFICIENCIES WHEN ORIGINATING LOANS

Lenders may now underwrite mortgage loans more rapidly and effectively, beginning at the point of sale, according to improvements unveiled by Freddie Mac and Intercontinental Exchange, Inc. (ICE), which take advantage of both businesses' automation capabilities.

"Together, Freddie Mac and ICE have leveraged our organizations' unique technological strengths to help lenders originate more mortgages in this challenging market," said Freddie Mac's Kevin Kauffman, SVP, Seller Engagement, Single-Family Acquisitions. "The result is empowering lenders to originate more loans eligible for sale to Freddie Mac without changing their workflow. We're also arming lenders with more detailed information around purchase requirements as well as cost-saving options for first-time homebuyers."

Lenders now have more integrated access to the newest features of Freddie Mac's automation underwriting system, Loan Product Advisor (LPA), through Encompass, ICE's popular digital mortgage lending platform. The dual AUS function offered by the Encompass Underwriting Center offers:

- Access to Freddie Mac's LPA Choice feedback messages, which offer actionable responses to help lenders make faster, informed decisions and turn more Cautions messages to Accepts. Feedback messages include information about debt-to-income ratios, loan-to-value ratios, and reserves.
- Feedback on whether a given loan is eligible for employment representation and warranty relief.
- Access to critical LPA messages highlighting Freddie Mac's automated collateral evaluation (ACE) and ACE+ PDR appraisal alternatives.

"ICE is actively digitizing mortgage lending; integrating systems, solutions and processes to provide maximum value for lenders and households alike," said Tim Bowler, President of ICE's mortgage technology division. "By virtue of this collaboration, Encompass users can now seamlessly access Freddie Mac's latest LPA offerings as part of their existing workflows. As always, the goal is to increase efficiency, lower costs and help lenders put more qualified borrowers into homes they can afford."

The features in Freddie Mac's LPA assist lenders in automating the evaluation of borrower assets, income, and employment while detecting the presence of favorable cash flow or a history of regular rent payments that may have a beneficial effect on the risk assessment.

According to a recent investigation, the likelihood of flaws in loans generated by lenders who use specific Freddie Mac automated offers is up to four times lower than that of loans that do not use this technology. Since problems with income verification make up over one-third of all buy transaction flaws, process automation is particularly helpful for recording income in both collection and assessment.

A&D MORTGAGE SET TO ACQUIRE WHOLESALE MORTGAGE ORIGINATION BUSINESS

A&D Mortgage, LLC (A&D Mortgage) has announced the signing of a definitive agreement to acquire the wholesale and non-delegated correspondent mortgage business from Mr. Cooper Group Inc. (Mr. Cooper). Mr. Cooper previously acquired the wholesale and non-delegated mortgage business as part of a separate transaction in November 2024.

"We took a very careful and measured approach to finding a potential partner to grow our QM business," said Max Slyusarchuk, CEO of A&D Mortgage. "A&D's goal is to be an industry leader, and this transaction is a big step forward." The combined entities funded over $10 billion in originations in 2024.

The combination expands A&D's broker network to over 8,500 partners, with access to a full suite of benefits offered by a top-tier lender including:

- A diverse portfolio of 20+ mortgage programs tailored to meet every loan scenario including Agency, Government, Jumbo, and non-QM
- Industry-leading turnaround times
- Advanced technologies including proprietary origination technology
- A partner-focused "YES" approach delivering unmatched support

"It took almost three years of screening candidates ,and finally we found what we were looking for," Lana Izgarsheva, Chief Operating Officer of A&D Mortgage, added. "The deep expertise in the mortgage business, the high-tech culture, and most importantly, the core values of the team—these are things we are similar in. I think this is a great match!"

The wholesale and non-delegated team members at Mr. Cooper will be offered the opportunity to join A&D Mortgage when the transaction is complete. The transaction is expected to close by March 31, 2025; the terms of the transaction have not been disclosed.

> **"It took almost three years of screening candidates, and finally we found what we were looking for. The deep expertise in the mortgage business, the high-tech culture, and most importantly, the core values of the team—these are things we are similar in. I think this is a great match!"**
>
> —**Lana Izgarsheva**, Chief Operating Officer, A&D Mortgage

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GO MORTGAGE, PACIFIC RESIDENTIAL MORTGAGE ANNOUNCE STRATEGIC MORTGAGE LENDING MERGER

Go Mortgage announced its merger with Pacific Residential Mortgage (PacRes), a lender based in the Pacific Northwest. The merger creates one of the most creative and active lending companies in the market by combining two reputable mortgage providers.

With its headquarters still located in Columbus, Ohio, the merger places Go Mortgage as the surviving company and allows it to enter new markets around the country. By utilizing state-of-the-art technology and the combined resources of both companies, this strategic alignment aims to improve services for team members, business partners, and borrowers.

"This merger represents a significant step forward in our mission to create a best-in-class mortgage company," said Michael Isaacs, CEO of Go Mortgage. "With PacRes' strong foundation in the Pacific Northwest and our well-established presence in the Midwest and East Coast, we are uniquely positioned to serve customers across the country. Our combined resources and new high-tech solutions—such as automated underwriting, pre-approvals, and disclosures—will drive efficiencies, enhance the customer experience, and support the next phase of our growth."

Economies of scale from the combination will result in cost savings and increased lending volumes, allowing for competitive pricing and a wider range of products. A strong leadership team that combines the best aspects of both businesses will also help the merged corporation succeed in the future.

Melissa Stashin, President of PacRes and now President of the combined company, added, "By joining forces, we are combining our complementary strengths and creating a platform that can scale nationally while still maintaining the personal, relationship-based service our customers and partners value. Together, we're not just merging companies; we're building a vision for the future of mortgage lending."

The leadership team for the newly combined company includes:

- Michael Isaacs, CEO
- Melissa Stashin, President
- Andrew Panagos, COO
- Eric Wiley, Chief Growth Officer
- Casey Delinsky, SVP of Capital Markets
- Dave Swecker, CFO
- Lindsy Gwozdz, SVP of Compliance, General Counsel

A common dedication to innovation and excellence is reflected in the merger. By simplifying the mortgage application process and facilitating quicker, more precise service, the incorporation of cutting-edge technology will further improve consumer satisfaction.

ONCE THE SMOKE CLEARS

MortgagePoint examines how the California wildfires could have wide-ranging impacts on government programs, insurance coverage, and the housing market.

By **PHIL BRITT**

California's wildfires, which were still burning as this issue went to press at the end of January, are expected to have significant impacts on government housing-related programs, the insurance market, housing affordability, and delinquencies, with many of the effects reaching far beyond the regions of the fires themselves.

Before the Hughes Fire erupted in northern Los Angeles during the third week of January, some estimates already put the losses as high as 1.6% of the Los Angeles housing market, with more than 24,000 housing units destroyed and more expected to be lost.

Though there has been some government response to the disaster already, some government agencies are remaining mum, wanting time to assess the damage and consider the response.

Many mortgage industry experts are also reserving commentary on the effects of the disaster until the full extent is known.

Federal, State Programs

A week before he left office, President Joe Biden made federal funding available for the next six months to cover temporary housing, emergency assistance to individuals, and costs related to immediate public safety threats, such as the cleanup of debris and hazardous materials.

PHIL BRITT *started covering mortgages and other financial services matters for a suburban Chicago newspaper in the mid-1980s before joining Savings Institutions magazine in 1992. When the publication moved its offices to Washington, D.C., in 1993, he started his own editorial services room and continued to cover mortgages, other financial services subjects, and technology for a variety of websites and publications.*

However, in a late January interview with Fox News, President Donald Trump threatened to withhold federal disaster aid unless California leaders change the state's water management rules.

In late January, California Gov. Gavin Newsom signed legislation providing over $2.5 billion in disaster relief, with the funding designated to help bolster ongoing emergency response efforts, saying that the funding was the first step in the state's response to the recovery efforts.

The funding includes:

- Emergency protective measures, evacuations, sheltering for survivors, debris removal and cleanup, post-fire hazard assessments (such as flash flooding and debris flows), traffic control, and other necessary emergency response activities.
- $4 million to help expedite rebuilding. The California Department of Housing and Community Development will allocate this funding to impacted local governments to provide additional planning review and building inspection resources for the purpose of expediting building approvals during the recovery period.
- $1 million to rebuild fire-damaged school facilities. The funding will provide technical assistance to impacted local educational agencies (Los Angeles Unified School District, Pasadena Unified School District, impacted charter schools).

The funding will make only a small dent in the devastation caused by the wildfires.

To aid those impacted by the fires, California Insurance Commissioner Ricardo Lara in late January ordered California insurance companies to make advance payments on claims.

"We advise wildfire-impacted households to request these advances, continue tallying up the full extent of their losses and how much it will cost to replace their homes and possessions, and stay focused

on collecting all available policy benefits," said consumer advocate Amy Bach, United Policyholders Executive Director, in a prepared statement.

Lara also put a moratorium on any non-renewals or cancelations for those in wildfire-affected areas.

Though First American Financial Corporation reserved commentary on the wildfires until more is known, the company did discuss it in a recent blog post.

The recent Los Angeles wildfires are on pace to be the most destructive in California's history, the company noted, explaining that it was too early to fully assess the scale of the damage, as the emergency was not yet over. But one clear result even then was a housing "supply shock," or a rapid reduction in housing supply. First American's post noted that it was difficult to quantify the extent of the supply shock, since most reports available at the time only counted "structures" destroyed—which doesn't easily translate into "housing units," the typical measure of supply in the residential market.

"Rebuilding in Los Angeles will be challenging," wrote Xander Snyder, First American Senior Commercial Real Estate Economist. "The city is known for its difficult building environment. Although there have been some moves to relax certain regulations to ease redevelopment, it remains to be seen whether these policies will have their intended effect. Long redevelopment times and high redevelopment costs means there will be a significant period of time where all the displaced households will be seeking housing with less housing suddenly available.

"Additionally, approximately 72% of all residential land in Los Angeles is zoned exclusively for single-family development, which could make it difficult to quickly build housing stock densely enough to accommodate demand."

Snyder added: "This will increase housing costs—both prices and rents—across the city. However, if many people who have lost their homes choose to relocate to other cities, the supply shock would be less severe, and the impact on rents and house prices would be more limited."

Beyond the programs and initiatives already announced, further government initiatives are a matter of speculation, according to various government agencies and mortgage industry experts.

"It's too early to assess the full impact of the devastating wildfires in California," NAIC, which was not granting interviews at press time, said in a prepared statement. "We would urge affected property owners to contact their insurance companies as soon as possible to see what their policy covers and then file claims. The California Department of Insurance—like all state Departments of Insurance—is available to assist consumers with their claims and insurance questions."

The prepared statement added: "Insurance regulators work on behalf of their states to ensure stable, competitive marketplaces and financially solvent carriers. They make sure that insurance companies have the financial resources to make good on their promises to pay claims. They work to ensure that consumers have choices when it comes to buying insurance to protect their family and their property.

"Nobody knows what the government is going to do," said **Shawn Yerkes**, Group President, Financial Services, for Fay Financial. "Obviously, co-insurance is going to be an issue moving forward. Every time government has stepped in, they have issues. You saw that in Florida, where they created a subsidized agency [Citizens Property Insurance Corp.], and now they're trying to sell off the assets."

Citizens Property Insurance Corporation said that its policy count has dipped below 1 million for the first time in more than two years as the Florida property insurance market continues to improve.

In early December, Citizens announced its policy count had dropped to 987,650, which the organization credited to its the Citizens Depopulation Program. Since January 2024, the program has transferred more than 428,000 Citizens policies to private insurance companies approved by the Office of Insurance Regulation.

Citizens is also seeing a reduction in the flow of new policies into Citizens, which it says is due to renewed interest by new and existing private companies to enter or expand in the Florida market.

California's FAIR Plan is a similar concept, providing basic fire insurance coverage for high-risk properties when traditional insurance companies will not.

In mid-January, the FAIR Plan said that initial estimates indicate that about 22% of the structures in the CAL FIRE incident map for the Pacific Palisades Fire are covered by the FAIR Plan, with a total potential exposure of over $4 billion for the Pacific Palisades Fire, and a total potential exposure of over $775 million for the Eaton Fire, according to the CAL FIRE incident maps. However, there had yet to be any estimates for the Hughes Fire or the other smaller California fires that emerged.

Though the California Fair Plan Association points out that exposure doesn't mean losses, a *Los Angeles Times* article questioned if the association could stay solvent without an additional cash infusion.

The California fires, as well as the hurricanes throughout last year, will lead to higher property insurance costs across the country, mortgage industry experts agree.

"In the last couple years, it's been extremely difficult for anybody in California to get insurance, and the cost has doubled and or tripled in some areas," said **Gretchan Francis**, InsureMAC Managing Director.

Though more expensive than traditional insurance, and only intended to protect the lender, the sharp increases in traditional insurance means that lender-placed insurance currently "doesn't look so bad," according to Francis. Historically, 1-2% of homeowners have lender-placed insurance.

Though Lara's one-year moratorium on cancellations and non-renewals helps homeowners maintain insurance now, it will likely lead to more carriers leaving the state and even sharper insurance increases in the future, Francis claimed.

Furthermore, those increases won't be limited to the areas impacted by the wildfires, which are a crisis for the car-

riers due to the rush of claims, as well as for the property owners, Francis says.

"Insurers are going to spread out their risk," Yerkes said. "Unfortunately, that means even if you live in a low-risk state, which there are fewer and fewer of these days, premiums will increase a lot. There are fewer and fewer safe havens, and those states are going to have to absorb some of the cost of insuring those in other locations."

Yerkes expects increases to be as much as 30%, which will impact home affordability, as well as delinquencies. Francis expects insurers to raise deductibles to help mitigate the increase in premiums.

"The California insurers don't know what to do yet because this has hit in such a short period of time," Yerkes added.

Even before the wildfires hit, some major insurers had stopped providing coverage in Los Angeles.

Rebuilding in Los Angeles will be challenging due to the city's difficult building environment and zoning regulations, so the loss of supply will likely increase housing costs across the city, Snyder noted.

Impact on Home Affordability

While rising material and labor costs and any remediation of fire retardants and other hazardous materials will make rebuilding structures more costly than the homes they replace, **Daren Blomquist**, VP of Market Economics for Auction.com, said he expects there to be no shortage of interest in rebuilding in the Pacific Palisades and surrounding areas that were completely destroyed by the fires.

However, the rising costs of homes and insurance will have a negative impact on home affordability, mortgage industry experts agree.

Many homes in the areas that have been hit by wildfires or hurricanes are on some of the most desirable land in the country and were owned by the very wealthy, who can afford higher insurance rates, Yerkes said. But that won't be the case for everyone impacted by this or future disasters.

"I started in mortgage lending 25 years ago, and insurance was an afterthought. It didn't affect your debt-to-income ratio or your qualification. But now it's a completely different animal."

> **"Insurers are going to spread out their risk. Unfortunately, that means even if you live in a low-risk state, which there are fewer and fewer of these days, premiums will increase a lot.**
>
> —**Shawn Yerkes**,
> Group President, Financial Services, Fay Financial

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The cost of taxes and insurance are having a major impact on home affordability, Francis agreed. "The only good thing is that, during COVID, a lot of people refinanced at very low interest rates. So, we have a large number of borrowers that are sitting on very, very low interest rates. They're highly incented to stay where they are and continue paying that very, very low interest rate on their mortgage."

More Delinquencies?

However, some homeowners, including some who still had outstanding mortgages, won't be returning, Blomquist acknowledged.

"I think the uptick in delinquencies that we're already seeing will likely be continuing due to issues like this," Blomquist said, referring not only to the wildfires but also other disasters. "The uptick in delinquencies will eventually trickle down to more foreclosure options that we'll see for our company. But COVID pushed the mortgage servicing industry to get very good at dealing with disasters."

Blomquist explained that he expects "we will see not only some government programs step in, but also the mortgage servicing industry help by giving people more time when they've been hit with a natural disaster, [helping provide] plans to start paying their mortgage again."

Both the government and industry response remain in the state of flux until the current wildfires burn themselves out, and likely for some time thereafter.

Jane Mason, CEO of Clarifire, urged lenders and others in the mortgage industry to communicate often and clearly with borrowers.

"I live in Florida and experienced two direct hits with the hurricanes," Mason said. "One of the commonalities between the hurricanes and the wildfires are the communications with the borrowers. We advise our customers, which are large servicers and banks, to be proactive."

This sort of proactivity can include informing customers if they automatically qualify for forbearances or how to apply for different programs. "What's happening is the lack of coordination between the servicers, the mortgages, the mortgage companies, the insurers, and the FEMA organizations," Mason said. "Servicers, banks, insurance companies need not only collaboration but robust technology to manage and respond." MP

THE 2025

FIVE STAR EVENTS

MARK YOUR CALENDARS!

Velocity: A FORCE Conference

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

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

Legal League Spring Servicer Summit

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

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

Five Star Government Forum

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

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

Five Star Conference & Expo

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

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

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TRUMP NAMES BILL PULTE AS NEXT FHFA DIRECTOR

U.S. President-Elect Donald Trump took to the social media platform Truth Social to announce the nomination of **Bill Pulte** as next Director of the Federal Housing Finance Agency (FHFA).

Pulte, a private equity executive, is the grandson of William Pulte, Founder and Chair of U.S. homebuilder PulteGroup. He is known for his philanthropic work via social media, using the social platform X, where he currently has three million followers.

The FHFA is an independent agency established by the Housing and Economic Recovery Act of 2008 (HERA), responsible for the supervision, regulation, and housing mission oversight of the Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System (which includes the 11 Federal Home Loan Banks and the Office of Finance).

"Bill needs no formal introduction to the Great Citizens of our Country, because they have seen, and many have experienced, his philanthropy firsthand," said Trump in his post. "He believes in the incredible potential of our Nation, and will help us restore the American Dream FOR ALL."

Current FHFA Director Sandra L. Thompson announced her retirement as of January 19, one day before Trump's inauguration as President of the United States. Had Thompson not announced her retirement, Trump would have had the authority to remove her as FHFA Director following his inauguration, thanks to a U.S. Supreme Court decision in the case of *Collins v. Yellen* that simplifies the process of removing the FHFA Director.

"Thank you Mr. President. You are the greatest President in history, and under your leadership, we will restore the American Dream FOR ALL!," said Pulte in a posting on X after the nomination was announced.

Pulte, grandson of William Pulte, Founder and Chair of U.S. homebuilder PulteGroup, was a member of the Board of Directors of PulteGroup, residential home-construction company based in Atlanta. As of 2023, the company was the third-largest home-construction company in the nation based on the number of homes closed—having built nearly 800,000 homes.

In 2001, Pulte Homes acquired Del E. Webb Construction Company, for $1.8 billion. In 2003, the company acquired Sivage-Thomas Homes, and in 2009, the company acquired Centex for $1.3 billion in stock. In August 2014, the company acquired the real-estate assets of Dominion Homes for $82 million. The company changed its name from Pulte Homes to PulteGroup in March 2010.

Since 2011, Pulte has served as CEO of Pulte Capital Partners LLC, an investment firm with no affiliation with PulteGroup, focused on investing in housing supply, building products, and related service companies. Pulte also served as CEO and Chair of Carstin Brands LLC, a residential countertop manufacturer, and as a Director of Olon Group, a manufacturer for the cabinet industry. Prior to its sale in May 2016, Pulte built Southern Air & Heat LLC into one of the leading residential heating and air conditioning platforms in the nation. Pulte is a graduate of Northwestern University.

"MBA congratulates Bill Pulte on being nominated to serve as the next FHFA Director," said Bob Broeksmit, CMB, President and CEO of the Mortgage Bankers Association (MBA). "We look forward to working with him and the FHFA staff on policies and programs that boost housing supply and create affordable opportunities for our nation's homebuyers and renters, while protecting taxpayers and ensuring a robust secondary mortgage market and Federal Home Loan Bank system for single-family and multifamily lenders."

Confirmation Status: **Awaiting Senate confirmation as of press time.**

SENATE CONFIRMS BESSENT AS NEXT TREASURY SECRETARY

Scott Bessent, a noted investor, hedge fund manager, and frequent speaker on economic and investment panels, has been confirmed by the United States Senate by a vote of 68-29 to serve as President Donald J. Trump's next Secretary of the U.S. Department of the Treasury.

"Past successful Treasury Secretaries have understood business and financial markets, as well as foreign policy, national security, budgets, and regulation," said U.S. Senate Finance Committee Chairman Mike Crapo on the Senate floor. "Mr. Bessent's impressive background positions him for similar success. He has worked for the last three decades as one of the sharpest minds in the global financial industry. He has decades of academic, professional and leadership experience relevant to these positions."

A Yale graduate and former Chief Investment Officer for Soros Fund Management, the hedge fund founded by George Soros in 1970, Bessent serves as CEO and Chief Investment Officer for Key Square Capital Management, a New York-based investment partnership that he founded in 2015.

From 1991-2000, Bessent was Managing Partner of for Soros Fund Management's London office, including the period of the British Pound devaluation. He was previously associated with Brown Brothers Harriman, The Olayan Group, Kynikos Associates, and Protégé Partners.

From 2006-2010, Bessent was an Adjunct Professor at Yale University, where he taught economic history. He is profiled in the book on macro investors, *Inside the House of Money*, and is featured in Sebastian Mallaby's history of hedge funds, *More Money Than God*.

In 2017, Bessent published two articles in *The International Economy* magazine: one on the suppressing effects of low real interest rates on volatility, and one discussing whether other countries are at risk for "Japan Disease." This summer, he wrote a piece refuting Larry Summers's assertion that central banks, especially the Federal Reserve, are unprepared for the next economic downturn.

"We congratulate Scott Bessent on his confirmation as the next Secretary of the Treasury and look forward to working with him to strengthen our economy and our financial system," said the American Bankers Association (ABA) in a statement of their website. "This administration has a great opportunity to increase growth and ensure that our economy continues to lead the world, and America's banks stand ready to do their part. We will continue to advocate for common-sense policies that promote a rational regulatory framework that allows banks of all sizes to fully support the customers and communities they serve."

The U.S. Department of the Treasury's mission is to maintain a strong economy and create economic and job opportunities by promoting the conditions that enable economic growth and stability at home and abroad, strengthen national security by combating threats and protecting the integrity of the financial system, and manage the U.S. government's finances and resources.

