

# RUNNING *the* NUMBERS

*MortgagePoint* assembled a panel of economists to forecast the top trends and headwinds they expect to define the housing market in 2024.



*In this Issue:*

**LENDERS CANNOT AFFORD TO IGNORE AFFORDABLE LENDING**

Courtney Hess of Mortgage Cadence explains the changing face of the average American homebuyer, and how expanding product offerings can keep pace with this evolving market.

**CALL CENTERS UNDER NEW SCRUTINY FOR 'SOFT SKILLS'**

Samantha Shanaberger of Clayton Servicing Oversight examines the policies and practices of servicer call centers, and how these centers must remain vigilant of changing rules and regulations.

**THE NEXT DEFAULT SPIKE WILL BE UNLIKE ANY WE'VE SEEN BEFORE**

Things have changed dramatically in the way the default and foreclosure world operates.



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# NEW YEAR, NEW HOUSING MARKET?

Welcome to the first *MortgagePoint* of the new year. In the spirit of looking forward, this month our cover story is bringing you a piece entitled “Running the Numbers.” For this month’s cover story, we assembled a panel of economists to pick their brains about what trends, headwinds, and challenges they expect to shape the 2024 housing market, with insights from: Molly Boesel, Principal Economist, Office of the Chief Economist, CoreLogic; Jacob Channel, Senior Economist, LendingTree; Daryl Fairweather, Chief Economist, Redfin; and Greg McBride, SVP, Chief Financial Analyst, Bankrate.com. You can read what they had to say beginning on page 30.

Also, be sure to check out our writeup of the annual National Property Preservation Conference (NPPC), which returned to Washington, D.C this past November. Celebrating its 20th iteration later this year, the NPPC brings together a cross-section of field services vendors, mortgage servicing professionals, and representatives of government agencies and the GSEs to “discuss pressing issues and develop solutions.” I got the chance to attend this year, so skip over to page 48 to read up on what the event’s lineup of industry subject-matter experts had to discuss during a few beautiful fall days in D.C.

On page 44, Samantha Shanaberger of Clayton Servicing Oversight examines the policies and practices of servicer call centers, and how these centers must remain vigilant of changing rules and regulations. Read her thoughts in our feature entitled “Call Centers Under New Scrutiny for ‘Soft Skills.’”

Next up, Courtney Hess, Product Owner of GSE Relations and Integrations at Mortgage Cadence, reminds us that “Lenders Cannot Afford to Ignore Affordable Lending.” In this piece, Hess examines the changing face of the average American homebuyer and explores how expanding product offerings can keep pace. You can find the full feature on page 38.

Finally, we have insights from Michael Krein, President of the National REO Brokers Association (NRBA) and Managing Partner for House Karma. In his piece, “The Next Default Spike Will be Unlike Any We’ve Seen Before,” Krein explores just how much things have changed dramatically in the way the default and foreclosure world operates, and what that will mean for any future default spikes. Turn to page 52 to give it a read.

You’ll find all this and more in the pages ahead. Welcome to 2024, and welcome to this year’s first edition of *MortgagePoint* magazine.



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Editor-in-Chief



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## NATIONAL PROPERTY PRESERVATION CONFERENCE RETURNS TO WASHINGTON, D.C.

The annual National Property Preservation Conference, once again, brought together a cross-section of field services vendors, mortgage servicing professionals, and representatives of government agencies and the GSEs to "discuss pressing issues and develop solutions."



## CLOUDVIRGA ANNOUNCES FANNIE MAE INITIATIVE OFFERING EARLY ASSESSMENT FOR MORTGAGES

**C**loudvirga announced it has expanded its strategic integration with Fannie Mae's Desktop Underwriter (DU) solution to include the newly announced early assessment enhancement.

This new enhancement streamlines a lender's pre-qualification process, making it easier for lenders to assess borrowers' loan eligibility and provide information earlier in the process to make decisions on their mortgage options.

Lenders have used hard credit pulls and fully completed applications during pre-qualification to determine a borrower's creditworthiness, which created an alert on the borrower's credit file.

"By harnessing the power of data-driven insights and automation, this new enhancement ensures a more efficient, transparent, and borrower-friendly mortgage origination process for all stakeholders involved," said Maria Moskver, CEO of Cloudvirga. "A majority of borrowers who are pre-qualified by a lender end up using that lender for their mortgage origination. Simplifying and streamlining the pre-qualification process will help lenders gain a competitive advantage, improve the customer experience that they can deliver, and, at the same time, lower their customer acquisition costs."

DU early assessment allows lenders to get a conditional recommendation from DU, as well as early notice of eligibility information, by using a soft credit pull from a single credit bureau and an automated and abbreviated application that allows a reduced dataset to assess borrower qualifications.

As a result, the process is faster and, because it avoids a hard credit pull, preserves borrowers' credit scores, safeguarding their creditworthiness. In addition, the soft credit pull protects

borrowers from being approached with unwanted marketing solicitations.

"At Fannie Mae, we continue to offer more ways for mortgage lenders to improve the homebuying experience," said Peter Skarnulis, VP of Single-Family Digital Management Solutions at Fannie Mae. "With this latest offering, lenders can receive an early assessment from Desktop Underwriter with a soft credit report when they're pre-qualifying borrowers, which won't impact their credit score."

## ICE REVEALS MSP LOAN SERVICING SYSTEM ENHANCEMENTS

**I**ntercontinental Exchange revealed that its MSP loan servicing system now features the ability for the automated release of the lien once a mortgage has been paid off.

The new Automated Lien Release (ALR) capability integrated with MSP combines document creation and automated workflows into one solution and routes lien release packages for eSigning and eRecording, adhering to local regulations for the more than 2,500 U.S. counties where eRecording is available.

The launch of the MSP ALR capability marks the first time ICE has harnessed the full capabilities of its expanded mortgage technology business to quickly build and implement solutions that address market needs.

"In the few short months since completing the Black Knight acquisition, we've identified many such seemingly simple, but incredibly valuable, ways to enhance the mortgage lending process," said Tim Bowler, President of ICE Mortgage Technology. "Automated Lien Release is a great example of the capabilities that can be quickly brought to market to help usher U.S. housing finance forward. As always, the ultimate beneficiary of everything ICE does is the American homebuyer."

Releasing a lien on a property has historically been a laborious process prone to human error, during which ser-

vicers coordinate with title companies, vendors, notaries, and others to release and record a fully paid lien.

With ALR, once payoff funds are received and applied, application programming interface (API) integrations trigger the creation of the lien release package and processing workflow in ICE Mortgage Technology's closing solutions, which were enhanced by the 2019 acquisition of Simplifile.

Because the MSP ALR capability can reduce mistakes and delays associated with manual processing, recording can take place in days instead of weeks. Even in counties where eRecording is not available, ALR streamlines the process and prints the release package for the servicer to wet sign.

Automated Lien Release is already available to users on the MERS System and has been helping members electronically sign and notarize documents independent of their servicing system. ALR's new direct integration within MSP grants that same ability to servicers for their whole portfolios.

"The smooth and timely release of liens is fundamental to keeping American housing finance moving," Bowler said. "This holds true for home sales, refinances, equity lending, and more. Digitizing and automating lien releases is just one step in ICE's mission to unify the disparate elements of housing finance and create a better experience for the American homeowner."

## MODEX UNVEILS INTEGRATION PARTNERSHIP WITH OPTIFINOW CRM

**M**odex and OptifiNow announced their integration partnership, combining Modex's mortgage data with OptifiNow's approach to CRM.

In a disrupted market, mortgage professionals are increasingly interested in leveraging data to help make strategic decisions about their businesses. Modex's integration with OptifiNow enables wholesale lenders and recruiters to see

# “Your marketing and sales process is only as good as the data you’re using.”

—Dale Larson III, CEO, Modex



loan officer production data, including volume and type, with a single click.

“Making decisions without data is like blindly throwing darts at a dartboard. Now our customers can be more strategic and more efficient at scale,” said Linn Cook, VP of Sales at OptifiNow. “It makes lenders smarter in a way they’ve never been able to be before.”

Access to lender beneficiary data empowers wholesale lenders with an understanding of how they stack rank against competitors and what percentage of market share they have in a given location, as well as a granular view of data in specific geographical representation zones.

In line with OptifiNow’s mission to streamline sales and marketing, Modex offers a new avenue for strategic targeting and robust analytical reporting.

“Your marketing and sales process is only as good as the data you’re using,” said Dale Larson III, CEO at Modex. “We are thrilled that this partnership will empower OptifiNow customers with the data they need to drive real results for their business.”

According to company experts, with the integration comes the major benefit of contact data. Now, users can not only access contact details for key targets but can also store this data in their CRM for direct sales and marketing at their fingertips.

## LOANDEPOT INTRODUCES NEW DIGITAL UNDERWRITING ENGINE

**L**oanDepot, Inc. unveiled its fully automated melloNow underwriting engine, which they say can deliver a fully conditional loan approval in minutes rather than hours or days.

Utilizing a fully digital verification process, melloNow delivers a significantly faster evaluation and underwriting process that brings clarity and confidence—and eliminates surprises—right from the start. It swiftly analyzes credit reports, detects fraud, and validates income and employment data at the point of sale, instantaneously generating unique borrower conditions.

This helps both the loan officer and the customer understand exactly what’s needed, so they can assemble the required paperwork quickly and efficiently. This is expected to provide real-time conditional approval for a large segment of loans and assist the loan underwriter by ensuring they obtain all documentation required to properly review and validate the application as soon as it is received.

“loanDepot’s forward-thinking approach to technology, always in service

of improving the customer and loan origination experience, has once again delivered a significant innovation,” said Jeff Walsh, President of LDI Mortgage. “melloNow is not just another automated underwriting system; it’s a groundbreaking step forward that provides a full conditional loan approval within minutes. We’re now able to provide our customers with the certainty and peace of mind that comes with quick loan approval, bypassing the delays and friction points typical of traditional loan evaluation and approval processes while improving overall loan quality. Today’s consumers expect a fast and seamless digital experience, and with melloNow, we are delivering it.”

The company, which has been beta-testing the system for the last several quarters, says this new capability is another important milestone in its ongoing work to deliver a digital-first approach that makes it easier, faster, and less stressful to refinance or purchase a home.

“Team loanDepot is focused on delivering a best-in-class customer experience throughout the entire loan journey, from our initial contact with a prospective borrower to the long-term servicing of the funded loan,” EVP of Lending Operations Viviana Abarca said. “With melloNow, we’re changing the landscape for home buying and refinance, making it easier, faster, and smoother for our customers to accomplish their goals.”

## NOTARYCAM AUTHORIZED TO PROVIDE REMOTE ONLINE NOTARIZATION SERVICES

**N**otaryCam announced that it will support remote online notarial acts in California beginning in 2024 following the passage of CA Senate Bill 696, signed into law by California Governor Gavin Newsom on September 30, 2023.

Stage 1 of the bill takes effect on January 1, 2024, and allows the use of remote online notarization (RON) by

notaries commissioned outside the state for transactions such as title and escrow transaction documents in connection with California real property.

“California embracing remote online notarization is an effort that has taken years and is a critical next step toward nationwide acceptance of RON and eNotary services,” said Brian Webster, President of NotaryCam. “While real estate isn’t the only industry that can benefit from RON, the passage of this bill is a boon for this sector of the economy, as California represented roughly 18% of all real estate transactions nationally in 2022. NotaryCam is looking forward to providing our services to California residents and eagerly anticipates the day when we can do the same for notaries commissioned in the state.”

Other provisions of the bill are slated to take effect in phases starting January 1, 2025, by which time, RON technology providers must certify that they meet the specified requirements to perform RON transactions in the state.

The final phase, which is expected to commence by January 1, 2030, authorizes the commissioning of California notaries to perform remote online notarial acts following the completion of technology updates by the California Secretary of State office to allow for such actions.

This bill joins California with 44 other states that have enacted laws providing permanent access to remote online notarization, according to the American Land Title Association (ALTA).

## TRUV INTEGRATES WITH FREDDIE MAC BORROWER VERIFICATION PLATFORM

**T**ruv announced it is now a service provider supporting the Freddie Mac Loan Product Advisor (LPA) asset and income modeler (AIM).

Truv’s new integration with AIM enables lenders to use the Truv platform to obtain and transmit the information and data required to Freddie Mac’s LPA for the AIM assessment.

With coverage of a whopping 92% of the U.S. workforce, the Truv platform is used by many mortgage lenders and integrated with leading point-of-sale and loan origination systems.

By empowering lenders to verify a borrower’s information on one platform, Truv enables lenders to replace costly third-party borrower verification service providers and manual, error-prone

methods of verifying borrower data with cost savings and faster times to close by two days or more.

Independent mortgage banks (IMBs) and mortgage subsidiaries of chartered banks reported a pre-tax net loss of \$1,015 on each loan they originated in Q3 2023, an increase from the reported loss of \$534 per loan in Q2 2023, according to the Mortgage Bankers Association (MBA).

“We are proud to collaborate with Freddie Mac to help lenders streamline their origination processes,” said Kirill Klovov, Co-Founder and CEO of Truv. “More than ever, lenders need robust, safe technology to lower their origination costs while reducing risks. By automatically extracting income data from a borrower’s payroll accounts, our platform does both, while empowering lenders to verify the borrower’s information in a single step.”

“Approved third-party service providers like Truv support delivering the best tools and insights the industry has to offer,” said Daniel Miller, Single-Family Director of Strategic Technology Partnerships at Freddie Mac. “This collaboration will help lenders quickly and easily obtain income and employment verification.”

INTRODUCING

# MortgagePoint Magazine

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



## ROCKET HOMES LAUNCHES FIRST AI-DRIVEN APPLE CARPLAY FEATURE TO FUEL HOMEOWNERSHIP

Rocket Homes announced its iOS app is now available on car, truck, and SUV infotainment screens through Apple CarPlay. The Rocket Homes app now merges the house hunt with the open road. Homes listed for sale can be seen in the “Nearby” tab of the Rocket Homes app on CarPlay. With a tap of the vehicle’s screen, drivers can easily get directions to the home, call an agent, or save the listing to their “Favorites.”

Once they reach their destination, users can easily take a deeper dive into

the detailed photos and specifications of each home from the app on their iPhones.

“The Rocket Homes app is making house hunting more convenient for busy homebuyers on the go,” said Doug Seabolt, CEO of Rocket Homes. “When looking for a new home, the search never stops—even when you are driving around town. That was the thought that led to this feature. Now, when home shoppers see a place that catches their eye, they do not need to remember an address, cross streets, or a phone number because Rocket Homes has it handled for them.”

Exploring properties is one of the longest and most critical stages of the homeownership journey, which can take months or even years, according to a recent report from Rocket Mortgage. Rocket Homes’ advanced artificial intelligence (AI) and machine learning capabilities learn a home shopper’s pref-

erences through each “Favorited” listing in CarPlay or the mobile app.

Leveraging AI, the app displays nearby homes that match the individual user’s preferences, streamlining the often tedious and time-consuming house-hunting process.

“By using the Rocket Homes app through CarPlay, homebuyers are able to visualize what their future could look like in real-time, bringing real estate to life right on the street where buyers could potentially live,” said Eric Prigot, Founder and Principle Real Estate Agent at The Collective Team at Compass. “As technology continues to evolve, integrating mobility in the home search experience will become preferred for many homebuyers, which is exactly what Rocket Homes is accomplishing today with this innovative product.”

With more than 98% of cars in the U.S. supporting CarPlay and the majority of Americans with smartphones owning



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iPhones, the Rocket Homes Apple CarPlay feature meets homebuyers where they spend 1,000 hours a year on average driving in their cars.

## REDFIN LAUNCHES AI-POWERED TOOL TO REDESIGN LISTING PHOTOS

**R**edfin unveiled the launch of Redfin Redesign, an AI-powered tool that lets consumers change the appearance of walls, floors, and countertops in home photos, powered by Roomvo. Redfin users will now have the option to redesign interior photos of homes listed by Redfin or on Bright MLS.

“We are thrilled to announce our partnership with Redfin, a collaboration that echoes our deep conviction that everyone deserves a beautiful home,” Roomvo CEO Pawel Rajszel said. “This partnership aligns seamlessly with

Roomvo’s mission to transform the way people envision and create their living spaces. This collaboration not only marks a significant milestone for Roomvo but also reinforces our dedication to making home design accessible to all, empowering homeowners to realize their dream spaces effortlessly.”

The feature is available for all active Redfin listings and eligible sold Redfin listings in the United States on Redfin.com and iPhone. Redfin and Roomvo have also partnered with Bright MLS, one of the largest MLSs in the United States by listing count, to offer this feature for their listings across the mid-Atlantic. In total, Redfin Redesign is available for more than 75,000 listings across the United States.

To try Redfin Redesign, select an eligible home from your Redfin search results. Click the “Redesign” button on the first listing photo, then select a room to redesign from a gallery of interior photos. Then, choose from a diverse range of flooring types, wall paint colors, and countertop finishes to customize

the room to your preferences. Once the design is complete, use the slider bar to compare the before and after images.

“Buyers often want to know what a home will look like with some changes, not just what it looks like right now,” said Ariel Dos Santos, Redfin’s Senior VP of Product. “Sellers want their listings to appeal to the broadest pool of buyers, regardless of design preferences. Redfin Redesign uses Roomvo’s AI capabilities, so buyers can see what they could do with a space in just a few clicks. It’s one way Redfin’s using AI to make real estate better for buyers, sellers, and agents.”

Redfin Redesign is part of Redfin’s ongoing effort to modernize the home search and make the buying and selling process easier. Redfin was the first national brokerage to offer 3D walk-throughs on its listings to help consumers virtually tour a home. It is now using AI to enhance listing photos, which are the most popular feature on Redfin’s home detail pages.

“Through our partnership with Redfin and Roomvo, we are excited to

bring the Redfin Redesign experience to Redfin consumers across the entirety of the Bright MLS footprint,” said Amit Kulkarni, Chief Marketing Officer at Bright MLS. “Helping brokers deliver innovative experiences is something that’s foundational to Bright as an organization. We are excited to be the first MLS to partner with Redfin to offer this tool that helps people reimagine home from their desktop or mobile device.”

## ACI INTRODUCES ADVANCED APPRAISAL DATA COLLECTION AND ORDER MANAGEMENT SOLUTION

**A**CI announced it has introduced SureStep mobile, the most comprehensive appraisal inspection solution in the market.

Through the applications and tools housed within ACI SureStep mobile, appraisers can conduct a full inspection on-site from their smartphone or tablet, including capturing photos, completing sketches, collecting property data, and analyzing research, which helps eliminate paperwork and manual data entry.

Available for both iOS and Android devices, SureStep mobile also helps appraisers more effectively manage calendars and active orders by displaying all assignments and their status in one place and providing driving directions to appointments with a single touch.

“SureStep mobile helps appraisers stay in the field longer, providing the information needed to scope and quote new assignments from anywhere, so they can complete more appraisals in a day,” said Jeremy Staudenmaier, General Manager at ACI. “Efficient data collection during an inspection is vital, and appraisers that can conduct their business in the field gain an advantage over their competition.”

With SureStep mobile, appraisers automatically receive First American’s

comprehensive public records data for the subject property, along with aerial and street-view imagery.

In addition, all completed inspections are seamlessly imported directly into ACI’s flagship software, ACI Report, to further reduce the need for manual data entry. Work files are thoroughly documented within SureStep mobile to comply with regulatory requirements through complete digital inspection reporting as well.

SureStep mobile is the latest innovative technology from ACI, reflecting the company’s commitment to helping appraisers remain at the forefront of the digital transformation of the appraisal profession. SureStep mobile is the first release of a broader set of foundational ACI products designed to redefine how appraisers leverage technology and engage with their customers.

“SureStep mobile is more than a data collection application; it’s a digital appraisal assistant designed to eliminate many of the manual tasks in the appraisal process, reducing inspection times while improving reliability,” Staudenmaier said.

## FLOIFY ANNOUNCES NEW LENDING PLATFORM FOR MORTGAGE BROKERS

**F**loify has launched a lending platform for mortgage brokers built on the foundation of the Floify point-of-sale (POS) platform.

Florfy Broker Edition is designed to provide a loan management portal for borrowers and make managing loans simpler at an accessible price point while boosting operational efficiency, the company said.

The lending platform for mortgage brokers has three main features that enable brokers to use the platform in lieu of a traditional loan origination system (LOS) or as a complement to their existing LOS:

» Mortgage Call Reports (MCR) func-

tion allows brokers to swiftly generate mandatory national mortgage licensing system (NMLS) reporting documentation and export reports by quarter, year, and state, streamlining a burdensome compliance requirement.

- » The Dual Automated Underwriting System (AUS) function enables brokers to order AUS findings from Fannie Mae and Freddie Mac and view findings side-by-side to identify documentation requirements and counsel borrowers more effectively.
- » A Product Pricing Engine (PPE) integration with software firm Lender Price’s PPE automatically syncs borrower 1003 (uniform residential loan application) data, enabling brokers to provide accurate and real-time pricing quotes.

The platform is integrated with the country’s largest wholesale lender, United Wholesale Mortgage (UWM), which enables brokers to electronically submit loan applications to UWM, expediting the loan submission process.

“Floify Broker Edition is born out of a deep understanding of the unique challenges faced by mortgage brokers, which include juggling a burdensome administrative workload, regulatory compliance, and multiple technologies with minimal support,” said Sofia Rossato, Floify President and General Manager.

## EMPOWER LOS AND DOCMAGIC ENHANCE INTEGRATION TO SUPPORT HOME EQUITY, WHOLESALE CHANNELS

**D**ark Matter Technologies (Dark Matter) announced significant enhancements to the integration between the comprehensive Empower loan origination system (LOS) and DocMagic’s document generation solution.

DocMagic is now making it easier for retail mortgage lenders who use the Empower system to order initial and closing

**“It’s really significant when two best-in-class vendors like Dark Matter and DocMagic integrate their products, so customers no longer have to build out custom integrations—now it’s a true union.”**

—Rich Gagliano, CEO, Dark Matter Technologies



disclosures from DocMagic without having to build a custom connection.

“We are thrilled to strengthen our collaboration with Dark Matter, offering top-tier documentation, compliance, and eServices while also providing customers of the Empower system exceptional support backed by our award-winning customer service,” DocMagic President and CEO Dominic Iannitti said. “We look forward to continuing to integrate our two services further, supplying our proprietary ClickSign, eNotary, and Total eClose capabilities.”

As a result of the latest enhancements to the integration, DocMagic services are now also available for wholesale and home equity originations in the Empower system.

“It’s really significant when two best-in-class vendors like Dark Matter and DocMagic integrate their products,

so customers no longer have to build out custom integrations—now it’s a true union,” said Rich Gagliano, CEO of Dark Matter Technologies. “We’re taking that value and convenience even further by bringing it to multiple origination channels.”

## NEW AMERICAN FUNDING NAMES SNAPDOCS AS NEW DIGITAL CLOSINGS PROVIDER

**S**napdocs announced that New American Funding (NAF) has selected its eClosing platform to accelerate digital closing adoption and deliver a streamlined experience

to borrowers and the loan officers who serve them.

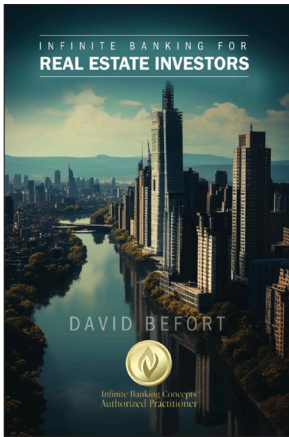
NAF, a privately owned mortgage lender, plans to fully embrace digitization by scaling hybrid, eNote, and remote online notarization (RON) transactions.

“We are dedicated to meeting the needs of the next generation of homebuyers,” said Kevin English, COO of New American Funding. “Our mission is to become one of the largest lenders in the industry within the next three years, and a top producer of remote online notarization (RON) closings. We firmly believe that Snapdocs is the optimal partner to help us accomplish these goals. The Snapdocs platform enables a more efficient closing process, provides better service to our valued customers, and positions us for future growth.”

With the Snapdocs eClosing platform, NAF will benefit from Snapdocs’ proprietary AI-powered technology, which reduces manual tasks, eliminates errors, and provides a seamless and automated borrower experience. The platform integrates with major loan origination systems and standardizes all closing types, enabling faster and more profitable closings.

NAF plans to incorporate additional Snapdocs functionality over time to enhance its quality control and collaboration with title partners.

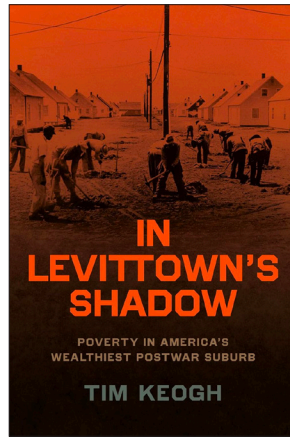
“Snapdocs is proud to advance the digitization of the mortgage market through our partnership with NAF, an industry-leading innovator,” said Michael Sachdev, CEO of Snapdocs. “We are committed to delivering hands-on support and guidance to ensure NAF effectively achieves eClosing adoption across its portfolio.”



### *Infinite Banking for Real Estate Investors*

by DAVID BEFORT

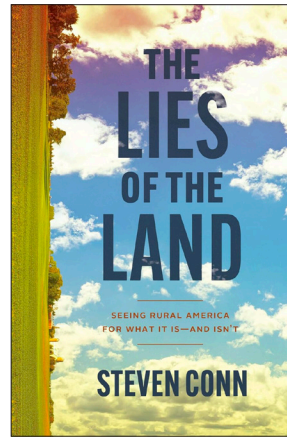
This tome by first-time author David Befort aims to walk real estate investors through the concept of “Infinite Banking” as a more precise and inventive way to save money and leverage it wisely. While the book may be on the shorter side, it aims to quickly instruct readers about a “tool that some of the most successful real estate investors in North America have been using for years.” This book is for anyone that wants to learn how to put their money to work for them through the power of diversification and wants their view of investment strategies to be reshaped.



### *In Levittown's Shadow: Poverty in America's Wealthiest Postwar Suburb*

by TIM KEOGH

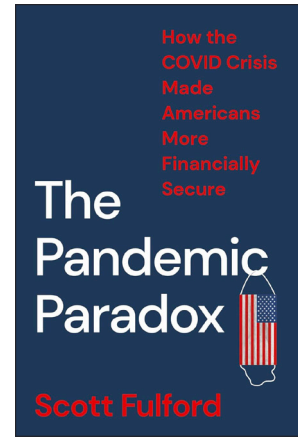
After the Great War and WWII, a trend occurred in the suburbs that shaped the modern world: after 1945, white residents “left cities for leafy, affluent subdivisions and took with them the prosperity they seemed to embody.” But in this book, author Tim Keogh offers “an eye-opening account” of the poor, diverse residents who lived and worked in those same neighborhoods. *In Levittown's Shadow* walks readers through “how public policy produced both suburban plenty and city deprivation—and why ignoring suburban poverty doomed efforts to reduce racial inequality.”