Bessent replaces Acting Secretary of the Treasury David Lebryk, who just replaced Janet Yellen, the 78th United States Secretary of the Treasury, an appointee of President Joe Biden. Yellen was the only woman in American history to lead the U.S Treasury, the Federal Reserve, and the President's Council of Economic Advisers (under President Bill Clinton from 1997-1999).

"MBA appreciates the swift confirmation process and bipartisan support that Scott Bessent received to be the next Treasury Secretary," Mortgage Bankers Association (MBA) President and CEO Bob Broeksmit, CMB said. "We congratulate him on his confirmation, and our members stand ready to work with him and his staff on commonsense policies that grow the economy and strengthen our nation's single-family and commercial and multifamily real estate markets. We recognize that the Treasury has several key issues to address early on, including the tax policy and reconciliation debate. MBA will work with Treasury and Congress to help pass legislation that extends key, expiring provisions of the Tax Cuts and Jobs Act, particularly those that impact consumers and support continued investment in housing and communities."

Confirmation Status: **Sworn in on January 28.**

SCOTT TURNER NOMINATED AS NEW HUD SECRETARY

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

Trump took to the social media platform Truth (@realDonaldTrump) to make the announcement, along with a host of additional nominations.

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

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

Deep Housing Knowledge

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

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

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

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

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

Confirmation Status: **Advanced by Senate Committee on Banking, Housing and Urban Affairs on Jan. 23.**

FISERV HEAD NOMINATED AS SOCIAL SECURITY COMMISSIONER

U.S. President-Elect Donald J. Trump has announced the nomination of Fiserv Chairman, President and CEO **Frank Bisignano** as Commissioner of the Social Security Administration.

Trump took to the social media platform Truth to make the announcement of Bisignano's nomination to lead the Social Security Administration, an independent agency of the government that administers Social Security.

"Serving as CEO of Fiserv is an honor, and I am incredibly proud of what our team has and will accomplish," Bisignano said. "I am honored to have this once in a lifetime opportunity to serve my country. I thank President-Elect Trump and, if confirmed, look forward to applying my experience to transform our Social Security system."

Under Bisignano's leadership, Fiserv has brought modern solutions to financial institutions, businesses, and consumers. Fiserv currently serves clients in more than 100 countries, leads the IDC FinTech Top 100 ranking of global financial technology providers, and has been recognized as one of *Fortune*'s "World's Most Admired Companies" for nine of the last 10 years.

Bisignano architected the combination of Fiserv with First Data Corporation in 2019, initially leading the combined company's day-to-day operations as President and COO before becoming CEO in July 2020 and Chairman of the Board in May 2022. During his tenure at First Data, Bisignano transformed the company from the world's largest traditional payment processor into a technology innovator, industry collaborator, and commerce enabler for the 21st century. He also led its $2.6 billion initial public offering in 2015, the largest U.S. IPO of the year.

Prior to joining First Data, Bisignano served as Co-COO and CEO of Mortgage Banking at JPMorgan Chase & Company. With more than 30 years of executive leadership experience in banks and global financial institutions, Bisignano also served in multiple leadership positions at Citigroup, including Chief Administrative Officer and CEO of the company's Global Transaction Services unit.

Among a number of nonprofit commitments, Bisignano serves on the boards of the National September 11 Memorial and Museum, the Mount Sinai Health System, and The Battery Conservancy; and is a member of Business Roundtable, a U.S.-based association of CEOs who use public policy to promote a thriving economy and expanded opportunities for Americans. He holds honorary doctorate degrees from Howard University, the New York Institute of Technology (NYIT), St. Thomas Aquinas College, and Syracuse University.

"Under Frank, Fiserv has excelled in advancing finance, technology, and payments innovations to the benefit of financial institutions, businesses, and communities large and small," said Doyle R. Simons, Lead Director of Fiserv. "Succession planning has always been a priority for the Board, and we will follow our well-established succession planning process to select a new CEO to continue to build on this momentum."

The appointment of Bisignano is subject to confirmation by the U.S. Senate, and Bisignano will continue in his current positions with the Fiserv until confirmation occurs. The Fiserv Board of Directors has an established, long-term succession plan which it will follow to select a successor to Bisignano.

"Frank has long been an effective agent for change throughout his career, most notably as COO at JPMorgan Chase, and as CEO of Fiserv," said Ed Delgado, Managing Director at Mortgage Policy Advisors and Chairman Emeritus, Five Star Global. "The Trump administration has made a respected and positive selection in the nomination of Mr. Bisignano to lead the Social Security Administration." MP

Confirmation Status: **Awaiting Senate confirmation as of press time.**


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THE RISE OF MULTIGENERATIONAL HOUSING: LENDING TRENDS AND OPPORTUNITY

Driven by economic pressures, demographic shifts, and evolving social norms, multigenerational housing is becoming more commonplace and reshaping how we live, lend, and borrow.

By **DAN CATINELLA**

Amid the whirlwind of economic forces impacting the housing market, one trend stands out. Multigenerational housing, once a rarity, is now becoming commonplace and reshaping not just how we live, but also how we lend and borrow.

There are dozens of scenarios that could cause families to choose multigenerational housing. Imagine a young couple, burdened by student loan debt, and discouraged by the competitive housing market. New parents struggling with the high cost of childcare could decide to live with relatives to make ends meet. Even middle-aged couples often welcome their aging parents into their homes and must renovate their space to accommodate their changing needs. These are the realities of multigenerational homes, a trend driven by economic pressures, demographic shifts, and evolving social norms.

For mortgage professionals, this presents a chance to think beyond traditional lending practices and become true financial partners for these families. But capturing those opportunities starts with understanding the unique needs and motivations of borrowers at unique life stages.

With more than 20 years of experience in mortgage lending, **DAN CATINELLA** *is a seasoned mortgage executive focused on driving digital transformation through all channels of lending. In an ever-changing digital landscape, Catinella keeps a constant pulse on the next innovation that could change the way business is conducted. As Chief Lending Officer for Total Expert, Catinella identifies and develops high-impact innovation strategies that align with the company's business goals and growth priorities. He works with Total Expert's customers to dig into the problems they are looking to solve and aligns Total Expert's innovation strategy with their business goals.*

Events Shaping the Multigenerational Housing Boom

The rise of multigenerational households is not a standalone shift … it is fueled by a confluence of factors, each playing out in the lives of everyday Americans. Here are three common scenarios—along with strategies that can help lenders and their originators anticipate and deliver on unique needs.

1. The Boomerang Generation: Graduates Navigating a New Financial Reality

Remember the excitement of graduating college and the anticipation of launching into independent adulthood? For many young people today, that dream is colliding with the harsh realities of a challenging economic landscape.

Skyrocketing housing costs, often coupled with the weight of student loan debt, are forcing a growing number of graduates to move back in with their parents—a phenomenon often dubbed the "Boomerang Generation." But this seemingly temporary arrangement can be a steppingstone to long-term financial stability and eventual homeownership.

Here's how lenders can seize this opportunity to engage the Boomerang Generation and build lasting relationships:

- **Educate them on homebuying readiness:** Young adults are eager for financial guidance and often lack the knowledge and confidence to prepare for their first home loan. This includes budgeting for a home, understanding and improving their credit rating, saving for a down pay-

ment, and managing their debt-to-income (DTI) ratio. Lenders can step in as mentors, offering personalized advice and resources to help them build the solid financial foundation needed to purchase a home.

- **Show them the path to conquering student loan debt:** Student loan debt can feel insurmountable for aspiring homeowners. Lenders can provide invaluable support by helping graduates develop a plan to save for a down payment, while paying down their student loan debt.
- **Be willing to go above and beyond for first-time homebuyers:** When the time comes for these graduates to enter the housing market, originators can become their trusted advisor. This means providing expert guidance on first-time homebuyer programs, navigating the mortgage process, and exploring a multitude of financing options that align with their goals. By establishing a strong relationship early on, lenders can become a go-to resource for these future homebuyers.

2. The Sandwich Generation: New Parents Juggling Family and Finances

The arrival of a new baby brings joy, excitement, and a whole new set of financial challenges. For many new parents, the cost of childcare can strain budgets, making it difficult to afford a home that meets their growing family's needs. This often leads them to seek support from relatives, creating multigenerational households with unique financial considerations.

Mortgage professionals can play a vital role in helping these families navigate this transition and achieve their homeownership goals by:

- **Thinking outside the traditional mortgage box:** Families with diverse needs may require creative financing solutions. A skilled originator could be the best option to help them identify the solution for their needs and financial goals. Originators can educate them on a range of products, including home equity loans for renovations, construction loans for building additions, or even multifamily financing to accommodate extended family members.
- **Helping customers find a budget to support their growing family:** New parents often face unexpected expenses alongside evolving housing priorities. Lenders can provide refinancing guidance for borrowers to get into a better financial situation or plan for a move into a larger home as their family grows.
- **Planting the seeds for long-term financial wellness:** Beyond immediate needs, lenders can help new parents establish a foundation for long-term financial security. This could involve advice on financing strategies that accommodate future home upgrades, leveraging home equity for major life expenses, or integrating mortgage planning into broader retirement and investment strategies.

3. Caring for Aging Parents: A New Chapter in Family Life

As the population ages, more families are choosing to care for their elderly parents at home. This brings a new set of challenges, from financial considerations to the need for home modifications, to accommodate aging in place.

Here's how lenders can be invaluable partners for families navigating this complex transition:

- **Share your specialized lending expertise:** Like the Sandwich Generation, families caring for aging family members may require specialized loan products to finance home renovations or access home equity. Lenders can provide expert guidance on options like renovation loans, home equity solutions, and reverse mortgages.
- **Connect customers with a network of support:** The challenges of elder care extend beyond finances. Lenders can demonstrate their commitment to holistic support by referring families to other professionals, such as financial advisors or wealth management consultants.
- **Acknowledge the emotional landscape:** Caring for aging parents can be emotionally taxing. Lenders who acknowledge this reality and offer empathetic support, alongside financial guidance, will build stronger relationships and earn the trust of these families.

Becoming a Trusted Advisor: A New Era of Customer Engagement

These three scenarios illustrate the diverse needs and opportunities within the multigenerational housing trend. For loan officers and originators, it becomes a call to adapt strategies and embrace a more holistic approach to customer engagement. By understanding the motivations and financial complexities behind multigenerational living, lenders can:

- **Build deeper relationships:** Position themselves as trusted advisors who understand a family's unique needs and provide personalized guidance.
- **Offer tailored solutions:** Present a range of options and educational resources that address specific circumstances.
- **Communicate effectively:** Deliver the right information at the right time, using clear and empathetic communication strategies.
- **Stay ahead of the curve:** Continuously educate themselves on the latest market trends, financial products, and customer engagement strategies.

By embracing these principles, lenders can thrive in the evolving mortgage landscape and solidify their role as essential partners in helping families achieve better financial outcomes. MP

Michael Gevurtz is an entrepreneur and investor in the real estate and finance industries. He is the CEO and Founder of Bluebird Lending, a national private lender servicing real estate developers and investors with an array of loan products to acquire, construct, and refinance residential and multifamily properties.

Michael has 14 years of experience in the real estate industry, having previously worked at Pennsylvania Real Estate Investment Trust (PREIT), co-founding Six Stone Management Group and investing in his own properties. He is experienced in all aspects of real estate ownership, including acquisitions, financing, development, construction management, leasing, and property management.

At PREIT, Michael worked as a site acquisitions associate, identifying and performing due diligence for acquiring land for retail power centers. He was also an Associate Director of Development, overseeing shopping center and enclosed mall development projects totaling over $50 million throughout the Mid-Atlantic region.

Since 2010, Michael has focused on opportunities in the revitalization of Philadelphia's emerging neighborhoods. Michael has renovated and built from the ground up, over 75 single family homes for sale and rent. He has developed and manages a portfolio of mixed-use properties throughout South Philadelphia.

Michael recently sat down with *MortgagePoint* to discuss how he got his start in the industry and what differentiates his offerings from the competition.

Q: How did you first get your start in the industry?

It happened by accident in 2013. I was developing single-family and multifamily properties throughout Philadelphia. I secured financing with regional banks, but learned of competitors who were struggling to fund their projects. We were in a slow recovery from the 2008 great recession, and lenders were still hesitant to commit to projects. Some competitors approached me to partner on their projects, but I didn't think that was the best way to proceed. So instead, I made senior secured bridge loans and monitored them as if I were managing the projects.

Q: What attracted you to get involved with revitalizing neighborhoods in need?

I believe that you can do well and do good at the same time, so I found a niche where that was possible. Some viewed this as some selfless, altruistic mission. It's not. It's good business when you discover an alignment of interest for several stakeholders, and everyone focuses on a favorable outcome.

Q: Did you have any mentors as you rose through the ranks in the industry?

My first professional mentor was Ron Rubin, former Chairman and CEO of Pennsylvania Real Estate Investment Trust (PREIT). He always said, "life is built on relationships." That quote has

> "I believe that you can do well and do good at the same time, so I found a niche where that was possible."

stuck with me for almost 20 years as I continue to evolve and grow through my career. I think about how I can build, maintain, and leverage meaningful relationships to accomplish our goals.

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

The affordability crisis can only be solved with supply. We need supply of capital to home builders and rehabbers to deliver product to the market. We also need lower rates to unlock the people who don't want to sell because they are "stuck" with 3% interest on their mortgage. Unfortunately, I don't see this correcting itself quickly.

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

Buying a home should first be a lifestyle decision directed by your personal financial situation. It is not primarily an investment. It turns into an investment over the long run due to steady appreciation and amortizing your mortgage. The best time to buy a home is when you are ready, not when you think it's a "good deal."

Q: Do you see a shift ahead in the housing marketplace with the change in the White House?

You need more than the President to produce legislation, and it seems like each party will not give the other an inch for the good of the people. The housing market will normalize despite politics.

Q: What tools do you feel someone in the mortgage finance space needs today in order to survive and thrive in today's marketplace?

The best way to differentiate yourself from the competition is by building trusting relationships with your clients. This will result in satisfied repeat clients and earn a sense of pride that you can build moment with.

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

Do not chase shiny objects. I see a lot of people bounce around looking for the next best thing. Find a place that aligns with your values and culture and work hard. MP

CHANGES TO CALIFORNIA'S HOME OWNER BILL OF RIGHTS

Rule was intended to put loan servicers into two buckets—the "Big Guys" who annually handle 175 or more annual qualifying foreclosures and the "Little Guys" who do not meet the 175 threshold.

By **T. ROBERT FINLAY ESQ.**

During the height of the financial crisis, California passed landmark legislation intended to help homeowners facing foreclosure—the Home Owner Bill of Rights (HOBR). In short, HOBR required loan servicers to follow certain procedures when putting defaulted borrowers on notice of foreclosure prevention alternatives and prevented servicers from "dual tracking," i.e., simultaneously proceeding with foreclosure while the homeowner is being reviewed for a loan modification. The law was limited to owner-occupied consumer loans in first position.

HOBR intended to put loan servicers into two buckets for compliance purposes—the "Big Guys" who annually handle 175 or more annual qualifying foreclosures and certain "Little Guys" who do not meet the 175 threshold. While servicers in both buckets are prohibited from dual tracking; the more detailed and onerous HOBR provisions only applied to the Big Guys, including, but, not limited to:

- Civil Code § 2923.7, requiring a Single Point of Contact; and
- Civil Code § 2923.6, mandating certain notices and procedures when the borrower submits a complete loan modification.

The Little Guys "exception" to the more detailed requirements was limited in Civil Code § 2924.15 to:

(A) A depository institution chartered under state or federal line law, a person licensed pursuant to Division 9 (commencing with 3 Section 22000) or Division 20 (commencing with Section 50000) of the Financial Code, or a person licensed pursuant to Part 1 (commencing with Section 10000) of Division 4 of the Business 6 and Professions Code, that, during its immediately preceding annual reporting period, as established with its primary regulator, foreclosed on 175 or fewer residential real properties, containing no more than four dwelling units, that are located in California.

T. ROBERT FINLAY, ESQ. *is a Founding Partner of Wright, Finlay & Zak. LLP. He can dbe reached by email at rfinlay@wrightlegal.net.*

But, what if you are a retired couple who occasionally invests in Trust Deeds, but are not a "depository institution" or someone "licensed" by the Financial or Business and Professions Codes? The answer—small investors must comply with the more detailed and onerous HOBR provisions intended by the Legislature to only apply to the Big Guys doing more than 175 annual foreclosures!

Hard to believe, but an investor who buys one loan a year, must comply with the same HOBR provisions as the largest loan servicers in the country.

Since HOBR's enactment in 2013, the private lending industry has looked for a solution to this obvious unintended oversight by the California Legislature. Unfortunately, for years, there was no appetite in Sacramento to re-open the heated discussions over HOBR. Fortunately, enough time has finally passed, which allowed the California Mortgage Association (CMA) to sponsor Senate Bill 1146 (SB 1146), which, among other things, puts a small investor "that makes and services seven or fewer loans" a year in the same compliance bucket as loan servicers who conduct less than 175 annual foreclosures.

SB 1146 recently passed both houses and is waiting for Gov. Newsom's signature. If signed, the "Really Little Guys" will still have to comply with HOBR; but, starting on January 1, 2025, only its less detailed provisions.

Note that the anticipated changes to HOBR do not exempt investors who make and service seven or fewer loans a year. These investors must still comply with HOBR. The new law just reduces the HOBR provisions that need to be complied with. If you have any questions about what provisions must be complied with or need help complying with HOBR, please feel free to reach out to me at rfinlay@wrightlegal.net.

Disclaimer: The above information is intended for information purposes alone and is not intended as legal advice. Please consult with counsel before taking any steps in reliance on any of the information contained herein.


Hard to believe, but an investor who buys one loan a year, must comply with the same HOBR provisions as the largest loan servicers in the country.

TAKE ADVANTAGE OF A SLOW MARKET TO SHORE UP PROCESSES

With rates starting to drop, savvy lenders are moving to get ahead of the game before a rebound.

By **FRANCO TERANGO**

The mortgage industry has experienced significant contraction over the past two years, adjusting operations to align with the reduced demand for refinance and purchase financing. This decline, primarily driven by mortgage interest rates, which have more than doubled during this period, may soon be reversed. There are promising signs that the market could rebound in 2025 if interest rates moderate significantly, bringing new opportunities and growth potential.

According to the latest data, the U.S. inflation rate peaked at 7% in 2021, and recently declined to 2.7%. While the real estate and mortgage industries have experienced challenges thus far, a reduction in interest rates could inject new energy into the market for Q4 and into 2025.

A Glimmer of Hope in Interest Rates

In an August 2024 address from Jackson Hole, Federal Reserve Chairman Jerome Powell made a hopeful statement, saying, “The time has come for policy to adjust. Further, we will do everything we can to support a strong labor market as we progress toward price stability.” He indicated that Federal Open Market Committee (FOMC) participants were targeting the federal funds rate to be at 5.1% by the end of 2024, 4.1% by the end of 2025, and 3.1% by the end of 2026. These rate projections, if realized, could lead to a significant reduction in mortgage interest rates, potentially stimulating the housing market. Powell also noted that the Federal Reserve would act more swiftly on rate cuts if strong recessionary trends emerge, further indicating the potential impact of the Fed’s actions on the mortgage market.

FRANCO TERANGO *is the CEO of Certainty Home Lending, a national mortgage lending and fintech business. He has been a leader in the financial services industry for more than 30 years, and his career has transversed four lines of business, including consumer banking, investments, small business banking, and 25 years in mortgage lending. You can reach him at franco@certaintyhomelending.com.*

If rate cuts occur faster than anticipated, the pent-up demand across multiple fronts could bring a welcome surge in mortgage market activity. This surge could be particularly pronounced in the refinance sector, where the gradual increase in adjustable-rate mortgages (ARMs) is expected to boost refinance orders in the coming years. Additionally, there remains inherent demand for refinancing for reasons such as debt consolidation, college education financing, and home renovation—which needs to be stalled due to borrowers’ reluctance to swap their 3-4.5% interest rates for the current 6.5% rates.

Rising Housing Inventory and a Potential Flood of Buyers

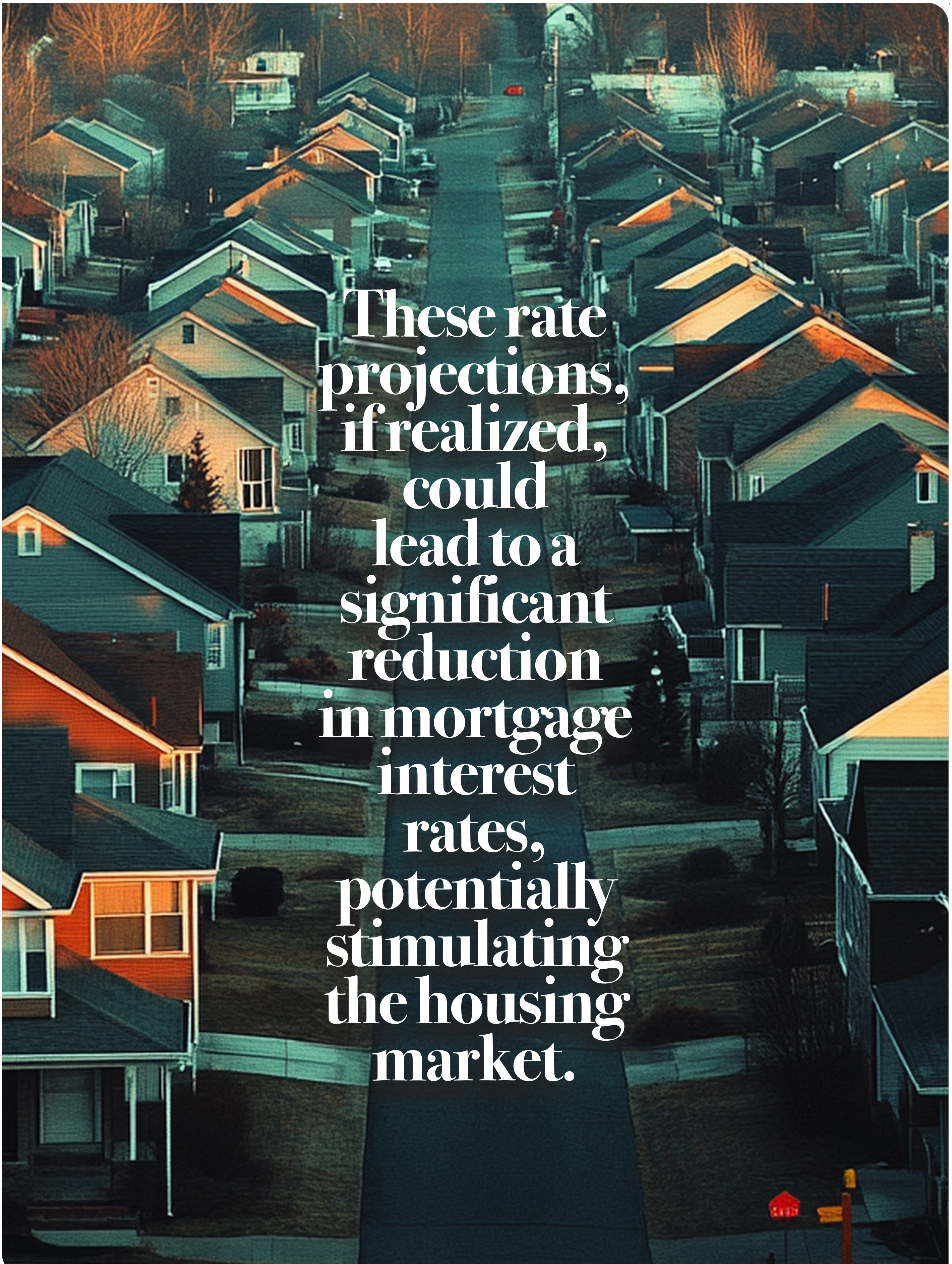
With housing inventory rising 30% over the past six months and new and existing homes currently topping 4.7 months of inventory, lower interest rates could entice a wave of new homebuyers who have been waiting on the sidelines for the past two years.