### *The Lies of the Land: Seeing Rural America for What It Is—and Isn't*

by STEVEN CONN

According to author Steven Conn, “it seems that everyone has an opinion of rural America. Is it gripped in a tragic decline? Or is it on the cusp of a glorious revival? Is it the key to understanding America today?” In this book, Conn suggests an entirely different question—is rural America even a thing? No, says Conn, who believes “we see only what we want to see in the lands beyond the suburbs—fantasies about moral (or backward) communities, simpler (or repressive) living, and what it means to be authentically (or wrongheadedly) American.” Readers are invited to set aside their preconceptions and take a closer look at the realities of rural America.



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

by SCOTT FULFORD

It's no secret that the COVID-19 pandemic reshaped nearly every facet of American life starting early in 2020. By April of that year, millions had lost their jobs, and yet somehow, by the time things had stabilized into something resembling “normal,” the finances of most Americans had, counterintuitively, improved. In *The Pandemic Paradox*, author Scott Fulford (who draws from and helped design the Consumer Financial Protection Bureau's “Making Ends Meet” surveys) explores this phenomenon through a series of vignettes focusing on the stories of a handful of Americans. The book presents a vision of how a better, fairer, and more productive economy is possible.

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## » Lenders/Service

### MR. COOPER TAPS MIKE WEINBACH AS NEW PRESIDENT



Mortgage loan servicer Mr. Cooper Group Inc. has announced the appointment of **Mike Weinbach** as new company President,

effective February 1, 2024, leading the company's operations, including originations, servicing, and technology.

With more than 25 years' experience in the financial services industry, Weinbach has a track record of senior leadership roles across consumer and mortgage banking.

"I am delighted to welcome Mike to Mr. Cooper Group. His extensive background in consumer lending and financial services as well as his people-first approach will be a great fit for our team as he helps lead the company forward on the next phase of our journey," said Jay Bray, Chair and CEO of Mr. Cooper Group.

Most recently, Weinbach served as CEO of Consumer Lending for Wells Fargo, and as a member of the firm's Operating Committee, responsible for leading more than 40,000 team members focused on home lending, auto lending, credit cards, merchant services, student lending and personal lending. Previously, he served as CEO of Chase Home Lending at JP Morgan Chase, where he also held leadership roles in consumer banking, business banking, mortgage servicing and auto finance, with oversight of sales, finance, and operations.

"I have long admired Mr. Cooper's impressive record of growth and profitability as well as their commitment to the customer experience, and I am thrilled to hit the ground running with this fantastic team," Weinbach said.

Chris Marshall, who currently serves as Vice Chair and President, will remain with Mr. Cooper Group to assist with the transition and oversee fundraising for the company's MSR fund. Marshall is set to retire at the end of 2024.

### DANYA SAWYER STEPS DOWN AS ALTISOURCE ASSET MANAGEMENT INTERIM CEO



Altisource Asset Management Corporation (AAMC) has announced the resignation of **Danya Sawyer**, COO of

Alternative Lending Group, the company's principal operating subsidiary. Sawyer, whose departure was effective December 1, 2023, also served as AAMC's Interim CEO during the recent restructuring of the company's loan business.

"We appreciate Danya's excellent service and contributions to the Company," Altisource Chairman of the Board Ricardo Byrd said. "We wish her well in her future endeavors."

AAMC acquires, originates, and manages mortgage loans, mortgage-backed securities (MBS) and equity investments in underserved markets. AAMC works to employ capital light operating strategies that have historically been implemented across a variety of industry sectors ranging from REIT management and title insurance and reinsurance to private loan acquisition, origination, and disposition.

In late summer 2023, Sawyer replaced previous Altisource CEO Jason A. Kopcak after Kopcak announced his resignation.

As COO of Altisource's Alternative Lending Group, Sawyer helped build and oversee operations across all product lines to support the Alternative Lending Group's growing market share. She led

the company in helping real estate investors and developers by providing a more modern, equitable, and helpful path to capital than traditional lenders.

Prior to joining Altisource, Sawyer served as SVP, Client Solutions at Consolidated Analytics, overseeing originator assessments and enterprisewide due diligence on behalf of institutional investors offering warehouse financing solutions, whole loan acquisitions, and securitization options within agency, nonagency, non-QM, and business purpose lending. Sawyer also spent time at Countrywide, initially operating in various pricing and operational roles before developing a de novo broker to banker channel. After growing that channel to a run rate of more than \$1 billion in monthly production, she was promoted to various senior management positions at Countrywide/Bank of America.

In 2014, Sawyer was named one of the industry's top mortgage professionals under the age of 35 by the *MReport*, and she earned her degree in international economics from UC Berkeley, where she was selected as an NCAA Academic All-American.

### PLANET HOME LENDING ADDS NEW VP, CONSTRUCTION LOAN MANAGER



Planet Home Lending LLC has enhanced its construction lending program by appointing **Melony Harpe** as VP,

Construction Sales Manager. With more than 20 years of construction lending experience, Harpe's strategic approach will empower Planet's Mortgage Loan Officers and branches to increase their construction loan volume in 2024.

"We're excited to welcome Melony to the Planet Home Lending team," Planet Home Lending's President of Mortgage Lending John Bosley said. "Her extensive experience in construction lending aligns perfectly with our commitment to

providing top-notch support for our sales professionals.”

In her new position, Harpe will serve as an advocate, working closely with mortgage loan officers to increase their sales of new home construction loans. By facilitating communication, resolving any issues that arise, and educating stakeholders, Harpe aims to create a seamless and efficient lending experience.

“We want MLOs and retail branches to feel confident and supported in their construction lending efforts,” Harpe said. “My role is to ensure they have the tools and resources needed to navigate the complexities of construction lending and expand their connections with builders.”

Harpe’s expertise extends beyond traditional one-time and two-time close construction loans, encompassing financing for manufactured and modular homes, major renovations, barndominiums, metal-framed homes, and custom homes.

“Melony’s unique background in construction lending positions Planet to continue providing innovative and sustainable mortgage solutions,” Bosley added. “We anticipate not only enhanced support for our Mortgage Loan Officers and retail branches but also a significant upswing in construction loan volume in the coming year. Melony is a key asset to the Planet Home Lending team, propelling us toward even greater success in 2024.

Earlier this year, Planet Home Lending announced the asset acquisition of retail lender Platinum Home Mortgage Corporation. In the deal, Planet Home acquired the majority of Platinum Home’s origination staff, including more than 20 branch offices in strategic locations throughout the United States.

## WATERSTONE MORTGAGE NAMES NEW DIRECTOR OF AFFORDABLE HOUSING



Pewaukee, Wisconsin-based Waterstone Mortgage Corporation has announced the promotion of **David Sparks** to the role of

“I enjoy helping people. In my time away from work, on a regular basis, I schedule opportunities to do so. It is also a privilege to fulfill that mission in a different way secularly. What I do helps make the dream of homeownership a reality.”

—David Sparks, Director–Affordable Housing and Loan Servicing, Waterstone Mortgage



Director–Affordable Housing and Loan Servicing. Sparks has more than 25 years of experience in the lending industry and holds his Certified Mortgage Banker (CMB), Accredited Mortgage Professional (AMP), and Certified Residential Underwriter (CRU) designations from the Mortgage Bankers Association (MBA).

In 2018, Sparks joined Waterstone as the Bond Manager and began working alongside state housing finance authorities to bring affordable housing opportunities to Waterstone customers.

In his new role, Sparks will explore trends within affordable housing and underserved communities. He will identify, manage, and grow strategic relationships with key bond authorities and affordable housing assistance providers to offer new, viable programs and to enhance existing programs for Waterstone Mortgage customers.

As the Director of Affordable Housing and Loan Servicing, Sparks will also continue to monitor existing bond

and down payment assistance (DPA) programs and will oversee the interim servicing of loans that are sold to private investors.

“David is an extremely valuable member of the company,” said Jennifer George, Waterstone Mortgage VP–Investor Relations and Credit Policy. “His passion for affordable housing drives him to dig deep and find the hidden gems out there that are not apparent on the surface but add extreme value for our sales force and their customers. In combination with this passion, his industry knowledge is an incredible asset for our servicing platform. He will continue to seek stronger collaboration with our servicing provider.”

Sparks said, “I enjoy helping people. In my time away from work, on a regular basis, I schedule opportunities to do so. It is also a privilege to fulfill that mission in a different way secularly. What I do helps make the dream of homeownership a reality. This is true from both the availability of a vibrant, affordable housing

“Now is the time to invest and grow into the next era of mortgage lending, and Guild Mortgage is well-positioned for this moment with an excellent reputation for its people, products, culture and service.”

—Adam O’Daniel, SVP and Chief Marketing Officer, Guild Mortgage

★★★★★

product mix and ensuring a high service level experience on the loan servicing side. Every day, the work that I do has purpose.”

#### ADAM O’DANIEL JOINS GUILD MORTGAGE AS SVP AND CMO



Guild Mortgage has named mortgage industry veteran Adam O’Daniel as SVP and Chief Marketing Officer (CMO), where he

will spearhead the company’s marketing and communications initiatives to expand Guild’s brand presence nationally, support the company’s growth, and foster a culture of creativity and collaboration.

With a background in marketing and media, O’Daniel brings 15 years of experience in the mortgage and financial services industries to Guild, having served in leadership roles for Open Mortgage and Movement Mortgage.

Prior to entering the mortgage industry on the corporate side, O’Daniel contributed to the industry as a journalist, working as a financial editor and business reporter for more than a decade.

“Adam brings relevant experience and fresh creative energy to his role driving Guild’s marketing and branding at a time when Guild is growing and is ready to connect with our clients in new and innovative ways,” said Terry Schmidt, CEO of Guild Mortgage. “He has a successful track record of building high-performing marketing teams in the mortgage industry by focusing on brand storytelling, borrower education, social media and innovation, and we look forward to his leadership as we expand Guild’s presence nationally.”

O’Daniel joins Guild from Open Mortgage, where he was SVP of Marketing, and was responsible for branding, marketing, and communications for the residential mortgage lender. Previously, he served in marketing and communications leadership at Movement Mortgage, contributing to its growth from \$8 billion

in annual originations to more than \$30 billion. His team won a gold Telly Award for “Grab the Key,” a cause marketing campaign designed to bring awareness to the history of racial inequities within the mortgage industry.

“Now is the time to invest and grow into the next era of mortgage lending, and Guild Mortgage is well-positioned for this moment with an excellent reputation for its people, products, culture and service,” O’Daniel said. “Leading this team of marketers and creative professionals is an incredible honor. We are going to expand Guild’s brand presence nationally, deliver best-in-class marketing tools, technology, and support for our sales teams, and infuse a culture of creativity and collaboration across the brand.”

#### CENLAR PROMOTES FOUR VPS



Ewing, New Jersey-based mortgage servicer Cenlar FSB has announced the promotion four leaders to VP roles, and one to a Director position.



The VPs promoted include Shanth Ananthuni to the role of VP of Digital Transformation, Dana Cifelli to VP of Internal Communications, David Drakesmith to VP of Information Technology, and Bernadette Felix also to VP of Information Technology.



“Congratulations to this team on their very well-deserved promotions,” Cenlar Chief Administrative Officer Glen Vilim said. “You all

exemplify the best of our company and continue to deliver the most exceptional service to both our internal and external stakeholders.”

Shanth joined Cenlar in 2016 as a Solutions Architect and has been promoted up through his current role of Director of IT, where he continues to be a high performer and outstanding leader within technology. In his new leadership role, Shanth will continue to lead the company's automation efforts and digital program strategy. Shanth has more than 20 years of technical leadership and expertise.

Before Cenlar, Shanth served as a Digital Program Manager and Strategist for Bank of America/Merrill Lynch. He also held several Solutions Architect and technical program management roles at Collaborative Consulting, GMAC Mortgage Corp./Ally Bank and Accenture Consulting. Shanth holds a MBA in finance from the University of Findlay and an M.S. in information systems management from the University of Akron. He also holds several professional certifications, including Certified Scrum Product Owner (CSPO), Certified ScrumMaster (CSM), and the Accredited Mortgage Professional (AMP).

Cifelli, in her new role, will focus on both strategic and tactical execution for all internal communication plans and activities across the enterprise, as well as employee engagement. She will be responsible for developing the vision and strategy for effective and consistent communication plans that promote Cenlar's internal branding and enhancing the company's culture and employee experience that aligns to Cenlar's corporate goals. Dana is a strategic marketing and communications leader with over 15 years of experience in branding strategies and project management. Dana joined Cenlar in 2021 to lead the Contact Center Communications.

Prior to coming to Cenlar, Dana was with Verizon for more than 10 years where she held several leadership roles, including Chief of Staff. She earned her master's in business administration from Centenary University and a bachelor's in hospitality management from Fairleigh Dickinson University. Dana also holds a Lean Six Sigma Black Belt certification.

Drakesmith, in his new role, will partner with business stakeholders to provide reporting and analytics for operational, financial, and program performance for loan servicing. He will

continue to further Cenlar's automation efforts for reporting services for our clients, investors, and internal business partners as part of our technology transformation strategy.

Drakesmith joined Cenlar in 2018 and has more than 25 years of mortgage banking and financial services experience. Before Cenlar, David worked at CitiMortgage, where he held several senior leadership roles in default servicing and project management. David earned his bachelor's in administrative management from Missouri State University.

Felix joined Cenlar in 2021 as Director of Information Technology and will continue to lead the Servicing Systems team. She has more than 35 years of mortgage banking experience, having held IT project management leadership positions at Ocwen Financial, GMAC ResCap, and GMAC Mortgage Corp. She has extensive experience with the operation and technology aspects of loan servicing and is well versed in the development of information systems strategies and policies across complex functional levels.

## ANGEL OAK CAPITAL ADVISORS HIRES INSTITUTIONAL CRE VETERAN



Angel Oak Capital Advisors LLC, an investment management firm that specializes in value-driven structured credit,

has announced the hiring of **Sumit Sasidharan** to serve as its Head of Commercial Real Estate, where he will lead the firm's CRE platform, focusing on growing Angel Oak's CRE fund offerings at an institutional level, while managing and expanding the firm's permanent and bridge-loan financing solutions.

In addition to overseeing approximately \$300 million in CRE loans under Angel Oak's existing lending platform and various private strategies, Sasidharan will continue Angel Oak's active presence in the commercial mortgage-backed securities market. He also intends to

explore new strategies aimed at raising capital that will be deployed opportunistically in the debt and equity CRE markets in 2024 and beyond.

"Angel Oak is positioned to seize the current and brewing opportunities in the CRE space for institutional investors, given the firm's expertise in the broader real estate market, and I look forward to leading this major initiative," Sasidharan said. "We believe we can deliver an institutional approach to serving CRE financing needs in the middle-market space, stepping into the role that many banks once filled. At the same time, we will seek to create unique investment strategies for our investors who want to deploy new capital and take advantage of dislocations in the real estate market."

Prior to joining Angel Oak, Sasidharan served as Managing Director and Co-Head of Real Estate Capital Markets at Ares Management, where he administered a diverse portfolio with \$52 billion in assets under management, encompassing debt and equity in CRE assets with varying liquidity profiles. Sasidharan expedited the company's leverage exposure, interest rate sensitivity, liquidity and rate hedging strategies while also leading the capital markets team responsible for all equity and debt financing strategies.

Previously, Sasidharan served as Managing Director and Head of CRE capital markets at Annaly Capital Management from 2011 to 2017, where he led the capital markets team responsible for all CRE debt pricing, financing, and trading strategies. During his tenure, he developed and implemented a levered CMBS strategy, managing more than \$850 million in equity. Sasidharan formerly held CMBS-focused roles at CWCcapital and Fitch Ratings.

"Sumit is the best fit to lead this growth initiative and evolve our CRE platform, as he brings an exceptional track record of scaling and managing CRE focused funds at the institutional level," said Sreeni Prabh, Co-Founder and Managing Partner at Angel Oak. "We are excited for him to join our team as we work to deliver exceptional outcomes for our investors."

## » Service Providers

### KASPER RESIGNS AS NAR PRESIDENT



National Association of Realtors (NAR) President Tracy Kasper has informed the association's leadership team that

she recently received a threat to disclose a past personal, non-financial matter unless she compromised her position at NAR. She refused to do so, and instead reported the threat to law enforcement. Kasper felt that, in the circumstances, it was best for the organization that she step down.

Kasper began her term in late August after Kenny Parcell, NAR President since November 2022, was accused of harassment in a *New York Times* article.

"As President and a long-time member of NAR, I always have put the interests of NAR first," Kasper said. "As a result of the recent threat and given the significance of this moment for myself, my family, and the organization, it is again time for me to put the interests of NAR first. So, it is with a mix of gratitude and a heavy heart that I submit my resignation as your president effective immediately. In doing so, it gives our Leadership Team the ability to take the reins and forge forward in effecting the change that we all have worked so hard over the past few months to begin. I know I leave our members, our staff and our association in good hands."

NAR President-Elect Kevin Sears will step into the role of 2024 NAR President, effective immediately.

"NAR's work to strengthen the organization continues uninterrupted, and NAR remains focused on leading our industry forward and ensuring transparent and competitive marketplaces for American home buyers and sellers," said the association in a statement.

Kasper is currently the Broker/Owner of Berkshire Hathaway HomeServices Silverhawk Realty in Boise Valley and a majority owner in two other Idaho real estate companies. She has more than 30

years of experience in real estate and continues to list and sell residential properties, building lots, vacant land for development and light industrial, and specializes in new construction sales. She had served on the NAR Board of Directors since 2016.

Sears, who officially assumes the role of 2024 President of NAR, is Broker/Partner of Sears Real Estate, specializing in single-family brokerage and property management. He has served NAR in numerous capacities, including as a President's Liaison in 2019 and as NAR VP of Government Affairs in 2017.

The Massachusetts Association of Realtors (MAR) elected Sears as President in 2010. In addition to serving in national leadership roles, Kevin has been a member or an alternate of the MAR Board of Directors since 2000. In 2006, MAR named him Realtor of the Year, and in 2015, he received the Milton H. Shaw Distinguished Service Award. In 2011, Massachusetts Gov. Deval Patrick appointed him as Chair of the Board of Registration of Real Estate Brokers and Salespersons (the state's real estate commission), a position he was reappointed to in 2016 by Gov. Charlie Baker.

### MPA NAMES NEW PRINCIPAL ADVISOR



Mortgage Policy Advisors (MPA) has named Russell "Rusty" Johnson Principal Advisor of the firm. In his new role, he will be

responsible for advocating on behalf of MPA clients, supporting the firm's client development strategy, while advising partners on various market opportunities.

"Rusty is an accomplished executive, that I had the privilege of working with during my tenure at Wells Fargo," said Bob Caruso, CEO of ServiceMac. "He [Johnson] is a bottom line, results-oriented professional, that knows the mortgage servicing business."

A recognized leader in the financial services industry, Johnson has 30 years of professional experience in mortgage banking and servicing, having held executive positions at Bank of America,

Radian, Wells Fargo, PwC, Fannie Mae, and KPMG.

Prior to joining MPA, Johnson was responsible for KPMG's large-scale engagements with financial institutions, including Fannie Mae, the U.S. Department of Veteran Affairs (VA) and Bank of America, and served as KPMG's subject matter expert for all mortgage servicing engagements.

During his tenure at Fannie Mae, Johnson led efforts at the government-sponsored enterprise (GSE), towards the creation and implementation of government programs such as the Home Affordable Modification Program (HAMP) and the Home Affordable Refinance Program (HARP).

His work on a comprehensive servicer rating system, led to the development of Fannie Mae's Servicer Total Achievement and Rewards (STAR) program.

"We are delighted to have Rusty as part of our growing team, and look forward to his contributions," added Marcel A. Bryar, Managing Director at MPA.

Johnson holds a bachelor's in business administration, management and operations from Bryant University of Rhode Island.

Based in Washington, D.C., MPA is a strategic advisory firm providing clients with insights related to emerging or existing legislation, policy, regulations, and agency guidance impacting the U.S. residential mortgage industry. Through experience and practice, the team at MPA analyzes market trends—translating information into actionable and strategic intelligence including business growth strategy and third-party business development.

### WFG PROMOTES NATALIE KOONCE TO DIVISION PRESIDENT ROLE



WFG National Title Insurance Company has promoted Natalie Koonce to Division President for the company's Colorado region.

Koonce joined WFG in April 2020 as SVP, National Escrow Advisor, and brings more than 25 years of industry

# “WFG’s companywide commitment to innovation and delivering an exceptional customer experience enables us to deliver innovative solutions and provide world-class service for our clients and their customers.”

—Natalie Koonce, Division President, Colorado Region,  
WFG National Title Insurance Company



experience in all facets of title, escrow, and real estate services to her new role.

Over the last several years, Koonce has provided expert guidance to her division’s escrow managers and staff regarding compliance and best practices, as well as company escrow policies and procedures. She also led the development of key operations to improve the escrow process by preventing the rising risk of fraud and aiding in the recovery of monetary losses.

In her new role, Koonce will leverage her industry expertise and industry relationships to support and grow WFG’s Colorado operations.

“Natalie is a proven leader with extensive operational and industry expertise,” WFG President and CEO Steve Ozonian said. “She has a remarkable ability to generate excellence from her teams through personal encouragement and motivation and has an impressive track record of exceeding revenue goals while creating environments in which team members can perform beyond their expectations. We’re extremely fortunate to have her heading our Colorado division, and we know she’ll do a phenomenal job leading this important market for us.”

As President of North American Title of Colorado’s Colorado Division, Koonce managed operations of 11 branches and

more than 70 associates. During her first full year in that position, she returned the division to profitability, exceeding its revenue goal by 16% and decreasing expenses by 5% year over year. She then managed the division through an acquisition and divestiture, adjusting strategies to accommodate changes while supporting associates, and then implemented new strategies to meet growth and revenue targets.

“I’m both honored and excited to serve as President for WFG’s Colorado division,” Koonce said. “WFG’s companywide commitment to innovation and delivering an exceptional customer experience enables us to deliver innovative solutions and provide world-class service for our clients and their customers, and I look forward to championing this effort for our Colorado region.”

## BLUE SAGE SOLUTIONS NAMES NEW MARKETING DIRECTOR



Englewood Cliffs, New Jersey-based Blue Sage Solutions LLC, a provider of cloud-based lending technology, announced that Dee

Khullar has joined the company as

Director of Marketing.

In her new role, Khullar will oversee all marketing strategy, media, and communications for Blue Sage, and play a leadership role in implementing brand management, driving revenue growth through its expansion into new market segments and product areas.

In addition, her responsibilities will include building and enhancing the company’s strategic partnerships, and optimizing the overall customer experience. Looking forward, she will also be overseeing the launch of the company’s new digital offerings that will be made available through most lending platforms including Blue Sage Digital Lending Platform.

“This is a unique opportunity to boost exposure for our new offerings to mid-market lenders as well as our new loan servicing platform, creating transformational technology from the point of sale to servicing,” Khullar said. “I’m thrilled to be working with a dynamic team of innovators and seasoned industry experts who not only have a deep understanding of the mortgage business from every angle, but who have a clear vision of where the industry needs to go.”

Khullar brings more than 20 years of expertise in marketing and technology in the financial services industry. As an integral part of the ICE Mortgage Technology marketing team, she developed partner and client marketing programs that directly impacted revenue goals. In addition, Khullar has been instrumental in advancing technologies in the mortgage industry, including e-closing and online notarization.

“Dee is a top-level marketer with tremendous mortgage technology experience and a strong track record of results,” said Carmine Cacciavillani, CEO of Blue Sage Solutions. “More importantly, she fully grasps the importance of bringing the mortgage industry into the digital age. At a time when mortgage lenders, banks, credit unions, and servicers all need to enhance their offerings while boosting productivity and efficiency, Dee will play a pivotal role in positioning Blue Sage as the obvious choice for forward-thinking organizations.”



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# GET TO KNOW THE LATEST LEGAL LEAGUE EVENTS COMMITTEE MEMBERS

Over the past year, Five Star's Legal League (LL) has introduced several committees dedicated to planning and promoting events and initiatives of value to Legal League members and to interested mortgage servicing professionals. The committees include an Advisory Council, a Publication Committee, a Special Initiatives Working Group, a Webinar Committee, and an Events Committee. We'll take closer looks at these in the coming months.

The Events Committee is responsible for collaborating with the committee chair and The Five Star staff to propose event offerings and session topics, as well as help with speaker recruitment. Here are the two new additions who are joining the Events Committee for 2024.

## Clayton Gordon

Director, Default Mediations and Litigation, Carrington Mortgage Services, Mortgage Servicing Division



Clayton Gordon has been a member of the Florida Bar since 2000 (D.C. Bar since 2022). Throughout his career, he has litigated cases

throughout Florida involving commercial disputes, admiralty and maritime law, insurance defense, estate administrations, real estate litigation, mortgage foreclosures, and bankruptcy, and has conducted numerous residential and commercial real estate closings as well. Presently, he is employed by Carrington Mortgage Services, LLC (since 2013) and serves in the role of Director of Default Mediations and Litigation. In this role, he oversees and provides guidance to the contested foreclosure, mediation, trial witness, document fulfillment, and attorney oversight teams and works to resolve litigation impacting the company's default portfolio throughout the United States.

## Deloise Browne-Milner

Foreclosure & Bankruptcy, Senior Operations Manager, Single-Family Operations Management, Freddie Mac



Deloise Browne-Milner is the Senior Operations Manager for Foreclosure & Bankruptcy in the Single-Family Operations organization

at Freddie Mac. Milner is responsible for oversight and timely resolution of seriously delinquent loans. Milner has been with Freddie Mac for 18 years and has considerable industry experience in various positions, including default management, loss mitigation, exception loan processing and resolution, property preservation, underwriting, and mortgage loan originations.



## LEGAL LEAGUE DEFAULT SERVICER CERTIFICATIONS: TAKE YOUR INDUSTRY KNOWLEDGE TO THE NEXT LEVEL

Open to lenders, servicers, employees, and invited guests of Legal League Members, both Levels I & II of the Legal League Default Servicer Certification are in-person classes offered on Monday, April 29, preceding the commencement of the 2024 Legal League Spring Servicer Summit. Join peers and industry educators for specialized training meticulously curated to enrich your expertise and elevate your role.

*Note: Legal League clients should reach out to their firms for a discount code.*

### LEVEL I

Gain an understanding of the full default servicing process, from beginning to end, to enhance your capabilities and better equip you to effectively fulfill your role. During this class, top attorneys will provide insights into the most important aspects of servicing and other relevant industry skills, including:

- » Bankruptcy 101
- » Advanced Bankruptcy
- » Foreclosure 101
- » Advanced Foreclosure
- » Judicial vs. Non-Judicial
- » Boarding/Independent Verification
- » How to Be a Witness

- » How to Sign Documents
- » Documenting a Servicing File

After this Legal League certification, you will be more valuable to your clients and peers, as well as more confident in your work.