The Lender’s Challenge: Strategically Preparing for a Market Recovery

As the market recovers, lenders must craft strategies to ensure they rise. This includes upgrading technology to serve tech-savvy young buyers better, hiring additional staff, and developing a robust training program to prepare new employees for the increased volume of customers.

Filling in the Gaps

When volumes are low, the slower pace often obscures system flaws. Now is the time to dive deeply into what works and what doesn’t. Use this slower period to survey your staff, host



These rate projections, if realized, could lead to a significant reduction in mortgage interest rates, potentially stimulating the housing market.

brainstorming sessions, and create focus groups to identify areas of improvement. Involve the technology team and end users as they offer unique insights into the intersection of process and technology. From this feedback, set actionable goals to streamline operations for the future.

- **Upgrade your technology:** Once problem areas are identified, research solutions that can improve processes, whether software that saves time, enhances security for customer data, or improves communication through robotic process automation (RPA) or artificial intelligence (AI). A hidden benefit of upgraded technology is that it can also be a potent recruitment tool, attracting experienced loan officers who are drawn to sophisticated tools that help build their businesses.
- **Know your customer:** Engage with your existing customers to gather feedback and regularly review comments to identify areas for improvement. Customer focus groups can provide invaluable insights, especially from potential first-time homebuyers who can shed light on their struggles, educational needs, and incentives for entering the market. Understanding customer expectations, particularly regarding the use of technology, will be critical in meeting and exceeding their expectations.
- **Evaluate third-party providers:** Review new loan applications to assess which third-party providers offer excellent service and which are causing delays. Assembling your best support team now, with the capacity to grow with increasing volumes, will ensure you can meet future demands.

Strategic Staffing for the Future

While technology and processes can be refined at current volumes, hiring additional staff should coincide with increased business. However, developing a well-thought-out plan for scaling your staffing levels is crucial.

"Engage with your existing customers to gather feedback and regularly review comments to identify areas for improvement."

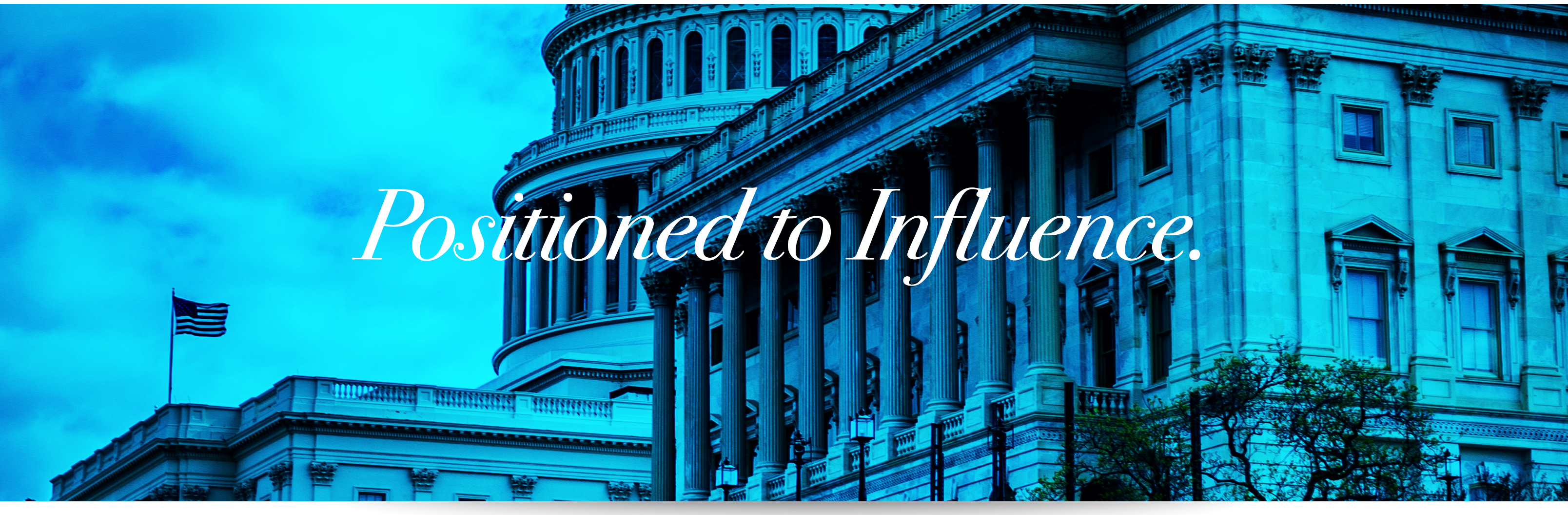
- **Clearly define your ideal candidate:** Outline what you're looking for in potential candidates, considering that technology has shifted the focus of a loan officer. Your staffing strategy should encompass a range of expertise, from entry-level trainees handling repetitive tasks to experienced professionals focusing on complex financial assessments, marketing, sales, and customer relationship management.
- **Brand your recruitment efforts:** To attract top-tier loan officers, understand what environment fosters their success. Cultivate this culture within your company and highlight it in your recruitment materials.
- **Share a vision for career growth:** Loan officers may quickly lose interest if management does not offer a clear pathway for growth. Focus not only on immediate results but also on long-term career potential. Map out a success pathway, outlining the education, effort, skill training, and mentoring needed to achieve it.
- **Establish a sustainable pipeline:** Forward-thinking lenders create their staffing pipeline by partnering with colleges and universities to develop lending-focused curricula, offering internships, and establishing temp-to-full-time opportunities.
- **Offer a comprehensive benefits package:** Companies that provide robust benefits are more attractive to loan officers seeking new positions. A well-rounded benefits package might include financial incentives, health benefits, personal growth opportunities, and lifestyle perks. Tailoring your package to the needs of your candidate pool will help you craft a competitive offer.

Commitment to Onboarding and Training

Finally, a solid commitment to onboarding and training is essential. New employees often need help in their first few months due to inadequate training and guidance on where to seek help. Ensure your training program is comprehensive and provides ongoing mentoring and support. Survey your current loan officers to identify any gaps they encountered during onboarding and make necessary improvements.

Preparation Breeds Success

Race car driver Bobby Unser once said, "Success is where preparation and opportunity meet." By fine-tuning your processes, upgrading your technology, and laying the groundwork for an effective recruitment program today, you'll minimize operational delays when the market rebounds, setting your team up for success. MP



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—**Tiffany Fletcher, J.D., M.B.A.**, SVP, Compliance and Operations Support, VRM Mortgage Services

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Lending/Originations

MORTGAGE APPS JUMP YOY IN DECEMBER

According to data from the Mortgage Bankers Association's (MBA) Builder Application Survey (BAS) for December 2024, mortgage applications for purchasing new homes rose 8.9% over the previous year. The number of applications fell 3% from November 2024. Typical seasonal patterns have not been adjusted for this update.

"Applications for newly built homes increased 9% compared to a year ago in December, while the FHA share of applications reached its second highest level in the survey's history at 29%," said Joel Kan, MBA's VP and Deputy Chief Economist. "First-time homebuyers remained active in the new home segment, as existing inventory for starter homes remains tight. The monthly decrease in applications was consistent with typical seasonal patterns. MBA's estimate of seasonally adjusted new home sales fell in December but remained slightly above last year's sales pace."

December Home Sales Activity: In A Nutshell

According to the MBA, the number of new single-family home sales in December 2024 was 601,000 units, a seasonally adjusted yearly rate that has been a leading indication of the U.S. Census Bureau's New Residential Sales report for years. The BAS' mortgage application data, along with assumptions about market coverage and other variables, are used to calculate the new home sales estimate.

The seasonally adjusted estimate for December represents a 15.7% decline compared to the pace of 713,000 units in November. According to the MBA, there were 46,000 new home sales in December 2024 on an unadjusted basis, 6.1% less than the 49,000 new home sales in November.

Conventional loans accounted for 60.1% of loan applications by product type, followed by FHA loans (29.5%), RHS/USDA loans (0.5%), and VA loans (9.9%). Between November and December, the average loan size for new homes dropped from $402,873 to $400,930.

The number of applications from mortgage subsidiaries of home builders nationwide is monitored by MBA's Builder Application Survey. MBA is able to provide an early estimate of new home sales volumes at the national, state, and metro levels by using this data along with data from other sources. Information about the kinds of loans taken out by first-time homebuyers is also included in this report.

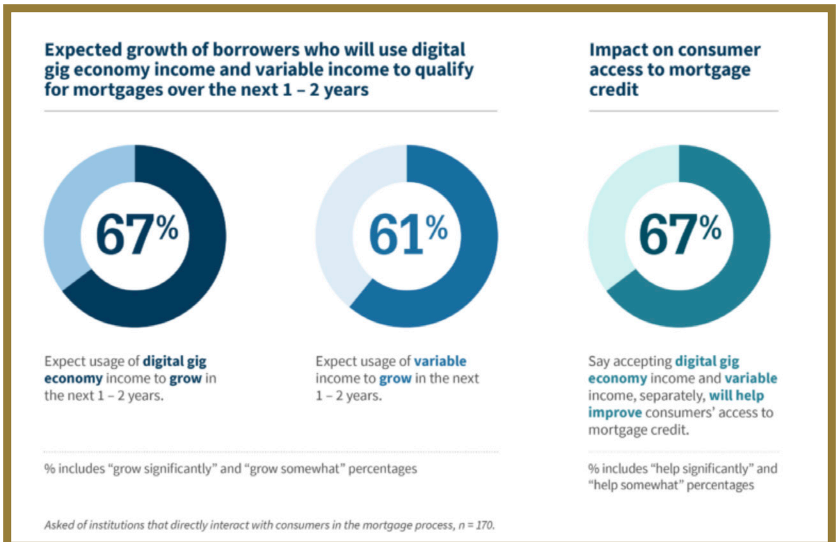
Every month, the Census Bureau conducts official new home sales estimates. New house sales are included in those statistics at the time of contract signing, which usually occurs at the same time as the mortgage application.

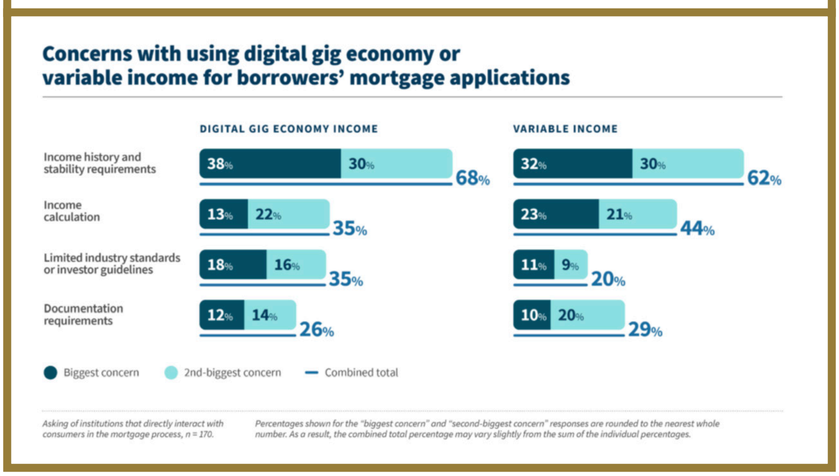
VARIABLE, GIG INCOME MAY IMPROVE CONSUMER'S ACCESS TO CREDIT

One of the most crucial parts of underwriting is making sure a prospective borrower has a reliable source of income that enables them to pay back their mortgage loan, according to Khristi Waters, Senior Director of Single-Family Credit Risk Policy, and Li-Ning Huang, Principal of Economic and Strategic Research Market Research, at Fannie Mae. The industry experts offered their insight on borrower income, homeownership, credit access, and more.

Guaranteeing that a prospective borrower has a reliable source of income so they can pay back their mortgage loan is essential to promoting sustainable homeownership. Leveraging all available income sources could assist a borrower get approved for a mortgage loan and making the move to homeownership, especially given the increase in interest rates and home costs.

The intricacy of examining a borrower's income to make sure it is steady and likely to stay that way can vary from simpler situations, such as when salaried em-





ployees make a fixed monthly income, to more complex ones, such as when hourly employees make a variable monthly income. It could be more challenging to determine a monthly income level that a borrower can depend on in the future in these variable-income scenarios.

Examining Variable Incomes

Two forms of variable income are of particular interest: digital gig economy income, which is earned by performing tasks or services via a digital platform, like a ridesharing company; and variable income, which is earned by being employed through hourly pay with variable hours, commissions, bonuses, and overtime pay.

Fannie Mae polled about 200 senior mortgage executives through our Mortgage Lender Sentiment Survey in early October 2024 to learn about lenders' perspectives and experiences evaluating variable and digital gig economy income for mortgage lending, given the rise of these income streams following the pandemic.

Key Findings:

- Most lenders (67%) believe that accepting digital gig economy and variable income will improve consumers' access to credit.
- Nearly half of lenders say the number of borrowers who use digital gig economy income and variable income, separately, to qualify for a mortgage has grown in recent years.
- Most lenders expect this growth to continue over the coming years.
- Lenders' perspectives on current underwriting guidelines from secondary market investors are mixed.

Many lenders, however, pointed out that these sources of income are challenging to use when approving borrowers' mortgage applications (83% for income from the digital gig economy and 71% for income from variable sources). This is mainly due to issues with the requirements for income calculation, documentation, stability, and history, as well as the lack of industry standards or investor guidelines.

Nearly half of lenders (46%) say they would prefer more precise (or prescriptive) standards for digital gig economy revenue, while 29% feel the current guidelines are "about right" and 26% want more flexibility. About 44% of lenders thought the criteria were "about right" when it came to variable income, with 32% stating they were not specific enough and 23% stating they needed to be more flexible.

According to these survey results, more borrowers are generating variable and gig economy income, which reflects lenders' perceptions of the labor market. Although these borrowers might benefit from the present industry recommendations, secondary market investors, in particular, need to adopt more prescriptive policies for evaluating revenue from the digital gig economy.

Leveraging new technologies and data sources will be crucial in developing sustainable underwriting methods that strike a balance between responsible risk management and loan availability as these kinds of occupations continue to expand. More Americans could have access to house financing and homeownership prospects if the potential of flexible and digital gig economy income is fully explored.

THE FACTORS DRIVING MORTGAGE AVAILABILITY

The Mortgage Credit Availability Index (MCAI), a survey from the Mortgage Bankers Association (MBA) that examines data from ICE Mortgage Technology, indicates that mortgage credit availability rose in December.

In December, the MCAI increased by 0.7% to 96.6. While an increase in the index signifies loosening credit, a decrease in the MCAI suggests tightening lending rules. In March 2012, the index was benchmarked at 100. The Government MCAI did not change; however, the Conventional MCAI rose by 1.3%. The Conforming MCAI decreased by 0.7%, while the Jumbo MCAI rose by 2.3% among the Conventional MCAI's component indices.

"Credit availability increased slightly in December, driven by more offerings for ARMs and cash-out refinances that are primarily for borrowers with better credit," said Joel Kan, MBA's VP and Deputy Chief Economist. "These factors led to a slight rebound in conventional credit compared to the previous month. Additionally, the jumbo index rose to its highest level since August 2024."

The MCAI rose by 0.7% to 96.6 in December. The Conventional MCAI increased 1.3%, while the Government MCAI remained unchanged. Of the component indices of the Conventional MCAI, the Jumbo MCAI increased by 2.3%, and the Conforming MCAI fell by 0.7%.

> "Commercial real estate borrowers' mettle will be tested over the coming year as they seek to refinance loans coming due."
>
> —**Nathan Stovall**, Director of Financial Institutions Research, S&P Global Market Intelligence

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REPORT: CRE LENDERS FEELING STRESS BUT WEATHERING THE STORM

Many commercial real estate (CRE) borrowers are feeling challenged these days, due to changes in post-pandemic behavior and a larger debt service caused by higher interest rates. While these may lead to higher defaults, S&P Global Market Intelligence's latest report, Commercial Real Estate Outlook: Weathering the Storm reports that the stress will be different across various asset classes and could take longer to play out than many think.

Commercial Real Estate Outlook: Weathering the Storm examines how insurers, banks, and regulators are dealing with these potential stresses in the CRE market, including recent investment activity from life insurers and expectations for future loss content banks will record from the CRE segment. It also spotlights how publicly traded real estate investment trusts (REITs), which trade daily, can offer some insight into market conditions.

"Commercial real estate borrowers' mettle will be tested over the coming year as they seek to refinance loans coming due," said Nathan Stovall, Director of Financial Institutions Research at S&P Global Market Intelligence. "Many borrowers will find credit less available or at least significantly more expensive, leading to more defaults, particularly in the office segment, but not all CRE loans face the same fate. Any pain should not be great enough to spur deleveraging in the financial system and threaten the U.S. economy.

Key Takeaways

- Banks with elevated CRE exposure have faced scrutiny from regulators and investors: Borrowers seeking to refinance maturing credits may find it more difficult to access credit or might encounter a significantly higher debt service due to the increase in interest rates, which will be reflected in banks' CRE books.
- Close to $1 trillion of CRE mortgages are maturing in 2024. Approximately $950 billion, in fact. This analysis of U.S. property records found that those mortgages were maturing with rates nearly 200 basis points below similar mortgages originated this year.
- Office REITs still trade at vast discounts to their estimated net asset value estimates. The good news is valuations have improved from 2023's low point.
- Life insurers' holdings of mortgage loans have continued hitting record highs in 2024, even despite asset quality concerns.

Servicing

450,000+ HOMES AT-RISK FROM LOS ANGELES WILDFIRES

With the Southern California region facing dangerous winds and extreme fire weather, Gov. Gavin Newsom visited the Pacific Palisades region on January 8 and proclaimed a state of emergency to further support the communities impacted by fires in the Los Angeles Area. Authorities have ordered the evacuation of roughly 30,000 residents in the Los Angeles area.

Los Angeles County Fire Chief Anthony Marrone in a news conference said that as of January 8, the Palisades Fires have taken the lives of at least two individuals and destroyed at least 1,000 structures.

On Tuesday, January 7, the Palisades Fire ignited in Los Angeles County, between Santa Monica & Malibu, and has destroyed thousands of acres of land as of Wednesday, January 8, fueled by high winds with gusts of 50 to 80 miles per hour anticipated, low humidity, and dry conditions that have increased the intensity and spread of the fire.

In addition to the Palisades Fire, other notable wildfires in the region include the Eaton Fire in Altadena, California which has burned 2,227 acres, and the Hurst Fire in Sylmar, California, which has burned 505 acres as of Wednesday, January 8—both fires resulting in the evacuation of many neighborhoods.

"The Santa Ana winds that are currently driving these fires occur periodically, but the most recent winds are exceptionally strong," said Dr. Tom Jeffery, Senior Hazard Scientist at CoreLogic.

CoreLogic estimates that there are more than 456,000 homes with nearly $300 billion in reconstruction cost value at moderate or greater risk within the Los Angeles and Riverside metropolitan areas that are threatened by the fires. CoreLogic notes that this data represents the total number of homes and reconstruction cost value (RCV) within the metropolitan areas at risk in general and is not specific to the current fire events. Data specific to the current fire events may be provided once there are well-defined fire perimeters.

CoreLogic concluded that with 185,763 residents, Los Angeles topped the list of most at-risk for wildfires. Following in second place was Riverside, California, located in the southern portion of the Golden State, where 166,372 residences were found to be most at risk of wildfires. Rounding out the top 15 with the highest RCV, along with the number of residences in harm's way, were:

- San Diego (123,060 residences)
- Sacramento, CA (91,775 residences)
- San Francisco (56,985 residences)
- Oxnard, CA (39,918 residences)
- Austin (64,768 residences)
- Denver (57,731 residences)
- Truckee, CA (43,674 residences)
- Colorado Springs, CO (39,854 residences)
- Santa Rosa, CA (23,920 residences)
- Salinas, CA (18,380 residences)
- Redding, CA (28,271 residences)
- Bend, OR (24,755 residences)
- Edwards, CO (13,506 residences)

According to Dr. Jeffery, drought-like conditions have fueled the fires in the Los Angeles area, as the area of the Palisades Fire has been classified as abnormally dry since early December, and the area just transitioned to a moderate drought within the last 10 days.

"The area has been drying since the seasonal precipitation that occurred in late 2024," Dr. Jeffery said. "The Santa Ana winds that are currently driving these fires occur periodically, but the most recent winds are exceptionally strong, with reported speeds of 50 to 60 miles per hour and greater. This not only drives the fires and embers but also inhibits flying the tanker aircraft and helicopters used to suppress the fires. There have been several small fires in this general area in the past: the 2019 Palisades Fire and the 2017 Topanga Fire. The 2021 Palisades Fire burned 1,203 acres but was located in an undeveloped area north of the Palisades community."

Last May, CoreLogic examined the growing risk of wildfires on U.S. properties and the damage inflicted on homes. In the report, used as an example is the year 2023, where an El Niño weather

"CoreLogic estimates that there are more than 456,000 homes with nearly $300 billion in reconstruction cost value at moderate or greater risk within the Los Angeles and Riverside metropolitan areas that are threatened by the fires."

—**Nathan Stovall**, Director of Financial Institutions Research, S&P Global Market Intelligence

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pattern brought increased moisture to the West and South regions of the nation. CoreLogic reported that 2,693,910 acres or 4,209 square miles burned in 2023 from wildfires, in contrast to the year 2022, when nearly triple the amount of that area burned, with fires touching 7,577,183 acres or 11,839 square miles (an area approximately twice the size of the state of Connecticut).

The study found that wildfires generally occur in transitional areas between dense development and wildlands. In the United States, this intersection is home to approximately 45 million residences, a number that continues to grow annually. "Wildlands" refers to large, open expanses containing natural vegetation. They are not necessarily remote locations but are classified as larger expanses of natural vegetation near cities where suburban developments are pushing outward from urban areas.

The study notes that embers were found to be responsible for an estimated 90% of home ignitions caused by wildfire, and there have been instances of embers igniting residences up to a half mile or more from an actual fire. Embers and high winds are also contributing to the damage that is hitting the Los Angeles region.

U.S. BANKRUPTCY FILINGS JUMPED IN 2024

According to data from Epiq AACER, the top source of U.S. bankruptcy file data, commercial Chapter 11 cases rose 20% in the calendar year 2024, from 6,583 filings the year before to 7,879 filings. The total number of commercial filings rose from 25,731 the year before to 30,009—an estimated 17% rise.

The number of small business subchapter V elections under chapter 11 also increased significantly in 2024, with 2,381 files, a 32% rise from the 1,808 filed in 2023. Note that with the expiration of the higher debt limits for both filing categories on June 21, 2024, the rate of increases in consumer chapter 13 and subchapter V filings declined.

"As anticipated, we saw a steady increase in bankruptcy filings throughout 2024 and expect that growth trend to continue throughout 2025," said Michael Hunter, VP of Epiq AACER. "If the current trend continues, new bankruptcy filings will return to pre-pandemic normalized volumes over the next 24-30 months. Modest rises in household debt and elevated delinquency rates reveal the stress households are experiencing and are reflected in the [steadily] increased bankruptcy filing trends."

The total number of bankruptcy files in 2024 was 508,758, which was 14% more than the 445,286 filed in 2023. The total number of bankruptcy files is still less than the pre-pandemic figure of 757,816 in CY 2019, despite a significant year-over-year increase.

The overall number of consumer filings for the calendar year 2024 was 478,749, which was 14% more than the 419,555 consumer filings for the year before. In CY 2024, there were 288,968 consumer Chapter 7 filings, up 19% from 242,919 the year before. In 2024, there were 188,934 consumer Chapter 13 bankruptcy filings, which represents a 7% increase over the 175,977 cases in 2023.

"The continued increase in bankruptcies over the past year reflects the growing list of economic challenges faced by consumers and businesses," ABI Executive Director Amy Quackenboss said. "Rising interest rates, inflation, increasing geopolitical tensions and shifts in post-pandemic consumer spending have more struggling businesses and families turning to bankruptcy for a financial fresh start from their growing debt loads."

In December 2024, there were 38,121 bankruptcy filings overall, up 11% from the 34,486 files in December 2023. Additionally, the 35,793 consumer bankruptcy files were an 11% rise over the 32,391 consumer filings in December 2023. While consumer chapter 13 files climbed by just 1% to 13,804 in December 2024 from 13,629 the year before, consumer chapter 7 filings increased by 17% to 21,918 in December 2024 from 18,718 in December 2023.

A CLOSER LOOK AT YOY FORECLOSURE FILINGS

ATTOM's Year-End 2024 U.S. Foreclosure Market Report—a measure of foreclosure filings, including default notices, scheduled auctions, and bank repossessions—reported on 322,103 U.S. properties in 2024, down 10% from 2023, down 1% from 2022, and down 35% from 2019, before the pandemic shook up the market. Foreclosure filings in 2024 were also down 89% from a peak of nearly 2.9 million in 2010.

The 322,103 properties with foreclosure filings reported on in 2024 represented 0.23% of all U.S. housing units, down slightly from 0.25% in 2023, down from 0.36% in 2019, and down from a peak of 2.23% in 2010.

"The continued decline in foreclosure activity throughout 2024 suggests a housing market that may be stabilizing, even as economic uncertainties persist," said Rob Barber, CEO at ATTOM. "This year's data points to foreclosure trends potentially returning to more predictable levels, offering some clarity for industry professionals, investors, and homeowners. While foreclosure filings remain a critical metric for understanding market health, current trends may point to a more balanced landscape, potentially shaped by careful lending practices and ongoing homeowner resilience."

Foreclosure Starts Dip Nationwide

The nation's mortgage lenders started the foreclosure process on 253,306 U.S. properties in 2024, down 6% from 2023, up 174% from 2021, but down 25% from 2019, and down 88% from a peak of 2,139,005 in 2009.

States reporting the greatest number of foreclosure starts in 2024 included:

- California (29,529 foreclosure starts)
- Florida (29,239 foreclosure starts)
- Texas (28,946 foreclosure starts)
- New York (14,436 foreclosure starts)
- Illinois (13,082 foreclosure starts)

Those metropolitan statistical areas (MSAs) with a population greater than one million that saw the greatest number of foreclosure starts in 2024, included:

- New York (15,327 foreclosure starts)
- Chicago (11,508 foreclosure starts)
- Houston (10,197 foreclosure starts)
- Los Angeles (8,790 foreclosure starts)
- Miami (8,603 foreclosure starts)

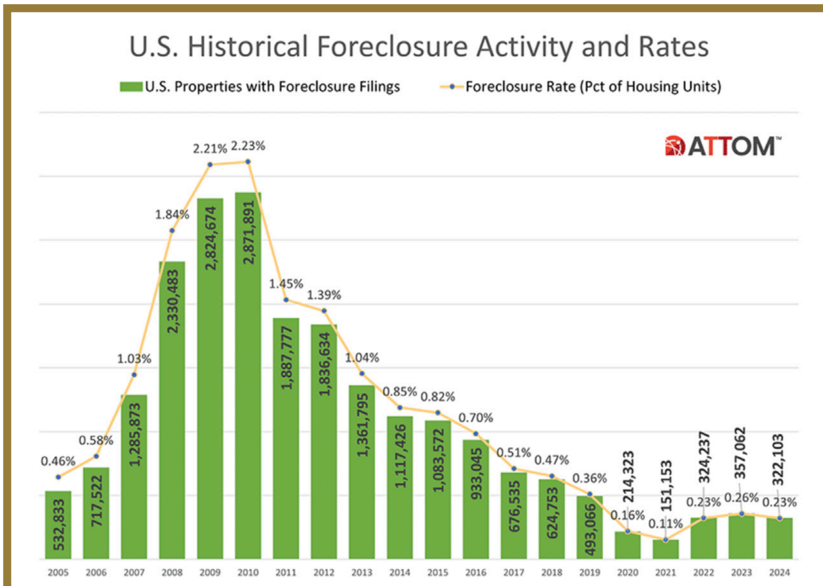
Bank Repossessions Continue Second Year of Decline

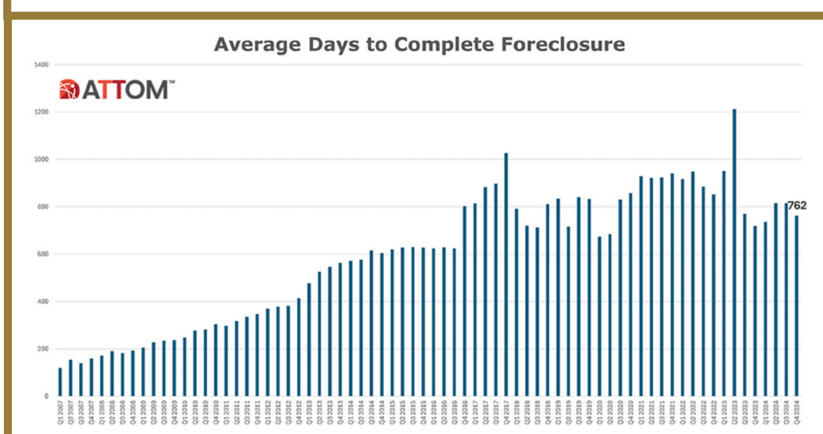
Lenders repossessed 36,505 properties through foreclosures (REO) in 2024, down 13% from 2023, and down 75% from 2019 (143,955), and down 97% from peak levels of 1,050,500 reported in 2010.

States reporting the greatest number of REO filings in 2024 included:

- California (3,466 REOs)
- Illinois (2,858 REOs)
- Pennsylvania (2,828 REOs)
- Michigan (2,629 REOs)
- Texas (2,501 REOs)

Metropolitan statistical areas (MSAs) with a population greater than one million that saw the greatest number of REOs in 2024 included:





- Chicago (1,976 REOs)
- New York (1,815 REOs)
- Detroit (1,575 REOs)
- Philadelphia (946 REOs)
- Baltimore (905 REOs)

What States Posted the Highest Foreclosure Rates?

States with the highest foreclosure rates in 2024 were Florida, where one in every 267 housing units reported a foreclosure filing; New Jersey, where one in every 267 housing units reported a foreclosure filing; Nevada, where one in every 273 housing units reported a foreclosure filing; Illinois, where one in every 278 housing units reported a foreclosure filing; and South Carolina, where one in every 304 housing units reported a foreclosure filing.

Among the 224 MSAs with a population of at least 200,000, those with the highest foreclosure rates in 2024 were found in:

- Lakeland, FL (one in every 172 housing units with a foreclosure filing)
- Atlantic City, NJ (one in every 200 housing units)
- Columbia, SC (one in every 204 housing units)
- Cleveland, OH (one in every 208 housing units)
- Las Vegas, NV (one in every 231 housing units)

MSAs with a population greater than one million, including Cleveland and Las Vegas, that had the highest foreclosure rates in 2024 were:

- Orlando, FL (one in every 234 housing units)
- Jacksonville, FL (one in every 241 housing units)
- Chicago, IL (one in every 245 housing units)
- Miami, FL (one in every 247 housing units)

Measuring Foreclosure Timelines

U.S. properties foreclosed in Q4 2024 had been in the foreclosure process for an average of 762 days, a 6% decrease from the previous quarter, but a 6% increase from a year ago. States reporting the longest average time to foreclose in Q4 2024 included:

- Louisiana (3,015 days)
- Hawaii (2,505 days)
- New York (2,099 days)
- Wisconsin (1,989 days)
- Nevada (1,750 days)

ATTOM's year-end foreclosure report provides a unique count of properties with a foreclosure filing during the year based on publicly recorded and published foreclosure filings collected in more than 3,000 counties nationwide, accounting for more than 99% of the U.S. population—also available for licensing or customized reporting.

MORTGAGE FORBEARANCE RATE RISES FOR SIXTH CONSECUTIVE MONTH

The Mortgage Bankers Association's (MBA) monthly Loan Monitoring Survey reveals that the total number of loans now in forbearance increased by three basis points in November 2024 relative to October 2024, from 0.47% to 0.50 (as of November 30, 2024). According to MBA's estimate, 250,000 homeowners are currently in forbearance plans, as the nation's mortgage servicers have provided forbearance to approximately 8.5 million borrowers since March 2020.

The share of Fannie Mae and Freddie Mac (GSE) loans in forbearance increased one basis point from 0.20% to 0.21% in November 2024. Ginnie Mae loans in forbearance increased by five basis points from 1.06% to 1.11%, and the forbearance share for portfolio loans and private-label securities (PLS) decreased by one basis point from 0.43% to 0.42%.

> "By investor type, Ginnie Mae loans are showing the greatest variance, with an increase of 72 basis points over the six-month period. That is compared to 11 basis points for Fannie Mae and Freddie Mac Loans, and portfolio and PLS loans, respectively."
>
> —**Marina Walsh**, CMB, MBA's VP of Industry Analysis

"The overall mortgage forbearance rate increased three basis points in November and has now risen for six consecutive months," said Marina Walsh, CMB, MBA's VP of Industry Analysis. "By investor type, Ginnie Mae loans are showing the greatest variance, with an increase of 72 basis points over the six-month period. That is compared to 11 basis points for Fannie Mae and Freddie Mac Loans, and portfolio and PLS loans, respectively."

Key Findings of MBA's Loan Monitoring Survey

- By reason, 51.3% of borrowers are in forbearance for reasons such as a temporary hardship caused by job loss, death, divorce, or disability. Another 46% are in forbearance because of a natural disaster. Less than 2.8% of borrowers are still in forbearance because of COVID-19.
- By stage, 71.4% of total loans in forbearance are in the initial forbearance plan stage, while 16.5% are in forbearance extension. The remaining 12.1% are forbearance reentries, including reentries with extensions.
- Total loans serviced that were current (not delinquent or in foreclosure) as a percent of servicing portfolio volume (#) was 95.22% in November 2024, down 22 basis points from 95.44% the prior month (on a nonseasonally adjusted basis), and down 49 basis points from one year ago.
- The five states with the highest share of loans were current as a percent of the servicing portfolio: Washington, Idaho, Alaska, Oregon, and Colorado.
- The five states with the lowest share of loans that were current as a percent of servicing portfolio are: Louisiana, Mississippi, Indiana, West Virginia, and Alabama.
- Total completed loan workouts from 2020 and onward (repayment plans, loan deferrals/partial claims, loan modifications) that were current as a percent of total completed workouts decreased to 66.47% in November 2024, down 200 basis points from 68.47% the prior month and down 501 basis points from one year ago.

"There is some weakening in performance of servicing portfolios and loan workouts compared to one year ago," Walsh added. "In the wake of natural disasters and slowing in the labor market, borrowers with government loans tend to be impacted more than conventional borrowers."

MBA's monthly Loan Monitoring Survey covers the period from November 1 through November 30, 2024, and represents 62% of the first-mortgage servicing market (30.9 million loans).

Government

HUD ALLOCATES $12B FOR DISASTER-STRICKEN COMMUNITIES

The U.S. Department of Housing and Urban Development (HUD) has allocated nearly $12 billion in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds for communities across 24 states and territories. To provide guidance for the implementation of this funding, HUD also published the Universal Notice for Community Development Block Grants—Disaster Recovery (CDBG-DR).

To support recovery from Hurricane Helene, HUD allocated more than $1.6 billion to communities across North Carolina, including $225 million to the city of Asheville and $1.2 billion to the state for disaster-impacted communities statewide. These funds are critical—with tens of thousands of houses damaged or destroyed, more than 12,000 western North Carolinians are without safe housing.

"Over the last two years, too many communities have been impacted by devastating disasters—damaging homes, destroying infrastructure, and stretching local capacity to recover," HUD Agency Head, the Honorable Adrianne Todman said. "This $12 billion in disaster discovery funds will help rebuild homes, develop affordable housing, assist impacted small businesses, and repair roads, schools, water treatment plants, and other critical infrastructure. The impacts of these funds will be felt for years to come—especially for disaster survivors and communities in the most impacted areas."

The Universal Notice will strengthen and improve the administration of CDBG-DR, incorporating feedback received from grantees, stakeholders, and survivors of disasters. For the first time, HUD requested public input through the 2022 Request for Information on CDBG-DR Rules, Waivers, and Alternative Requirements. HUD received more than 700 unique comments offering feedback on how to make disaster recovery faster and more efficient, effective, resilient, and equitable.

"As Appropriations Chair, I worked hard to ensure the passage of a bill that would deliver meaningful disaster relief for real people who need help as soon as possible. Today's announcement is welcome news to communities across the country—including Spokane County in my home state—that have been struck by disaster and are counting on federal support to rebuild and get back on their feet," said Sen. Patty Murray, Vice Chair of the Senate Appropriations Committee. "This funding will help rebuild homes for families in dire need, help rebuild schools so kids can learn, help small businesses reopen their doors, and help repair critical infrastructure that communities everywhere count on each and every day."

This allocation of CDBG-DR funding and the guidance in the Universal Notice will enable 47 grantees—including 23 states, 15 counties, eight cities, and one territory—to recover from and build resilience to weather-related disasters. CDBG-DR funding supports disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation, in the most impacted and distressed areas.

CDBG-DR funding can be used to:

- Replace damaged affordable housing and build it back more resiliently.
- Strengthen infrastructure through repairs, upgrades, and activities to increase the resilience of public facilities and infrastructure including roadways, water systems, and utilities.
- Support economic revitalization including support for small businesses, creation of jobs, and assistance for residents.
- Implement disaster mitigation measures to reduce the risk of damage from future extreme weather and disaster events.

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> "The Universal Notice published today reflects the input of communities and professionals who have been through the process of recovery and makes dozens of survivor-centered improvements to accelerate recovery."

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

ties and professionals who have been through the process of recovery and makes dozens of survivor-centered improvements to accelerate recovery," said Marion McFadden, Principal Deputy Assistant Secretary for Community Planning and Development. "I'm proud to say that we did everything we could—absent permanent authorization by Congress—to strengthen the program, reduce red tape, and support survivors as they rebuild."

Until HUD receives permanent authorization for the CDBG-DR program, Universal Notice is intended to provide publicly informed, consistent guidance for communities recovering from disasters. The Universal Notice incorporates many of the public's comments and recommendations, including updates to:

- Improve outcomes, increase access to information, and simplify documentation requirements for disaster survivors.
- Expand and extend eligible activities for rental assistance and disaster relief, including allowing reimbursement for these expenses.
- Create new eligible activities for local disaster preparedness and resilience.
- Align more closely with FEMA requirements for environmental reviews and community-driven relocation.
- Streamline Action Plan requirements and encourage broader community engagement in the Action Plan Formation process.
- Reduce administrative burden on grantees, creating greater flexibility regarding building standards, implementation requirements, and financial management procedures.

HUD will continue its partnership with FEMA on the Pre-Disaster Housing Initiative, which helps states develop plans to boost their pre-disaster housing capabilities. HUD will be announcing a Universal Notice Webinar Series that will take grantees and the public through the steps outlined in the Universal Notice and ensure they are ready to immediately begin the development of their CDBG-DR Action Plans. HUD will also provide grantees with an Action Plan Template to support their overall design and creation of the required components of the plan.

"Every community that's been struck by a disaster needs and deserves help and that's exactly what CDBG-DR funding provides," said Sen. Brian Schatz, Chairman of the Appropriations Subcommittee on Transportation, Housing, and Urban Development. "For decades, CDBG-DR has been a lifeline for communities building back from devastation, helping survivors rebuild their homes, small businesses, and communities. This new funding will help survivors across the country, including in Lahaina, get back on their feet as quickly as possible."

FREDDIE MAC MULTIFAMILY ANNOUNCES BILLIONS OF MBS ISSUED IN 2024

Through its multifamily risk transfer platform, Freddie Mac issued an estimated $56 billion worth of securities in 2024, shifting the majority of anticipated credit risk, interest rate risk, and liquidity risk from American taxpayers to private investors. In addition to $22.1 billion in Multi PC issuances during the year, Freddie Mac Multifamily settled $27.7 billion in K-Deals—the company's flagship offering.

The corporation exceeded the $24 billion milestone in total issuances for its mission-driven Impact Bonds since the program's launch in 2019 and responded to market demands in 2024 by launching multisponsor Q-Deals and Giant PCs, among other innovations.

"In 2024, Freddie Mac Multifamily showed once again how a determined, creative, and flexible team can adapt to changing markets to meet the needs of investors and advance our mission," said Jason Griest, VP of Multifamily Securitization for Freddie Mac.

Multifamily Giant PCs were added to Freddie Mac Multifamily's securitization platform in 2024, giving investors another re-securitization option to better manage their portfolios and boost the potential for mission-driven impact offers. To provide liquidity for small financial institutions, sponsors, and originators of affordable housing across the nation, Freddie Mac also launched multi-sponsor Q-Deals in 2024.

Freddie Mac Implements Actions to Strengthen Investor Needs, Affordability

Freddie Mac Multifamily issued both fixed- and floating-rate bonds through 5-year K-Deals throughout the year in response to borrower and market demands. In order to promote liquidity for both municipal and mortgage-focused investors, the company's ML-Deal program was further enhanced for 2024 to include the ability to exchange a municipal CUSIP registration for a corporate CUSIP registration and vice versa.

In 2024, Freddie Mac Multifamily issued $4.3 billion in Impact Bonds, surpassing $24 billion in total issuances over the program's duration, as part of its continued dedication to providing high-quality, reasonably priced rental housing. ML-20, which financed loans securing properties with units that are overwhelmingly affordable and have an environmental impact, was named the 2024 Sustainability Bond of the Year—Agency by Environmental Finance for the third consecutive year.

"We are proud of the progress we made over the past year, especially in a challenging business environment," Griest said. "Working with our Capital Markets stakeholders, we meaningfully enhanced and expanded our platform to better support liquidity, stability, and affordability in the multifamily market and for renters in communities nationwide."

Since the program's launch in 2009, Freddie Mac has settled $738 billion in multifamily securities through its K-Deal and other risk-transfer products. The company won Deal of the Year for a Single-Asset Single-Borrower deal, K-PLB2, backed by Park La Brea Apartments in Los Angeles, which offers more than 4,200 units of workforce housing and was named the CMBS Issuer of the Year by GlobalCapital in 2024.

In 2024, the company settled:

- $148.2 million in third-party initiated Giant PCs (re-securitization)
- $27.7 billion in K-Deals, including $2.9 billion through When-Issued K-Deals
- $22.1 billion in Multi PCs, including $832.3 million through newly issued company-initiated Giant PCs and $186.4 million through newly issued company-initiated P-Deals
- $1.5 billion in SB-Deals
- $1.9 billion in M-Deals and ML-Deals
- $2.1 billion in Q-Deals
- $411.6 million in MSCR Notes
- $136.9 million in third-party initiated P-Deals (re-securitization)

Historically, families with low-to-moderate earnings up to 120% of the area median income can afford more than 90% of the eligible rental units we sponsor. More than 90% of the multifamily loans that Freddie Mac buys are securitized, shifting interest-rate risk, liquidity risk, and most of the predicted credit risk from American taxpayers to private investors.

HUD RECAPS HISTORIC INVESTMENTS MADE BY THE BIDEN ADMINISTRATION

The COVID-19 pandemic and other factors made it difficult to obtain good, affordable housing when President Joe Biden and VP Kamala Harris took office in January 2021. This increased the likelihood of homelessness and housing prices for families nationwide.