## LEVEL II

Structured into two vital components, the first portion of the Level II certification will cover important regulations, policies, and governmental agencies that impact the work of servicers, whereas the second portion focuses on complex issues that require more specialized knowledge. Topics in this certification include:

- » The Real Estate Settlement Procedures Act
- » The Truth in Lending Act
- » Fair Debt Collections Practices Act
- » Consumer Financial Protection Bureau
- » Loss Mitigation
- » Natural Disasters
- » Estoppel
- » Advances/Taxes
- » Title Issues

Lenders and servicers can register for the courses for \$400. Employees and invited guests of Legal League Members can do so for \$50. Completion of Level I is not required to take Level II. To learn more details or register, visit [https://fivestarglobal.swoogo.com/LLServicer-Certification\\_Spring2024](https://fivestarglobal.swoogo.com/LLServicer-Certification_Spring2024) or use the QR code below.



**The Five Star Global Career Center**

Connecting Talent with Opportunity. [jobs.thefivestar.com](https://jobs.thefivestar.com)

# Meet the 2024 Five Star Editorial Advisory Board

As we advance into the first full year of *MortgagePoint* Magazine, we will once again be leaning on the experience and insights of an array of mortgage industry subject matter experts. The members of our Five Star Editorial Advisory Board (EAB) will be at the forefront, providing commentary, interviews, and more as we navigate the trends and challenges 2024 presents.

This year's EAB is a mix of familiar returning faces and new additions. It's our pleasure to introduce you to this year's Editorial Advisory Board lineup.



## Daren Blomquist

VP of Market Economics, Auction.com



In his role, Daren Blomquist analyzes and forecasts complex macro- and microeconomic data trends within the marketplace and

greater industry to provide value to both buyers and sellers using the Auction.com platform. Blomquist's reports and analysis have been cited by thousands of media outlets nationwide, including the *Wall Street Journal*, the *New York Times*, and *USA TODAY*, and on many national network broadcasts, including CBS, ABC, CNN, CNBC, FOX Business, and Bloomberg.

## Bryan Bolton

Chief Administrative Officer and SVP-Mortgage and Consumer Servicing, U.S. Bank



Bryan Bolton joined U.S. Bank on August 22, 2016. Bolton is the Chief Administrative Officer and SVP for U.S. Bank's Consumer Business Banking

Operations and is based out of St Louis, Missouri. He has more than 39 years of related mortgage industry experience. Bolton's leadership experience includes loss mitigation, default management, third-party risk management, risk and controls, and audit and issue management.

## Kevin Bowen

Head of Home Lending Product, Innovation, and Insights, JPMorgan Chase & Co.



In his role at Chase, Kevin Bowen leads a team that provides the strategic vision for home lending product offerings and supports the goal of building a transformational lending experience for customers and employees. Prior to taking this role in July 2023, Bowen was the Home Lending Origination Product Strategy Lead, where his team simplified underwriting guidelines, expanded product offerings, and coordinated product support for community and affordable lending and racial equity commitment objectives. Previously, Bowen led the Home Lending Controllers organization and held various other roles in Home Lending finance since joining Chase in 2009.

## Benjamin Gottheim

VP, Mortgage Servicing Policy, Freddie Mac



Benjamin Gottheim joined Freddie Mac in 2010 after spending several years purchasing and servicing nonperforming

loans in the private market. He spent his first couple of years at Freddie Mac managing its foreclosure and bankruptcy portfolio and since 2013 has been responsible for servicing policy at Freddie Mac. In his current, role he oversees the team responsible for creating sound servicing policies through the use of the Seller/Servicer Guide and TOBs. He and his team often work with FHFA & FNMA to create aligned servicing policies that are designed to promote better outcomes for borrowers and more efficient servicing practices and cost reductions.

## Michael Keaton

SVP, Default Subservicing, Ocwen



Michael Keaton joined Ocwen's Business Development Team in late 2022 to help grow the special servicing business. Before

Ocwen, Keaton was the Chief Servicing Officer at Shellpoint Mortgage Servicing from 2012-2022. Before joining Shellpoint, Keaton held several executive-level roles at Resurgent Capital Services between 2002 and 2012, including VP of Mortgage Servicing and Recovery. He began his career at Wendover Financial Services, where he spent over 10 years, finishing his tenure as VP of Default Administration when Wendover was the nation's largest servicer of subprime mortgage loans.

## Jane Larkin

VP, Default Servicing, Colonial Savings



At Colonial Savings, Jane Larkin is responsible for the management and performance of all default-related functions, including

strategic planning, collections, loss mitigation, foreclosure, bankruptcy, REO, claims, default reporting, field services, and loss analysis. She received her Bachelor of Science degree from Duquesne University and is an active member of MBA, TMBA, and FWMBA.

## Michael Merritt

SVP, Customer Care & Mortgage Default Servicing, BOK Financial



Michael Merritt oversees mortgage servicing contact centers and default servicing divisions at BOK Financial, encompassing

Customer Service and Default contact centers, as well as managing the Loss Mitigation Processing, Foreclosure, Bankruptcy, Claims, Post-Sale, and Loss Analysis teams. He previously managed mortgage sub-servicers at Goldman Sachs and played integral roles at Mr. Cooper Mortgage, primarily in Customer Care, Loss Mitigation, and First Line of Defense. Merritt holds an MLS in risk management from Texas A&M School of Law, an MBA from Texas Tech University, and a B.A. in organizational leadership from Arizona State University.

## Candace Russell

VP of Post-Sale Activities, Default Servicing, Carrington Mortgage Services, LLC



Candace Russell is VP of Post-Sale Activities in Default Servicing at Carrington Mortgage Services and leads Car-

rington's efforts to manage default inventory, as well as reduce enterprise risk factors. Carrington is a vertically integrated real estate and mortgage company that specializes in the lifecycle of single-family assets. Her experience in the mortgage industry is broad and deep, covering mortgage originations, performing loans, loss mitigation, foreclosure, claims, and risk management. Russell is currently Chair of the Mortgage Bankers Association Loan Administration Committee.

## Jake Williamson

SVP, Single-Family, Head of Collateral & Quality Risk Management, Fannie Mae



Jake Williamson is responsible for oversight and management of all end-to-end collateral, loan quality, and

operational risk capabilities. These duties include front-end collateral policy design, loan quality control activities for both credit and collateral, condo standards, property valuations designation and modernization, appraisal bias oversight, real estate liquidation options, and Single-Family operational risk management.

## Kim Yowell

EVP of Servicing, Fairway Independent Mortgage Servicing



Kim Yowell, CPA, holds a BBA in accounting from Texas Christian University and has over 30 years of management

experience in the financial services industry. She started her career in the accounting and finance side of the mortgage business and has been focused on servicing and operations for the past 20 years. Yowell has held key leadership positions at CTX Mortgage Company, First Horizon Home Loans, Metlife Bank, and BoK Financial, and is currently the EVP of Servicing at Fairway Independent Mortgage Corporation. Yowell has also served on the Freddie Mac Advisory Board, the MBA Loan Administration Committee, the Black Knight Servicer Advisory Board, and the Fiserv Servicing Advisory Board. Currently, she is a Five Star National Mortgage Servicing Association member and serves on the Texas Mortgage Bankers Association Board and the *MortgagePoint* Editorial Advisory Board.



# » Industry Update

## INCENTER MARKETING LAUNCHES NEW SALES ENGAGEMENT PRACTICE

Incenter Marketing announced the launch of its new Sales Engagement practice in response to a critical need in the industry to help sales teams transition from older, more traditional techniques into more modern-day technological solutions for driving better engagement.

The new practice will help bridge the gap between marketing and sales, making sales more effective, whether through an event or one-on-one digital interactions.

“Email blasts and social earned and paid postings have become de rigeur in today’s marketing plans. But they lack the human touch of a true client-to-customer experience,” said Vashti Brotherhood, President of Incenter Marketing. “The new Sales Engagement practice uses today’s digital tools to restore that “me and you” level of personal relationship building in a way that doesn’t take up the salesperson’s whole day and is easily scalable. Whether they’re at their desk, at an event, or on the road, Katrina

can help them drive more responsive and meaningful dialogues with every customer. Fully versed in all the digital video and communications platforms and full of creative ideas and approaches, she is absolutely the perfect person to lead this initiative for us.”

Katrina Orlando, VP of Sales Engagement at Incenter Marketing, has been appointed to oversee the practice due to her extensive experience in event management, digital communications, and building human connections.

“I am very excited about this new practice because I want sales teams to know that going digital doesn’t have to be difficult,” Orlando said. “We offer a very hands-on, user-friendly approach so they can easily uplevel their skills to reach more customers in the interactive world where we all now live. By leveraging the latest advancements in selling, sales teams can have the ability to launch into uncharted territories of new customer bases that they’ve never engaged before.”

Some of the sales engagement services that companies can take advantage of are:

- » Social media presence building and training
- » Driving engagement using video and other digital tools on Instagram, Facebook, LinkedIn, and Google Business
- » Digital engagement services

- » Video messaging
- » AI in communications
- » Digital event solutions
- » Sales training and rallies
- » Managing incentive trips, team meetings, and kick-off events
- » Providing interactive technologies that drive engagement
- » Event planning services
- » End-to-end planning of event logistics
- » How to register videos for participants
- » Video tutorials providing details about speakers, workshops, and networking activities to ensure a seamless experience
- » Event In-A-Box tool kit solutions
- » Marketing Material Strategies

“I am very excited about this new practice because I want sales teams to know that going digital doesn’t have to be difficult,” Brotherhood said. “We offer a very hands-on, user-friendly approach so they can easily uplevel their skills to reach more customers in the interactive world where we all now live. By leveraging the latest advancements in selling, sales teams can have the ability to launch into uncharted territories of new customer bases that they’ve never engaged before.”

## ENACT MORTGAGE INSURANCE ENTERS INTO QUOTA SHARE REINSURANCE AGREEMENT

Enact Holdings, Inc., a provider of private mortgage insurance through its insurance subsidiaries, has announced that its flagship legal entity, Enact Mortgage Insurance Corporation, has entered into a quota share reinsurance agreement with a broad panel of highly rated reinsurers.

Under the agreement, and subject to certain conditions, Enact will cede approximately 21% of a portion of expected new insurance written for the period from January 1, 2024, through December 31, 2024.

“We are pleased to have entered into our new quota share agreement, which

gives us additional reinsurance capacity from a broad panel of highly rated reinsurers on attractive terms,” said Rohit Gupta, President and CEO of Enact. “This transaction further diversifies our sources of capital, improves the risk profile of our new insurance written, and furthers our ability to pursue high-quality new business. We appreciate the confidence and support shown by our reinsurance partners as we continue in our mission to responsibly help more people become homeowners.”

## GUILD MORTGAGE LISTS FIRST TWO 'MAKING PARADISE HOME' INITIATIVE HOUSES AVAILABLE FOR PURCHASE

**G**uild Mortgage, a mortgage lending company originating and servicing residential loans since 1960, announced the first two homes from its “Making Paradise Home” Initiative are completed and listed for sale. The affordable, sustainable manufactured homes are available for sale in Paradise, California, the community hardest hit by the deadliest and most destructive wildfire in the state’s history.

In January 2023, Guild announced its Making Paradise Home Initiative in partnership with Clayton Homes, Golden West Homes of Chico, and Redline Installation to build four CrossMod Homes to help educate residents about the benefits of manufactured housing, while helping to rebuild the community.

Since the initiative’s launch, two homes have now been listed and are available for sale. Both brand-new CrossMod homes boast beautiful curb appeal, high-end quality, and energy efficiency throughout.

Through the Making Paradise Home Initiative, Guild will sell the homes to aspiring homeowners and qualified borrowers. The initiative’s third home is nearing completion and additional homes are planned to be built over the next year. At least one of the initiative’s

“Making Paradise Home is about more than just disaster recovery, we’re working to close the homeownership gap by making homeownership more attainable and accessible.”

—David Battany, EVP of Capital Markets, Guild Mortgage



CrossMod homes will remain open for educational tours.

“Making Paradise Home is about more than just disaster recovery, we’re working to close the homeownership gap by making homeownership more attainable and accessible,” said David Battany, EVP of Capital Markets. “While we’re using this initiative to help rebuild a community devastated by fire and to ensure Paradise residents can settle down and feel at home again, we will continue to educate and promote affordable homeownership not just in Paradise, but from coast to coast.”

A CrossMod home is a new classification of a HUD-code manufactured home. CrossMods offer the affordability of a traditional manufactured home but are built to higher standards and come with the style and array of amenities found in a traditional site-built home. CrossMod homes have the same or better curb appeal as site-built homes and are energy efficient.

## NCINO AND SALESFORCE EXPAND STRATEGIC PARTNERSHIP TO MODERNIZE FINANCIAL SERVICES INDUSTRY

**n**Cino, Inc., which has a stake in cloud banking for the global financial services industry, has announced an expanded partnership with Salesforce to accelerate the delivery of cloud solutions to the financial services industry. This builds on nCino and Salesforce’s long-standing collaboration, established in 2011, to empower financial institutions with digital innovations that increase efficiency and transparency, and to reduce risks while driving customer growth and loyalty.

“Our strategic partnership with Salesforce has enabled nCino to transform the financial services industry by providing industry-specific solutions that drive efficiencies, deliver intelligence, and help institutions modernize for a more agile future,” said Pierre Naudé, Chairman and CEO of nCino. “We’re glad to again be expanding our work with Salesforce and are committed to utilizing each other’s strengths to further benefit financial institutions of all sizes around the globe.”

“nCino’s success is a testament to the enormous opportunity in front of ISVs building on Salesforce,” said Brian Landsman, EVP of Global Technology Partners, at Salesforce. “Salesforce is the world’s number one AI CRM, trusted by thousands of partners to power purpose-built solutions for highly specialized industries. The expansion of our work with nCino will only accelerate how our customers are reimagining the future of personalized financial services.”

As part of the agreement, nCino will deepen its connectivity to Salesforce platform tools including CRM, powered by AI and automation, and Financial Services Cloud. These innovations will empower financial institutions utilizing nCino and Salesforce to further modernize customer experiences like onboarding, loan origination, deposit account opening, and portfolio management.

The expanded agreement also includes updated commercial terms which are expected to improve nCino’s subscription gross margins, minimum payment commitments from nCino during the first four fiscal years of the term of the extension, and an extension of the term of the agreement to 2031.

## MYHOME ACQUIRES LENDER MARKETING AUTOMATION PROVIDER VOLLY

**W**illiston Financial Group (WFG), a Portland-based provider of title insurance and real estate settlement services for commercial and residential transactions

**“At Volly, we are passionate about helping our customers capture and convert new business faster and retain their customers for life.”**

—Katharine Loveland, CEO, Volly

★★★★★

nationwide, has announced that its marketing and technology subsidiary, MyHome, a Williston Financial Group Company, has completed the acquisition of Volly, a national provider of technology and marketing services for banks, credit unions, and mortgage lenders.

“Since inception, both WFG and MyHome have been dedicated to providing transparency and empowerment to all mortgage transaction participants,” Williston Financial Group President and CEO Steve Ozonian said. “As the digital transformation of our industry accelerates, we’re committed to acquiring and building solutions that help us further expand our reach and achieve the next stage of our mission to transform and streamline the real estate experience for all constituents.”

MyHome President Marty Frame added, “Our mission at MyHome is to create continuous value for real estate, mortgage, and title industry professionals, and the consumers they serve. We’re doing this by building, acquiring, and partnering with industry-leading solutions to bring together all phases of the real estate transaction. The acquisition of Volly fits with this vision, as Volly helps lenders simplify lead generation, conversion, and customer retention while creating an excellent experience for their customers.”

Volly’s services will be offered through WFG Enterprise Solutions, which provides services for lenders of all sizes, including appraisal management and valuation services, title and settlement services, default services, and now

CRM, sales enablement, and portfolio retention tools.

On joining MyHome, Volly CEO Katharine Loveland said, “At Volly, we are passionate about helping our customers capture and convert new business faster and retain their customers for life. Now, as part of the MyHome team, we are excited to amplify our product innovation and extend our reach to serve even more lenders at a time when acquiring and retaining business is more critical than ever.”

## LOANDEPOT'S MELLOHOME LAUNCHES PARTNERSHIPS FOR SOLAR INSTALLATION, HOME IMPROVEMENT, AND MAINTENANCE SERVICES

**L**oanDepot, Inc., a provider of home lending solutions, has announced its mellohome real estate affiliate has partnered with top providers in the solar, home improvement, and home maintenance spaces. The partnerships are the latest in a series of initiatives intended to expand mellohome’s ability to support its customers’ homeownership journeys. The new partnerships complement the company’s existing real estate services while also supporting loanDepot’s purchase mortgage, refinance, and home

equity customers with valuable tools for those seeking to maintain or upgrade their homes.

“As mellohome continues to address the needs of today’s homebuyers, we’re evolving beyond core real estate services to build lifelong relationships with our customers,” loanDepot SVP Norm Steeg said. “Importantly, mellohome will now support customers throughout their entire homeownership journey, from searching and buying to renovating and selling, and everything in between, offering access to all of the home products and services a homeowner needs in one convenient portal.”

Understanding the challenges homeowners face today with surging utility rates, mellohome has teamed up with Lumio, a leading provider of personalized renewable energy solutions, to help customers tap into solar energy more seamlessly. By adding solar technology to their homes, customers can reduce their carbon footprint while building equity and helping to create a more sustainable future.

“Lumio’s mission is being propelled through our partnership with mellohome, expanding our reach as we work to provide a sustainable, alternative source of power to homeowners around the country,” Lumio SVP of Business Development Kevin Copeland said.

## CUBICASA ROLLS OUT DIGITAL FLOOR PLAN SOFTWARE TO 22,000+ METROLIST SUBSCRIBERS

**C**ubiCasa, a global real estate software company, has announced its latest Multiple Listing Service (MLS) marketing program with MetroList, the largest MLS in Northern California. This collaboration provides MetroList’s extensive network of real estate professionals access to CubiCasa’s intuitive floor plan creation tools.

Through this collaboration, CubiCasa and MetroList are empowering real estate agents and brokers across Northern California with streamlined listing processes that incorporate accurate and

accessible floor plans. The inclusion of MetroList further extends CubiCasa’s mission to bring a floor plan to every real estate listing in the United States for the benefit of a better-informed consumer.

CubiCasa’s MLS program allows affiliated MLS members to access complimentary floor plans generated from their scans. CubiCasa also provides discounted optional features and access to a directory of real estate photographers who leverage CubiCasa’s cutting-edge technology. By delivering digitized property information, this program strengthens the MLS’s role in facilitating efficient local real estate markets.

“CubiCasa enhances the experience for our subscribers by offering user-friendly tools for creating floor plans,” said Dave Howe, CEO and President of MetroList. “We’re excited to enhance our subscribers’ ability to effectively support consumers throughout the home buying and selling process.”

CubiCasa’s MLS program continues to gain momentum, with a footprint that stretches across various states, and some of the largest Multiple Listing Services. Since launching in December 2023, the program has grown to include more than 35 MLS organizations, highlighting the strength of CubiCasa’s digital floor plan creation tools.

“We’re thrilled to be working with the team at MetroList in driving a more efficient and more informed real estate market through our suite of digital floor plan creation tools,” said Jeff Allen, President of CubiCasa. “The growth of our MLS program over the course of 2023 has been astounding, and the addition of MetroList is a testament to our momentum heading into 2024.”

## LOWER DOUBLES NATIONAL FOOTPRINT IN MERGER WITH THRIVE MORTGAGE

**T**hrive Mortgage, LLC and Lower, LLC announced an agreement to merge the two brands, Thrive Mortgage and Lower.com. Thrive CEO

Selene Kellam and Production Head for Thrive Mortgage, Randell Gillespie, will join the combined executive team with Lower under the leadership of Lower CEO and Co-Founder Dan Snyder. In accordance with the agreement, the closing is expected to occur in the first quarter of 2024, subject to the satisfaction of conditions to closing, including receipt of required regulatory approvals.

Lower CEO Dan Snyder stated, “We’re building a better approach to mortgage with Lower’s streamlined tech powering multiple channels. Thrive is an award-winning, national lender with the same belief, and we’re excited to bring them onto our platform.”

“The commitment of Thrive to our team and our customers has always been to deliver the best mortgage experience with the highest quality resources,” Thrive Mortgage Chairman Roy Jones said. “This has driven us to focus on having the best people with the most forward-thinking technology in the industry, all of which is propelled forward with this partnership with Lower.”

Thrive CEO Selene Kellam added, “Last year, we acquired AMSCO, a storied Midwest company that added incredible talent to our model. We are now excited to share another amazing opportunity that has presented itself to join Lower.com.”

Lower, LLC is a multichannel, digital lender ranking as the 30th largest home lender in the country. Backed by top VC firm Accel, Lower operates an online consumer-direct channel, offline retail channel, and third-party origination platform servicing both brokers and other fintechs like Opendoor.

Headquartered in Georgetown, Texas, Thrive Mortgage is a family-owned business led by Chairman Roy Jones and CEO Selene Kellam along with an experienced management team with an average of 10+ years of tenure with Thrive. As the first company in Texas to close a fully electronic note with a remote notary, Thrive is transforming the home financing process into a customer-centric, digital experience. Thrive Mortgage is licensed in 42 states and offers a full complement of mortgage program options including construction, reverse mortgages, and Non-QM alternatives.

# RUNNING THE NUMBERS

*MortgagePoint* assembled a panel of economists to forecast the top trends and headwinds they expect to define the housing market in 2024.

By DAVID WHARTON

With a new year dawning, *MortgagePoint* assembled a panel of expert economists to provide a forecast for what we can expect from the housing market in 2024, as well as diving into what surprised them about 2023. Will interest rates continue to moderate? Will the Fed achieve the “soft landing” it’s been pursuing, or will wider global instabilities threaten the progress made on the inflation front? Will we finally see the “lock-in effect” fading enough for homeowners who’ve been huddled atop their low interest rates to finally sell, returning more inventory to the market?

Here’s what *MortgagePoint*’s expert panel of economists had to say.



**Molly Boesel, Principal Economist, Office of the Chief Economist, CoreLogic**

Molly Boesel is Principal Economist in the Office of the Chief Economist at CoreLogic. She is responsible for analyzing and forecasting housing and mortgage market trends. She has a depth of expertise in mortgage market analysis, model development, and risk analysis in the housing finance industry. Boesel previously worked at both Fannie Mae and Freddie Mac. While at Fannie Mae, she provided Fannie Mae’s official monthly forecast for the economy, housing market, and mortgage market stocks and flows, and provided analyses on trends in the mortgage market, including characteristics of borrowers, homeowners, and mortgage products. She earned her bachelor’s degree in economics from James Madison University and a master’s degree in consumer economics and housing from Cornell University.



**DAVID WHARTON,**  
*Editor-in-Chief at the Five Star Institute, is a graduate of the University of Texas at Arlington, where he received his B.A.*

*in English and minored in journalism. Wharton has 20 years’ experience in journalism and previously worked at Thomson Reuters, a multinational mass media and information firm, focusing on producing media content related to tax and accounting principles and government rules and regulations for accounting professionals. Wharton has been with Five Star since 2017 and has an extensive and diversified portfolio of freelance material, with published contributions in both online and print media publications. He can be reached at david.wharton@thefivestar.com.*

## Q: What are the top factors you believe will define 2024’s housing marketplace?

**Boesel:** Inflation, interest rates, and the unlocking of some housing supply will also help with affordability. A shift in interest rates will help us get “unstuck,” and if rates could come down, we could have some refinancing.

If inflation comes down, the Fed can stop raising rates, or ease them up a little bit sometime next year, and that will tell us what will happen with a recession. Right now, I don’t know that many people are predicting a recession.

If the economy does start to pick up ... we could have some demand for the purchase market, and that would be great when the supply finally does ease up. What would be nice is to have those matched up at the same time instead of going off in different directions.

Some owners have been selling their homes at high prices in more expensive areas, so they can cash in on that. They can move to cheaper areas and use that cash for their new home. So, they don’t necessarily need to get a mortgage.

## Q: What has been happening on the migration front this past year?

**Boesel:** You also have a portion of the population that does not have to return to an office. I don’t know what’s going to happen there, but you’ll see migration play out. If, on the other hand, you have a hybrid work situation where employees need to be near the office, some of these migration trends may slow down.

CoreLogic has tracked some areas that have experienced migration trends, like Miami. It’s not inexpensive but compared to New York City, where you had a lot of work-from-home and satellite-office situations.

What we saw, at least at the beginning of 2023, was people leaving more expensive areas. Seattle experienced a lot of outbound migration, as did San Francisco, San Jose, Los Angeles, and San Diego, among others. Miami was a tricky area, but I’m looking to see some cheaper areas like Kansas City and Cincinnati—some of these smaller cities. A lot of companies who are renting space or even own office space are now asking their employees to come back.

## Q: If we do get a soft economic landing and the economy picks back up and we have demand, when will that supply ease so that home sales will pick back up?

**Boesel:** So, what can we do about new home sales? Are they going to all



be in the South or places with a lot of land? Or are they going to be in places that have zoning changes so that supply can pick up that way? There are a lot of unanswered questions.

**Q:** Are you seeing much impact on migration patterns or where people are choosing to retire as it relates to increased severe weather events?

**Boesel:** Florida remains one of the biggest migration areas in the U.S. It's just cheaper to live there and it's warm. I think retirees from the East Coast are always going to go to Florida, and from the West Coast, they are going to go to Nevada and Arizona. It's better for them to go where they are going to have enough services.

There have long been predictions of what they call "the Silver Tsunami." Not everyone is going to retire at the same time, right? It's going to happen when the time is right for them, so it's going to be a slow trickle of retirees.

**Q:** Are there any trends that have surprised you or that you're fascinated by that don't get covered as much as you think they should?

**Boesel:** Investor purchases are still a big thing. When interest rates went up, we thought maybe they would slow down. They did a little bit, and then I think the investors just found another financing source. They just continue to purchase a lot of homes.

Rents are going up, so if you can buy an investment home, you will get a lot of return on that because rents remain high.

**Q:** Do you see any fluctuations on the rent front coming, or will that remain high and keep creeping up?

**Boesel:** Just creeping up. Rents are increasing now, maybe 3%-4%, a little higher in some places, down a tiny bit in some other places. Rents are going to remain elevated—there is no way rents are coming back down to where they were a few years ago.

“There have long been predictions of what they call ‘the Silver Tsunami.’ Not everyone is going to retire at the same time, right? It’s going to happen when the time is right for them, so it’s going to be a slow trickle of retirees.”

— Molly Boesel, Principal Economist, Office of the Chief Economist, CoreLogic

★★★★★



**Jacob Channel, Senior Economist, LendingTree**

**Channel:** Jacob Channel is Senior

Economist for LendingTree, where he conducts studies on a wide variety of subjects related to the U.S. housing market and provides general macroeconomic analysis. Channel joined LendingTree in 2018 as an Intern before moving into his current position as Senior Economist. His work has been featured in major publications, including the New York Times, Bloomberg, Forbes, and CNBC. He has appeared as a guest on Cheddar TV and Yahoo Finance.

**Q:** What are the primary factors you believe will define the 2024 housing market?

**Channel:** Let me preface this by saying that the things I came up with are all very interconnected. The big themes are rates, inflation, and recession—or, more specifically, a lack of a recession, just so I don't make anyone panic prematurely.