The U.S. Department of Housing and Urban Development (HUD) has made significant progress in eliminating housing discrimination, increasing rental assistance for thousands of Americans, reducing housing costs, and increasing the supply of affordable homes under the direction of Secretary Marcia L. Fudge and Agency Head Adrianne Todman.

Over the past four years, the Biden-Harris administration has made significant housing investments that have strengthened American neighborhoods and supported families, all thanks to the diligent efforts of HUD personnel and the Department's partners at other federal agencies and on the ground. This accomplishment, as HUD approaches its 60th year, is evidence of the Department's programs and employees' ability to create prosperous communities and pathways to economic opportunity.

"It has been my deepest honor to serve the American people at HUD, helping families secure affordable housing where they can grow and thrive and live with dignity," HUD Agency Head, the Honorable Adrianne Todman said. "With steadfast leadership, HUD and the Biden-Harris administration were able to make a real difference, even as we faced considerable headwinds in the housing market. During our time at HUD, we've ensured thousands more families can afford rent thanks to the record number of housing vouchers we funded—the most in 20 years. We helped almost 2 million struggling families stay in their homes during the pandemic and provided more opportunities for Americans to achieve the dream of homeownership and build generational wealth."

Below are some highlights of the Administration's historic housing agenda, where over the past four years, HUD has:

- Helped more than 2.3 million people buy their first home and served more than 1.2 million borrowers of color.
- Reduced mortgage insurance premiums, delivering real savings to American homebuyers and helping more families attain the dream of homeownership through FHA-insured financing. More than a million borrowers have now saved nearly $1,000 per year because of this reduction from March 2023 through September 30, 2024.
- Helped nearly 2 million homeowners stay in their homes during the pandemic and partnered with the U.S. Treasury Department to keep more than 8 million renters in their homes.
- Built or repaired over 500,000 affordable housing units.
- Drove near-record construction, with 1.7 million new housing units built in 2022.
- Taken on needless barriers to housing production and preservation, including by awarding $185 million in PRO Housing funding to support the efforts of communities who have committed to housing-forward policies and practices.
- Implemented the most significant update to Manufactured Home Construction and Safety Standards (the HUD Code) in over 30 years. Over the last four years, HUD ensured the safe and affordable production of approximately 360,000 manufactured homes that adhere to the updated HUD Code.
- Issued over 120,000 new housing vouchers in the past four years, the largest expansion of rental assistance in 20 years. The HCV program served more than 5 million people in 2.5 million households last year.
- Allocated $105 billion in rental assistance to over 2,100 public housing agencies through the Housing Choice Voucher Program since 2021 to 2,118 Public Housing Agencies from 2021-present.
- Successfully delivered more than $1.4 billion in record time through the Green and Resilient Retrofit Program (GRRP), funded by President Biden's Inflation Reduction Act, to modernize over 30,000 affordable homes across 42 states, D.C., and Puerto Rico, making them greener, healthier, and safer.
- Permanently housed or served more than 1.2 million people experiencing homelessness.
- Served almost 90,000 veterans through the VASH program. This is the most veterans served at any point in the program's history.
- Since 2023, HUD has awarded or made available over $77 million in funds to prevent homelessness among youth aging out of the foster care system.
- Awarded the largest amount of annual federal funding provided through HUD's Continuum of Care program in history—some $3.16 billion to over 7,000 projects, expanding housing and services projects for people experiencing homelessness, including survivors of domestic violence, dating violence, stalking, and sexual assault. In January 2025, HUD expected to deliver an even larger funding package: more than $3.5 billion to

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>
> —**Marina Walsh**, CMB, MBA's VP of Industry Analysis

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expand programs for people experiencing homelessness.

- Awarded $5 billion in funding through HOME-ARP to reduce homelessness and increase housing stability across the country.
- Invested nearly $5 billion in Tribal communities through targeted housing and community development programs, including the Indian Housing Block Grant, Indian Community Development Block Grant, and Native Hawaiian Housing Block Grant.
- Took action to address racial bias in homeownership through the first-of-its-kind Property Appraisal and Valuation Equity (PAVE) Task Force, including new updated FHA Reconsideration of Value policies that enable borrowers to request a re-assessment of the appraised value of their property if they believe their appraisal was inaccurate or biased. Collectively, these actions contributed to a 40% reduction in the home appraisal gap since the Biden-Harris administration took action.
- Secured a clean audit opinion for five consecutive years, underscoring its unwavering commitment to financial transparency, accountability, and the responsible stewardship of taxpayer dollars.
- Modernized all 50 states, territories, and the District of Columbia on HUD.gov, reducing pages from 2,500 to 100, featuring a streamlined, trauma-informed design that enhances accessibility to vital resources like affordable housing services, disaster recovery assistance, and homeownership support, empowering communities nationwide.

"I want to thank the dedicated public servants at HUD and our community partners who have worked tirelessly on behalf of the American people to ensure we have a housing system that works for all families," Todman said.

CFPB FINDS MANY UNDERINSURED AGAINST FLOODING

The Consumer Financial Protection Bureau (CFPB) has issued a new report that found significant differences in the likelihood that homeowners with a mortgage are adequately insured against flooding, based both on location and on income and assets. According to findings, homeowners in coastal areas were most likely to have flood insurance and generally had higher incomes and assets, suggesting that they were the best positioned to recover from flooding. Homeowners living near inland streams and rivers, however, were less likely to have flood insurance and less likely to have other financial resources to draw on to recover from a flood. The report uses a sample of mortgage applications from 2018-2022.

The CFPB's report examines flood risk in the southeast and central southwest census regions of the United States, as measured by flood risk data from both the Federal Emergency Management Agency (FEMA) and the First Street Foundation.

FEMA's assessment of flood risk is retrospective and focuses mostly on coastal flooding, while the First Street Foundation data better identifies inland flooding as well as having a forward-looking measure of flood risk. The analysis shows that the flood risk exposure of the mortgage market is more extensive and more geographically dispersed than previously understood. Homeowners can have significantly different access to insurance and therefore sharply different financial outcomes based on whether their risk of flooding comes from the coast or inland rivers, streams, rainfall, and stormwater flooding.

Key Findings:

- Current flood insurance maps may not capture accurate flood risk exposure. FEMA flood insurance maps rate flood risk highest in coastal areas, while First Street's estimates predict significantly more exposure in inland areas as well as broader exposure in coastal regions.
- More than 400,000 homes may be underinsured for flooding events in the southeast and central southwestern parts of the country alone. The majority of flood insurance is provided through the federally subsidized National Flood Insurance Program (NFIP), which uses the FEMA flood insurance maps to identify properties eligible for flood insurance. Homeowners with a mortgage are therefore likely to be underinsured for flooding if the FEMA flood insurance maps do not accurately measure future flood risk.
- Homeowners who may be underinsured for flood risk also are least likely to be able to self-insure and recover from flooding. Borrowers in inland areas at risk of flooding, as identified using the First Street flood risk model, had lower incomes, and put less money down to purchase their homes compared to homeowners not in inland flood areas. This included both borrowers living in areas at elevated risk of coastal flooding and borrowers whose homes are not in an area of high flood risk, as identified either by FEMA or First Street. This suggests that these borrowers have the fewest financial resources to recover from flooding and are most at risk of suffering catastrophic losses after a flood.

HUD & FHA TO ENHANCE HOMEOWNERSHIP AFFORDABILITY

The U.S. Department of Housing & Urban Development (HUD) and the Federal Housing Administration (FHA) have announced two actions that increase homeownership affordability and enhance clarity and transparency for mortgage servicers in its Single-Family program.

First, FHA is providing greater underwriting flexibility for borrowers who rent space inside their homes to qualify for affordable FHA-insured mortgage financing.

Second, FHA recently completed its Single-Family Defect Taxonomy used for Title II mortgage program servicing loan reviews. The Servicing Defect Taxonomy provides greater transparency regarding the servicing loan review process, especially around FHA's assessment of the severity of errors or noncompliance with its mortgage servicing policies and the actions FHA may take in instances of servicer error or noncompliance.

"The actions we're announcing today complement our work over the last four years to increase access to affordable homeownership and to increase transparency in our policy and operational processes," Federal Housing Commissioner Julia Gordon said. "Both actions are the direct result of ongoing consultation and dialogue with industry participants, consumer advocacy groups, and others as we worked to develop policies that work for homebuyers, lenders, servicers, and FHA."

Rental income from roommates or long-term lodgers is a stable and viable source of income that increases housing affordability and allows many borrowers to manage housing costs. Specifically, FHA's newly revised underwriting guidance will allow rental income from individuals renting space inside a borrower's home to be included as part of FHA qualification when the borrower has 12 months of history of receiving this income. In addition, FHA is expanding the types of acceptable income verification documentation.

"Supporting growth in affordable homeownership and collaborating with private partners such as mortgage servicers are both crucial components of HUD's vital mission," HUD Agency Head Adrianne Todman said. "The increased flexibilities announced today for FHA-insured mortgages will help more people gain and maintain homeownership. And the increased mortgage servicing transparency will allow our partners to more effectively use our programs to expand sustainable homeownership nationwide."

Issuing the Servicing Defect Taxonomy follows the implementation in 2017 of the Origination Defect Taxonomy, which has proven to be a crucial resource for FHA and lenders. The Servicing Defect Taxonomy provides a framework for consistent FHA policy enforcement while allowing some flexibility for nuanced loan-level scenarios. Remedies for certain violations illustrated in the taxonomy can include corrective actions by the servicer or, if corrective actions are not possible, one- or five-year indemnification rather than life-of-loan indemnification. Because it would be impossible for Taxonomy to include a definitive list of all possible servicing violations, it was constructed to allow flexibility that can also cover unanticipated scenarios. FHA will continue to use loan review data to identify patterns of noncompliance for various quality assurance and risk management processes.

"Today, we've made it easier for more borrowers to qualify for an FHA-insured mortgage, and for mortgage servicers to understand our mortgage servicing loan review process and error severity assessments," HUD Deputy Assistant Secretary for Single-Family Housing Sarah Edelman said. "These changes are emblematic of the holistic approach we've taken under this Administration to enhance the FHA program from mortgage origination to mortgage servicing and loss mitigation."

HUD HANDS OUT MILLIONS IN GRANTS TO SUPPORT SENIORS, EXPAND AFFORDABILITY

The Office of Multifamily Housing Programs of the U.S. Department of Housing and Urban Development (HUD) announced that it has given $97 million in grants to nonprofit groups to fund the construction or renovation of affordable multifamily housing and senior rental assistance. HUD has also given out $40 million in grants to expand the number of service coordinators who link the elderly and disabled to vital services.

"The Biden-Harris administration is committed to ensuring that our seniors have access to homes they can afford," HUD Agency Head Adrianne Todman said. "Too many seniors are facing housing instability and homelessness. As a country, we must do more to ensure that we are caring for those who came before us. It is the right thing to do."

Section 202 Supportive Housing for the Elderly Program Awards

Nearly $97 million in funding, made available through HUD's Section 202 Supportive Housing for the Elderly program, will support 732 Project Rental Assistance Contracts (PRAC) to support the construction and operation of 818 new rent-assisted homes for seniors 62 years of age or older who have low and very low incomes.

Additionally, 109 intergenerational homes will be built using some of these monies to address the special housing requirements of elderly people with young children. Additionally, the prizes give seniors access to supported services for their health, education, transportation, and dietary requirements.

"As rents continue to climb and

as the number of unhoused older Americans grows, providing affordable and supportive housing for our nation's seniors is more important than ever," said Assistant Secretary for Housing and Federal Housing Commissioner Julia Gordon. "The Section 202 program is a cornerstone of our efforts to address this critical need."

Through the development of 1,887 units nationwide, nonprofits were able to empower and uplift the elderly and the children under their care thanks to funding from the Fiscal Years 2022 and 2023 grants.

Service Coordinators in Multifamily Housing Program Awards

Nearly $40 million in funding will be distributed to 104 grantees through the Service Coordinator in Multifamily Housing (SCMF) program to cover the salaries and related benefits of service coordinator professionals at 107 affordable multifamily residences. Service coordinators provide services to enable people with impairments and residents 62 years of age and older age in place and live independently.

These resources include programs for health and well-being, chances for social interaction, and help with money management. Tenants are free to select the services that best suit their needs. Additionally, service coordinators assist property management in better comprehending the requirements of their resident base.

"These funds help enhance the quality of life for these residents by bringing appropriate community-based services within reach, enabling residents to live independently with dignity," said Ethan Handelman, Deputy Assistant Secretary of Multifamily Housing Programs.

FHFA RELEASES FINAL RULE ON AFFORDABLE HOUSING GOALS

The Federal Housing Finance Agency (FHFA) released a final rule that updates the procedure for requiring an action plan in the event that an Enterprise fails to meet specific goals and sets new affordable housing targets for the loan purchases of Fannie Mae and Freddie Mac (the Enterprises) over the next three years.

The housing goals, which are typically established by FHFA regulations every three years, establish yearly benchmarks for the Enterprises' acquisitions in 2025–2027 to promote fair housing access for low-income families and families in low-income communities.

"The affordable housing goals better enable the Enterprises to effectively advance their missions and support housing finance markets in a safe and sound manner," said Sandra L. Thompson, FHFA Director. "It is critical that the Enterprises meet these goals, as required by law and regulation."

The benchmark level or real market level of loans for each category shown in the table below must be met by the Enterprises in order to accomplish the single-family housing goals. Using data from the Home Mortgage Disclosure Act (HMDA), the real market level is calculated retroactively for the year.

To assist evaluate whether an Enterprise must create a housing strategy—an action plan that outlines how it will improve its performance—if it fails to meet specific single-family housing targets during the 2025–2027 cycle, the final rule also creates additional "measurement buffers." If the Enterprise doesn't reach a target and the difference between the Enterprise's performance and the market level is more than the buffer specified in the final rule, a housing plan might be necessary.

To achieve the multifamily housing targets, the Enterprises must reach benchmark levels. The percentage of units in multifamily buildings with loans that the enterprise has acquired that are affordable to renters in the corresponding income categories serves as the benchmark for the low-income and extremely low-income targets. The percentage of units in small (5–50 unit) multifamily properties that are affordable for low-income families is measured by a different subgoal.

Three single-family home purchase goals and one refinance target must be set by the FHFA. Two more single-family home purchase subgoals have been created by FHFA specifically for low-income and minority census tracts.

The following are the definitions of the single-family refinance goal and the single-family home purchase goals and subgoals:

Single-Family Goals
(percentage of overall qualified single-family loan purchases)

Single-Family Goals	Benchmark Level 2025–2027
Low-Income Home Purchase Goal	25%
Very Low-Income Home Purchase Goal	6%
Minority Census Tracts Home Purchase Subgoal	12%
Low-Income Census Tracts Home Purchase Subgoal	4%
Low-Income Refinance Goal	26%

Multifamily Goals
(percentage of overall qualified units)

Multifamily Goals	Benchmark Level 2025–2027
Low-Income Goal	61%
Very Low-Income Goal	14%
Low-Income Small (5–50 unit) Subgoal	2%

- **Low-Income Home Purchase (LIP) Goal:** This goal measures the share of each Enterprise's goal-qualifying purchase loans made to families with incomes no greater than 80% of Area Median Income (AMI).
- **Very Low-Income Home Purchase (VLIP) Goal:** This goal measures the share of each Enterprise's goal-qualifying purchase loans made to families with incomes no greater than 50% of AMI.
- **Minority Census Tracts Purchase (MCT) Subgoal:** This goal measures the share of each Enterprise's goal-qualifying purchase loans made to families with incomes no greater than 100% of AMI in minority census tracts.
- **Low-Income Census Tracts Purchase (LCT) Subgoal:** This goal measures the share of each Enterprise's goal-qualifying purchase loans made to two subgroups: (1) families (regardless of income) in low-income census tracts that are not minority census tracts, and (2) families with incomes greater than 100% of AMI in low-income census tracts that are also minority census tracts.
- **Low-Income Areas Home Purchase (LIA) Goal:** This goal measures the shares of each Enterprise's goal-qualifying purchase loans that are included in the minority census tracts and low-income census tracts subgoals, plus purchase mortgages made to families with incomes no greater than 100% of AMI living in a federally declared disaster area.
- **Low-Income Refinance (LIR) Goal:** This goal measures the share of each Enterprise's goal-qualifying refinance loans made to families with incomes no greater than 80% of AMI.

The final rule is effective February 28, 2025.

HUD GRANTS MILLIONS TO HELP END HOMELESSNESS, PREVENT EVICTIONS

As the New Year settles in, unfortunately, homeownership and financial stability are still a worry for millions of hard-working Americans. Through the Eviction Protection Grant Program (EPGP), a first-of-its-kind federal program created to increase the availability of legal services to tenants at risk of or subject to eviction, the U.S. Department of Housing and Urban Development (HUD) granted $40 million in funding to 21 recipients to support housing stability and prevent evictions and homelessness.

"This latest round of funding builds on this program's success in helping over 44,000 households mitigate the negative consequences of eviction," HUD Agency Head Adrianne Todman said. "Legal experts supported by this funding help provide housing stability across the country."

Every year, millions of people experience eviction, either through official court procedures or through evictions that take place outside of the law. Tenants who are evicted, particularly children, suffer serious long-term repercussions. However, the majority of renters lack access to legal aid that could enable them to defend against wrongful evictions or come to more amicable agreements with landlords.

The Eviction Protection Grant Program seeks to close this disparity and improve tenants' housing stability by:

- **Prevention:** helping tenants avert eviction and prevent eviction filings.
- **Justice:** helping tenants exercise and enforce their housing and civil rights and ensure the legal process during eviction is fair.
- **Diversion:** increasing tenant access to, and participation in, nonadversarial resolutions outside the court system.
- **Relief:** helping tenants avoid the harmful consequences of eviction and gain access to stabilizing resources.

As part of its ongoing efforts and a

larger, whole-of-government strategy to assist families in recovering from the economic and public health effects of the COVID-19 pandemic, HUD established the Eviction Protection Grant Program (EPGP) in 2021. Eviction filings by landlords have increased and, in certain areas, have surpassed pre-pandemic levels since the termination of the pandemic-era emergency rental assistance and the majority of federal, state, and local eviction moratoria. For families nationwide, the legal aid services offered by EPGP come at a crucial moment due to growing rents, ongoing inflation, and a lack of affordable housing.

"Given the tremendous demand for these services and programs early grantee successes in reaching tenants most in need of eviction legal assistance services, HUD is excited to grow the reach of the program through these awards," said Solomon Greene, HUD's Principal Deputy Assistant Secretary for Policy Development and Research. "We are proud to partner with grantees across the country who are working tirelessly to expand access to legal assistance and ensure housing stability for those who need it most."

HUD sponsored 21 EPGP grantees that offered free legal aid to avoid or redirect eviction and lessen the effects of eviction in 19 states using the initial $40 million in FY 2021 and FY 2022 funds. By allowing grant winners to scale up current operations, broaden the scope of services provided, and fortify relationships with other organizations and service providers, funding has assisted in meeting the needs of households in target service areas that are experiencing or in danger of eviction.

Through EPGP, HUD is supporting evidence-based approaches to eviction prevention and diversion programs more broadly, filling important knowledge gaps, and providing crucial legal services to renters facing eviction. An interim report detailing early implementation findings, including the characteristics of families served as of June 2023, was released by PD&R in December 2024.

According to the study, renter households that receive legal aid through EPGP have demographic traits in common with those of groups that have been proven to be more likely to face eviction on a national level, such as women. An estimated 7% lived in rural regions, some 29% had a disability, 18% had inadequate English proficiency, and more than half of the homes serviced had at least one kid.

In the upcoming Eviction Protection Grant Program Final Report, grantees, subrecipients, and HUD personnel will give an analysis of their implementation experiences; program outcomes will be documented; and relationships between household characteristics, services rendered, and outcomes will be discussed.

Governmental and nonprofit organizations will receive new funding to help them offer legal services to tenants in 16 states, including statewide programs and local or regional programs that serve one or more counties.

FHFA EXPANDS ACCESS TO LIQUIDITY FOR FEDERAL HOME LOAN BANK SYSTEM

The Federal Housing Finance Agency (FHFA) has published a final rule designed to improve access to liquidity for the Federal Home Loan Bank (FHLBank) System by adjusting the treatment of certain short-term FHLBank investments.

The rule modifies FHLBank limits on the extension of certain forms of unsecured credit. Previously, FHLBank's deposits held in member-provided interest-bearing deposit accounts (IBDAs) counted toward a more restrictive limit set in FHFA's existing regulation governing FHLBank capital requirements. Under the final rule, these deposits will count toward a more flexible limit—similar to the treatment of federal funds sales—allowing the FHLBanks to better manage and respond to the liquidity needs of their members safely and soundly.

"FHFA's priority is to ensure that the Federal Home Loan Banks manage their balance sheets and financial transactions responsibly, remaining safe and sound while providing necessary liquidity to their members," FHFA Director Sandra L. Thompson said. "This regulation better enables the FHLBanks to meet their mission by providing them with greater flexibility to deploy tools to facilitate the expansion of affordable, sustainable housing."

The FHFA's rule also clarifies terms for the FHLBanks to determine limits on unsecured credit to counterparties. Based on feedback on the proposed rule, the final rule establishes an exception for certain amounts in operations and custodial accounts that the proposed rule would have counted toward the intra-day unsecured credit limit and clarifies that the limits are focused on liquidity activities.

HUD STREAMLINES AFFORDABLE HOUSING REGULATIONS

The U.S. Department of Housing & Urban Development (HUD) has published a Final Rule in the Federal Register to modernize and strengthen regulations for the HOME Investment Partnership Program (HOME).

HOME is one of the largest federal grant programs specifically for creating housing for disadvantaged households. The regulatory updates incorporate feedback from stakeholders, community leaders, and participating jurisdictions that receive annual HOME grant funding.

The HOME final rule streamlines program requirements for states and localities, better aligns HOME funding with other federal housing resources, reduces the administrative burden for communities and housing developers, improves assistance and protections for renters, strengthens the use of HOME for homeownership activities, and encourages energy efficient and green building practices.

"These new rules build on HUD's commitment to reducing the red tape and making programs easier to use," said the Honorable Adrianne Todman, HUD Agency Head. "For more than 30 years, HOME has provided funding to build new homes, assist home buyers, and provide rental assistance. HOME funding plays a critical role in advancing housing opportunities for families across the country."