**Q:** What do you anticipate on the rates front?

**Channel:** Obviously, rates matter a lot, not just in terms of mortgages, but in terms of anything that you are borrowing. As for when the Fed will cut rates—I think some people are maybe a little too optimistic. I know some people feel there may be six rate cuts in 2024, and that cuts are going to start immediately. I'm not sure I agree with that. I think that if the Fed does cut rates, it probably won't happen until the latter half of 2024. This is relevant to mortgage rates because, as we know, while the Fed doesn't directly set mortgage rates, they do influence them.

With that in mind, if nothing else, a lack of further increases from the Fed should help the bond market continue to calm down. The bond market has been crazy over the past few months, but it's calmed recently, and that has put downward pressure on mortgage rates.

If nothing else, I anticipate that mortgage rates will stabilize and stop rising in 2024, and I do think that there is a good chance that by the end of next year—as assuming a meteor doesn't hit Manhattan—

mortgage rates will probably be closer to the 6.5%-6% range than where they're currently at. I don't think that lower rates are necessarily guaranteed, but I think, broadly speaking, the rate picture in 2024 will probably be better than the rate picture in 2023.

Another very important caveat: even if the overall rate picture is better than 2022 or 2023, that doesn't mean that it's going to be as nice as it was in 2020 or 2021 when rates were at or near record lows.

I do think that lower rates will make the housing market a bit friendlier for not just buyers but sellers as well. Most who own their home right now have a rate under 5%, and while it's not ideal to sell your house and move from a 5% rate to a 6.5% rate, it's certainly a much easier pill to swallow, if you have to, than moving from a 5% rate to an 8% rate, which you might have had to do had you sold in 2023.

Overall, I think there will be improvements in the overall housing market, but because rates are not going to return to record lows, housing will still be expensive owing to relatively high, albeit lower, rates.

### Q: Is there anything you could foresee that could change that forecast on rates significantly?

**Channel:** I can think of a few things that may change my forecast. Generally, it's probably the broader stuff. For example, more likely than a meteor crashing in Manhattan, an escalation of conflicts in the Middle East could potentially drive gas and oil prices up and put upward pressure on inflation. Maybe if inflation does start to rise more consistently over the coming months, the Fed will change its tune about upcoming cuts, markets will generally be a little bit more fearful about what the future holds, and that could continue to put upward pressure on mortgage rates.

The other big thing to keep in mind, too, is that mortgage rates, especially if you are looking at them on a week-to-week basis, are volatile, and they have been that way for a while now. It's worth pointing out that rates have also been more extreme in their movements than people might have initially anticipated at the start of 2022, for example.

I still think that the overall rate picture will be a little bit nicer in 2024.

However, I wouldn't bet the farm that mortgage rates are necessarily going to rise or fall all that dramatically over the next 12 months. Instead of making bets, you've got to be willing to ride waves as they come and go with the flow.

### Q: What are you foreseeing in 2024 in terms of inflation?

**Channel:** The good news is that inflation should continue to cool down. Now, cooling inflation does not necessarily mean that prices will drop. When we talk about inflation in this context, we're saying the growth rate of inflation is getting smaller and smaller, which is a good thing. However, cooling inflation growth is not the same thing as deflation, or prices outright falling.

People might think, "Oh, that sounds nice, prices will go down," but deflation usually brings with it a lot of problems on its own, and that's another rant for another day.

I do think that inflation growth will continue to moderate over the coming months. It's been doing better over the past several months, which is a big reason why the Fed has not announced a rate hike since last summer.

I don't think inflation is going to go back down to the Fed's target, which is 2% annual growth. That said, I think we could maybe end up with somewhere closer to 2.5% annual growth, which is better than the between 3%-4% growth that we saw in most of 2023, and much better than what we saw in 2022.

Cooling inflation growth is a big reason why rates are less likely to increase in 2024. Generally, the lower inflation is, the less likely we are to see rate hikes, be those rate hikes directly from the Fed or mortgage rate hikes, which are rooted in other factors like what's happening in the bond market.

### Q: I presume from your comments that you're not anticipating a recession in 2024.

**Channel:** That's right. People have been talking about a recession forever. A recession is one of those things where there is not a universally accepted

definition. Generally, when we talk about recession, we mean two or more consecutive quarters of negative GDP growth. That's not necessarily the only definition, nor is it necessarily the best definition. Regardless, from where I'm sitting, the economy has been remarkably resilient despite tons of headwinds, from higher rates to persistently high inflation, to rising consumer debt. You can't deny that all of those things are problems, but the economy keeps chugging along. Just look at the GDP figures from Q3 2023, the latest revised estimate showed a very strong 4.9% growth.

On top of that, if you dig into how people are handling the economy, in a lot of ways, people generally seem to be doing okay. It's one of those things where if you ask people, "How's the economy doing?" most of them will say, "It's doing bad." But then if you ask them, "Well, how are your finances doing?" most people say, "Oh, they're actually doing really well." That doesn't mean that everything is going amazingly well for everyone—serious problems do exist—but it does suggest that we're probably not on the precipice of some major economic collapse.

So, there is a disconnect between what people think is happening and what is going on, and based on that, based on how resilient the economy has been, I do think that we'll see that "soft landing" that we've been talking about, and I think we will skip a recession this year. Even if we do have one, it will be mild, and that means the unemployment rate will remain low—it was around 3.7% to finish out 2023. It might rise a little bit, but even if it rises to 4.2%, that's very low from a historical standpoint.

Most people will keep their jobs, and most will continue to see wage increases, and if there's no recession, if nothing else, it just makes it easier for people to feel more comfortable buying or selling a house. It also probably means that it will be easier for mortgage lenders to say, "Yeah, I'm okay with issuing a loan." It's harder to get a loan when the economy is on fire than when everything seems like it's doing okay, even if it's not ideal.

**Q:** If I had asked you at this time last year, what do you think you would have predicted to be the defining housing market factors of last year?

**Channel:** They probably would have been similar, just because we have been talking about this stuff for so long. For example, rates are evergreen. If you ever ask somebody, “What’s a big driver of the housing market?” mortgage rates are always going to be at the top of the list unless you live in some crazy all-cash market. I think going into 2023, I might’ve been a little bit more inclined to say that home prices would move more than they did.

If 2023 proved anything it’s that even in the face of 20-something-year low mortgage demand, home prices can stay steep.

I would also have been talking about inflation last year, although my take on it might have been a bit less rosy. Coming into 2023 from 2022, the picture for inflation seemed worse. There was a lot more concern about whether the Fed rate increases were helping as much as they could. “How much longer do we have to put up with this?” was a common question. Fortunately, because inflation has cooled noticeably this year, the answer might end up being “not as long as we initially feared.”

**Q:** Are there any stories happening in the economy or housing market that you find fascinating but that may be overlooked?

**Channel:** I already touched on it, but the idea is that wages are indeed growing. There is a disconnect between how people view their finances versus how they view the finances of the nation. That is often lost in the conversation. I am guilty of it too, and I think we all are. We focus on the negatives because the negatives are scary, and it is like an elephant in the room—you are going to talk about the elephant, even if the elephant is just chilling in the corner and not doing anything.

If you look at things like mortgage delinquency rates, they are currently extremely low. Delinquency rates on other types of debts are increasing, but they are not as high as they were before the Great Recession.

At the end of the day, no matter how good the economy looks at the macro level, people will struggle at the micro level, but broadly things still seem like they are going okay.



**Daryl Fairweather,**  
Chief Economist,  
Redfin

Daryl Fairweather is the Chief Economist for Redfin. Her insights have been featured on *60 Minutes*, *CBS Evening News*, and in the *New York Times* and *Washington Post*. Before joining Redfin, she was a Senior Economist at Amazon, working on problems related to employee engagement and managing a team of analysts. During the housing crisis, she worked as a researcher at the Boston Fed studying why homeowners entered foreclosure. She received her Bachelor of Science from the Massachusetts Institute of Technology and received her Ph.D. and master’s degree in economics from the University of Chicago, where she specialized in behavioral economics.

**Q:** What are the factors you believe will define the housing market in 2024?

**Fairweather:** I am going to take a step back from rates and say inflation because that is what is driving rates right now. However, I don’t think there is any reason inflation would heat up again. As inflation slows, that will allow for rates to come down more than they are right now. It seems like the market is optimistic too, so we would need inflation to come down even more than the market is expecting for rates to also come down.

The productivity of workers has been improving, and maybe it will continue to improve because of advances in things like AI and remote work. I believe that’s the reason why GDP is growing without inflation becoming more problematic. It’s because the actual capacity of the economy seems to be increasing, which is ideal. That may allow the GDP to grow without inflation, and without the Federal Reserve needing to intervene with higher rates. That would give us a strong economy and a strong housing market,

and I feel like that’s a best-case scenario. I’m in an optimistic mood right now.

**Q:** What if things go in a more negative direction?

**Fairweather:** During the pandemic, we had a bunch of challenges with supply chains. We’ve had international wars. Anything that makes things more expensive or makes it harder to operate in this economy could contribute to inflation in a way that the Fed doesn’t have good tools for and could lead to lower GDP growth and higher inflation.

For a second high-level factor, I would say new listings of existing homes, specifically, and looking at the mortgage rate lock-in effect. It seems to have been holding back the housing market these past two years. People can only put off selling a home for so long, so I think we’ll get more inventory next year, but how much is an open question.

**Q:** Do you see factors on the horizon that you think will finally break that stalemate and encourage people to sell their homes again?

**Fairweather:** Rates coming down helps because that narrows the gap between people’s current mortgages and their next mortgage, but that gap is going to be there no matter what. It’s not coming back down to 3%. The other thing is just time. People can only hold out for so long. Some people have paid a lot of their mortgage off, or all their mortgage off, where this doesn’t affect them, so I think we may see some release there on listings.

**Q:** Are you seeing any movement in older Americans who, even before all the rate shifts, were choosing to age in place rather than downsize and return their homes to the marketplace?

**Fairweather:** Redfin reported on how long people stay in their homes, and it went down a little during the pandemic boom when mortgage rates were so low and everybody was buying houses. Because there were so many new homes

“In general, people are continuing to remain in their homes for a long time, and I think that’s probably going to persist because tax and mortgage structures encourage people to stay put. I don’t see that changing next year.”

— Daryl Fairweather, Chief Economist, Redfin



being purchased, that meant that tenure went down. I think it was a temporary effect. In general, people are continuing to remain in their homes for a long time, and I think that’s probably going to persist because tax and mortgage structures encourage people to stay put. I don’t see that changing next year.

**Q:** Do you see any other factors that could help break the logjam of insufficient housing inventory, especially affordable housing or for entry-level buyers?

**Fairweather:** I think we’re going to get a little bit of a release, like a slight change in new listings next year, for the reasons I discussed. But for any major change, we need new construction. We did have a boom in new construction last year, but it wasn’t enough to move the needle on overall inventory. And most of that construction was larger homes, like those big single-family homes. That can help because people upgrade from their starter homes into bigger homes, which releases inventory at the bottom.

The economics don’t work to build new \$200,000 single-family homes. You can’t do it, so we need to just build whatever we can build, and then that inventory will age and become more affordable, but it just takes a long time.

Finally, I would say the health of the economy in general [will be a defining factor.] If there’s a recession, that is a wild card that could change the direction of the economy. I know the Fed is poised to pull off a soft landing, so I think it’s unlikely that we will enter a recession. But if we do go into a recession, all bets are off the table because mortgage rates could drop precipitously and super-charge the housing market.

Last year we hoped rates would drop, but instead, they went up. We’ve seen rates come down recently, but they are still higher than they were last year. Last year, I thought it was a foregone conclusion that rates would come down, but they went up before they went down. You never really know what’s going to happen with rates, because you never really know what’s going to happen with the global macro-economy.

**Q:** Are there any stories happening within the economy that you find fascinating but think are underreported?

**Fairweather:** I think it’s underappreciated that rents have stabilized. They even went down this last month. I would expect some of the people who are buying homes to have moved into the rental market and pushed up rent, but I think what happened instead was that people downsized overall: they got roommates. Instead of household formation, we had the reverse of households consolidating, so the demand for housing overall went down, which allowed rents to fall. Next year, rents may be due for an increase to correct for that because you normally don’t see these big gaps between rental and housing affordability. They tend to converge over time.

I love talking about how land value taxes are superior to property taxes. There is hope that there’ll be some legislation on that in Detroit and Minnesota to phase away from property taxes and into land value taxes, which are better for affordable housing. It encourages development instead of discouraging it. It takes away some of the rent-seeking that you see, especially in places like Detroit with people holding vacant properties and hoping that the value will go up one day. It would be a great piece of progress if we see that pass in Detroit.

Property taxes discourage development because if you turn the single-family home into a department building, you are taxed at that apartment building’s new value, whereas land value taxes are only based on the land. So, it encourages people to make the best use of their land instead of encouraging them to leave land vacant or to keep it undeveloped. More broadly, it’s a great tax because land is immutable. It’s always there, it doesn’t distort the economy. When you tax income, it discourages work. When you tax consumption, it discourages people from spending money. When you tax capital gains, it discourages investment. The land value tax doesn’t discourage anything because the land will be there, no matter what, so it’s a much more efficient tax.

“There’s some good news in that mortgage rates that had peaked at 8% in October came down meaningfully in the fourth quarter, finishing the year below the 7% mark. I think that the downtrend will continue throughout 2024. It’ll be a bumpy ride.

—Greg McBride, SVP, Chief Financial Analyst, Bankrate.com

★★★★★



**Greg McBride, SVP,**  
Chief Financial  
Analyst,  
Bankrate.com

Greg McBride, CFA, is the Chief Financial Analyst for Bankrate.com, leading a team responsible for researching financial products and providing analysis and advice on personal finance to a vast consumer audience.

**Q:** What are the primary factors you expect to define the 2024 housing economy?

**McBride:** I’d say affordability, inventory, and rates. There’s better news on rates, which we can get to in a second, but from an affordability standpoint, I don’t expect that we’re going to see meaningful improvement on this front.

It’s going to continue to be a challenge. Even if rates come down, home prices are still high, and the faster the rates come down, the more likely home prices are to appreciate at a faster rate.

On the inventory side, which I think feeds into that affordability issue, the limited inventory, I expect we’ll see some improvement but not enough to alleviate those affordability issues. The new construction coming online will help some. I also think as mortgage rates move lower, we’ll see some more existing-home inventory come onto the market, but I don’t expect that we’re going to see a surge in inventory.

There’s some good news in that mortgage rates that had peaked at 8% in October came down meaningfully in the fourth quarter, finishing the year below the 7% mark. I think that the downtrend will continue throughout 2024. It’ll be a bumpy ride. It’ll have some fits and starts,

but generally, we’ll see mortgage rates in the sixes for much of the year. I do expect they’ll get below the 6% mark in the latter portion of the year, finishing around 5.75% for a 30-year fixed mortgage.

**Q:** Do you anticipate any large-scale relief on the affordability front?

**McBride:** It’s going to take time. There’s no magic wand here, and so if we get a period of years where home prices don’t appreciate all that much—not necessarily stagnating, but if we saw appreciation that was in line with the rate of inflation, 2% to 3% a year, that gives incomes some time to catch up. Wage growth runs faster than that, so it helps close that gap. We saw outsized appreciation from 2020 until the midpoint of 2022, and that pulled forward appreciation from future years and packed it into about 24 months. Home prices ran well ahead of incomes, and it’ll take a prolonged period of more tepid appreciation for incomes to close that gap.

My advice to individual homeowners on that subject is to take another year or two to stabilize your financial foundation and invest in your career—those are the things that could make homeownership much more tenable 18 or 24 months from now. Then you’re buying essentially the same house only there’s a lot more breathing room in the budget as opposed to it being a real stretch at this point.

**Q:** What are you seeing as far as the interplay between home prices, rent prices, and general housing affordability?

**McBride:** Rents are high, but they’re stabilizing. They’re not continuing to go up. I think that is indicative of, or maybe a precursor to, what we will likely see going forward regarding homeownership costs in general: home prices and the cost of ownership. If mortgage rates ease, suddenly that cost of ownership isn’t going up as it has for the past few years.

There does appear to be more building in the multifamily segment that could help the inventory picture in the near term—over the course of this year, certainly.

We tend to think of this inventory issue in the context of what's happened since the pandemic. But the reality is, even leading up to the pandemic, we had more than a decade of underbuilding in the aftermath of the financial crisis, so inventory was low even before the pandemic. Even amidst the longest economic expansion in history, inventory was low in 2018 and 2019, and it just managed to get worse as prices went up and as so many people refinanced with that ultra-low mortgage rate. That accentuated what was already a problem. It's a problem 15 years in the making.

**Q: What are the factors preventing us from building sufficiently to keep up with demand, and how are they changing?**

**McBride:** Right now, one of the impediments is that the cost of capital is very high. That's by design. Interest rates have gone up dramatically to cool inflation. Rates aren't going to stay at these levels unless inflation flatlines and doesn't come down closer to the target. The cost of labor is going to stay high. I don't have a good read on the zoning thing, but I know people in real estate or the mortgage business who repeatedly point to examples in their locale about how zoning restrictions have had an impact. So again, I don't know how that gets fixed overnight.

**Q: Are you seeing significant changes related to migration?**

**McBride:** Certain markets were red-hot during the pandemic—Austin, Boise, and Phoenix—and those markets have certainly come off the boil. But you are continuing to see migration, particularly among upper-income taxpayers, toward lower-tax locales. Again, I don't know that that's necessarily a flash in the pan.

**Q: Where do you fall on the prospect of us experiencing or avoiding a recession?**

**McBride:** I do see a soft landing materializing. My forecast is with that as the backdrop. It's a rare instance. Arguably,

the Fed only pulled this off once before, back in 1995, so history has not been on their side when it comes to this.

The odds of that soft landing have certainly improved in recent months. We at Bankrate survey top economists every quarter. They are now putting the odds of a recession in the next 12 months at 45%. That's down from 65% a year ago, so we're seeing meaningful change there. So yes, I see the soft landing materializing, and I'm certainly not alone in that feeling, but there are plenty of X factors that could derail that. Inflation could remain stubbornly high or, even worse, you could see a pickup in inflation again. That would certainly derail the expectations economically and for rates.

There are still a lot of unknowns about just how deep the problems are with commercial real estate and what, if any, systemic impact that might have. That is a big wild card and could be systemically disruptive. We've seen interest rates go up at the fastest pace in 40 years, and there are still plenty of X factors out there. So, another shoe could drop, and we could, despite expectations, find ourselves in a recession. And then there's also the stuff we just never see coming. There's no shortage of X factors. There never is.

**Q: You mentioned that the Fed has historically struggled to secure these soft landings. What made this situation different?**

**McBride:** Studies will be done and books will be written for the next decade theorizing about that. One thing that has come to the forefront is that perhaps the economy is less sensitive to short-term interest rates than it has been in previous decades. I mentioned the tendency for homeowners to have refinanced in large numbers at very low mortgage rates. That insulated millions of homeowners from seeing an escalation in their payments. So, when interest rates went up, it didn't hit large swaths of homeowners.

So, maybe there's less impact on the consumer and the overall economy because of the increased preponderance of fixed-rate mortgage debt. The other part of it is the Fed, although they were

late to acknowledge inflation and late to do anything about it, they did have the benefit of hindsight and looking at the mistakes previous Fed committees had made regarding interest rates and inflation. They have been deliberate about trying not to repeat those missteps. It's too early for a victory lap, but if the soft landing materializes, I think that there's certainly an element of that that would be a factor.

A year ago, I was in the camp that expected a recession before the end of the year. In accordance with that, I expected mortgage rates were going to fall very sharply in the second half of 2023, even much more than what we had seen in the fourth quarter. As a result, my prediction on rates for 2023 wildly missed the mark. I'm happy to be wrong. The economy held up much better. We didn't have a recession. The economy continued to grow at a robust pace. The labor market remained very strong. We still have some of the lowest unemployment rates in more than 50 years, and there are 1.4 jobs open for every unemployed worker.

The economy held up very, very well, and as a result, we didn't see a sharp decline in mortgage rates. I didn't see mortgage rates going as high as they did, and I had them coming down a lot more because of the expectation of a recession. When that didn't materialize and inflation remained in the crosshairs throughout the year, that meant mortgage rates ended up being a lot higher in 2023 than I initially forecasted. **MP**

# LENDERS CANNOT AFFORD TO IGNORE AFFORDABLE LENDING

Courtney Hess of Mortgage Cadence explains the changing face of the average American homebuyer, and how expanding product offerings can keep pace with this evolving market.

By COURTNEY HESS

**T**he U.S. population is changing. The Congressional Budget Office has reported that the nation's population growth from 2023-2053 will be increasingly driven by immigration. So, it follows that, over the next few decades, U.S. demographics will be changing.

This means the borrowers the mortgage industry serves are also changing. The "average" borrower will not look the same anymore. Less people will have traditional credit scores, and less people will be familiar with the U.S. housing market and the options available to help them buy a home.

While this may sound like a challenge on the horizon, it is actually a viable opportunity. Lenders that want to be successful must acknowledge these changes and adapt. Not only will borrowers need more education than ever before, but lenders will also need to expand their affordable lending options to help reach more borrowers and keep their business moving for years to come.

## Education

**A**ffordable housing options can change the game for borrowers, but only if they are aware of them. There are many misconceptions about homebuying and homeownership today—es-



pecially regarding affordability. Most borrowers or other hopeful homebuyers believe that they must put 20% down to buy a home, some may think a 30-year fixed-rate loan is the only option, while others believe they need to have a perfect credit score in order to buy a home. However, none of these things are true, and today's buyers have a range of options available to help them get into a home.

With so much confusion regarding what it takes to buy a home, lenders must take the time to educate their borrowers on their options and break down any misconceptions. With a changing population, lenders can expect to see more first-time homebuyers who, regardless of their background, will need some

education on what they can afford, what the homebuying process looks like, the responsibility of owning a home, and the different options available to them for buying that home.

## Affordable Options

**S**o, what affordable options are available to them? There are many new and different products in the market that can help lenders get their buyers into a home. It is critical that lenders are not only fluent in these affordable options in the market, but that they start offering and promoting these products, as well.

*Down payment assistance:* For those who don't have equity in a previous property, down payment assistance helps them get started in the housing market. Down Payment Resource reported that 33% of declined applications were actually eligible for homebuyer assistance. This represents a huge opportunity to get more buyers into homes.

*Alternative credit scoring:* Many hopeful buyers do not have a traditional credit history, either because they are young, new to the American financial system, or simply because they have not been educated on the importance of a credit score. Using rental history or other utility





**Affordable lending is clearly a benefit for borrowers. It promotes diversity and helps close the homeownership gap that exists today. It also gives borrowers a gateway into the market so they can start building equity and moving up the homeownership ladder.”**

payments that are not usually reported to the credit bureaus can help demonstrate a borrower’s ability to repay, even when they lack a traditional FICO score.

*Manufactured housing:* Today’s manufactured homes are not the mobile homes most people picture. Many resemble a traditional single-family home, while others take the shape of the ever-popular tiny homes seen on TV or social media. Manufactured homes are much more affordable than a site-built home, and help buyers build equity that they can use to move to a more traditional home down the road.

*Renovations:* While many buyers, especially first-time homebuyers, may not be able to afford a move-in ready home in the neighborhood they want, there are still options. Borrowers can consider renovations as a way to help them create the best home that fits their needs. This is especially helpful when inventory is low. Picking the worst house in the best neighborhood can give them an affordable way to get into the market.

*GSEs:* Fannie Mae and Freddie Mac have pilot programs for affordable options like these listed and participating can be a great way for lenders to start their affordable journey and reach new demographics in the process.

#### Industry Impact

**A**ffordable lending is clearly a benefit for borrowers. It promotes diversity and helps close the homeownership gap that exists today. It also gives borrowers a gateway into the market so they can start building equity and moving up the homeownership ladder.

It does not stop there, however. Affordable products are also critical to individual lenders and the industry as a whole. As demographics change, lenders must keep up with their needs if they want to have a fresh pipeline of borrowers to serve. Branching into affordable lending not only helps grow business now but helps ensure their business will still be around in the years to come. Not only does affordable lending build a trusting relationship for repeat business,

it also sets lenders up for additional refinances or referrals in the future.

As the “traditional” borrower changes, lenders must rethink their traditional lending strategy. Regardless of where the housing market goes, there will always be borrowers that need affordable options and the lenders that start broadening their affordable products now will help set the tone for the future of the industry. **MP**

# THE 2024 FIVE STAR EVENTS

## MARK YOUR CALENDARS!



### HAVANA Nights

A FIVE STAR INSTITUTE RECEPTION

#### Five Star Havana Nights Reception

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

*(Hosted during the MBA Servicing  
Solutions Conference and Expo)*

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



### VELOCITY

A FORCE CONFERENCE

#### Velocity: A FORCE Conference

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

Velocity is an evolved, super-powered version of all that was great at REO Connect last year. The event is designed to serve professionals who work in the REO and adjacent markets—agents and brokers, asset managers, property management, attorneys, and servicers. It's named Velocity because it's powered through the expertise of FORCE members who have been in this market for years and thrived through these last few years.

At this conference, FORCE leadership will gather the content and experts to teach others what it takes to build a business foundation that has momentum and power.



### GOVERNMENT Forum

#### Five Star Government Forum

April 16, 2024 | The National  
Press Club | Washington, D.C.

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



### LEGAL LEAGUE SPRING SERVICER SUMMIT

#### Legal League Spring Servicer Summit

APRIL 29-30, 2024  
Dallas, TX

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



### FIVE STAR CONFERENCE AND EXPO

#### Five Star Conference & Expo

SEPTEMBER 24-26, 2024  
DALLAS, TX

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

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# Maximizing Loss Mitigation Options



**Donna Schmidt**, Managing Director and Founder of DLS Servicing, discusses the intricacies and difficulties in administering the loss mitigation waterfall.

**Q:** That seems like a lot of time involved; does that eat into profits?

The time and resources required to stay updated on various loan types and their corresponding loss mitigation strategies can indeed eat into profits, but smaller servicers are impacted the most. Large national servicing institutions typically have the volume to divide these overhead costs. But even for them, keeping staff fully educated about frequent regulatory changes can be both time-consuming and financially draining. For smaller servicers, maintaining a staff that is well-versed on loss mitigation requirements for a wide range of loan types can be cost prohibitive. This not only impacts a servicer's bottom line, but it also shifts their focus away from other critical servicing functions like customer service and retention.

**Q:** What are the risks for servicers?

The risks are enormous. Agencies like HUD have very specific requirements outlining the order in which loss mitigations options must be exhausted. One small mistake or misstep could void a guaranty or insurance claim, leading to a big charge against earnings and a significant loss of liquidity. For smaller servicers, the consequences of missing an agency requirement or not following the correct waterfall sequence are even more precarious, since they don't have the capital or liquidity to absorb the hit.