Finding Success in the HOME Program

Since the creation of the program in 1992, more than 1.38 million homes have been completed through HOME funding. The HOME program is a critical tool to bolster housing production and preserve existing affordable housing at a time of dire need nationwide, and the regulatory improvements will ensure funding is effectively and efficiently deployed to boost housing supply and lower costs for families nationwide. Updates to the HOME regulations will strengthen the program for years to come.

HUD's final rule will:

- Reduce unnecessary burden on grantees and beneficiaries by streamlining income determinations;
- Simplify HOME rental housing requirements, making it easier to use HOME for small rental housing projects;
- Better align HOME with LIHTC and other federal funding;
- Simplifying tenant-based rental assistance (TBRA) and making HOME TBRA work better for tenants, landlords, and participating jurisdictions;
- Strengthening tenants' rights and protections for occupants of HOME-assisted rental units and recipients of HOME tenant-based rental assistance;
- Modernize and simplify requirements for homeownership activities;
- Establish a new method for determining maximum per unit subsidy limits;
- Incentivize green building and energy-efficient building practices to lower energy costs for families and save money for residents;
- Making HOME easier to use to increase the supply of housing by addressing pre-development costs; and,
- Expand the availability and capacity of community developers by updating guidance for Community Housing Development Organizations and Community Land Trusts.

Streamlining HUD's Functions

HUD's updates will improve the ability of participating jurisdictions who receive HOME to implement funding more effectively and efficiently making it easier for States and localities to use HOME to support renters, homeowners, and homebuyers. HUD's rule will reduce the administrative burden by aligning utility allowances with other HUD programs, reducing duplicative inspections by accepting NSPIRE performed for other funding sources, and reducing the administrative burden of performing income determinations by accepting determinations performed for other funding sources. The rule also incentivizes the use of HOME funds for small rental projects such as accessory dwelling units and duplexes by reducing the frequency of inspections and income determinations and eliminating arduous waiting list requirements for small properties.

HUD's rule will also simplify requirements for homeownership activities. The update also addresses common challenges in homebuyer activities by extending sales deadlines for HOME-assisted units, adding clarity for resale provisions, and allowing for rehabilitation of HOME-assisted properties after acquisition.

The changes to HOME tenant-based rental assistance will support low-income renters by creating a mandatory lease addendum with enhanced tenant protections, better defining causes for eviction in the HOME program, and reducing burdensome paperwork for tenants.

"The final rule reflects insightful comments offered by multiple stakeholders, whether someone is the prospective resident of a new home, owner of an existing property renovated, with HOME dollars, a developer or operator of affordable rental housing, or a civil servant administering the grant program, these changes will simplify the use of grant funding," Principal Deputy Assistant Secretary for Community Planning and Development Marion McFadden said. "I'm also pleased that new regulations will incentivize building energy efficient homes, resilient to weather-related disasters."

HUD's update will also expand opportunities for nonprofit organizations and developers to access HOME funding to create and retain renter or homeowner housing in their neighborhoods by revising requirements for community housing development organizations and community land trusts. It will also provide incentives for energy efficiency and green building standards, expected to result in lower utility and insurance costs for homeowners.

HUD AWARDS $100 MILLION TO BOOST U.S. HOUSING SUPPLY

The U.S. Department of Housing and Urban Development (HUD) has awarded $100 million in grants to 18 winners benefitting communities across 15 states to cut red tape, build more homes, and lower the costs of renting and buying a home.

These funds are provided through HUD's Pathways to Removing Obstacles to Housing (PRO Housing) program, to remove barriers to local housing production. The announcement is part of the Biden administration's whole-of-government work to build more homes and lower housing costs, as outlined in the Housing Supply Action Plan. These grants build upon the $85 million to more than 20 communities that Vice President Kamala Harris and HUD Agency Head Adrianne Todman awarded in July 2024.

"We need to build more homes to meet the needs of our growing communities—and we need to deploy every strategy available. The Biden-Harris administration has been laser-focused on providing resources to local leaders to boost the supply of affordable housing," HUD Agency Head Todman said. "Today, we are delivering a historic $100 million to lower housing costs by removing barriers to building more homes to rent and buy."

A first-of-its-kind program, PRO Housing helps communities continue to:

- Address restrictive land use or regulatory policies;
- Improve and implement housing strategies;
- Invest in local neighborhoods and increase community resilience; and
- Facilitate the construction of new housing and repairs to existing homes.

> "We need to build more homes to meet the needs of our growing communities—and we need to deploy every strategy available. The Biden-Harris administration has been laser-focused on providing resources to local leaders to boost the supply of affordable housing."
>
> —**Marina Walsh**, CMB, MBA's VP of Industry Analysis

Grants to local governments, states, metropolitan planning organizations (MPOs), and multijurisdictional entities range from $1 million to $7 million.

The awards are the second round of the PRO Housing competition, after making them available in August 2024. Previously, HUD awarded $85 million to communities across 19 states and the District of Columbia.

Common barriers to housing identified in the round two PRO Housing applications include the high cost of land and development, lack of available units, underutilized vacant land and property, aging housing stock, inadequate infrastructure, displacement pressures, risks of extreme weather or environmental hazards, and outdated local land-use and permitting policies and processes.

"The communities that were awarded PRO Housing funding demonstrated a commitment to overcoming local barriers. These funds will accelerate critical investments in housing, housing enabling infrastructure, and regional strategies to meet community needs," said Marion McFadden, Principal Deputy Assistant Secretary for Community Planning and Development. "Given the number of applicants who expressed interest in addressing barriers to development and boosting housing supply, HUD will continue to share resources for communities to advance their proposed housing strategies"

Winners of the PRO Housing competition will update state and local housing plans, revise land use policies, streamline the permitting process for housing construction, and take other actions to create more housing-forward communities. Grants will also be used to preserve existing affordable housing units, provide development subsidies to create new, affordable units and increase access to homeownership.

FHFA AND TREASURY AMEND PREFERRED STOCK PURCHASE AGREEMENTS

The Federal Housing Finance Agency (FHFA) and the U.S. Department of the Treasury have announced amendments to the Preferred Stock Purchase Agreements (PSPAs).

FHFA and Treasury have agreed to delete the provisions of the PSPAs that were suspended pursuant to their September 14, 2021, Letter Agreement and to make other modifications. These changes provide Fannie Mae and Freddie Mac (the GSEs) with more flexibility to better support access to homeownership and rental housing. In addition, the amendments clarify that the GSEs must meet the capital requirements established by FHFA as amended over time. The amendments also include technical changes or clarifications applicable to the GSEs' financial reporting.

President and CEO of the Mortgage Bankers Association (MBA), Bob Broeksmit, CMB, said: "MBA believes strongly that any efforts to remove Fannie Mae and Freddie Mac (the GSEs) from their federal government conservatorships must fully consider the impact on single-family and multifamily housing markets and overall financial stability. This includes the critical move that Congress establishes an explicit federal backstop for mortgage-backed securities."

At the time the original PSPAs were executed in September 2008, written Treasury consent was required before the conservatorships could be terminated. The new amendments restore that consent right. FHFA and Treasury also agreed that the path to ending the conservatorships should be based on the financial condition of the GSEs and the potential impact of termination on the housing market. Accordingly, FHFA and Treasury have agreed to a process for eventual public input on termination options and potential impacts, which is addressed in a separate side letter between the agencies.

"The Enterprises play a vital role in the national housing finance system," FHFA Director Sandra L. Thompson said. "Today's announcement will reassure stakeholders that the Enterprises' eventual release from conservatorship will follow a methodical process intended to minimize disruption to the housing and financial markets."

The process set forth in the side letter, which applies to terminations other than receivership and includes seeking public input, briefing the Financial Stability Oversight Council (FSOC), and analyzing the market impact of different paths to ending the conservatorships before seeking Treasury consent, is intended to facilitate an orderly termination of the conservatorships and to ensure that the impact of the termination on the GSEs, the housing market, and U.S. financial stability is considered.

"Conservatorship was never intended to be perpetual, and we support efforts toward the GSEs' release," Broeksmit added. "We appreciate the rationale behind today's changes to the PSPAs, which are designed to foster transparency across government agencies, share market impact analysis, and give appropriate time for market participants to provide feedback on proposed reforms. The GSEs are integral to homeownership and rental housing, and the transition to a post-conservatorship era must be done the right way with an ample timeline. MBA stands ready to work with the incoming Trump administration at the White House, Treasury Department, and FHFA—and also with the Congress—to ensure that happens."

Market Trends

EXAMINING 2024 HOME PRICE TRENDS

According to the October 2024 results for the S&P CoreLogic Case-Shiller Indices, issued by the S&P Dow Jones Indices (S&P DJI), the leading indicator of U.S. home values had an annual growth of 3.6%—a modest decrease from the previous 2024 annual gains.

Lisa Sturtevant, Chief Economist at Bright MLS, also commented on the S&P CoreLogic Case-Shiller Home Price Index's release and had this to say:

"The S&P CoreLogic Case-Shiller Home Price Index showed that home prices rose again in October. Prices have risen every month in 2024, even as mortgage rates have remained stubbornly high and as housing affordability has reached an all-time low."

Measuring Year-Over-Year Gains, Cities With the Highest Growth

The U.S. National Home Price Case-Shiller for the S&P CoreLogic following a 3.9% annual rise the month before, the NSA Index, which includes all nine U.S. census divisions, recorded a 3.6% annual return for October.

"The S&P CoreLogic Case-Shiller Index picked up slightly in October, recording a 3.6% year-over-year gain in the prices of homes in the U.S.," said Joel Berner, Senior Economist at Realtor.com. "This is a bit below last month's mark of 3.9% growth and comes in as the 7th consecutive month in which year-over-year gains have fallen. With that being said, the index also reached a new record high for the 17th month in a row. Home price appreciation seems to be settling into a more comfortable pace, just as inventory levels pick up going into 2025: welcome news for prospective buyers who continue to face the headwinds of high mortgage rates. The 10- and 20-City Composites behaved similarly to the national index, with the 10-City posting 4.8% year-over-year growth (down from 5.2% in the previous month) and the 20-City coming in at 4.2% (4.6% last month)."

Following a 5.2% annual increase the month before, the 10-City Composite showed an annual increase of 4.8%. After rising 4.6% the month before, the 20-City Composite saw a 4.2% year-over-year increase. With a 7.3% increase in October, New York once again had the largest annual gain out of the 20 cities. Chicago and Las Vegas came in second and third, with annual increases of 6.2% and 5.9%, respectively. Tampa's 0.4% year-over-year growth was the lowest.

"There are signs that these pressures might be starting to have an effect on home price appreciation," Sturtevant said. "In October, the Case-Shiller index rose 3.6% year over year, the lowest since August 2023. And while home prices continued to climb in all metros, the index shows weakening price appreciation in most regions. Home prices rose by less than 1% year over year in Tampa, Dallas, and Denver, places where prices rose fast during the pandemic and inventory is climbing. Other measures of home prices (e.g. Zillow's Home Value Index) have also shown that in some metros, home prices have started to fall on an annual basis."

Sturtevant continued: "We are unlikely to see widespread home price declines in 2025, but there are some metros where fast-rising inventory and cooling demand will lead to falling prices in the year ahead. Our forecasts suggest that markets in Florida are at most risk of price declines in 2025. Other markets that surged during the pandemic, including metros in Utah and Colorado, are also poised for much cooler conditions in 2025."

Examining Month-Over-Month Home Price Trends

October saw a turn in trends of the pre-seasonally adjusted U.S. National Index, 20-City Composite, and 10-City Composite increasing trends. The national index saw a decline of -0.2%, while the 20-City and 10-City Composites showed returns of -0.2% and -0.1%, respectively.

"Home price appreciation varies significantly across the country," Berner said. "In the South and West regions, where housing inventory has nearly returned to pre-pandemic levels, the Case-Shiller Index shows markets like Tampa (+0.39%), Denver (+0.44%), and Dallas (+0.85%) with less than a percentage point of year-over-year price growth. Meanwhile in the Northeast and Midwest, markets like New York (+7.27%) and Chicago (+6.24%) are driving the national-level price growth. Home builders have taken notice of this trend and are throttling back construction in the South while pushing it forward in the Northeast."

Berner continued: "Purchasing a home is especially difficult right now because of high mortgage rates. These high rates gum up the gears of the housing market, leading to fewer sales and more modest price appreciation like the Case-Shiller Index showed today. For savvy and equity-rich buyers, though, this provides an opportunity to take advantage of relatively weak prices and an ever-growing set of options. Buyers without the ability to self-finance, especially first-time buyers who don't already have equity in a home they could sell, will continue to struggle to find opportunities even as prices moderate. First-time buyers or existing owners looking to make a move would do well to target some of the markets we feature in our Top Housing Markets for 2025, which highlights several Southern and Western metros where we expect sales and prices to pick up in the coming year."

The U.S. National Index showed a 0.3% month-over-month increase after seasonal adjustment, and the 10-City and 20-City Composites both showed 0.3% monthly increases.

S&P Dow Jones Indices U.S. Analysis

The three composites' housing boom/bust peaks and troughs, present values, and percentage changes from the peaks and troughs are as in the chart below.

"New York once again reigns supreme as the fastest-growing housing market with annual returns over double the national average," said Brian D. Luke, CFA, Head of Commodities, Real & Digital Assets at S&P Dow Jones Indices. "Two markets have dominated the top ranks, with New York leading all markets the past six months and San Diego the six months prior. New York is the only market sitting at all-time highs and one of just three markets with gains on the month. Accounting for seasonal adjustments shows a broader rally across the country."

The markets have tracked and reported on the nonseasonally adjusted data set used in the headline indexes since the S&P CoreLogic Case-Shiller indexes were introduced in early 2006. S&P Dow Jones indexes release a seasonally adjusted data set for the headline indexes, 17 of 20 markets with tiered price indices, and the five condo markets it tracks for analytical purposes.

"Our National Index hit its 17th consecutive all-time high, and only two markets—Tampa and Cleveland—fell during the past month," Luke said. "The annual returns continue to post positive inflation-adjusted returns but are falling well short of the annualized gains experienced this decade. Markets in Florida and Arizona are rising but not keeping up with inflation and are well off the over 10% gains annually from 2020 to the present. This has allowed other markets to catch up.

"With the latest data covering the period prior to the election, our national index has shown continued improvement," Luke continued. "Removing the political uncertainly risk has led to an equity market rally; it will be telling should the similar sentiment occur among homeowners."

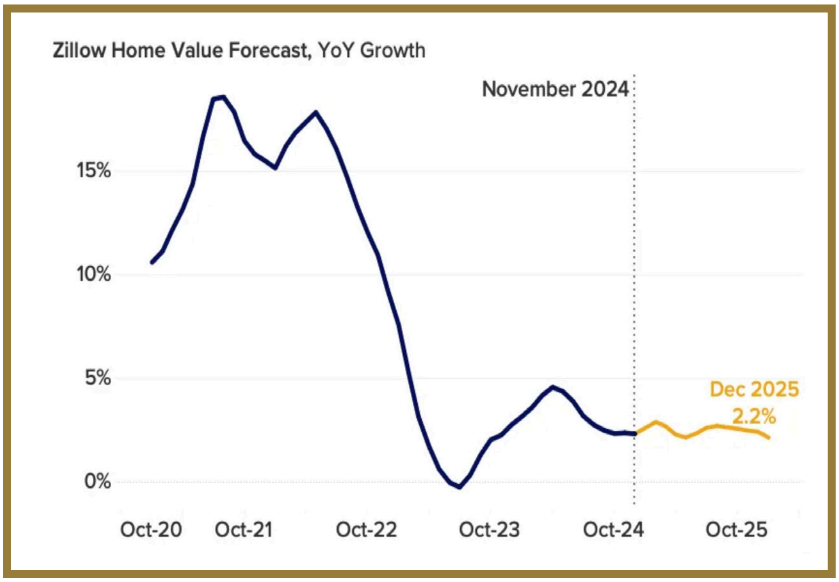
WILL HOME SALES INCREASE IN 2025?

According to Zillow's most recent market research, the erratic and abrupt changes in mortgage rates that had a significant impact on the housing market in 2024 will undoubtedly be a significant factor in the upcoming year.

According to Zillow's estimate, a prediction of gradually falling mortgage rates in 2025 portends modest growth in both sales and home price appreciation. The second half of this year's home sales was boosted by a September decline in interest rates; Zillow projects 4.06 million sales in 2024. By 2025, that figure ought to increase somewhat to 4.16 million. In 2025, home prices are expected to increase by 2.2%, which is exactly in line with the 2.3% yearly growth that was noted in November.

"There's a strong sense of déjà vu on tap for 2025," said Skylar Olsen, Chief Economist at Zillow. "We are once again expecting mortgage rates to get better gradually, and opportunities for buyers should follow, but be prepared for plenty of bumps on that path. Those shopping this winter have plenty of time to choose and a relatively strong position in negotiations."

2006 Peak		2012 Trough			Current		
Index	Level	Date	Level	Date	From Peak (%)	From Trough (%)	From Peak (%)
U.S.	184.61	Jul-06	134.00	Feb-12	-27.4 %	142.0 %	75.6 %
20-City	206.52	Jul-06	134.07	Mar-12	-35.1 %	148.3 %	61.2 %
10-City	226.29	Jun-06	146.45	Mar-12	-35.3 %	139.2 %	54.8 %



The need for buyers to be prepared to relocate when the time comes is further reinforced by recent and erratic decreases in mortgage rates. Many indicators of the housing market are heading closer to historical averages following the ups and downs of the previous five years. Although the number of new listings entering the market is still about 14% less than it was before the epidemic, this represents a significant improvement over the 25% shortfall in March.

Similarly, total for-sale inventory is struggling to escape a deep hole that formed early in the pandemic. This is the smallest deficit since September 2020, and it is currently roughly 26% below the 2018–2019 normal. Next year should see more improvements in each of these, but once more, rate developments will have a significant impact on progress.

In an increasingly buyer-friendly market, those who shop for homes during the slower winter months might be able to score a bargain. From October to November, Zillow's market heat index reveals competition for cooled houses across the country and in 36 of the 50 largest U.S. metro regions.

There is less rivalry in the market, even if consumers now have fewer options than they will probably have in the spring. According to the most recent data available, the percentage of residences that sold for more than the list price fell below 28% in October, extending a declining trend that started in July.

With a higher likelihood of purchasing a property subject to inspections or repairs and a lower likelihood of being sucked into a bidding war, buyers now should find it simpler to negotiate from a position of safety than they did during the spring rush.

LOCK-IN EFFECT FUELING AMERICANS' HESITANCY TO LET GO OF THEIR HOMES

A third of American homeowners (34%) say they will never sell their house, while another 27% say they won't think about doing so for at least 10 years. According to a recent survey that Redfin commissioned, that is. Only 8% of homebuyers intend to sell in three to five years, and 7% within the following three years, whereas nearly one-quarter (24%) of them aim to sell in five to 10 years.

When compared to younger homeowners, senior homeowners are

Metro Area*	Zillow Home Value Index (ZHVI)	ZHVI Change, Year over Year (YoY)	Share of Listings Sold Over Asking Price (October)	Inventory Change Since Before the Pandemic	New Listings Change Since Before the Pandemic	Median Days to Pending
U.S.	$358,761	2.3 %	27.8 %	-26.3 %	-13.5 %	28
New York	$680,934	7.0 %	51.3 %	-54.6 %	-35.4 %	32
Los Angeles	$956,130	4.5 %	44.1 %	-27.7 %	-27.0 %	24
Chicago	$323,596	5.0 %	34.7 %	-47.7 %	-10.1 %	19
Dallas	$368,995	-0.5 %	16.8 %	-1.3 %	-12.3 %	36
Houston	$306,412	0.4 %	14.8 %	-3.0 %	-3.2 %	39
Washington	$570,857	4.1 %	40.7 %	-39.4 %	-18.0 %	16
Philadelphia	$364,488	4.5 %	39.9 %	-44.2 %	-12.7 %	14
Miami	$485,481	1.4 %	8.9 %	-7.4 %	-8.4 %	53
Atlanta	$379,029	0.6 %	19.3 %	-5.8 %	-20.4 %	42

more likely to claim they will never sell. Compared to 34% of Gen X homeowners and 28% of millennial/Gen Z homeowners, some 43% of baby boomer homeowners say they will never sell.

Despite a little increase in recent months, new postings are still below pre-pandemic levels in parts of the country because the majority of homeowners say they will never sell. According to a recent Redfin report, the first eight months of 2024 saw the lowest turnover rate in decades, with only 25 out of 1,000 U.S. homes changing hands.

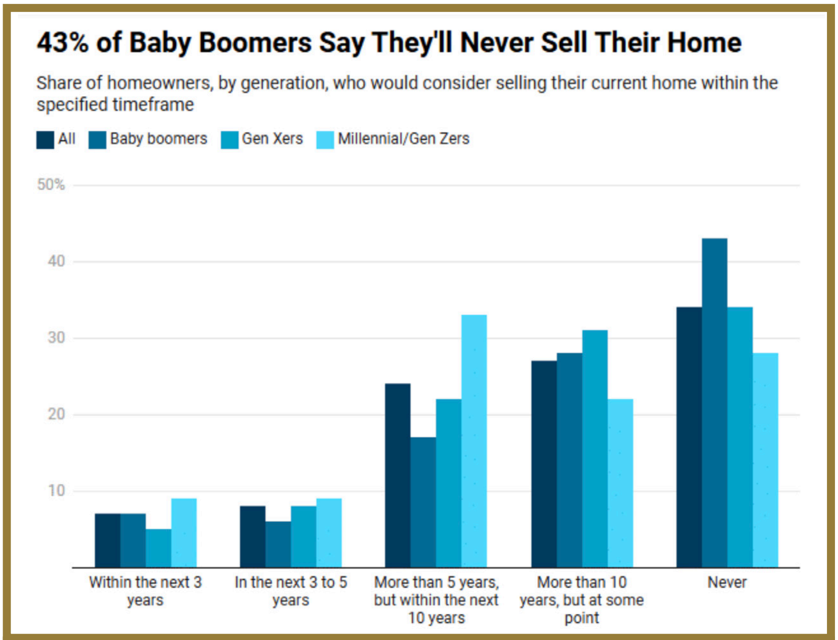
Key Findings From September's Housing Turnover Analysis:

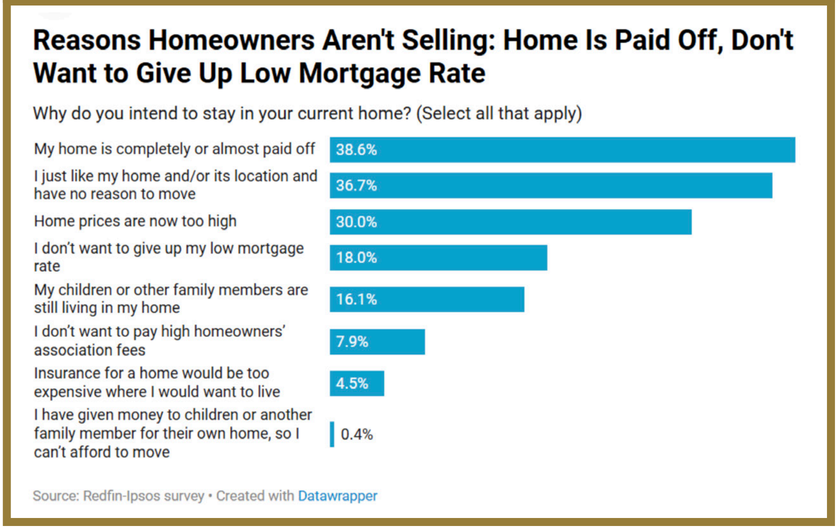
- Only 2.5% of U.S. homes changed hands in the first eight months of 2024.
- The rate of home sales and home listings are both down at least 30% from 2019.
- California metros lead the list of areas with the lowest turnover, while Sun Belt and New York commuter metros posted the highest turnovers.
- Some 31% fewer homes were sold this year than in the previous pre-pandemic year in 2019 (36 of every 1,000).
- An estimated 37.5% fewer homes were sold this year than during the peak of the pandemic buying frenzy in 2021 (40 of every 1,000).