**Q:** How are smaller servicers able to cope?

Given the complexity and frequent changes in loss mitigation requirements and the risk of noncompliance, most

smaller servicers need help. The savvy ones utilize third-party default servicing specialists that stay abreast of the latest agency rules and guidelines, constantly monitor local, state and national government regulations, and are connected to nonagency investors. By tapping this expertise, smaller servicers can focus on their core competencies and maximize efficiency while minimizing their compliance risks.

A capable third party will also have advanced software tools and internal procedures that help servicers match information about individual borrowers with the appropriate loss mitigation options. Additionally, third parties with a broad client base gain a best practices advantage that just isn't possible for servicers working in their own silos. Essentially, they act as an extension of the servicer's business, providing the expertise and real-time loss mitigation assistance that most smaller organizations lack internally.

**Q:** So, what is the solution to these complexities?

Beyond getting professional assistance, the key to navigating these complexities lies in simplifying the process for borrowers. What we've found works best is meeting borrowers where they are already the most comfortable and engaged—their smartphones. Borrowers should be able to submit a simple loss mitigation application and any required documentation right from their smartphone or tablet. This increases engagement and response rates and speeds up time-sensitive loss mitigation processes.

For smaller servicers, leveraging technology to facilitate mobile interactions can be a game-changer. It reduces the servicer's administrative burden, minimizes errors,

**D**onna Schmidt is the Managing Director and Founder of DLS Servicing, a provider of loss mitigation support services, default servicing consulting, training, and technology for mortgage servicers. A seasoned professional with four decades of leadership experience in the mortgage industry, she is a sought-after authority on loss mitigation compliance. Donna is also the co-Founder of WaterfallCalc, an online loss mitigation decision and calculation tool that enables servicers to streamline loss mitigation calculations while ensuring investor and regulatory compliance.

**Q:** How do servicers know the loss mitigation requirements for a given borrower when that borrower defaults?

It's the servicer's responsibility to stay up to date with the guidelines and rules for each type of loan they manage in their portfolio. For handling borrower defaults, the requirements can vary widely depending on whether the loan is backed by the FHA, VA, USDA, or Fannie Mae and Freddie Mac, or was originated by a nonagency lender. Ideally, servicers should have quality control processes and compliance checks in place to ensure that their loss mitigation strategy is in alignment with the relevant agency or investor requirements.



and allows servicers to focus on other high-level tasks. Of course, the benefits go beyond loss mitigation. Embracing mobile technologies that align with current consumer behaviors can help servicers streamline their overall operations, improve customer satisfaction, and stay ahead in an ever-changing landscape.

### **Q** How does the borrower learn of their options?

There are multiple ways borrowers can learn about their options. The most obvious are the borrower reaching out to the servicer directly to explain their situation or the servicer reaching out to them. However, many borrowers who are experiencing financial difficulties are hes-

itant about talking with someone about their circumstances.

### **Q** How crucial is staff training and development in addressing servicing challenges?

Staff training and development are indispensable when it comes to tackling the complexities of mortgage servicing. Because loss mitigation regulations and guidelines are in constant flux, it's crucial for servicers to stay abreast of the latest changes, even if they are leveraging third-party expertise.

That's where we're a little different than most default experts. We not only keep a close eye on new servicing guidelines and regulations, but also provide cus-

tomized staff training programs for small- and medium sized servicers. Basically, we provide our clients' teams with tools and resources that help them navigate the intricacies of default servicing rules, so they can focus on providing top-notch service to their customers. Time and time again, I've seen investments in staff training pay immediate dividends in operational efficiency and borrower retention—which, at the end of day, is what servicing is all about. **MP**

# CALL CENTERS UNDER NEW SCRUTINY FOR 'SOFT SKILLS'

Samantha Shanaberger of Clayton Servicing Oversight examines the policies and practices of servicer call centers, and how these centers must remain vigilant of changing rules and regulations.

By SAMANTHA SHANABERGER

Do you ever get the feeling that someone is always moving the goal posts? That certainly seems to be the case when it comes to servicer call center communications. Historically, regulators have determined compliance by reviewing the timing of borrower communications and the content of written correspondence. Now, banks and servicers are being placed in a position where the overall tone of a phone call with a borrower is being tested and judged, making examinations less objective by possibly introducing more subjectivity on the part of the examiner.

While objective requirements continue to be at the core of servicer reviews, servicers are now also evaluated on how well their call centers are “handling” the calls with borrowers, who are often distraught or confused or simply do not know the right questions to ask.

In a growing number of instances, complaints are no longer at the center of discussion when talking about the quality of a call. Instead, in a “damned-if-you-do, damned-if-you-don’t” scenario, call center agents are being cited for both not asking the right questions and conversely for “leading” the borrower down a path.

Let us take a “then vs. now” look at how an examiner might evaluate a call.



**SAMANTHA SHANABERGER** serves as VP of Business Development for Clayton Servicing Oversight, a Covius Solution.

*Shanaberger is an industry veteran with nearly 20 years of experience in default servicing and subservicing-related activities, including foreclosure, bankruptcy, claims, property preservation, and REO activities. Throughout her career, Shanaberger has held executive positions at leading banks and servicers, including Bank of America and U.S. Bank, and has successfully helped various U.S. institutions navigate OCC Consent Orders, NMS, countless CFPB Examinations, and risk and compliance improvements.*

Traditionally, the examiner focused on: If an outbound attempt was made ...

- Was the call placed between 8:00 a.m. and 9:00 p.m. in the borrower’s physical time zone?
- Were there any existing requests from the borrower regarding contact, and were they followed?
- Was the frequency and pattern of the contact compliant?
- Were the Federal and State Mini Miranda requirements adhered to?
- Were the presumptions contained within the Debt Collection Rule violated?

During the conversation, did the agent ...

- Refrain from obscene or profane language?
- Refrain from the threat of the use of violence?
- Was Right Party Contact achieved?

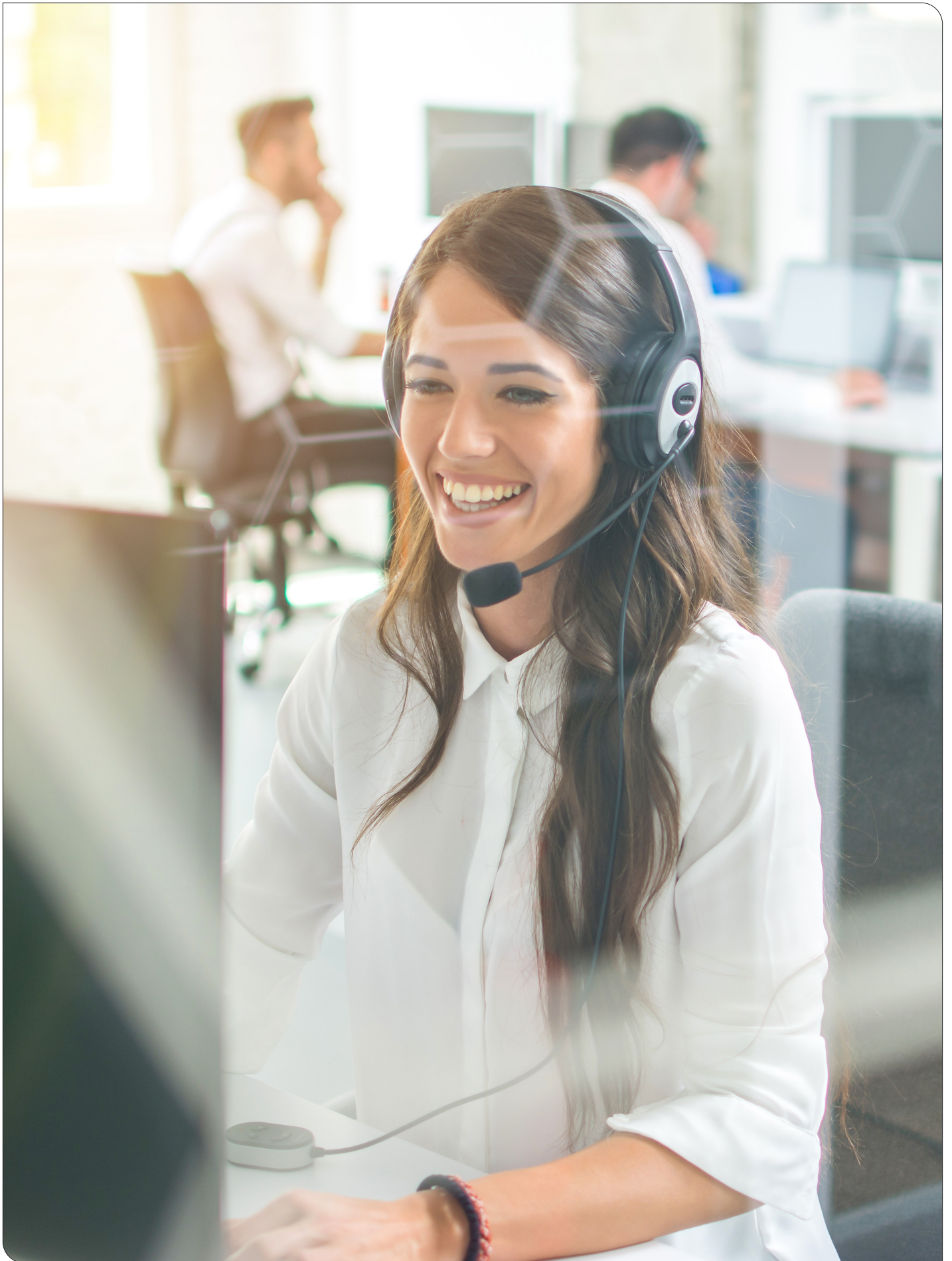
Now, however, the overall tone and result of the call can also come into play with these additional questions ...

- Did the agent display empathy?
- Did the agent follow the prescribed waterfall for loss mitigation activity?
- Did the agent “lead” the borrower to a solution?
- Was the agent courteous?
- Was the borrower satisfied at the end of the call?

So, what is a servicer supposed to do?

## Train. Test. Repeat.

Obviously, the quality and efficiency of any function within a servicing operation depends on people, and people are fallible and predictably unpredictable. To help control this, servicers create training programs and develop scripts for agents, but no script is all encompassing and not every borrower situation is identical. Again, what is a servicer supposed to do? Going for-



ward, servicers will need to be vigilant about these changing requirements and demonstrate the steps they are taking to help call center associates develop better “soft skills.”

Being able to demonstrate and ensure this vigilance should involve ongoing training and ongoing testing, in the form of call reviews, both by individual leaders (including managers and supervisors and potentially high-performing call agents leveraged to assist co-workers), as well as in group settings, by utilizing actual call scenarios played out during training on a regular or as-needed basis. Based on my experience, the training will not be effective without the testing, because servicing leaders will inevitably be defensive when it comes to their staff’s performance. So, it is imperative to have a third-party conduct call reviews so that the call center leaders

have clear and concise feedback they can incorporate into better and continued training. Additionally, identifying thematic scenarios and documenting the varied responses and outcomes to improve existing call scripts to assist agents should be a priority.

#### Are Call Centers Potential Minefields?

Servicers must ensure that they adhere to Fair Debt Collection Practices Act (FDCPA), Consumer Financial Protection Bureau (CFPB), and Coronavirus Aid, Relief, and Economic Security Act (CARES Act) regulations along with any state-specific rules, laws, or requirements in order to avoid Unfair, Deceptive, or Abusive Acts or Practices (UDAAP) violations and/or official complaints to any of the regulating bodies. While technology, like automated dialers, has been invaluable

in ensuring compliance to certain rules, the dramatic shift in call volumes and the numerous rule changes that call centers must adhere to have created unprecedented challenges to servicers over the past three years. To cope, servicers have had to hire agents en masse, with many of them lacking the necessary experience. Inexperienced agents in an intensely regulated environment where rules are constantly changing is a potentially hazardous combination: the metaphorical equivalent of a compliance minefield.

To get ahead of what is coming in future examinations, a servicers’ best course of action is engaging with third-party reviewers to demonstrate to their regulators that they are taking advantage of all available resources in order to protect their borrowers. **MP**

**To get ahead of what is coming in future examinations, a servicers’ best course of action is engaging with third-party reviewers to demonstrate to their regulators that they are taking advantage of all available resources in order to protect their borrowers.**



## Success Rises From the Ashes

**William Tessar** of CV3 Financial Services talks tradition and evolution in private lending.

### Q: When did CV3 begin to take shape?

What we built over the past several years was a special team, and that is what will be remembered years from now. Our group included the most talented professionals in private lending, and this did not go unnoticed when the company closed. Many of our people were immediately contacted by recruiters and offered lucrative deals and bonuses.

After the company closed, I saw an opportunity to fill a void in the private lending market. Right now, the opportunities for smaller investors in the non-owner-occupied space are abundant, especially since many institutional investors have pulled back from property acquisitions. Equipped with the hard-won lessons from our past, we took the best elements of our experience—such as our deep-rooted expertise and strong focus on customer relationships—and evolved them into a more modern framework. Since private lending is not FDIC-regulated, we are able to offer a fast, nimble financing approach that can be a game-changer for experienced investors. At the same time, the essence of what made the original team remains etched in our DNA.

### Q: Who from the team came to the new company?

When we set out to form CV3, it was clear that the backbone of the new company would be the people who had made our last venture so successful. We hand-picked 150 exceptional individuals for various roles, including operations and support staff. Among them were 35 “hunter-killer” originators who were responsible for 92% of our total volume, which was at \$3 billion last year. This group waited patiently to be a part of CV3. That is how loyal they were to the vision we had previously, which continues today. However, it is not just about

bringing on talented people. We have created the same culture of excellence, which will serve as the cornerstone of our operations for years to come.

### Q: How did you build such loyalty?

When I say we built something special with our team, I am talking primarily about people. We were—and are—a family. We have been through countless challenges and victories together, and those shared experiences have created bonds that are incredibly strong. When you work with people you genuinely care for and love to spend time with, it feeds your soul to be around one another.

### Q: What states are you licensed in?

We are currently licensed in 24 states: Arizona, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Maryland, Massachusetts, Michigan, Missouri, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, and Washington, plus the District of Columbia. These are the same areas where we have already found success.

### Q: Do you have plans to enter additional states?

That depends on our clients. We have currently applied for licenses in eight more states, but our goal is not to get licensed in every state. We are taking a strategic approach to growth that is driven by the needs of our originators and investors.

And let me say this—what we have built so far is just the beginning. We have the people, the systems, and the capital partners to be the top private lender in the country. We are excited about what the future holds and grateful for all the clients and partners who will be part of our journey. **MP**

**W**illiam Tessar is Founder, President, and CEO of CV3 Financial Services, a private lender providing business purpose loans for non-owner-occupied properties to experienced real estate investors. He has more than 30 years of experience in the financial services industry and has been one of the nation's top loan originators.

*MortgagePoint* had a chance to sit down with Tessar to discuss CV3, filling a void in the private lending market, and the state of the mortgage finance marketplace.

### Q: When were CV3's roots originally planted?

The original organization that the CV3 team worked for was CIVIC Financial Services, which was conceived by Wedgewood in 2014. We had a successful and profitable relationship with Wedgewood, which enabled us to become a dominant player in the institutional private money lending market. As with any business aiming for growth, we saw a potential opportunity in being acquired by a bank, which took place in 2021. Initially, the acquisition proved to be a strategic move that expanded our resources and our reach.

### Q: What happened next?

Our team flourished in the private lending space, funding \$5 billion in loans within just two years. We grew to become the biggest buy-to-lease lender in the country. When the regional banking sector shifted earlier this year, our unit was wound down by the bank over a period of five months as part of a broader financial strategy.

# NATIONAL PROPERTY PRESERVATION CONFERENCE RETURNS TO WASHINGTON, D.C.

The annual National Property Preservation Conference, once again, brought together a cross-section of field services vendors, mortgage servicing professionals, and representatives of government agencies and the GSEs to “discuss pressing issues and develop solutions.”

By DAVID WHARTON

Growing up, it seemed like every neighborhood had that one “creepy” house. Maybe it was abandoned, maybe it was home to a quiet introvert who occasionally peeks out through the curtains. Regardless, these are places that collect mythology like fishing nets collect ocean-borne garbage, gathering stories and rumors that are pretty much always more interesting than reality. But out here in actual reality—those homes are probably just in need of a good property preservation vendor.

The property preservation sector serves a crucial function within the market: helping maintain vacant properties, ensuring the lawns are cut, the windows and doors are secure, and no one is breaking in to squat, strip out copper, or worse. They help prevent urban blight, maintain neighborhood property values, and eventually, help ensure those homes are in good shape when they return to the market.

But the difficulties facing the prop pres sector have rarely been more daunting, ranging from struggles to maintain a sufficient workforce, to the headwinds of inflationary costs, to the simple fact that much of the diminished REO stock is more spread out and requiring more “windshield time” just to get people out to them in the first place.

All these issues and more were up for discussion at November’s National Prop-

erty Preservation Conference (NPPC) in Washington, D.C. Hosted by Safeguard Properties since 2004, the NPPC was the brainchild of Safeguard’s late founder, Robert Klein, who created the event to fill a perceived gap for an industry event that was solely focused on trends and challenges within the property preservation space, as opposed to just being included as a single panel or two within a more generalized event such as the Five Star Conference. As the official NPPC homepage puts it, Klein’s vision was to “bring together all facets of the mortgage field services industry to discuss pressing issues and develop solutions.”

This year’s NPPC lineup honored that legacy well, bringing together a top-tier lineup of industry speakers from prop pres, mortgage servicing, government agencies, and the GSEs. They all gathered for three beautiful November days at the InterContinental Washington D.C. - The Wharf, filing into a sun-filled ballroom overlooking the Potomac for a packed lineup of panels and speakers.

Following a welcome reception on Monday night, the curriculum kicked off early Tuesday with a fireside chat featuring insights from Sandra L. Thompson, Director, Federal Housing Finance Agency (FHFA), moderated by Joe Iafigliola, CFO of Safeguard Properties. Director Thompson discussed her priorities and perspectives in leading FHFA and where she is focusing the Agency in 2024.

The event then transitioned to one of its annual staples: the “Leadership Insights: Navigating the Industry Landscape” panel moderated by Ed Delgado; AMP, Managing Director, Mortgage Policy Advisors; and Chairman Emeritus of Five Star Global (*MortgagePoint*’s parent company). As he does every year at NPPC, Delgado assembled a cross-section of industry experts that not even a brief fire alarm could derail. This year’s panel included Alan Jaffa, CEO, Safeguard Properties; Marcel Bryar, Founder and Managing Director, Mortgage Policy Advisors, LLC; Timika Scott, SVP, US Bank; Dror Oppenheimer, CFO, Gate House Strategies, LLC; John Thibaudreau, VP, Single-Family Real Estate Asset Management, Fannie Mae; and Eric Will, Senior Director, REO/Single-Family Portfolio & Servicing Division, Freddie Mac.

Delgado led the panel through topics ranging from federal efforts to address housing affordability and supply shortages to discussions of inflation, asset disposition timelines, how tech advances such as AI are impacting the mortgage industry, homeowners’ ongoing exits from COVID-19-era forbearance plans, the state of REO, whether the Fed will manage its “soft landing,” and updates on property preservation allowable fees (check out November 2023’s *MortgagePoint* cover story for more on all of this, including details on HUD’s allowable fee changes that were announced during the conference).

Next up was a “Legislative Update: Legal Developments and Regulatory Shifts,” moderated by Linda Erkkila, General Counsel and EVP, Safeguard Properties, with insights from panelists Will Jarrell, Supervising Attorney, Aldridge Pite, LLP; Chip Nolan, AVP, Client Experience, Bron; and Sean P. Edwards, Partner, Sanders, Warren & Russell LLP. This panel dove primarily into important regulatory changes impacting property preservation, as well as providing a look at various relevant case law unfolding around the nation.

The first full day’s panel lineups continued to explore a diverse range of topics, including:

#### Data and Process Gaps That Need to be Addressed

- **Moderator:** Mike Greenbaum, COO, Safeguard Properties
- Jami Sherr, President & CEO, Sterling Claims Management
- Sarah Dallas, VP of Programs, ISN Corporation
- Justin Tucker, VP, MSR Servicing Oversight & Asset Management, Lakeview Loan Servicing
- Matt Pratt, AVP, US Bank.

#### Fielding the Future: Tech Trends in Prop Pres

- **Moderator:** Scott Heller, VP, Information Technology, Safeguard Properties
- Robyn Bui, SVP of Sales & Business Development, Quality Claims Management Corp.
- Chad Soppe, VP, Property Preservation, National Field Resources (NFR)
- Clint Lien, VP Cost Research and Product Development, The Bluebook International
- Dr. Arvin Malkani, CEO, ISN Corporation

#### Be Prepared: Preventative Actions to Weather Disasters

- **Moderator:** Jennifer Hopkins, Manager, Client Accounts, Safeguard Properties
- Johanna Granados, Account Executive, Verisk
- Carla Johnson, CEO, Earthvisionz



1. The “Preservation Puzzles: Approaching Challenges With Innovative Solutions” panel
2. The “Fielding the Future: Tech Trends in Prop Pres” panel
3. Julienne Joseph, Chief of Staff for HUD, speaks at the sponsor luncheon.
4. The “Blight Busters: A Conversation With Code Compliance” panel





5. The HUD/ISN panel

- Scott Arnold, VP, National Field Representatives
- Priscilla Rivera, VP Client & Operational Development, Sterling Claims Management

#### Preservation Puzzles: Approaching Challenges With Innovative Solutions

- **Moderator:** Elizabeth Squires, AVP Client Accounts, Safeguard Properties
- Tiffany Fletcher, SVP of Compliance, VRM Mortgage Services
- Talia Ramirez, VP, Claims, Preservation & Government Servicing Oversight, Specialized Loan Servicing
- Micole Booker, AVP, Senior Preservation & Post-Sale Disposition Manager, Flagstar Bank
- Thomas Foster, VP, Altisource

#### HUD/ISN Panel

- **Moderator:** Lisa Solis, Director Investor Compliance, Safeguard Properties
- William Collins, Director, National Servicing Center at U.S. Department of Housing and Urban Development
- Ryan McDoulett, Program Director, ISN Corporation
- Tim Brandt, Deputy Programs Director, ISN Corporation

The day's lunch break also included a special update, exclusive to sponsors,

from Julienne Joseph, Chief of Staff for HUD. Returning to the event for a second year, Joseph walked the more intimate sponsor lunch crowd through some of HUD's 2023 initiatives, including their February 2023 reduction of mortgage insurance premiums, which HUD had estimated could "save new homebuyers with FHA-insured mortgages an average of \$800 per year" and help "lower housing costs for an estimated 850,000 borrowers in 2023" (per HUD's announcement at the time).

Joseph also touched on HUD's 2022 decision to begin considering first-time homebuyers' rental history as a factor in credit decisioning. She expanded upon how that system has been working behind the scenes and provided some brief updates and estimates on what the impact of that change may be and how many homebuyers they hope to impact.

The second full day of NPPC opened with another keynote, this time from Sarah Edelman, Deputy Assistant Secretary, Single-Family Housing at FHA, and moderated by Jennifer Hopkins, Manager of Client Accounts for Safeguard Properties. Hopkins guided Edelman and the audience through a high-level discussion of FHA's role in mortgage servicing and how that mission is evolving, how FHA assists homeowners facing financial hardships, and how the increased prevalence and severity of natural disasters are impacting the industry, including the

consequences of inadequate insurance coverage and of insurers beginning to retreat from highly impacted states such as Florida.

In the first panel of the day, "Blight Busters: A Conversation With Code Compliance," moderator Steve Meyer, AVP High Risk & Investor Compliance, Safeguard Properties, headed up a panel that included Bryan Wagner, Neighborhood Service Division Manager, Westerville, Ohio and President of AACE (American Association of Code Enforcement); April O'Brien, Development Services Supervisor, City of Aurora, Illinois; Joseph Brewer, Manager, Office of Code Enforcement, City of Hyattsville, Maryland; and Victor Martinez, Conde Compliance Manager, Apache Junction, Arizona and First VP of AACE.

Meyer led a discussion that touched on the purpose and strategies behind Code Compliance in each speaker's municipality, how their day-to-day tasks and workflows break down, how complaints are noted and responded to, what areas are typically considered "high risk," how mortgage servicers can best work with Code Compliance departments, how enforcement is implemented, and what some of the most common compliance issues are ("high grass/weeds" topped the list, with issues such as "paint/exterior surfaces," "securing," "accessory structures," and "debris/sanitation" rounding out the rest).



6. The Fannie Mae/Freddie Mac panel. 7. Five Star Global Chairman Ed Delgado moderates the "Leadership Insights" panel

Moderator Kara Soppelsa, Manager of Client Accounts, Safeguard Properties, next moderated a panel discussion featuring nearly a half-dozen Fannie Mae and Freddie Mac representatives. The lineup included:

- Shubha Shivapurkar, Senior Director Non-Performing Loans Management, Freddie Mac
- Geoff Williams, Loss Mitigation Manager, Freddie Mac
- Kimberly Dawson, SF Collateral Risk-Real Estate Asset Management Director, Fannie Mae
- Jeff Mager, Field Services Manager, Fannie Mae
- Kimberly Shurtleff, Hazard Claims and Code Compliance Manager, Fannie Mae

Soppelsa and the panelists engaged in a wide-ranging conversation, starting with broad discussions of where the economy may be headed in 2024 and the top challenges facing the property preservation sector currently. The various GSE representatives discussed changes in pricing and allowable fees, pre-foreclosure repair processes and procedures, managing code and hazard claims, and how emergent technologies may impact the prop pres space.

The 2023 National Property Preservation Conference sponsors included Brookstone Management (Platinum), MFS Supply (Gold), the American Association of Code Enforcement (Gold), Sterling Claims Management (Silver), Altisource (Bronze), National Field Representatives

(Bronze), Auction.com (Partner), Automated Print & Promo (Partner), DhanInfo (Partner), First Allegiance (Partner), IMS Datawise (Partner), Occutrack (Partner), RepairBase (Partner), Verisk (Partner), VRM Mortgage Services (Partner), and the Five Star Institute and *MortgagePoint Magazine* (Speaker Sponsors).

Next year's NPPC will be held at MGM National Harbor on November 11-13, 2024, celebrating the event's 20th anniversary.

Tai Christensen, President of Arrive Home and Chair of Five Star's American Mortgage Diversity Council, will be delivering a Keynote Speech at the event. For more information, please visit [nppconf.com](http://nppconf.com). **MP**

# THE NEXT DEFAULT SPIKE WILL BE UNLIKE ANY WE'VE SEEN BEFORE

Things have changed dramatically in the way the default and foreclosure world operates.

By MICHAEL KREIN

Whether you believe it will happen next year or in five years, it is inevitable that we will face a default spike of some sort in the near future. While default rates have remained artificially low for years, this is the result of a combination of public and regulatory pressure to avoid foreclosure at all costs at a time when most lenders have had the capital reserves and financial incentive to lean heavily on loss mitigation instead of foreclosure. This is most certainly not a bad result.

However, as interest rates continue to remain relatively high, lenders are increasingly finding that their ability to absorb the time and cost of undertaking a mitigation-first approach is declining. With market conditions expected to remain subdued or deteriorate through 2024 and possibly into 2025—especially regarding rates and inflation—we're already starting to see some increases in both default and foreclosure rates.

While talk of foreclosure and default tends to trigger memories of the foreclosure spike of the early 2010s, the next surge will look decidedly different. The regulatory and legislative environment has changed. The perspective of mortgage lenders and servicers towards delinquency has changed. And the number of tools available to manage a sudden increase in default activity has increased exponentially.



## What's Different About Default in 2023?

For many outside the mortgage lending industry, especially among the general public, talk of the Great Recession and housing meltdown evokes heart-wrenching images of sheriffs evicting unfortunate homeowners who've recently lost jobs or vacant, unkempt nuisance properties sitting unmaintained and off the market for months or years. We are reminded of the horror stories about large banks foreclosing at the drop of a hat, or we recall old news articles about evictions being carried out on the wrong properties.

It's those exact stories and images that drove a wave of public indignation that resulted in a stream of regulatory reform to the foreclosure process. After 2015, lenders and servicers were given incentive to avoid foreclosure and a much larger list of requirements that needed to be exhausted before a full foreclosure process could be initiated.

The pandemic of 2020–2021 was a great test for this new combination of incentives and deterrents to foreclosure. Although mortgage delinquency rates reached their highest levels since the peak of the Great Recession in 2010, the default rate remained well below that seen in 2010 and 2011. Although lenders have never looked to default and foreclosure as optimal outcomes by any means, their aversion to those processes has only grown. However, as market and economic pressure on their capital reserves increases, it's entirely possible they'll be forced to take on foreclosure proceedings in the future that they would otherwise have avoided two years ago.

The signs are already there, and much like an iceberg, there's a lot more beneath the surface. While financial incentives and assistance have, thus far, helped keep the foreclosure rates low, banks and lenders, pressed for liquidity themselves, are becoming more stringent in that category. Some estimate that up to 300,000 homeowners receiving payment assistance could lose that in 2024.

## What Will be Different When Default and Foreclosure Rates Rise?

Although public and political pressure has played a role in lenders' increased aversion to the foreclosure process, the number-one reason remains that it's expensive, time-consuming, and likely results in the lender gaining pos-



# Foreclosure is an unfortunate but necessary element of any lending lifecycle. There will always be borrowers who find themselves unable to live up to the terms of their loan agreement. Without recourse in those cases, the system would eventually crumble.



session of an asset it never wanted in the first place, leading to the costs of asset management, property preservation, and resale. Expect lenders to continue to do all they can to avoid foreclosure—whether that’s using loan modifications or things like mortgage forbearance or deferments (as we saw so widely in 2020 and 2021)—to minimize costs and recover some or all the planned revenue.

Lenders are also seeing decreased interest in investor participation at foreclosure auction sales. SFR and other investors are becoming gun-shy because of the volatile market and soaring rates, which is leading to a decrease in what those who are participating are willing to pay. The result will likely be an increase in bank-owned property—a result no lender relishes.

Technology has dramatically evolved since 2010, and its role in the default and foreclosure segment is no exception. Communication has long been a challenge for servicers and lenders alike when attempting to negotiate with homeowners behind on their mortgage payments. Now, however, with the growing use of apps, interactive technology, and even AI, servicers and lenders are finding it easier to reach out to reluctant homeowners and present alternatives about which they might otherwise remain unaware. During the pandemic, in fact, we saw homeowners (and credit card debtors, auto loan holders, and more) increasingly able to request deferments by simply visiting a servicer’s

website and clicking a button. In some cases, even, a decision was able to be made quickly—and perhaps without even having to require a conversation or additional information. While some of that came about because of the extraordinary crisis that pandemic shutdowns presented, the “pipes” for better communication between creditor and debtor are now in place.

## Training and Technology—The Path Forward

The mortgage industry has also become much more aware of the negative optics foreclosure often presents. Many times, a default situation comes on the heels of life-changing trauma: death, divorce, terminal illness, job loss, or disability. It’s almost impossible for any lender or servicer—especially a high-revenue lender—to threaten to possess the home of homeowners facing such circumstances without the risk of projecting negative imagery, even if they’ve followed the letter and the spirit of the law completely. The process may be justified, and possibly even underutilized at times (e.g., in blighted neighborhoods dotted with abandoned properties), but it’s always poorly received in the court of public opinion and, subsequently, the compliance sector.

As a result, an increasing number of servicers and lenders are leaning on professionals specially trained to help homeowners who are fatally delinquent

on their payments to relocate, understand their rights, and receive helpful services about which they were previously unaware, such as legal assistance and counseling. The recurring image of distraught evictees being forcibly removed from their homes is something no servicer or lender wants to see attached to their name. Now, far more than we saw around 2010, the mortgage and real estate industry is combining the human touch with technology to create a more compassionate foreclosure and eviction process. In so doing, they’re also realizing decreased costs from the entire process.

Although the foreclosure rate has hovered near zero for years now, certain economic conditions may force lenders once averse to the process to make use of the tool again. Fortunately, increased awareness by the mortgage industry about how foreclosure is perceived, new technology, better training, and more emphasis on assisting homeowners potentially facing the process have all prepared the default segment not only to better manage any sudden increase in volume but also to find loss-reducing alternatives more often.

Foreclosure is an unfortunate but necessary element of any lending lifecycle. There will always be borrowers who find themselves unable to live up to the terms of their loan agreement. Without recourse in those cases, the system would eventually crumble.

The key to mitigating the human toll of foreclosure is using improved technology and incorporating another layer of humane behavior into corporate policy. For example, perhaps lenders could put more resources and training into ensuring that foreclosed-upon homeowners are relocated and given the tools and education for a fresh start and a way back to homeownership.

Or perhaps the Freddie Mac First Look initiative could be a roadmap for more REO properties being funneled toward first-time homebuyers or renters instead of investors. Whatever the formula, there’s much that can be done to lessen the impact of foreclosure without simply eliminating the process. It’s likely that the next default wave will see an increase in the use of these tools as well. **MP**

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## » Lending/Originations

### PROSPECTIVE HOMEBUYERS' PATIENCE MAY BE WANING

**P**rospective homebuyers' patience may be waning, with fewer willing to wait until home prices or interest rates come down to purchase a home, according to new data from the Bank of America (BoFA) Homebuyer Insights Report.

The report showed that some 62% of respondents are willing to wait for prices and/or rates to fall before buying a home, down from 85% just six months ago. And they seem to be acting. Sales of new single-family houses in September 2023 were a seasonally adjusted 759,000, up from 679,00 sales in April 2023.

"When it comes down to it, if buying a home is your goal and within your budget, the best time to buy is when you're ready financially and you can find a home that fits your needs," says Matt Vernon, Head of Consumer Lending at BofA. "Even in the current interest rate environment, there are clear benefits to purchasing a home and beginning to build equity."

This latest research also explores what buyers would be willing to forgo in order to buy sooner, and what would motivate current homeowners to sell.

Approximately 80% of outstanding U.S. mortgages have an interest rate below 5%. This gives homeowners an incentive to stay put because the average 30-year fixed mortgage rate hit 8% in October of this year. Younger people—millennials in particular—are being hurt disproportionately by this trend, according to Bank of America Institute's newly released Housing Morsel.

The rate disparity is compressing the already limited supply of houses for sale, and begs the question: What does inspire homeowners to sell and free up inventory for would-be homebuyers in today's environment?

#### What Would Make Homeowners Sell?

Half of current homeowners say they'd be prompted to sell if their dream home became available (50%) and/or if they found a more affordable area (54%)—even if it meant paying a higher interest rate for a new mortgage. Additional motivations for some, but not as many, to move and give up their current mortgage rate include:

- » Job opportunity or job relocation (40%)
- » Nicer neighborhood amenities (40%)
- » The need for a larger home or more rooms (38%)
- » A social community to be a part of (32%)
- » A desire to be adventurous and move to a new area (28%)
- » Moving to a home with rental potential (21%)

In fact, millions of people are moving to areas, including the Sun Belt, where they can afford to buy a home. Those surveyed say the following could or already has motivated them to move from one state to another:

- » Cost of living (60%)
- » Career/job reasons (44%)
- » Family and relationships (37%)
- » Affordability of housing (33%)
- » Safety concerns (27%)
- » Retirement (25%)
- » Adventure and exploration (20%)

Work-related reasons may also inspire homeowners to sell in this market, and work is a major driver of out-of-state moves. Those who have or would move to a new state for their careers are driven by increased job opportunities (57%), job requirements to relocate (29%), or the fact that they can work remotely and are no longer tied to an office (28%).

Overall, regional labor market

dynamics and migration trends are closely correlated, according to Bank of America Institute. Internal Bank of America data found that of the 26 Metropolitan Statistical Areas (MSAs) tracked, Boston and Portland, Oregon, are more likely to see inward migration due to job changes and cities such as Austin, San Antonio, Las Vegas, and Tampa saw the biggest population inflow during Q3.

**Willing to Sacrifice**

With inventory scarce, the Homebuyer Insights Report also explored how prospective buyers are adapting. The report found those surveyed would give up specific home features to increase their chances of finding a home in the year ahead. Notably, there are some differences in what older and younger generations are willing to sacrifice to buy a home. Gen Z (15%) are less likely to give up space than baby boomers (40%). However, Gen Z (24%) would sooner compromise on location, including proximity to work, schools, and amenities than baby boomers (6%).

Across all generations, would-be buyers are most likely to give up the following if it increases the chances of finding a home to purchase:

- » A brand-new home (35%)
- » Being near family (33%)
- » Public transportation access (32%)
- » Historical charm (31%)

**Homeownership Lays the Foundation for Financial Success**

This survey asked participants if they viewed homeownership as a top indicator of success. Here's how homeownership stacked up against other key markers of success in life:

- » Being healthy physically and mentally (71%)
- » Personal growth and development (65%)
- » Having strong relationships and connections with friends and family (63%)
- » Having a good work-life balance (58%)
- » Homeownership (48%)
- » Career fulfillment (46%)
- » Building a family (46%)
- » Reaching a certain amount of money in savings/investments (43%)
- » Contributing/supporting causes that are important to a person (35%)

However, homeownership tops the list of how respondents define financial success (53%), according to those surveyed. Also important: saving enough money for an emergency fund (50%), paying down debt (45%), and being able to retire early (43%).

Prospective homebuyers' patience may be waning, with fewer willing to wait until home prices or interest rates come down to purchase a home.

Month	% of prospective homebuyers expect home prices and interest rates to fall	National avg. 30-year fixed mortgage rate*	Median home price*
April	85%	6.3%	\$408,257
October	62%	7.6%	\$413,874

Many people have taken inventory challenges into their own hands and are moving to different areas. Several factors are prompting or have already influenced interstate moves:

Factor	Percentage
Cost of living	60%
Career/job reasons	44%
Family and relationships	37%
Affordability of housing stock	33%
Safety concerns	27%
Retirement	25%
Adventure and exploration	20%

Current homeowners are willing to move under certain conditions, even if it means paying a higher interest rate:

Reason	Percentage
Found a more affordable area	54%
Availability of their dream home	50%
Job opportunity or relocation	40%
Nicer neighborhood amenities	40%
Need for a larger home or more rooms	38%
Desire to join a social community	32%
Adventurous move to a new area	28%
Relocation to a home with rental potential	21%

Nearly two-thirds (63%) of these homeowners said owning a home is one of their greatest personal achievements—more than raising a family (50%), being in a committed relationship (32%), and/or overcoming a significant challenge (25%).

Respondents continue to see homeownership as a reflection of significant achievement and a driver of wealth creation that can help them build equity over time:

- » An estimated 91% of respondents say they perceive their home more as a valuable investment than as a financial liability.
- » Approximately 89% of respondents say they think about the financial security, rather than the financial risk, of owning a home.
- » Some 90% of respondents say home is a place to make memories and share experiences rather than just a place to live.
- » Roughly 81% of respondents say they think of owning a home as liberating rather than confining.

“There’s a clear desire for homeownership, but for some, it has become more challenging to achieve due to current market realities,” Vernon said. “That’s why we are committed to offering affordable homeownership solutions, which include grants to help homebuyers with their down payments and closing costs, with no repayment required.”

## PENDING HOME SALES SURGE, BUT CLOSED SALES LAG BEHIND

**A**s Americans continue to settle into the New Year, the market seems to be cooling and improving in more ways than one. New listings and pending home sales both climbed to the highest level in roughly a year in November as homebuyers and sellers grew tired of waiting on the side-



lines and mortgage rates ticked down.

That’s according to a new report from Redfin, which showed home prices also jumped, posting the biggest year-over-year increase since late 2022.

New listings rose 1.3% month over month to the highest level since October 2022—on a seasonally adjusted basis—and increased 0.1% from a year earlier. While this is a small gain, it is the first in a year and a half. Active listings grew 3.9% month over month, representing the biggest increase since July 2022, although they fell 7.9% from a year earlier.

“Buyers and sellers are learning to live with uncertainty,” said Shay Stein, a Redfin Premier real estate agent in Las Vegas. “They’ve realized no one has a crystal ball that can predict exactly when mortgage rates will fall back to 5%, so they’re making moves now because they can only wait so long to be near their grandkids, live in an RV like they’ve always dreamt of, or finalize their divorce.”

While rates aren’t back to the softer 5% rate, they have fallen in recent weeks, which has motivated homebuyers, Stien said. In many cases, their monthly payment is \$200 less than it would’ve been had they locked in a rate three weeks ago when they started looking, she explained.

The average 30-year-fixed mortgage rate declined every week in November after hitting a 23-year high of 7.79% at the end of October. It ended November at 7.22% and currently stands at 6.95%; though, that’s still higher than the 6.3% rate of a year ago.

Pending home sales rose 2% month over month in November to the highest level in a year on a seasonally adjusted basis and fell 0.1% from a year earlier.

“Another reason sales are ticking up is that buyers and sellers are finally living in the same reality,” Stein said. “A year ago, sellers had trouble understanding why they weren’t getting \$20,000 over the list price like their neighbor did during the pandemic homebuying boom. Now, they understand that to sell their home, they need to price it fairly and, in some cases, offer the buyer concessions like money toward closing costs or mortgage-rate buydowns.”

### Home Prices Posted the Biggest Increase Since October 2022

The median U.S. home sale price was \$408,732 in November. That’s up 3.7% from a year earlier—the biggest jump since October 2022—and down 1.1% from a month earlier.

Annual home price growth seems

to be normalizing after prices surged as much as 26% at the height of the pandemic homebuying boom and then fell as much as 4% in early 2023 amid elevated mortgage rates. Price growth is now back to the 2%–7% range where it was prior to the pandemic.

Even though elevated mortgage rates have dampened demand in recent months, prices have continued to rise in part because buyers are competing for a limited number of homes. While listings have inched up in recent months, they remain low by historical standards.

### Purchases Fell Through at Record Rate as Some Buyers Got Cold Feet

While pending sales hit the highest level in a year in November, closed sales hovered near their recent low. They were little changed from a month earlier (0.2%) on a seasonally adjusted basis and fell 5.4% from a year earlier. That's partly because a lot of deals fell through at the last minute.

Roughly 45,000 U.S. home-purchase agreements were canceled in November, equal to 16.9% of homes that went under contract that month—the highest percentage in Redfin records that date back to 2017. That's up from 16.8% one month earlier and 15.6% one year earlier.

### Key Findings for November 2023:

- » The median sale price was \$408,732, representing a month-over-month (MoM) change of -1.1% and a year-over-year (YoY) change of 3.7%.
- » Pending sales (seasonally adjusted) were 406,687, representing a MoM change of 2% and a YoY change of -0.1%.
- » Homes sold (seasonally adjusted) were 411,958, representing a MoM change of 0.2% and a YoY change of -5.4%.
- » New listings (seasonally adjusted) were 504,263, representing a MoM change of 1.3% and a YoY change of 0.1%.
- » All homes for sale (active listings) sat at 1,504,094, representing a MoM change of 3.9% and a YoY change of -7.9%.
- » Months of supply was 2.9, representing a MoM change of 0.2 days and a YoY change of -0.1 days.
- » Median days on the market was 36, representing a MoM change of 2 days

# While some homebuyers and sellers have come to terms with today's economic uncertainty, that same uncertainty is causing many of them to get cold feet.



- and a YoY change of -1 days.
- » The share of for-sale homes with a price drop was 18.7%, representing a MoM change of -1.3 percentage points and a YoY change of -0.7 percentage points.
- » The share of homes sold above the final list price was 28.7%, representing a MoM change of -3 percentage points and a YoY change of +2.3 percentage points.
- » The average sale-to-final-list-price ratio was 99%, representing a MoM change of -0.3 percentage points and a YoY change of +0.5 percentage points.
- » Pending sales that fell out of contract, as % of overall pending sales, was 16.9%, representing a MoM change of +0.1 percentage points and a YoY change of +1.3 percentage points.

- » The average 30-year fixed mortgage rate sat at 7.44%, representing a MoM change of -0.18 percentage points and a YoY change of +0.63 percentage points.

### Metro-Level Highlights for November 2023:

- » **Pending sales:** In Anaheim, California, pending sales rose 18.7% year over year, more than any other metro Redfin analyzed. Next came San Antonio (16%) and Richmond, Virginia (14.5%). The biggest declines were in Greensboro, North Carolina (-30.2%); Birmingham, Alabama (-27.6%); and Knoxville, Tennessee (-27.4%).
- » **Closed sales:** Closed sales climbed from a year earlier in just six metros, with the biggest increases in North Port, Florida (26.1%); Orlando (6.3%); and Cape Coral,

- Florida (5.3%). They fell most in Tacoma (-35.1%); Nassau County, New York (-20%); and New York (-19.7%).
- » **Prices:** Median sale prices rose most from a year earlier in Rochester, New York (17.9%); Anaheim (17.7%); and Fort Lauderdale, Florida (13.5%). They fell most in Austin, Texas (-8.8%); San Antonio (-6.2%); and New Orleans (-3.7%).
  - » **Listings:** New listings rose most from a year earlier in North Port (34.1%); Omaha, Nebraska (29.3%); and Cape Coral (22.5%). They fell most in Honolulu (-18%); Atlanta (-15.3%); and Greensboro (-13.9%).
  - » **Supply:** Active listings increased fastest in Cape Coral (50.7%); North Port (39.2%); and New Orleans (24.2%). They decreased the fastest in Las Vegas (-34.7%); Stockton, California (-28.1%); and New Brunswick, New Jersey (-24.6%).
  - » **Competition:** In Rochester, some 70.4% of homes sold above their final list price, the highest share among the metros Redfin analyzed. Next came Newark, New Jersey (62.2%) and Buffalo (59.7%). The shares were lowest in West Palm Beach (8.9%); Cape Coral (10.1%); and New Orleans (11.5%).
  - » **Speed:** In Rochester, roughly 66.2% of homes that went under contract did so within two weeks—the highest share among the metros Redfin analyzed. Next came Buffalo (52.8%) and Cincinnati (51.4%). The lowest shares were in Honolulu (5.7%); Knoxville (9.3%); and Lake County, Illinois (10.1%).

While some homebuyers and sellers have come to terms with today's economic uncertainty, that same uncertainty is causing many of them to get cold feet, Stein said. Even though mortgage rates have dropped, housing affordability remains strained, meaning a lot of buyers still get nervous when they see their monthly payments on paper.

Overall, economic woes are keeping many people out of the housing market altogether. Many Americans feel that the economy is in a bad place despite economic growth, rising wages, and low unemployment. One obvious culprit is the housing market, which is in its least affordable year on record.

# While the racial lending gap is nothing new among banks due to long-held biases even after new legislation and programs within banks to offset these sentiments, the 29-percentage point in Navy Federal's approval rate was the largest among the top 50 mortgage lenders in the country.

★★★★★

## REPORT CLAIMS LENDING INEQUITIES AT NAVY FEDERAL CREDIT UNION

**T**he nation's largest credit union—Navy Federal—has been accused of alienating African American veterans and consumers when they apply for home mortgages, denying them at rates much higher than other banks reported, according to research by CNN.

Navy Federal—which primarily lends to military servicemen, veterans, and their families—approved more than 75% of borrowers who identified as white for new conventional home mortgage purchases in 2022 (the last year

with published data from the Consumer Financial Protection Bureau), but less than 50% of African American borrowers who applied for the same type of loan were approved.

While the racial lending gap is nothing new among banks due to long-held biases even after new legislation and programs within banks to offset these sentiments, the 29-percentage point in Navy Federal's approval rate was the largest among the top 50 mortgage lenders in the country.

Worse, the disparity remains even among white and Black applicants when they reported similar income and debt-to-income ratios. Notably, Navy Federal approved a slightly higher percentage of applications from white borrowers making less than \$62,000 a year than it did for Black borrowers making \$140,000 or more.

A further analysis made by CNN found that black applicants were more than twice as likely to be denied by

Navy Federal than whites, even when a selection of more than a dozen different lending metrics were the same among the two groups.

Bob Otondi, a Black business owner in Texas who was denied a mortgage by Navy Federal in 2021—and then approved by another lender in about two weeks—said the rejection “didn’t make any sense at all.”

“I thought it could have been racial discrimination,” he told CNN, “But I could never prove it.”

By the numbers, the credit union was found to have rejected about 3,700 Black home mortgage customers last year, a trend which was also found to affect Latino borrowers, but at a much lower rate.

In a statement, Navy Federal spokesperson Bill Pearson defended the credit union’s lending practices.

“Navy Federal Credit Union is committed to equal and equitable lending practices and strict adherence to all fair lending laws,” Pearson said. “Employee training, fair lending statistical testing, third-party evaluations, and compliance reviews are embedded in our lending practices to ensure fairness across the board.”

Pearson said that CNN’s analysis “does not accurately reflect our practices” because it did not account for “major criteria required by any financial institution to approve a mortgage loan.” Those factors included “credit score, available cash deposits, and relationship history with the lender,” he said.

## PURCHASE MORTGAGE APPS ON THE RISE

**F**irst American Data & Analytics, a division of First American Financial Corporation has released its First American Data & Analytics’ proprietary Potential Home Sales Model for November 2023.

### November 2023 Potential Home Sales

For November, First American Data & Analytics updated its proprietary Po-

tential Home Sales Model to show that:

- » Potential existing-home sales increased to a 5.30 million seasonally adjusted annualized rate (SAAR), a 1.3% month-over-month increase.
- » This represents a 52.1% increase from the market potential low point reached in February 1993.
- » The market potential for existing-home sales increased 1.5% compared with a year ago, a gain of 80,000 (SAAR) sales.
- » Currently, potential existing-home sales are 1,486,400 (SAAR), or 21.9%, below the peak of market potential, which occurred in April 2006.

### Chief Economist Analysis: Largest Monthly Growth in Housing Market Potential in a Year

“In the month of October, existing-home sales hit the lowest level since 2010 as a result of the higher mortgage rate environment. Rising mortgage rates reduce affordability, all else held equal, for buyers and strengthen the rate lock-in effect for potential sellers. However, mortgage rates declined in November, igniting cautious optimism in the industry,” said Mark Fleming, Chief Economist at First American. “In fact, our Potential Home Sales Model, which measures what a healthy market for home sales should be based on the economic, demographic, and housing market environments, increased by 1.3% in November—that’s the highest monthly growth since December 2022. The question remains: Will the recent decline in mortgage rates translate into growth in existing-home sales?”

### Lower Mortgage Rates Drive the Market Forward

“The average 30-year fixed mortgage rate declined to 7.4% in November from a recent peak of 7.6% in October. The nearly 0.2 percentage-point monthly decline in mortgage rates combined with a 0.3% increase in median household income fueled a 2% (\$6,500) month-over-month increase in house-buying power,” Fleming said. “Mortgage rates have fallen further in December to approximately

7%. Holding median household income constant at its November level, a 0.4 percentage point decline in the average 30-year fixed mortgage rate boosts house-buying power by approximately \$13,000.

“One way to project whether lower mortgage rates will result in a boost in sales is by tracking mortgage applications,” Fleming said. “Most home buyers purchase a home with a mortgage, and filling out a purchase mortgage application is an early step in the home-buying process. An increase in purchase mortgage applications, therefore, precedes an uptick in home sales as these applications reflect growing demand in the market.”

Fleming went on to detail how mortgage applications have been affected in this whirlwind of a housing market this year:

“According to purchase mortgage application data from the Mortgage Bankers Association (MBA), average mortgage applications in the month of November increased 5% compared with October. Additionally, data from the first two weeks of December indicates a nearly 8% increase from November,” Fleming said. “A simple analysis based on the historical relationship between mortgage applications and existing-home sales indicates that home sales should accelerate and approach 4 million seasonally adjusted annualized sales (SAAR) as 2023 comes to a close.”

### What's Next?

“Existing-home sales of 4 million SAAR are still low from a historical perspective, but it represents a move in the right direction. Heading into 2024, existing-home sales may continue to drift higher if mortgage rates fall further or stabilize. However, it’s unlikely that existing-home sales will increase dramatically, as the bulk of existing homeowners will remain rate-locked in, even if rates drift closer to 6%,” Fleming said. “The road back to a market that is not too hot, not too cold, but just right will be a slow one, but recent mortgage application data indicates a thaw in the housing market is upon us.”



## »» Default Servicing

### 1 IN 4,300 HOMES AT RISK OF FORECLOSURE

**A**TTOM Data, a real estate data and research company, released its latest U.S. Foreclosure Market Report covering the month of November 2023, which revealed there were a total of 32,120 properties with some sort of foreclosure filing against them, up 5% year over year but down 7% on the short term from the prior month.

“While we’ve observed a modest decrease in U.S. foreclosure activity most likely due to seasonal factors, it’s essential to note that these fluctuations are a part of the cyclical nature of the market,” said Rob Barber, CEO at ATTOM. “As we look ahead to 2024, we anticipate a potential uptick in foreclosure activity

as various economic factors evolve and market dynamics shift.”

Nationwide, one in every 4,347 housing units had a foreclosure filing in November 2023. States with the highest foreclosure rates were: Delaware (one in every 2,393 housing units with a foreclosure filing); Maryland (one in every 2,537); Ohio (one in every 2,656); South Carolina (one in every 2,771); and New Jersey (one in every 2,834).

Among the 223 metropolitan statistical areas with a population of at least 200,000—as determined by the U.S. Census Bureau—those with the highest foreclosure rates in November 2023 were Bakersfield, California (one in every 1,595 housing units with a foreclosure filing); Cleveland, Ohio (one in every 1,818); Canton, Ohio (one in every 1,820); Columbia, South Carolina (one in every 1,922); and Stockton, California (one in every 1,961).

Those metropolitan areas with a population greater than 1 million, with

the worst foreclosure rates in November 2023, including Cleveland, Ohio were: Philadelphia, Pennsylvania (one in every 2,114 housing units); Baltimore, Maryland (one in every 2,206); Riverside, California (one in every 2,327); and Las Vegas, Nevada (one in every 2,372).

On the good side, foreclosure completions are now down 32% from last year as lenders repossessed 2,558 properties through the completion process (REOs) in November, a number which is also down 23% from last month.