Despite a small spike in recent months, new listings of homes for sale are still below pre-pandemic levels in parts of the country because the majority of homeowners say they will never sell.

There are several significant reasons why home sales are at historically low rates, including:

- **Elevated mortgage rates:** The rates accessible this year, which peaked at 7.52% in April, are much higher than the 5% rate that more than three-quarters of mortgaged U.S. homeowners have obtained. A phenomenon known as the "lock-in effect" has resulted in many homeowners delaying the sale of their current property in favor of purchasing a new one at a higher rate. In August, rates dropped to the low 6% area, although sales haven't increased significantly as a result of the decline.
- **Rising prices and low supply:** This year, home prices in the United States have reached all-time highs, and there is just enough demand from buyers to keep prices rising steadily. There are much fewer properties for sale than there were before the pandemic, even if the number of residences on the market has increased from a year earlier.
- **Economic and political uncertainty:** Amidst concerns about a potential recession and a fiercely contested U.S. presidential race between two candidates with opposing economic and housing agendas, many buyers and sellers have





adopted a wait-and-see strategy this year. Additionally, a lot of people are taking their time to learn more about the new regulations regarding real estate agent fees.

"Mortgage rates have already fallen more than one percentage point from their 2024 peak, but we have not yet seen a significant increase in the number of homes changing hands. Of the homes listed this year, many have gone stale because of the lack of demand—especially homes which needed a little extra work," said Elijah de la Campa, Senior Economist at Redfin. "With the majority of homeowners locked into low mortgages, rates will need to keep falling consistently for many to feel comfortable moving on from the deals they secured years ago."

Homeowners Reveal Why They're Choosing to Stay Put

The most frequently given explanation for not wanting to sell is because their house is nearly or fully paid off, as reported by nearly two out of five (39%) homeowners. After paying off their mortgage, homeowners are encouraged to remain in their current residence because they are now free and clear to occupy, with only property taxes and homeowners' association dues to pay. Nearly as many respondents (37%) stated that they had no plans to sell since they just like their house and don't see any need to move.

Another important factor influencing homeowners' reluctance to sell is affordability. 18% of respondents stated they don't want to give up their cheap mortgage rate, while almost one-third (30%) stated they are staying in their existing residence because current property prices are too expensive. Respondents who have owned their house for at least six years and do not plan to sell within the next five years were asked this survey question.

Home prices have increased by about 40% since the pandemic began, and the average weekly mortgage rate has increased from less than 4% in 2019 to 6.91%. More than 85% of American homeowners with mortgages have interest rates under 6%, according to a new Redfin analysis.

"The just-because movers—those who just want a bigger or nicer house—are staying put, mostly because it's so expensive to buy a new house," said Marije Kruythoff, a Redfin Premier agent in Los Angeles. "The people who are selling are doing so because they need to. Either they're relocating to a different part of the country, or they're moving due to a major life event like having a baby or taking a new job on the opposite side of the city."

This report's poll results are from an Ipsos survey that was commissioned by Redfin and administered to 1,802 Americans between the ages of 18 and 65 in September 2024. This study focuses on the 267 homeowners who responded, "You mentioned you have lived in your house for several years and do not plan on selling soon," and the 471 homeowners who responded, *"When would you consider selling your current home?"* Why do you plan to remain in your present residence? 127 baby boomers (60–65 years old), 203 Gen Xers (45–59 years old), and 141 millennials/Gen Zers (ages 18–43) answered the first question.

WILL MORTGAGE RATE OPTIMISM CLIMB IN 2025?

Despite a 1.9-point decline in December to 73.1, the Fannie Mae Home Purchase Sentiment Index (HPSI) was still significantly higher than it was a year earlier, partly because of continued optimism about mortgage rates. Although December's 42% share was lower than the previous month's 45%, it is still significantly better than last December's 31% share, indicating that a majority of consumers still anticipate mortgage rates to drop over the next 12 months.

Similarly, shares that expressed confidence about the state of the home-selling and home-buying markets, respectively, decreased little month over month (MoM), but both components are still up year over year. When compared to this time last year, the HPSI is up 5.9 points overall.

"Even though the HPSI fell to end the year, consumer sentiment toward the housing market finished 2024 substantially above year-ago levels, attributable in part to respondents' ongoing expectations that mortgage rates will decline," said Mark Palim, Fannie Mae SVP and Chief Economist. "However, just over one-in-five consumers believes it is a 'good time' to buy a home—although that share has risen over the last year, too, after reaching an all-time low of 14% in Q4 2023. While respondents remain discouraged by the pandemic-era run-up in home prices and mortgage rates, the upward trend in homebuying sentiment in 2024 may reflect a slow acclimatization to the generally less-affordable market conditions."

Home Purchase Sentiment Index: Component Highlights

The Home Purchase Sentiment Index (HPSI) for Fannie Mae dropped 1.9 points to 73.1 in December. When compared to the same period last year, the HPSI is up 5.9 points.

- **Good/Bad Time to Buy:** The percentage of respondents who say it is a good time to buy a home decreased from 23% to 22%, while the percentage who say it is a bad time to buy increased from 77% to 78%. As a result, the net share of those who say it is a good time to buy decreased by three percentage points MoM to negative 57%.
- **Good/Bad Time to Sell:** The percentage of respondents who say it is a good time to sell a home decreased from 64% to 63%, while the percentage who say it's a bad time to sell increased from 35% to 36%. As a result, the net share of those who say it is a good time to sell decreased 2 percentage points MoM to 27%.

- **Home Price Expectations:** The percentage of respondents who say home prices will go up in the next 12 months remained unchanged since the previous month at 38%, while the percentage who say home prices will go down increased from 25% to 27%. The share who thinks home prices will stay the same decreased from 36% to 35%. As a result, the net share of those who say home prices will go up in the next 12 months decreased by one percentage point MoM to 11%.
- **Mortgage Rate Expectations:** The percentage of respondents who say mortgage rates will go down in the next 12 months decreased from 45% to 42%, while the percentage who expect mortgage rates to go up remained unchanged since the previous month at 25%. The share who think mortgage rates will stay the same increased from 29% to 32%. As a result, the net share of those who say mortgage rates will go down over the next 12 months decreased 4 percentage points MoM to 16%.
- **Job Loss Concern:** The percentage of employed respondents who say they are not concerned about losing their job in the next 12 months decreased from 78% to 77%, while the percentage who say they are concerned increased from 20% to 22%. As a result, the net share of those who say they are not concerned about losing their job decreased 4 percentage points MoM to 54%.
- **Household Income:** The percentage of respondents who say their household income is significantly higher than it was 12 months ago increased from 16% to 17%, while the percentage who say their household income is significantly lower decreased from 12% to 11%. The percentage who say their household income is about the same decreased from 71% to 70%. As a result, the net share of those who say their household income is significantly higher than it was 12 months ago increased 1 percentage point MoM to 6%.

"As noted in our recently published predictions-for-2025 forecast commentary, we expect a modest decline in mortgage rates, decelerating home price growth, and higher wage growth to improve the relative affordability of purchasing a home in the new year, though consumers' experiences will likely differ depending on where they live. As such, we think home purchase opportunities will still require market savviness by would-be homebuyers in what is expected to remain, broadly speaking, a highly competitive housing market."

Q4 HOME PRICE GROWTH ADVANCES AS RATES REBOUND

The most recent reading of the Fannie Mae Home Price Index (FNM-HPI) showed that single-family home prices climbed 5.8% from Q4 2023 to Q4 2024, accelerating from the downwardly revised annual growth rate of 5.4% in the previous quarter. The average quarterly price change for all single-family homes in the United States—excluding condos—is measured by the FNM-HPI, a national repeat-transaction home price index.

"Year-over-year home price growth accelerated in the fourth quarter, following back-to-back quarters of deceleration," said Mark Palim, SVP and Chief Economist at Fannie Mae. "Inventories of existing homes for sale have improved from a year ago but remain historically low, due largely to the so-called 'lock-in effect.' Since the beginning of October, mortgage rates have rebounded after bottoming out around 6.1% and are now inching closer to a new psychological barrier, the 7% threshold. The higher mortgage rate environment is not only hurting affordability, but it's also exacerbating the lock-in effect by further reducing homeowners' incentive to move."

Examining Q4's YoY Increase and What It Means for 2025

Compared to the downwardly corrected 1.2% growth rate in Q3 2024, property prices increased a seasonally adjusted 1.7% in Q4 2024. In Q4 2024, housing prices climbed by a meager 0.3% on a nonseasonally adjusted basis.

"The housing market in 2025 faces a difficult balancing act, with a notable decline in mortgage rates likely needed to help unwind the lock-in effect and thaw the supply of existing homes for sale," Palim said. "However, we believe such a decline would likely jumpstart demand from potential first-time homebuyers currently waiting to purchase, which could lead demand to outpace any improvement in supply, further exacerbating already-high home prices and purchase affordability."

In order to generate seasonally adjusted and nonseasonally adjusted national indices that are typical of the entire nation and intended to act as indicators of general single-family house price trends, the FNM-HPI is created by combining data at the county level. Beginning in Q1 1975 and continuing until the most recent quarter, Q4 2024, the FNM-HPI is made publicly available nationwide as a quarterly series. In the first month of every new quarter, Fannie Mae releases the FNM-HPI in the middle of the month.

RENTERS GETTING MORE BANG FOR THEIR BUCK

Renters, we may have some affordability relief ahead! In the United States, an apartment that is more than 70 square feet larger now than it was when rents peaked in mid-2022 is within the affordability range of a tenant on a $2,000 monthly budget. This is in line with a recent Redfin report published in December.

In October, the median rent for an apartment in America was $1,615. The estimated apartment size for a $2,000 budget would be 1,103 square feet, which corresponds to a median price per square foot of $1.81.

In August 2022, when the average apartment was listed at an all-time high of $1.94 per square foot, the median asking rent reached its highest point at $1,700. This equated to a 1,029-square-foot apartment for a $2,000 budget, which is 74 square feet less than it is today. It is comparable in size to a tiny home office.

In October 2019, five years before the pandemic housing bubble that drove rentals to skyrocket, the median asking rent in the United States was $1,337, or $1.47 per square foot. For a $2,000 budget, the estimated apartment size was 1,359 square feet, which is 256 square feet more than it is now. To put things in perspective, the typical bedroom nationwide is about 130 square feet.

"Renters are getting more for their money than they were during the pandemic because asking rents have since stabilized below their record high, and incomes have continued to climb," said Sheharyar Bokhari, Senior Economist at Redfin. "Rental affordability has improved thanks to the recent apartment construction boom, especially in Sun Belt states. That trend is likely to continue into 2025, as there are a lot of still-to-be-finished apartment buildings due to come online."

Renters Getting More Value in Larger Apartments

In general, the cost per square foot of smaller apartments is higher than that of bigger flats. In October, a one-square-foot apartment with 0–1 bedrooms cost $2.09, but an apartment with 3+ bedrooms only cost $1.51.

Smaller 0–1 bedroom apartments are more common in crowded metro areas like New York, where rents are higher, which contributes to their higher price per square foot.

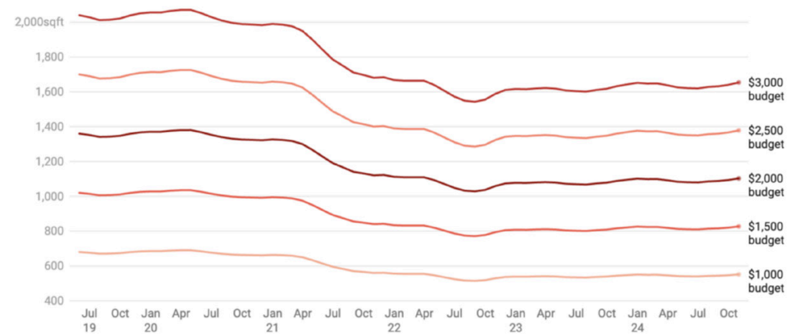
Another important factor in deciding the size of an apartment that can be rented for a given price range is geography. In more than half of the major metro regions we examined in October, a renter on a $2,000 monthly budget may afford an apartment larger than 1,000 square feet.

In Memphis, Tennessee, a renter with a $2,000 budget can acquire 1,000 more square feet than a tenant in San Jose, California, with the same budget.

Memphis offers the best bargain for renters, with a 1,570-square-foot apartment costing just $2,000. The five metro areas where $2,000 is the most expensive for space rental are Birmingham, Alabama (1,523 square feet), Louisville, Kentucky (1,479 square feet), St. Louis (1,388 square feet), and Houston (1,380 square feet).

On the east and west coastlines, where rents are higher, the situation is somewhat different. A renter in San Jose, with a $2,000 budget can only afford the smallest apartment in the most populated metro area, which is 537 square feet. That is a difference of almost 1,000 square feet when compared to Memphis.

Projected Rental Apartment Sizes for Different Budgets Since 2019



Rental Budget (Monthly)	Projected Apartment Size (Oct 2024)	Projected Apartment Size (Aug 2022)	Difference 20222024
$1,000	551 square feet	514 square feet	+37 square feet
$1,500	827 square feet	771 square feet	+56 square feet
$2,000	1,103 square feet	1,029 square feet	+74 square feet
$2,500	1,379 square feet	1,286 square feet	+93 square feet
$3,000	1,654 square feet	1,543 square feet	+111 square fee

Median Asking Rent (October 2024)	Price Per Square Foot (October 2024)	Square Footage ($1,000 Budget)	Square Footage ($1,500 Budget)	Square Footage ($2,000 Budget)	Square Footage ($2,500 Budget)	Square Footage ($3,000 Budget)
0-1 Beds	$1,473	$2.09	478	717	956	1,196
2 Beds	$1,695	$1.62	617	925	1,234	1,542
3+ Beds	$1,980	$1.51	663	995	1,326	1,658

Top 10 Metros Where $2,000 Rents the *Most* Space:

All Apartments	0-1 Bedroom	2 Bedrooms	3+ Bedrooms
Memphis, TN	1,570	1,358	1,664
Birmingham, AL	1,523	No data	No data
Louisville, KY	1,479	1,301	1,579
St. Louis	1,388	1,265	1,468
Houston	1,380	1,281	1,471
Raleigh, NC	1,334	1,153	1,440
Indianapolis	1,333	1,168	1,448
Cincinnati	1,331	1,189	1,189
Cleveland	1,316	1,158	1,443
Jacksonville, FL	1,297	1,110	1,415

Top 10 Metros Where $2,000 Rents the *Least* Space:

All Apartments	0-1 Bedroom	2 Bedrooms	3+ Bedrooms	
San Jose, CA	537	491	596	630
San Francisco	565	520	634	No data
New York	581	546	651	599
Los Angeles	591	549	648	661
San Diego	602	538	655	677
Boston	645	568	736	698
Seattle, WA	732	640	875	976
Riverside, CA	752	675	797	848
Providence, RI	788	659	885	No data
Miami	806	704	862	874

The five metro areas where $2,000 rents the least space are San Francisco (565 square feet), New York (581 square feet), Los Angeles (591 square feet), and San Diego (602 square feet).

TOP MARKETS TARGETED BY GEN Z HOMEBUYERS

The oldest of Generation Z turns 27 this year. With age comes responsibility—and the urge to nest. Nearly half of Gen Z's 68 million U.S. residents want to buy a home in the next five years per a Realtor.com survey, but what are the best cities for Gen Z homeowners?

Currently, more than half of Gen Z live with their families, and 18% own a home or are married to someone who does. Homeowners under age 25 are most concentrated in Tallahassee, Florida, where the median home price is $275,000, and Madison, Wisconsin, where the median home price is $395,000.

For the rest of Gen Z ready to become homeowners, MoneyGeek's latest study points them toward the best cities for adults under 25. MoneyGeek analyzed 138 cities with 100,000 or more residents, looking at factors such as young adult income, homeownership rates, and population; student loan burdens; and access to food and entertainment.

Top Five Cities for Young Adults

And the winner is ... Salt Lake City. Ski City USA claimed the top spot due to two main factors: holding the lowest federal student loan debt per borrower ($11,062) and an unemployment rate of just 4.4%. Another plus is that the city's young adult population shot up 41% from 2012 to 2022.

"Salt Lake City is the perfect city for Gen Z," says Salt Lake City Real Estate Agent Joel Carson, President and Principal Broker at Utah Real Estate. "There's always something to do in our very walkable city—from world-class skiing, hiking, and boating. There are phenomenal restaurants here for those who are foodies. Plus, there are five national parks just a few hours' drive away."

The top five cities where young adults under 25 can financially thrive, and their median home prices, are:

1. Salt Lake City ($589,900)
2. Abilene, Texas ($236,900)
3. Des Moines, Iowa ($234,900)
4. Boise, Idaho ($529,900)
5. Las Cruces, New Mexico ($315,950)

Top Five Largest Cities for Young Adults

Among the United State's 10 most populous cities, Phoenix was named the best for Gen Z, with an average federal student loan burden of $12,567 per borrower.

"Phoenix has a really hot job market," says Stacy Miller, Real Estate Agent for The Miller Team at RE/MAX Fine Properties in Phoenix. "A lot of tech-based companies from other states and even overseas have moved their offices and warehouses here. I'm working with a Z-er now who's buying his first home after moving from California for a job here."

The rest of the top five big cities all reside in Texas, where the average federal student loan burden is $12,933 per borrower. The top five big U.S. cities where young adults under 25 can financially thrive, and their median home prices include:

1. Phoenix ($475,000)
2. Austin, Texas ($599,000)
3. Dallas ($425,000)

4. San Antonio, Texas ($285,994)
5. Houston ($325,990)

Young Adults Are Migrating South and West

Over the past decade, the West has seen the biggest growth in its young adult population (4.4%), with the South next (3.4%). Meanwhile, the Northeast's young adult population decreased by a whopping 9.6% in the past decade.

The high cost of living might have influenced this decline in the Northeast, according to MoneyGeek. The most significant declines were in New York City and Philadelphia, with each losing 15% of their young adult population.

"It is hard for Gen Z in New York City," says Nikki Beauchamp, an Associate Broker with Sotheby's International Realty in New York City. "From a rental perspective, people often need to consider getting roommates or renting out rooms to be able to afford it."

Of her clients who are looking to buy, Beauchamp says Gen Z is getting creative. They're thinking about buying multifamily units in the boroughs with friends or purchasing property outside of the city together while still renting in the city.

So where are all those young people fleeing to? The answer: Round Rock, Texas, and Alexandria, Virginia. Those are the two metros that saw the most significant growth, climbing by 160% and 106%, respectively, between 2012 and 2022.

With nearly one-third of American households now considered cost-burdened, concerns around housing affordability can no longer be ignored.

PROPERTY TAX HIKES STRIKE ONCE-AFFORDABLE STATES

Homeowners enjoying the equity gains of soaring property values are now contending with an unwelcome consequence: skyrocketing property taxes. Over the past few years, property tax payments have climbed sharply in many regions, particularly in states once regarded as affordable. This surge reflects a broader challenge of housing affordability as costs continue to rise.

Nationally, property tax payments increased an average of 5.5% from 2023 to 2024, according to CoreLogic's latest research, and have risen 27.4% since 2019. The median U.S. property tax payment in 2024 reached $3,018. These increases highlight the growing strain on homeowners' budgets, especially as nearly one-third of American households are now classified as cost-burdened.

"With nearly one-third of American households now considered cost-burdened, concerns around housing affordability can no longer be ignored," CoreLogic's report states. "It's clear that the increasing cost of homeownership is an issue that requires our attention."

Tax Rates and Rising Home Prices

Property taxes are determined by state and local governments, and rates vary widely. Some states with lower tax rates have nonetheless experienced significant increases due to surging property values. Colorado, for example, boasts one of the lowest property tax rates in the country at 0.52%, yet the state has seen the largest increase in median payments. Colorado homeowners faced a 10.6% rise in property taxes from 2023 to 2024 and a staggering 52.9% increase since 2019. During the same period, home prices in Colorado climbed 47%.

Georgia and Florida have followed similar trends. Georgia's property tax payments rose by 10.3% from 2023 to 2024 and 51.5% since 2019, while Florida's payments increased by 9.5% annually and 47.5% over the past five years. Both states have seen home prices grow well above the national average, with Georgia recording a 65% increase and Florida a 73% jump since 2019.

Even states with relatively affordable tax rates are feeling the pinch. North Carolina, which has a property tax rate of 0.79%, saw its median tax payments rise to $1,750 in 2024. Home prices in North Carolina have grown 13.9% annually, outpacing neighboring states like South Carolina and Virginia.

The Impact on Affordability

For prospective buyers, property taxes represent an essential component of overall housing costs. Originators must account for property tax estimates when calculating debt-to-income (DTI) ratios, a critical factor in determining mortgage eligibility. Higher taxes can therefore affect borrowers' ability to qualify for a home loan.