States that had the greatest number of REOs in November 2023, included: Michigan (247 REOs); California (228); Illinois (198); Ohio (191); and Pennsylvania (179).

Those major metropolitan statistical areas (MSAs) with a population greater than 1 million that saw the greatest number of REOs in November 2023 included: Detroit, Michigan (144 REOs); Chicago, Illinois (104); New York, New York (100); Baltimore, Maryland (64); and St. Louis, Missouri (64).

However, the greatest number of foreclosures starts remained in the red-hot real estate markets of California, Florida, and Texas.

States that had the greatest number of foreclosure starts in November 2023 again included: Texas (2,702 foreclosure starts); California (2,495); Florida (2,078); New York (1,450); and Ohio (1,069).

Those major metropolitan areas with a population greater than 1 million that had the greatest number of foreclosure starts in November 2023 included: New York, New York (1,516 foreclosure starts); Houston, Texas (969); Philadelphia, Pennsylvania (733); Chicago, Illinois (673); and Miami, Florida (669).

### HOW MANY U.S. HOME MORTGAGES ARE PERFORMING?

**T**he Mortgage Bankers Association’s (MBA) latest Loan Monitoring Survey shows that the total number of loans now in forbearance decreased by three basis points from 0.29% of servicers’

portfolio volume in the prior month to 0.26% as of November 30, 2023.

According to MBA's estimate, 130,000 homeowners are currently in forbearance plans. Mortgage servicers have provided forbearance to approximately 8.1 million borrowers since March 2020.

In November 2023, the share of GSE loans (Fannie Mae and Freddie Mac) in forbearance declined two basis points from 0.18% to 0.16%. Ginnie Mae loans in forbearance decreased five basis points from 0.52% to 0.47%, and the forbearance share for portfolio loans and private-label securities (PLS) decreased two basis points from 0.32% to 0.30%.

"Nearly 96% of all home mortgages are performing, which underscores how strong servicing portfolio performance is right now with the same resilience seen in the U.S. labor market," said Marina B. Walsh, CMB, MBA's VP of Industry Analysis. "Meanwhile, the performance of loan workouts is solid, but declined last month. Roughly 70% of loan workouts initiated since 2020 are current."

By reason, 53.6% of borrowers are in forbearance for reasons such as a temporary hardship caused by job loss, death, divorce, or disability; while 34.3% of borrowers are in forbearance because of COVID-19. Another 12.1% were in forbearance due to a natural disaster.

By stage, 49.0% of total loans in forbearance are in the initial forbearance plan stage, while 35.1% are in a forbearance extension. The remaining 15.8% are forbearance reentries, including reentries with extensions.

"MBA forecasts an economic downturn in 2024, and there are signs of early distress in other credit types such as car loans and credit cards," Walsh added. "Those borrowers who struggled in making their mortgage payments in the past may find themselves in similar situations in a softening economy and rising unemployment."

According to the Bureau of Labor Statistics (BLS), total nonfarm payroll employment increased by 199,000 in November, and the unemployment rate edged down to 3.7%. Job gains occurred in healthcare and government. Employment also increased in manufacturing, reflecting the return of workers from

a strike. Employment in retail trade declined.

Of the cumulative forbearance exits for the period from July 1, 2020, through November 30, 2023, at the time of forbearance exit:

- » An estimated 29.4% resulted in a loan deferral/partial claim.
- » Roughly 17.7% represented borrowers who continued to make their monthly payments during their forbearance period.
- » Some 18.4% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
- » Approximately 16.1% resulted in a loan modification or trial loan modification.
- » An estimated 10.8% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
- » Just 6.5% resulted in loans paid off through either a refinance or by selling the home.
- » The remaining 1.2% resulted in repayment plans, short sales, deeds-in-lieu, or other reasons.

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

1. Washington
2. Colorado
3. Idaho
4. Oregon
5. Montana

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

1. Louisiana
2. Mississippi
3. Indiana
4. New York
5. Illinois

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 71.28% in November from 72.30% the previous month.

## SNAPSHOT: Q3 COMMERCIAL DELINQUENCY RATES

According to the Mortgage Bankers Association's (MBA) latest Commercial Delinquency Report covering the third quarter of 2023, commercial delinquencies increased during this period.

"Not unexpectedly, delinquency rates on commercial mortgages increased for the third consecutive quarter," said Jamie Woodwell, MBA's Head of Commercial Real Estate Research. "Every major capital source saw delinquency rates rise, driven by higher interest rates, changes in some property market fundamentals, and uncertainty about property values. CRE market activity remains muted, further complicating the situation."

Woodwell continued, "CRE markets are large and heterogeneous. Data from MBA's own survey released earlier in the quarter show wide differences in mortgage performance by property type. Deal vintage, term, market, and many other factors also play into which loans are facing pressure. These differences are likely to remain important in the year ahead."

MBA's quarterly analysis looks at commercial delinquency rates for five of the largest investor groups: commercial banks and thrifts, commercial mortgage-backed securities (CMBS), life insurance companies, and Fannie Mae and Freddie Mac. Together, these groups hold more than 80% of commercial mortgage debt outstanding. MBA's analysis incorporates the measures used by each individual investor group to track the performance of their loans. Because each investor group tracks delinquencies in its own way, delinquency rates are not comparable from one group to another. As an example, Fannie Mae reports loans receiving payment forbearance as delinquent, while Freddie Mac excludes those loans if the borrower is in compliance with the forbearance agreement."

Based on the unpaid principal balance (UPB) of loans, delinquency rates

for each group at the end of Q3 of 2023 were as follows:

- » Banks and thrifts (90 or more days delinquent or in nonaccrual): 0.85%, an increase of 0.18 percentage points from the second quarter of 2023;
- » Life company portfolios (60 or more days delinquent): 0.32%, an increase of 0.18 percentage points from the second quarter of 2023;
- » Fannie Mae (60 or more days delinquent): 0.54%, an increase of 0.17 percentage points from the second quarter of 2023;
- » Freddie Mac (60 or more days delinquent): 0.24%, an increase of 0.03 percentage points from the second quarter of 2023; and
- » CMBS (30 or more days delinquent or in REO): 4.26%, an increase of 0.44 percentage points from the second quarter of 2023.

Construction and development loans are generally not included in the numbers presented in this report but are included in many regulatory definitions of “commercial real estate,” despite the fact they are often backed by single-family residential development projects rather than by office buildings, apartment buildings, shopping centers, or other income-producing properties.

The FDIC delinquency rates for bank and thrift-held mortgages reported here do include loans backed by owner-occupied commercial properties.

## U.S. DELINQUENCY RATES TICKED UP IN THE FALL

**I**ntercontinental Exchange, Inc. (ICE), released its “First Look” on November 2023 month-end mortgage performance statistics derived from its loan-level database representing most of the national mortgage market.

The national delinquency rate edged higher to 3.39% in November—down 10 basis points (BPS) from the same time last year—but remains 64 BPS below pre-pandemic levels.

### Key Findings:

- » While delinquencies remain low overall, the rate among FHA loans is now at a nine-year high (excluding the immediate aftermath of the pandemic) and will be worth watching closely in 2024.
- » Early-stage delinquencies among VA loans hit their highest non-pandemic levels since 2009, as rising interest rates have begun to impact performance among recently originated loans.
- » GSE mortgages have been more resilient, with early-stage delinquencies holding stronger and overall delinquency rates less than half the national average at 1.51%.
- » Serious delinquencies (90+ days past due) rose to 459,000 but remain down 123,000 (-21%) from November 2022.
- » Foreclosure starts decreased by 12.2% in November to 29,000, with active foreclosure inventory falling to 216,000, some 23% and 24% below 2019 levels, respectively.
- » Prepayment activity fell again under continued pressure from seasonal homebuying patterns, along with the residual effects of 30-year rates climbing above 7.75% the month prior.

### Data as of November 30, 2023:

Total U.S. loan delinquency rate (loans 30 or more days past due, but not in foreclosure): 3.39%

- » Month-over-month change: 3.95%
- » Year-over-year change: -2.88%

Total U.S. foreclosure pre-sale inventory rate: 0.41%

- » Month-over-month change: -0.40%
- » Year-over-year change: -8.18%

Total U.S. foreclosure starts: 29,000

- » Month-over-month change: -12.19%
- » Year-over-year change: 6.70%

Monthly prepayment rate (SMM): 0.37%

- » Month-over-month change: -14.13%
- » Year-over-year change: -11.08%

Foreclosure sales: 6,500

- » Month-over-month change: 0.70%

- » Year-over-year change: 3.81%

Number of properties that are 30 or more days past due but not in foreclosure: 1,804,000

- » Month-over-month change: 70,000
- » Year-over-year change: -24,000

Number of properties that are 90 or more days past due but not in foreclosure: 459,000

- » Month-over-month change: 12,000
- » Year-over-year change: -123,000

Number of properties in foreclosure pre-sale inventory: 216,000

- » Month-over-month change: -1,000
- » Year-over-year change: -16,000

Number of properties that are 30 or more days past due or in foreclosure: 2,020,000

- » Month-over-month change: 69,000
- » Year-over-year change: -39,000

### Top Five States by Non-Current Percentage:

1. Mississippi: 8.11%
2. Louisiana: 7.75%
3. Alabama: 5.78%
4. Indiana: 5.24%
5. Arkansas: 5.18%

### Bottom Five States by Non-Current Percentage:

1. California: 2.24%
2. Idaho: 2.16%
3. Washington: 2.07%
4. Montana: 2.06%
5. Colorado: 1.99%

### Top Five States by 90+ Days Delinquent Percentage:

1. Mississippi: 2.12%
2. Louisiana: 1.87%
3. Alabama: 1.46%
4. Arkansas: 1.30%
5. Georgia: 1.21%

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#### Top Five States by 12-Month Change in Non-Current Percentage:

1. Alaska: -14.58%
2. Vermont: -13.06%
3. Rhode Island: -11.55%
4. North Dakota: -11.19%
5. New Hampshire: -10.37%

#### Bottom Five States by 12-Month Change in Non-Current Percentage:

1. Idaho: 7.26%
2. Louisiana: 6.55%
3. South Dakota: 5.33%
4. Hawaii: 4.61%
5. Texas: 2.48%

## SERIOUSLY DELINQUENT GSE LOANS DROPPED IN Q3

The Federal Housing Finance Agency (FHFA) has released its third quarter 2023 Foreclosure Prevention and Refinance Report, which shows that Fannie Mae and Freddie Mac (the government-sponsored enterprises) completed 43,356 foreclosure prevention actions during the quarter, raising the total number of homeowners who have been helped to 6,861,827 since the start of the GSE conservatorship in September of 2008.

Of these foreclosure prevention actions, 6,157,046 have helped troubled homeowners stay in their homes, including 2,669,434 permanent loan modifications.

The Q3 2023 Foreclosure Prevention and Refinance Report shows that 33% of loan modifications completed in the third quarter reduced borrowers' monthly payments by more than 20%. The number of refinances decreased from 93,952 in the second quarter of 2023, to 83,522 in the third quarter of 2023.

The total number of the GSEs' delinquent loans increased in Q3 2023. Approximately 31% of the Enterprises' troubled borrowers had missed three or more payments at the end of the quarter. California has the highest number of 90+ days delinquent loans, followed by

Florida and Texas. As of September 30, 2023, approximately 31% of the troubled borrowers in California had missed three or more monthly payments, compared with 35% in Florida and 30% in Texas.

Deeply delinquent loans (defined as loans 365+ days past due) are highly concentrated in certain states that require a judicial review of foreclosure activity and two other states with higher concentrations of the Enterprises' single-family guaranty book of business.

As of September 30, 2023, approximately 35% of the Enterprises' deeply delinquent loans were in three judicial states (Florida, New York, and New Jersey) and two nonjudicial states (California and Nevada). In New York, approximately 20% of these loans have been delinquent for more than six years.

The total number of the GSEs' delinquent loans increased by 8% as early-stage (30-89 day) delinquencies increased, while seriously delinquent loans (loans that have missed three or more payments or are in foreclosure) declined slightly in Q3 2023. The Enterprises' 30-day delinquency rate increased to 0.93%, while the serious delinquency rate fell to 0.54% at the end of the quarter. In New Jersey, the total number of the Enterprises' delinquent loans increased by 9%, while seriously delinquent loans dropped by 6% during the quarter.

Additional highlights from the report include:

#### The Enterprises' Foreclosure Prevention Actions

- » Initiated forbearance plans decreased to 27,038 in Q3 from 27,738 in Q2 of 2023. The total number of loans in forbearance at the end of the quarter was 47,672, representing approximately 0.15% of the total loans serviced and 9% of the total delinquent loans.
- » Twenty-one percent of modifications in Q3 were modifications with principal forbearance. Modifications that include extend-term only accounted for 77% of all loan modifications during the quarter.
- » There were 153 completed short sales and deeds-in-lieu during Q3, bringing the total to 704,781 since the conservatorships began in September 2008.

#### GSE Mortgage Performance

- » The 60-plus days delinquency rate increased slightly from 0.72% at the end of Q2 to 0.73% at the end of the third quarter of 2023.
- » The GSEs' serious (90 days or more) delinquency rate fell slightly to 0.54% at the end of Q3. This compared with 3.34% for Federal Housing Administration (FHA) loans, 1.99% for Veterans Affairs (VA) loans, and 1.52% for all loans (industry average).

#### GSE Foreclosures

- » Foreclosure starts increased 9% to 19,489, while third-party and foreclosure sales decreased 4% to 3,615 in Q3.

#### Refinance Activities

- » Although it decreased for the overall quarter, total refinance volume increased in September 2023 but continued at a lower volume compared to the volumes observed through mid-2022, as mortgage rates increased in August. Mortgage rates rose in September: the average interest rate on a 30-year fixed-rate mortgage increased to 7.20% from an August level of 7.07%.
- » The percentage of borrowers refinancing into shorter-term 15-year mortgages remained at 10% in September. The average interest rate savings of a 15-year mortgage over a 30-year mortgage has been higher in 2021 through 2023 compared to previous years.





2023, which highlights its financial performance and accomplishments from the past year, and its plans and approaches for strengthening the U.S. housing finance market and supporting affordable and equitable housing opportunities for all Americans. During fiscal year 2023, Ginnie Mae supported more than 1.2 million households, including underserved communities, first-time homebuyers, servicemembers, and veterans. MBS issuance topped \$404 billion, and the Ginnie Mae MBS outstanding reached \$2.476 trillion.

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

## FREDDIE MAC TO MAKE DPA PROGRAMS MORE ACCESSIBLE TO INDIVIDUALS, FAMILIES

**F**reddie Mac has announced new, standardized mortgage documents that increase the clarity, consistency, and accessibility of down payment assistance (DPA) programs nationwide.

These documents can be used by lenders working with housing finance agencies (HFAs) at the state, city, county, and local levels, having been implemented to eliminate confusion and misinterpretation of DPA programs.

“Saving for a down payment continues to be the largest barrier to homeownership,”

## Government

### GINNIE MAE MBS TOPS \$2.5T

**G**innie Mae’s mortgage-backed securities (MBS) portfolio outstanding grew to \$2.51 trillion in November 2023, including \$31.7 billion of total MBS issuance, leading to \$18 billion of net growth. November’s new MBS issuance supports the financing of nearly 105,000 households, including 53,000 first-time homebuyers.

Approximately 76.5% of the November MBS issuance reflects new mortgages that support home purchases because refinance activity remained low due to higher interest rates.

The November issuance includes \$30.9 billion of Ginnie Mae II MBS and more than \$810 million of Ginnie Mae I MBS, including approximately \$660

million in loans for multifamily housing.

For the 2023 calendar year to date, Ginnie Mae supported the pooling and securitization of more than 570,000 first-time homebuyer loans.

In October 2023, Ginnie Mae reported that its MBS outstanding balance grew to \$2.492 trillion, including \$33.8 billion of total MBS issuance which has led to Ginnie Mae picking up \$15 billion of net portfolio growth in a single month. Approximately 75% of the October MBS issuance reflects new mortgages that support home purchases because refinance activity remained low due to higher interest rates.

The October issuance includes \$32.5 billion of Ginnie Mae II MBS and more than \$1.3 billion of Ginnie Mae I MBS, including approximately \$1.2 billion in loans for multifamily housing.

Ginnie Mae has also published its Annual Financial Report for fiscal year

# “Saving for a down payment continues to be the largest barrier to homeownership for lower-income and first-time homebuyers.”

—**Danny Gardner**, Single-Family SVP of Mission and Community Engagement, Freddie Mac



ership for lower-income and first-time homebuyers,” said Danny Gardner, Single-Family SVP of Mission and Community Engagement at Freddie Mac. “We know that standardization has increased efficiency, lowered costs, and improved many areas of the mortgage industry. By embracing standardization and creating a set of industrywide documents, we are providing clarity and consistency that will enable more lenders to help more individuals and families leverage down payment assistance programs across the country.”

Historically, subordinate lien documents for various DPA programs have been HFA-specific and worded differently, leaving room for confusion when interpreting terms and payment plans. Through standardization, Freddie Mac

is helping to bring efficiency to the loan manufacturing process, creating time and cost-saving opportunities across the industry.

This greater visibility will also help increase the number of lenders interested in participating in DPA programs and the number of individuals and families able to access them.

“This effort by Freddie Mac complements NCSHA’s HFAi Affordable Homeownership Lender Toolkit online resource, which enables home mortgage lenders to partner more efficiently with state housing finance agencies in providing mortgage loans and down payment assistance to lower-income home buyers,” said Stockton Williams, Executive Director, National Council of State Housing Agencies.

To construct the standardized subordinate lien documents, Freddie Mac partnered with Fannie Mae and state HFAs as co-creators and early adopters. By the end of this year, standardized lien documents will be available for at least nineteen states, followed by the remaining states and the District of Columbia.

Current versions of the state-standardized lien documents are available on Freddie Mac’s website for the following states:

- » Alabama
- » Arkansas
- » Arizona
- » California
- » Colorado
- » Connecticut
- » Idaho
- » Illinois
- » Iowa
- » Massachusetts
- » Minnesota
- » New Mexico
- » South Dakota
- » Tennessee
- » Virginia
- » Washington

The effort is part of Freddie Mac’s multipronged approach to creating more standardization and awareness around down payment assistance programs.

Last month, Freddie Mac announced DPA One, an innovative new tool that aggregates and showcases down payment assistance programs on a single, insights-rich platform so lenders can easily access and compare programs while providers can have fewer submission errors, make real-time updates, and receive more visibility for their programs.

DPA One is available at no cost to lenders, housing counselors, and down payment assistance program providers. DPA One currently has down payment assistance programs available for 48 of the 50 state housing finance agencies, including local and municipal programs for the Texas, Minnesota, Florida, California, Virginia, and Kentucky markets.

The remaining local and state assistance programs will be announced throughout 2024.

## HUD TO PROVIDE AID TO AT-RISK RENTERS

The U.S. Department of Housing and Urban Development (HUD) has published a Notice of Proposed Rulemaking in the Federal Register.

If finalized, the rule would require public housing agencies (PHA) with tenants in public housing and owners of properties participating in HUD multifamily project-based rental assistance programs to provide their tenants with written notification at least 30 days before filing for eviction due to nonpayment of rent in court.

HUD's proposed rule would affect an estimated 3.9 million people in 2.2 million households—1.7 million people in 840,000 households in public housing, and 2.2 million people in 1.4 million households in Project-Based Rental Assistance (PBRA) programs.

"HUD-assisted rental housing allows millions of people to achieve stability for themselves and their families," said Solomon Greene, Principal Deputy Assistant Secretary for Policy Development and Research. "This proposed rule would give many HUD-assisted renters an opportunity to catch up if they fall behind on rent and avoid the harmful consequences of evictions, while also preventing landlords and PHAs from encountering costly unit vacancies."

The proposed rule would also require that the 30-day notice include instructions on how tenants can cure lease violations for nonpayment of rent and information on how to recertify their income and request a minimum rent hardship exemption if applicable to avoid eviction.

"Preventing unnecessary evictions benefits properties and residents alike, in part because the eviction process itself can be costly and time-consuming for all concerned," said Richard J. Monocchio, Principal Deputy Assistant Secretary for Public and Indian Housing. "We are very proud of this proposed rule, and we welcome feedback from all interested

stakeholders to make it even more practical and effective."

This action also fulfills a commitment HUD made in the Biden administration's Blueprint for a Renters Bill of Rights. In July 2023, HUD also joined the White House to announce three new actions to increase fairness in the rental market and further renter protections in housing: a preview of this notice of proposed rulemaking, an effort to remind public housing agencies and property owners of their obligations and to share best practices for informing rejected applicants about why they were turned down for housing, and \$10 million made available for tenant education and outreach in properties supported by the Section 8 Project-Based Rental Assistance program.

Stakeholders can access the proposed rule here and have 60 days following publication in the Federal Register on December 1 to provide comment on the proposed rule.

## HUD ANNOUNCES GRANTS FOR LOW-INCOME HOUSING PROJECTS

As part of the Biden-Harris administration's Investing in America agenda, the Department of Housing and Urban Development (HUD) has awarded \$179.9 million in grants to support the Green and Resilient Retrofit Program's (GRRP) Comprehensive and Elements metrics.

The awards will support energy efficiency, electrification, clean energy, low embodied carbon materials, and climate resilience improvements in 30 HUD-assisted multifamily properties that include 3,070 rental homes for low-income individuals and families.

These investments will help tackle the climate crisis and support equitable economic development in American communities as part of President Biden's Investing in America agenda and historic environmental justice agenda. GRRP grant and loan funding announced

today will improve the quality of life for residents by expanding energy efficiency, reducing climate pollution, generating renewable energy, promoting the use of green building materials, improving indoor air quality, and enhancing climate resilience.

"Thanks to President Biden's Investing in America agenda, we are boosting energy efficiency and combatting climate change in communities across the country," HUD Secretary Marcia L. Fudge said. "I am deeply proud of our HUD team for getting hundreds of millions of dollars from the President's Inflation Reduction Act on the street through the Green and Resilient Retrofit Program. Together, we are directing these funds to the people we serve, and ensuring thousands of American families can live in more resilient, efficient, and affordable communities."

The announcement includes the first set of awards made under the GRRP's Comprehensive category, which provides funding to properties with the highest need for climate resilience and energy efficiency upgrades. Prior energy-saving retrofit and green building experience are not needed with scopes of work developed in partnership with a HUD-provided contractor, ensuring access to all owners of eligible HUD properties. Among the 19 properties receiving Comprehensive Awards, five have fewer than 50 units, seven have between 50 and 100 units, and all serve low-income residents and roughly half serve seniors. Sixteen of the properties face notable risks from climate and natural hazards such as flooding, heat waves, earthquakes, tornados, lightning, hail, severe winter weather, and ice storms.

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

The announcement also includes 11 awards under the GRRP's Elements cate-

gory. This is the second set of awards for this category, which provides funding for property owners to include climate resilience and energy and water efficiency improvements as part of a development or rehabilitation transaction that was already underway.

Funding amounts ranged from \$231,623 for the St. Croix Apartments in Calis, Maine, to \$20 million for the Jack Satter House Hebrew SeniorLife in Revere, Massachusetts, and the Heatherbrook Project in Port Arthur, Texas.

“As we look back on the climate- and weather-related disasters of the past few years, we see vividly how vital this funding is to ensure the long-term safety and viability of households and communities,” Assistant Secretary for Housing and Federal Housing Commissioner Julia Gordon said. “Awards through the GRRP program illustrate the immediate and concrete steps that the Biden-Harris administration is taking to protect the nation’s low-income residents and the environment.”

## FED ATTEMPTS TO MODERATE HOUSING FRENZY

**T**he Federal Reserve’s plan to tame the housing frenzy with higher interest rates has a major blind spot: More than 40% of all U.S. mortgages—most of which are fixed-rate—were obtained in 2020 or 2021, when rates were at rock bottom.

According to Creditnews research, about one-quarter (23.4%) of mortgages originated in 2021 when the 30-year mortgage rate fell below 3%. Another 17.8% originated in 2020—the year the Fed slashed interest rates to zero. Nearly two-thirds (64.5%) of U.S. mortgages have rates below 4%, roughly half the current 30-year fixed rate.

Assuming a 10% down payment, the difference between financing an average home with a 30-year mortgage at 7.79% (mortgage rate peak as of October 26) and 3.6% (effective mortgage rate) is an extra \$1,223 a month.

# “The Fed’s aggressive rate-hike campaign has worsened the generational homeownership divide. Unlike baby boomers who can afford to buy in cash, millennials and Gen-Z buyers need financing.”

—Sam Bourgi, Senior Analyst, Creditnews



This discrepancy has created a feedback loop of limited inventory and growing prices, locking would-be buyers out of homeownership—especially those in the millennial and Gen Z generations.

In 2023, millennials made up only 28% of homebuyers despite being in the prime home-buying age. That’s just over half as much as it was in 2022 before rates took off. And at just 4%, Gen Zers made up the tiniest fraction of homebuyers.

Although millennials are the largest adult generation in the United States, they still own a mere 10% of U.S. real estate wealth. They also accumulated the least real estate wealth during the pandemic housing boom.

“The Fed’s aggressive rate-hike campaign has worsened the generational homeownership divide. Unlike baby boomers who can afford to buy in cash, millennials and Gen-Z buyers need financing,” said Sam Bourgi, Senior Analyst at Creditnews. “That’s been harder to get with mortgage rates at 22-year highs. Homebuyers aren’t getting any help from the market, either. Homeowners refuse to sell because they don’t want to trade their low mortgage rate for a much higher one. So, whatever housing supply makes it to market comes at disproportionately higher prices.”

### Key Takeaways:

- » More than 40% of all U.S. mortgages were obtained in 2020 or 2021 when rates were at rock bottom—and over half after 2020.
- » Mortgage originations during the pandemic eclipsed the previous peaks of the post-dot-com boom and the subprime mortgage bubble.
- » The 30-year fixed mortgage rate is now more than double the effective mortgage rate—the largest gap since 1976.
- » Meanwhile, 64.5% of U.S. homeowners are locked in with mortgages below 4%—these homeowners aren’t affected by rising interest rates unless they choose to refinance.
- » The monthly mortgage payment on an average home has spiked 54% between 2021 and 2023, leaving younger buyers unable to afford a home.
- » Most Millennials and Gen Zers missed the low-rate bandwagon, with buyers from these generations owning just a mere 10% of real estate wealth in the United States and accumulating the least wealth during the pandemic.

### Mortgage Rates and Originations

During the pandemic housing frenzy, mortgage origination hit levels never seen on record.

In 2021, the value of mortgage origination surpassed \$4.4 trillion, a new all-time high. Originations fell to roughly half that level in 2022 but were still considerably higher than in the decade before the pandemic.

Among existing mortgages, over half of originations occurred between 2020 and 2022. This includes 17.8% in 2020, 23.4% in 2021, and 12.6% in 2022.

The data shows that mortgage originations accelerated in 2020 when the Fed reduced interest rates to zero in March of that year. They began to taper off in 2022 after the Fed began raising rates, also in March. By comparison, the share of outstanding mortgages originated in 2019 was only 5.5%. In 2018, it was just 3.2%.