The analysis notes that low tax rates don't always guarantee lower tax increases, as rising property values can offset tax rate advantages. This dynamic is evident in Colorado and other rapidly appreciating markets.

Slowing Price Growth Ahead

Despite the rising expenses, home sales continued at a steady pace through 2024, sustaining moderate home price growth. CoreLogic reported a deceleration in appreciation rates, with home prices largely plateauing since mid-year. Economists predict further slowing in 2025 and 2026 as elevated mortgage rates and four years of rapid appreciation curb demand.

Markets in the Southeast and Texas have already begun to soften, reflecting broader trends of slowing price growth. Research from Milliman, a consulting firm, indicates that slowing appreciation has also increased the default risk for conventional purchase mortgages, with delinquency rates rising to 2.12% for loans acquired in Q3 2024.

As property taxes and other costs of homeownership continue to climb, affordability challenges are likely to persist. For policymakers and industry stakeholders, addressing these issues will be crucial to ensuring sustainable homeownership for millions of Americans.

PENDING HOME SALES FALL TO 24-MONTH LOW

Pending home sales fell 4.5% month over month in December on a seasonally adjusted basis—the largest decline since October 2022—and dropped 2.3% year over year, according to a new report from Redfin.

Homebuyer demand dipped at the end of the year as mortgage rates continued to climb. After inching downward at the beginning of the month, mortgage rates reversed course halfway through December and have been rising since—in part because the Federal Reserve projected fewer 2025 interest-rate cuts than anticipated.

According to Freddie Mac, 2024 closed out with the 30-year fixed-rate mortgage (FRM) at 6.91% and has risen above the 7% mark, currently sitting at 7.04%. This marks the highest level for the FRM since May 2024, after hitting an early December low of 6.6%.

Home purchases fell through at the highest December rate on record, which likely contributed to the decline in pending sales. Nearly 40,000 home-purchase agreements were canceled in December, equal to 16.2% of homes that went under contract that month. That's the highest December percentage in records dating back to 2017 and is up from 15.1% a year earlier.

"Homebuying activity will likely slow further in January due to the wildfires impacting Los Angeles—the nation's second most populous metro area—and winter storms impacting the Mid-Atlantic and Southeast," Redfin Senior Economist Elijah de la Campa said. "Rent prices, on the other hand, may tick up as people who have been displaced by the fires seek alternative housing."

Existing Home Sales Rise to Two-Year High

While pending home sales rose to 24-month highs in December, the nation's existing-home sales followed suit and rose 0.7% month over month in December to a seasonally adjusted annual rate of 4,317,683—the highest level reported since February 2023, and a 6% year-over-year jump—the largest annual increase since July 2021.

According to Redfin, a seasonally adjusted annual rate is not a measurement of actual total sales for the year, but rather, the pace of sales at a given time. A seasonally adjusted annual rate of 4,317,683 in December means that existing-home sales would end the year at that level if homes were sold at the December pace for each month of 2024. For the full year of 2024, actual existing-home sales came in at 4,189,268—roughly in line with 2023.

Overall home sales, a metric that includes sales of both existing and newly built homes, rose 1.9% month over month on a seasonally adjusted basis—jumping 9.3% year over year, the largest annual gain reported since June 2021.

"Homebuyers pumped the brakes when mortgage rates ticked back up and are now in wait-and-see mode," said Jesse Landin, a Redfin Premier Real Estate Agent in San Antonio. "Everyone is just trying to figure out when rates are going to come down again. In the meantime, a lot of house hunters are opting to rent."

Homes Sold at the Slowest December Pace in Five Years

The study also found that the typical home that went under contract in December was on the market for 49 days—the slowest December pace since 2019. That's up from 43 days a year earlier. Just 25.1% of homes went under contract within two weeks—the lowest share in five years. That's down from 28.4% in December 2023.

Home Prices Post Largest Gain in Nearly a Year

The median U.S. home sale price increased 6.3% year over year to $427,670 in December, the biggest annual gain since February. Prices continue climbing because there's still a shortage of homes for sale. New listings fell 1.6% month over month on a seasonally adjusted basis and declined 1.5% year over year.

Meanwhile, active listings, a measure of all homes on the market, fell a slight 0.3% month over month—the first decline on a seasonally adjusted basis in five months. They rose 7% year over year, but that was the smallest annual increase in nearly a year. One reason active listings are rising is that some homes are taking a long time to sell, causing stale supply to pile up.

A Regional Look

- Median sale prices rose most from a year earlier in Cleveland, Ohio (15%); Milwaukee (14.5%); and Philadelphia (14%). They rose the least in three Florida metros, including Tampa (0.5%); Orlando (1.3%); and Jacksonville (1.3%).
- Pending sales rose most in Anaheim, California (9.7%); Phoenix (9.4%); and New Brunswick, New Jersey (6.9%), and fell the most in Newark, New Jersey (-12.5%); New York (-9.3%); and Orlando (-9.1%).
- Closed home sales rose the most in San Diego (28.4%); San Jose (25.8%); and Anaheim (24%). They fell in three metros: West Palm Beach, Florida (-9.8%); Fort Lauderdale (-3.5%); and Detroit (-1.3%).
- New listings rose most in San Francisco (26.8%); Oakland, (21.1%); and Anaheim (16%). They fell most in San Antonio (-16.8%); Newark (-10.6%); and Austin, Texas (-10.2%).
- Active listings rose the most in Cincinnati, Ohio (37.3%); Fort Lauderdale (33%); and San Diego (26.3%). They fell most in Newark, New Jersey (-9.5%); San Francisco (-5.1%); and San Antonio (-3.3%).
- In Newark, 60.5% of homes sold above their final list price, the highest share among the metros Redfin analyzed. Next came San Jose (52.1%); and Nassau County, New York (50.9%). The lowest shares were reported in West Palm Beach, Florida (6%); Miami (6.9%); and Fort Lauderdale, Florida (9%).

RECORD NUMBER OF RENTERS STRUGGLE WITH AFFORDABILITY

Affordability challenges for renters reached unprecedented levels in 2023, as the number of cost-burdened households hit a record high of 22.6 million, according to the latest data from the American Community Survey analyzed by the Harvard Joint Center for Housing Studies. Among these households, 12.1 million were severely burdened, spending more than 50% of their income on rent and utilities. These figures highlight a worsening crisis that continues to affect renters across all income levels.

Cost Burdens Climb Across the Board

In 2023, half of all renter households were cost-burdened, a rate that has remained steady since 2021 but marks a 3.2 percentage point increase from pre-pandemic levels. This trend represents a sharp rise from 2001 when 41% of renters were cost-burdened. Notably, the number of severely burdened households has surged by 2.2 million since 2019 and by 7.8 million since 2001.

Lower-income households continue to bear the brunt of the affordability crisis, with 83% of renters earning less than $30,000 classified as cost-burdened. However, middle-income renters are experiencing the fastest increases in cost burdens. In 2023, 70% of renters earning between $30,000 and $44,999 were burdened, up 15 percentage points from 2001. Even households earning more than $75,000 have not been immune, with 13% now cost-burdened—a rise of 7.8 percentage points since 2001.

Residual Incomes Hit Record Lows

The crisis has left many renters with little money for other expenses. Among households earning less than $30,000, residual incomes—the amount left after paying rent and utilities—plummeted to a record low of $250 in 2023, a 55% decline since 2001. Over the same period, median rents for this group rose 18% while incomes fell 12%, all adjusted for inflation. For middle-income renters, residual incomes have declined by about 10% since 2001, while higher-income households have seen little to no change.

Erosion of Affordable Housing

The diminishing supply of affordable rental units has compounded the problem. Since 2013, the number of units renting for less than $1,000 per month (adjusted for inflation) has declined by 7.5 million. Meanwhile, the stock of higher-cost units has ballooned, with rentals priced above $1,400 growing by nearly 10.5 million. These shifts have forced lower-income renters into higher-priced housing, further exacerbating their financial struggles.

Employment and Income Trends Exacerbate the Crisis

Full-time work is no longer a reliable safeguard against housing cost burdens. In 2023, 36% of fully employed renters were cost-burdened, up from under 25% in 2001. Workers in personal care services and food preparation face the highest-burden rates, with over half spending more than 30% of their income on rent. Even renters in higher-paying fields like office administration and education are increasingly affected, with burden rates of 42% and 38%, respectively.

Lower-income households have been hit particularly hard. Since 2001, the share of income these renters allocate to housing has jumped from 60% to 80%. This increase has significantly reduced their ability to cover other essential expenses, driving many into financial precarity.

REPORT: HOA FEES ON THE RISE

Homeowners Association (HOA) fees are another rising home expense as Americans struggle with housing affordability. More properties on the market last year had a homeowner's association (HOA) charge, and those fees were more expensive than the previous year, according to a new analysis from Realtor.com.

According to Realtor.com, some 40.5% of for-sale listings in 2024 had a nonzero HOA fee, up from 39.2% the previous year. The median monthly charge was $125, up from $110.

"With a down payment and closing costs upfront, and then principal, interest, taxes, and insurance every month after that, purchasing a home is already a financially daunting task, before adding in the rising cost of HOA dues," said Danielle Hale, Chief Economist at Realtor.com. "Homes like condos, townhouses, and new construction single-family homes in neighborhoods with ample amenities are more likely to have an HOA fee. For many of these properties, HOA benefits often include a certain amount of maintenance and even utilities that homeowners without an HOA will need to include in their budget. When considering a home with an HOA, buyers should work to understand what benefits it provides like maintenance, security, or communal amenities, and how the HOA fees factor into their overall budget."

Which Type of Home IS More Likely to Have an HOA?

HOA dues are far more likely to apply to newly built properties than to older ones. In 2024, 69.9% of newly constructed homes listed on Realtor.com had monthly homeowners' association dues, compared to 37.1% of preexisting properties.

HOA dues are far more common among listings for condos, rowhomes, and townhomes (henceforth referred to as condos) than single-family houses, much like the divisions between new construction and existing homes. In 2024, only 33.6% of single-family homes had HOA dues, compared to 83.8% of condos for sale.

But, in which areas are homebuyers most likely to incur an HOA fee? The answer is: in U.S. regions with a high concentration of condos or new construction, particularly in areas with popular beaches or ski resorts.

In what situations might purchasers avoid having to pay monthly HOA dues? In smaller markets, primarily in farther inland areas, with fewer recently constructed homes and condominiums.

While HOAs are nearly unavoidable in some metro areas, are *you* willing to pay HOA costs that come with homeownership?

The top 10 cities with the *highest percentage* of for-sale listings that are subject to HOA dues are:

Metro Area	Share of	Listings with
HOA	Median Monthly	HOA Dues
Edwards, CO	89.9 %	$525
Myrtle Beach-Conway-North Myrtle Beach, SC/NC	84.8 %	$138
Heber, Utah	83.3 %	$300
Lakeland-Winter Haven, FL	79.7 %	$78
Orlando-Kissimmee-Sanford, FL	78.4 %	$164
Boise City, ID	77.6 %	$54
Las Vegas-Henderson-Paradise, NV	77.1 %	$118
Jackson, WY	77.0 %	$250
Houston-The Woodlands-Sugar Land, Texas	76.8 %	$67
North Port-Sarasota-Bradenton, FL	76.0 %	$31

The top 10 cities with the *lowest percentage* of for-sale listings that are subject to HOA dues are:

Metro Area	Share of	Listings with
HOA	Median Monthly	HOA Dues
Anniston-Oxford, AL	3.8 %	$29
Elizabethtown-Fort Knox, KY	5.0 %	$19
Jonesboro, AR	5.3 %	$36
Monroe, LA	5.8 %	$30
Huntington-Ashland, WV, Ohio, KY	6.1 %	$25
Albany-Lebanon, OR	6.2 %	$33
Merced, CA	6.2 %	$137
Ukiah, CA	6.5 %	$131
Vineland-Bridgeton, NJ	6.8 %	$77
Orangeburg, SC	7.1 %	$104

The Road Ahead

While a surge in multifamily construction has helped slow rent growth in some markets, this relief may be temporary. The pace of new development has already slowed, and renter household growth is picking up, creating conditions for tighter markets and renewed upward pressure on rents.

Addressing the affordability crisis will require a multifaceted approach. Increasing the supply of affordable housing, expanding rental subsidies for lower-income households, and implementing policies to boost incomes through wages or tax benefits are crucial. Employment opportunities that provide sustainable wages will also play a vital role in improving affordability for millions of renters.

As policymakers and industry leaders navigate this growing crisis, solutions that balance supply expansion with targeted financial support will be critical to ensuring housing stability for the nation's renters.

THE AMERICAN DREAM OF HOMEOWNERSHIP LIVES ON

The American Dream lives on, according to a new survey from Realtor.com, which found nearly two out of three Americans (64%) identify homeownership as one of their life goals, while 50% believe homeownership is necessary to achieve long-term wealth.

Laura Eddy, VP of Research and Insights for Realtor.com, said, "Home, and land, ownership has been a part of the American Dream for generations, and while current conditions around affordability and the availability of homes make ownership more challenging, many Americans still see that ideal of having a home that belongs to them as a key cornerstone of achieving both the American Dream and creating long-term wealth for themselves and their families."

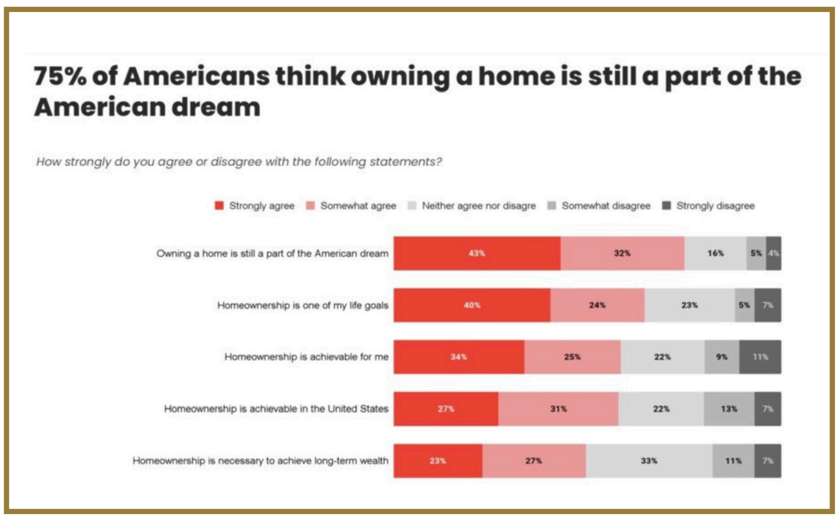
Realtor.com's poll was conducted online November 7-8, 2024, among a national sample of 2201 Adults aged 18 and above. The data was weighted to approximate a target sample of adults in the United States based on gender, educational attainment, age, race, and region.

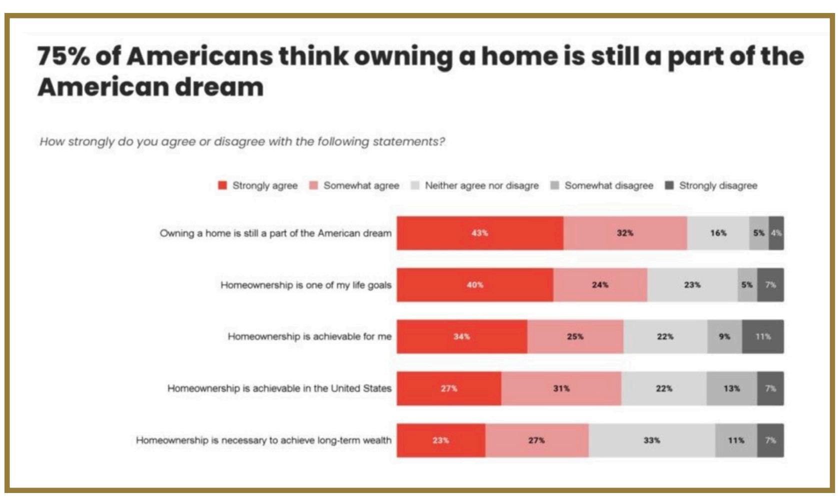
Generational Differences

A majority of those polled (75%) believe that homeownership is part of the American Dream, but that sentiment differs across generations:

- Baby boomers feel the strongest, as 84% see homeownership as an integral part of achieving the American Dream
- 74% of Gen Xers see homeownership as part of achieving the American Dream
- 69% of millennials see homeownership as part of achieving the American Dream
- 67% of Gen Zers feel that owning a home is a part of the American Dream.

All considered, the desire to own a home is still high, as Americans, particularly millennials (69%) and Gen Z (70%), identify it as a life goal, significantly more than Gen X (62%) and baby boomers (59%), potentially because they aren't as likely to own their home.





Confidence in Attaining the Dream

As sentiments towards homeownership remain positive, according to the Realtor.com survey, more than half of those surveyed (59%) believe that homeownership is achievable for them. Baby boomers are the most confident when it comes to their ability to buy a home, as 63% felt homeownership is achievable, and, perhaps surprisingly, millennials are the next most likely to consider homeownership achievable (57%), followed by Gen X (55%) and Gen Z (54%).

Interestingly, the age of homebuyers reached an all-time high in 2024. According to the National Association of Realtors (NAR) 2024 Profile of Buyers and Sellers, the median age of buyers peaked at 56 years old, and the typical repeat buyer age is 61 years old, contributing to the bump in confidence for the eldest generation.

Homeownership as a Contributor to Long-Term Wealth

When it comes to building wealth, millennials (53%) and Gen Z (52%) are more likely than their elders to believe that owning a home is necessary to build long-term wealth. Less than half of Gen X (48%) and baby boomers (45%) see homeownership as necessary for building long-term wealth, even though they are more likely to own their current residence. According to the survey, 66% of baby boomers, 54% of Gen X, 43% of millennials, and 33% of Gen Z currently own their primary residence.

HOME INVESTORS PULL BACK AS RATES AND PRICES REMAIN HIGH

Stubbornly elevated mortgage rates and home prices are discouraging investor activity in the U.S. housing market. According to a new report from CoreLogic, while investor activity rose slightly between the second and third quarters of 2024, their market share remains below last year's level—some 25% compared to 28% in 2023. CoreLogic predicts that investor market share will likely remain steady unless mortgage rates drop.

Shifting Investor Trends

"As the total number of purchases continues to slide, interest rates remain elevated, housing prices are high, and economic conditions are in flux," said Thomas Malone, Professional, Economist in the Office of the Chief Economist at CoreLogic. "Faced with these headwinds, it is not clear what may draw investors back into the market at previous levels."

Investor activity surged in recent years when mortgage rates hit historic lows. Before the pandemic, investors accounted for less than 20% of the market, but this figure peaked at nearly 30% in January 2024. Despite the slowdown, lower-priced homes remain a battleground for competition between first-time buyers and investors.

Impact of 'Mom-and-Pop' Investors

The report highlights the significant role of small-scale investors, often referred to as "mom-and-pop" landlords. These individuals owning three to 10 properties represent 60% of all investor purchases. "Smaller-scale investors play a powerful but understated role in the market, buying home prices even as overall demand has softened," Malone noted.

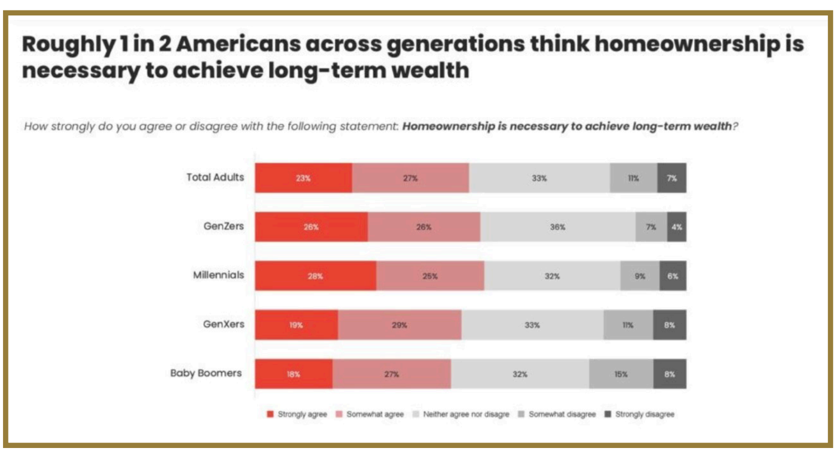
In contrast, large investors (owning 100 to 1,000 properties) and mega investors (owning more than 1,000 properties) make up a very small portion of the market. In Los Angeles—the U.S. city with the highest investor share—42% of 2024 home purchases were by investors, yet only 2% were from mega investors.

Regional Variations

Investor activity varies widely across the country. Atlanta recorded the second-highest share of investor transactions in 2024 at around 35%, followed by Riverside, California, and Las Vegas. Minneapolis had the lowest investor market share among the top 20 metros at just over 20%.

The Bottom Line

Although a pullback in investor purchases may alleviate some pressure on prospective homeowners, competition remains steep, particularly in the lower-priced tiers. These trends underscore the critical yet understated role of small-scale investors in shaping the U.S. housing market.



“back on track”

Marina Walsh, CMB, MBA’s VP of Industry Analysis, detailed how December experienced a modest decline in the overall mortgage forbearance rate as many U.S. borrowers recovered from the harsh weather that hit the Southeast in late fall, with the level of forbearance higher than it was six months ago across all loan types.

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“devil in the details”

Daren Blomquist, VP, Market Economics at Auction.com, revealed that in the short term, builders, renovators, and others contributing to the supply of new housing should feel more confident due to the philosophical change toward deregulation. The details that emerge from this philosophical change over the coming months, however, will be the tricky part, “as always,” he concluded.

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“removing barriers”

Carl Harris, Chairman of the National Association of Home Builders (NAHB), described how the removal of financial hurdles such as unnecessary and expensive regulations that are driving up housing costs and discouraging builders from creating more accessible, cheap housing is the only approach to address America’s housing affordability crisis.

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“the need to expand”

Danielle Hale, Chief Economist for Realtor.com, disclosed that although President Trump’s executive order surrounding housing costs lacks “concrete details,” it correctly emphasizes the need to increase the overall supply of housing in the United States.

★ ★ ★ ★ ★

“ubiquitous and foundational”

Steve Koller, Postdoctoral Fellow in Climate and Housing at the Joint Center for Housing Studies, explained how insurance products for homes, rentals, and other properties are essential to U.S. housing market stability, as insurance functions “like a glue that helps the housing finance system stick together.”