Mortgage originations during the pandemic eclipsed the previous peaks of the post-dot-com boom and the sub-prime mortgage bubble.

Nearly two-thirds (64.5%) of existing mortgages have 30-year rates below 4%. The breakdown is as follows: 38.2% of mortgages have interest rates between 3%-3.99%, 25.8% have rates between 2%-2.99%, and 0.5% have rates below 2%. Only 2.4% of existing mortgages have interest rates at 7% or higher—the current mortgage rate.

At current levels, the discrepancy between the current 30-year fixed mortgage rate (7.79%) and the effective mortgage rate (3.6%) is the widest since 1976.

### Younger Generations Impacted the Most

Record-low mortgage rates between 2020 and early 2022 made home-buying more affordable for younger generations. In 2022, roughly 43% of new homebuyers were Millennials and 2% were Gen Zers.

However, as rates began to rise, millennials' share of new purchases fell to 28% as of August 2023. Gen Zers' share of purchases doubled to 4% but remained relatively scant given the cohort's size (70 million people).

Younger demographics also own a much smaller share of the real estate wealth, given the size of their respective generations. They also accumulated the least real estate wealth during the pandemic housing boom despite being in the prime home-buying age.

The total U.S. housing stock was worth a record \$46.8 trillion in June 2023. However, Millennials' share of that wealth was only \$5 trillion, compared to \$18 trillion for baby boomers and \$13.4 trillion for Gen X.

Millennials' housing wealth exceeded that of the Silent Generation, which owned \$4.7 trillion worth of residential real estate. Gen Z's share of the housing wealth is likely much smaller than millennials, given their share of purchases and mortgage originations.

According to Redfin experts, younger generations are now bearing the brunt of record mortgage rates.

"Tons of homeowners scored an incredible deal during the pandemic: a 3% mortgage rate for the remainder of their 30-year loan," said Chen Zhao, Redfin Economics Research Head. "Now they're staying put because moving would mean taking on a rate that's twice as high [...]. The winners are homeowners who bought before mortgage rates started rising; they continue to build equity even though homebuyer demand has slowed. The losers, sadly, tend to be first-time buyers."

## VA SURPASSES GOAL TO HOUSE VETS IN 2023

**T**he U.S. Department of Veterans Affairs has announced that it has permanently housed 38,847 homeless veterans through October 2023—surpassing the calendar year goal to house 38,000 veterans two months early.

Through October, the VA has also engaged with 34,498 unsheltered veterans to connect them with the housing and resources they need, exceeding the VA's calendar year goal by 123%; ensured that 96.2% of veterans housed have remained in housing, exceeding the Department's calendar year goal by 1.2%; and has ensured that 93.1% of the veterans who returned to homelessness have been rehoused or are on a pathway to rehousing, exceeding the Department's calendar year goal by 3.1%.

"More than 38,000 veterans now have the safe, stable homes that they deserve—and there's nothing more important than that," VA Secretary Denis McDonough said. "While we met our goals for 2023, we're not stopping here. We're going to keep pushing—through the end of this calendar year and beyond—until every veteran has a safe, stable place to call home in this country they fought to defend."

Ending veteran homelessness is a top priority of the VA and President Biden, who has made supporting U.S. veterans a key pillar of the Unity Agenda for the nation. In 2022 alone, the VA housed more than 40,000 formerly homeless veterans, prevented more than 17,700 veterans and their families from falling into homelessness, and helped nearly 191,700 additional veteran families who were experiencing financial difficulties to retain their homes or avoid foreclosure. Thanks in part to these efforts, the number of veterans experiencing homelessness has fallen by 11% since early 2020, and by more than 55% since 2010.

The VA's efforts are built on the evidence-based "Housing First" approach, which prioritizes getting veterans into housing, and then providing them with the wraparound support they need to stay housed, including healthcare, job training, legal and education assistance, and more.

VA has also made progress in combating veteran homelessness in the Greater Los Angeles area, providing 1,464 homeless vets with permanent housing thus far this year—which is the most of any city in America and on pace to exceed VA's calendar year goal for 2023. Last year, VA provided 1,301 permanent housing placements to formerly homeless vets in LA, the most of any city in America.

VA staff and its community partners nationwide help veterans find permanent housing such as apartments or houses to rent or own, often with subsidies to help make the housing affordable. In some cases, VA staff and partners help veterans end their homelessness by reuniting them with family and friends.



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## Market Trends

### GEN ZERS NOW LEADING U.S. RENTAL DEMAND

**D**aniel McCue, Senior Research Associate at the Joint Center for Housing Studies, released a report showing that after decades of driving growth, the number of renter households headed by millennials—those aged 28–42 in 2022—has peaked and is declining.

While slowing multifamily construction has emphasized a significant downturn in rental markets, optimists see rental demand hold strong and point to favorable demographics as a reason to remain optimistic. But are demographics truly favorable for rental housing?

This large cohort has reached the age range when more households are transitioning into homeownership rather than forming new renter households. Gen Z—aged 13–27 in 2022—is now the only generation adding renter households. Therefore, demand for rental housing will continue to grow only if the number of new Gen Z renter households outnumbers losses among older generations who are leaving rental units due to

homeownership transitions or mortality.

According to McCue, in many ways, this is the end of an era.

“In the 2000s and 2010s, millennials in their late 20s and 30s ushered in a surge in the number of renter households, not only because the cohort is larger than previous generations but because millennials rented at higher rates than earlier generations at the same age,” he said.

But can we expect Gen Z to continue either of these trends to uphold the levels of growth in renter households seen over the past 15 years?

A major factor determining whether Gen Z formed as many renter households as millennials did before them is how many people there are in this generation, relative to millennials. According to U.S. population estimates for 2022, there are 66.1 million people in the 15-year cohort aged 13–27 who make up Gen Z, compared to 67.8 million people aged 28–42 who make up the millennial generation.

Based on this data, Gen Z is currently not as large a generation as millennials but is close enough to maintain similar levels of rental households.

However, if we dig deeper, we find that Gen Z today is 2.1 million larger than millennials were at similar ages 15 years

ago. Adding up the overall population of our 15-year generational cohorts, we find 66.1 million Gen Z people aged 13–27 in 2022, compared to 64.0 million millennials aged 13–27 in 2007. Historical U.S. birth records show the highest levels of Gen Z birth years in 1995–2009, and a historical peak in births in the late 2000s for Gen Z people who are in their early 20s today.

As the number of millennials in the U.S. grew by nearly 4 million over the past 15 years because of gains from immigration, the surge was so large because it was the years millennials passed through their 20s and 30s, ages where immigration rates peak.

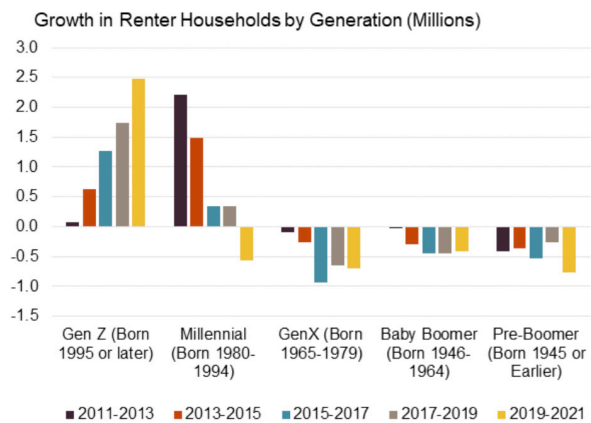
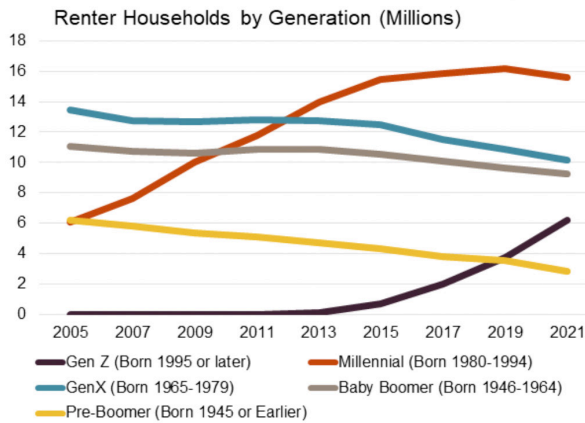
This could be occurring now for Gen Z, the oldest of whom are now in their 20s. But can we expect the population of Gen Z to increase as much from immigration over the next 15 years as the millennial population did over the last 15 years?

On one hand, it is entirely possible because the last 15 years include years when immigration rates hit historic lows. On the other hand, immigration rates are highly unpredictable, and the future of immigration policy is particularly challenging right now and subject to contentious debate.

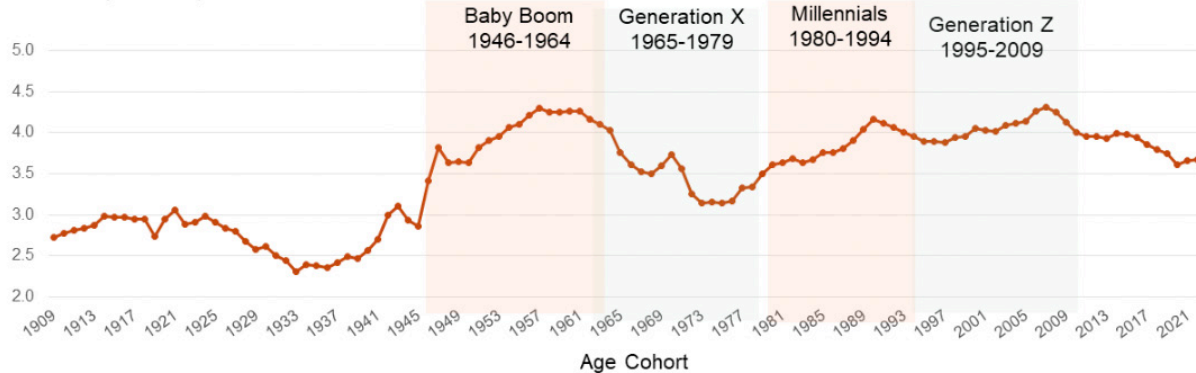
The number of renter households Gen Z adds in the next 15 years will be an important pillar of rental housing demand, and the extent to which the size of the Gen Z population grows in the next 15 years ultimately could determine whether the number of renter households in the U.S. grows, stabilizes, or declines in the coming years.

This growth, which is so highly dependent on immigration levels over the coming years, directly connects the future of rental housing demand to immigration policy and represents just one of the many links between housing and immigration.

But population growth among Gen Z is just one factor that will determine future rental demand, along with the rates of household formation and homeownership among this generation and the speed at which millennials and older generations transition to homeownership or otherwise exit rental markets.



Births (Millions)



## U.S. HOME PRICE GROWTH HAMPERED BY 'BELOW NORMAL' DEMAND

A new study from Rent. revealed yearly declines in asking rents accelerated in November, dropping more than 2% from this time last year. This was the second month in a row, and the third time in the last four months, that prices dropped annually.

November's -2.09% decline was significantly larger than the most recent price drops. Yearly declines in October were just below one-third of 1%, while declines in July were minimal at just -0.06%.

November was also the first time in more than three and half years that year-

over-year prices dipped by more than a single percent. In February 2020, prices dropped by more than 2%. A month later, as the pandemic took hold across the country, prices declined again in March 2020, this time by -1.09%. That cooling trend was short-lived, and following those late-winter declines, national prices rose yearly for 37 consecutive months.

It wasn't until May 2023 that yearly prices shrank again. Over that time, asking rents grew by more than 20%, from \$1,614 in March 2020 to \$1,967 in May 2023.

The current national median price is also \$1,967. Prices peaked in August 2022 at \$2,054.

Monthly, prices declined for a third consecutive month, but declines from October to November slowed. Current asking rents decreased -0.57% month over month compared to a -1.64% decline from September to October and a more than 2% drop from August to Septem-

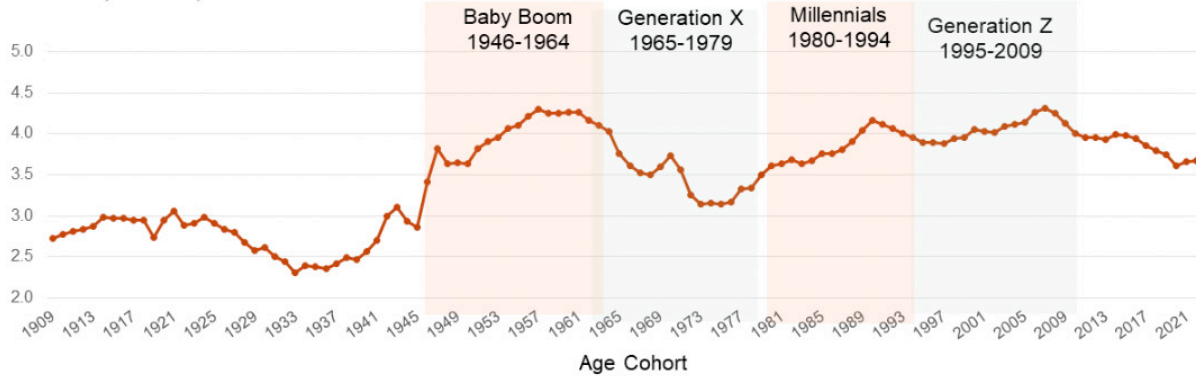
ber. Rents have now declined in six of 11 months in 2023.

Despite the slowdown, another monthly drop is further evidence that rent prices are returning to cyclical patterns that eluded the market during the pandemic. September 2022 was a mile marker in rent prices, ending a run of double-digit yearly gains that began in October 2021.

Over that time, rents rose by over 11.5%, climbing from \$1,839 to \$2,054 in August 2022. Prices in September were still up 8.83% but began a decline—led by decreased demand—which lasted until rents bottomed out at \$1,937 in February 2023.

Price levels rose steadily from February before peaking in August, gaining nearly 6% and coming within \$2 of the historical high. Declines since August have brought that growth down to just over 1.50% and decreased prices from August's peak by \$85.

Births (Millions)



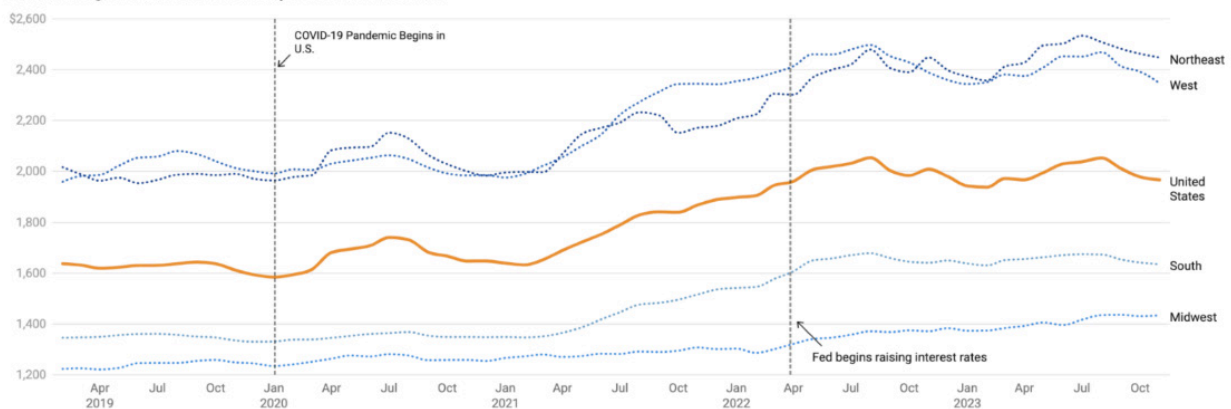
States with Largest Increase or Decrease in Asking Rents, YoY

The following states have experienced the greatest changes in rent prices year over year.

State Increases	Median Rent	YoY % Change	MoM % Change	State Decreases	Median Rent	YoY % Change	MoM % Change
Mississippi	\$1,187	13.93%	-1.73%	Idaho	\$1,537	-7.49%	-0.81%
Michigan	\$1,505	13.89%	4.83%	Washington	\$2,227	-7.28%	-2.23%
New Hampshire	\$2,104	13.07%	5.75%	Oregon	\$1,680	-6.54%	0.04%
Kansas	\$1,226	11.27%	1.63%	Utah	\$1,606	-5.94%	0.57%
North Dakota	\$1,101	10.99%	0.19%	Florida	\$2,119	-4.84%	-1.57%
Wisconsin	\$1,541	9.00%	-0.34%	Colorado	\$2,039	-4.71%	-0.60%
South Carolina	\$1,546	7.57%	1.02%	Oklahoma	\$1,001	-4.06%	0.83%
Minnesota	\$1,581	7.44%	-2.71%	New Mexico	\$1,333	-3.30%	-1.69%
Missouri	\$1,213	7.43%	4.93%	Texas	\$1,433	-3.20%	0.19%
Indiana	\$1,324	6.57%	0.01%	Nevada	\$1,550	-2.43%	-1.58%

National and Regional Asking Rents

Median asking rents in \$USD from February 2019 to November 2023



On a longer-term basis, rents remain elevated. Since November 2019, months before the pandemic, prices have risen by more than 22%, adding \$355 to monthly rent bills.

### National Rent Price Trends

- » Price growth at the national level continues to be held down by below-normal demand, increased inventory, and a return to seasonal price trends that typically place downward pressure on rents through the fall and winter.
- » November's greater than 2% annual decline marks the second month in a row that prices dropped on a yearly basis after peaking last August. Asking rents have declined year over year in three of the last four months and a total of four times in 2023.
- » Price growth over this year stands at 1.29%, rising from \$1,942 in January to the current price of \$1,967.
- » Monthly price changes registered negative for the third month in a row. The -0.57% decline from October to November was smaller than both the 2% decline from August to September and the -1.64% decline from September to October but added to evidence that the national market has returned to seasonal trends.

Before recent declines, prices had been generally rising since February, gaining nearly 6% until prices peaked in August.

Regionally, prices continued to climb in the Midwest. Yearly growth there increased from 4.08% in October to 4.57% in November. Asking rents, however, remain well below those in other regions. At \$1,434 in the Midwest, it is still nearly \$1,000 cheaper than median rents in the Northeast and West and nearly \$200 less than rents in the South.

All other regions saw year-over-year declines in November. This was a reversal for the Northeast, which grew by more than 3% on a yearly basis in October. The region is now down 0.02% year over year. Declines in the South were relatively minimal at -0.37% but nearly doubled from the month prior, when yearly declines were just under -0.20%. Asking rents in the West continue to decline, which in recent months has been

driven by locales in the Mountain West. The region's asking rents dropped another -1.76% in November after October's -1.52% decline.

### State Rent Price Trends

State-level markets maintained a nearly 60/40 split between yearly price gains and declines. In November, 57.14% of state markets were up year over year compared to 40.48% of markets that showed yearly losses. On a monthly basis, the split was more even with 52.38% of markets declining to 47.62% of markets gaining over asking rents at this time last year.

States experiencing the largest year-over-year increases were led again by Mississippi. After posting an 18.3% year-over-year increase in October, yearly growth in the Magnolia State fell just short of 14% in November, despite a -1.73% decline month over month.

Still, Mississippi remains relatively affordable. At \$1,187, asking rents there are lower than any other state among the largest gainers except for North Dakota, where rents rose by nearly 11% year over year to \$1,101. South Carolina was the only other Southern state among the largest gainers, with a 7.57% yearly increase. Asking rents, there are now \$1,546.

Reflecting regional trends, the Midwest once again dominated the list of states with the highest yearly increases, with seven of the top 10 largest gainers coming from the region. North Dakota was joined by Michigan, which had the second largest yearly gain at 13.89%, Kansas, with growth north of 11%, and Wisconsin, which grew by 9%.

The list of largest gainers was rounded out by Minnesota, Missouri, and Indiana, all of which grew between 6.50 and 7.50% year over year.

New Hampshire was the only Northeastern locale on the list. The Granite State grew by more than 13% year over year and gained 5.75% from October to November to a median asking rent of \$2,104.

### The West (Particularly the Mountain West) Led Yearly Declines in November

Hot metros like Boise, Idaho, that saw significant increases in inbound migra-

tion and rent prices over the pandemic have been cooling for months. Those declines have translated to a -7.49% statewide decrease in asking rents across Idaho, which saw the largest year-over-year declines. Four more Mountain West states also saw relatively large yearly losses, including Utah, Colorado, New Mexico, and Nevada.

In the Pacific Northwest, both Washington and Oregon saw yearly declines at -7.28% and -6.54%, respectively. Declines in Washington were led by eastern metros like Spokane, which has declined by nearly 14.5%, or \$282, since asking rents reached their highest level on record in June 2022. In contrast, declines in Oregon were driven by western metros like Portland, which saw the largest yearly decline in November.

Florida, Oklahoma, and Texas were also among the largest losers. All three declined between 3% and 5% year over year. Price slides in Oklahoma ensured its position as the cheapest metro in this study, coming in at \$1,001.

### Metro Rent Price Trends

Positive changes at the metro level were led by the Providence, Rhode Island metro. Asking rents there increased by 22.32% on a yearly basis, and just over one-half of 1% month over month. Providence is now the ninth most expensive metro in this study at \$2,846, placing it between Seattle and Riverside, California.

The New York City metro was the only other Northeastern city among the largest gainers. Perennially the most expensive metro in the nation, asking rents across the metro rose 5.19% on a yearly basis while declining nearly 3% month over month to \$4,218.

Helping propel Midwestern gains in November was the Columbus, Ohio, metro. With an 11.24% increase year over year, Columbus saw the second-highest yearly gains among metros in this study. Prices there are now \$1,732. Joining Columbus were Kansas City—the third highest yearly gainer at 9.71%—along with the Indianapolis and Cincinnati metros, which each grew by more than 5% year over year.

In the West, Phoenix, San Jose, and Los Angeles metros all showed large

gains. San Jose now ranks as the third most expensive metro in this study at \$3,682, followed by Los Angeles at number five, where asking rents are \$3,595. Rents in Phoenix are now \$2,178.

Metro declines were led by the Portland, Oregon, metro, where a more than 10% daily drop left asking rents at \$2,285. Sacramento, California, saw metro rents fall by more than nine percent to \$2,488. In the Mountain West, asking rents in Salt Lake City and the Las Vegas metro declined by -7% and -8.50%, respectively. Asking rents in those areas are now \$1,753 and \$1,655.

Prices in the Miami metro dipped by -9.72%, the second largest yearly decline among metros in this study. Despite its steep drop, asking rents in Miami are the seventh highest among metros in this study. At \$2,950, Miami ranks as the highest-priced southern metro. Across the South, rents in Raleigh, North Carolina, Austin, Texas, Memphis, Tennessee, Nashville, and Houston declined between 4% and 9% on a yearly basis.

## BUYING POWER SHIFTS ACROSS THE NATION'S LARGEST CITIES

As prices stray further from what qualifies as someone's "within budget," a new Point2 study revealed that house-buying power is diminishing for aspiring homeowners who find home prices—and sizes—far exceeding their income. The harsh reality is that last year's income would have bought more for less.

So, how much can Americans afford to spend on a home anymore?

Compared to last year, the average 2023 home seeker in the United States could afford to spend about \$3,100 less on a home. Although not encouraging, it's a drop in the ocean compared to the year-over-year \$96,800 loss in buying power that they experienced last year.

Buyers in Lincoln, Nebraska; Oklahoma City; and Tulsa, Oklahoma, lost more than \$30,700 of their budget for a home.

Following the latest rate increase, those in nine other cities could afford \$20,000 to \$30,000 less than what they could in 2022.

But buying power is not the only thing that aspiring homeowners lost, as homebuyers in 61 large cities now afford less living space than they did last year. Home seekers in Detroit, Michigan; Tulsa, Oklahoma; and Wichita, Kansas, lost the most—more than 300 square feet.

With the average size of a bedroom in the United States around 132 square feet, some of these drops in space represent the equivalent of 1, 2, or almost 3 bedrooms. The property ladder is less shaky in cities that experienced gains in buying power: homebuyers in seven large cities—including in Irvine, California; San Francisco; Anchorage, Alaska; and Washington, D.C.—could afford to spend \$30,000 more than last year.

The uphill battle with mortgage rates was experienced across the nation. Fixed mortgage rates climbed from around 3% at the end of 2021 to 7% at the end of last year to about 7.5% as of this November—the highest levels in 20 years. Last year's dramatic uptick prompted Point2 to analyze its impact on affordability and the average living space that comes with it, with equally dramatic results. While yearly changes this time around are not as harsh, things are far from ideal for the median-income homebuyer in 2023—a year defined by drastic measures to fight inflation.

Back in 2022, the average American with a \$74,800 median income was able to afford a \$278,200 home.

Although the median income in the United States has increased to nearly \$78,200 this year, the average homebuyer can now afford to spend even less on a home. More precisely, aspiring homeowners would be able to buy a \$275,000 property in 2023, meaning exploding interest rates and dragging incomes that can't keep up have lost potential homeowners more than \$3,100 in buying power.

What's worse, with the national median sale price at \$412,000, this hypothetical \$275,000 home that buyers could afford has become a unicorn in the U.S. housing market.

### Cities with the Most Affordable Home Prices in 2023:

1. Detroit: \$111,750
2. Cleveland: \$114,728
3. Buffalo, NY: \$148,077
4. El Paso, TX: \$156,600
5. Toledo, OH: \$156,971
6. Milwaukee: \$157,674
7. Cincinnati: \$161,006
8. Tulsa, OK: \$168,061
9. Newark, NJ: \$169,040
10. Memphis, TN: \$174,862

### Cities with the Least Affordable Home Prices in 2023:

1. Fremont, CA: \$654,821
2. San Francisco: \$559,144
3. San Jose, CA: \$539,156
4. Arlington, VA: \$523,711
5. Irvine, CA: \$498,161
6. Gilbert, AZ: \$458,121
7. Seattle: \$454,332
8. Washington, D.C.: \$421,394
9. Scottsdale, AZ: \$412,210
10. Chandler, AZ: \$403,794

### Mortgage Rates Surge, Causing Buying Power Shifts Among the Nation's Largest Cities

In just one year, home seekers in Lincoln, Nebraska; Oklahoma City; and Tulsa, Oklahoma, lost more than \$30,700, whereas they gained more than \$42,000 in Irvine and San Francisco, California.

Back in 2022, homebuyers in about half of the country's 100 largest cities were crippled by losses of more than \$100,000 in buying power compared to a year prior. This year, the differences in affordable home prices are not as significant as they were in that post-pandemic period. However, the affordability crisis is highlighted by the fact that the median home price in the United States is now 50% higher than the affordable home price.

Notably, in many large urban centers, the median home price is twice what the average buyer can afford. The outlook is harsher for those looking to buy a home in Los Angeles or New York City, where the median home prices are more than 200% higher than what they could afford without being financially burdened.

Considering mortgage rate hikes and increased prices, the very concept

of affordability slips further and further away. And nowhere have home seekers lost more money than in the capital city of Nebraska. On a median income of \$65,261, homebuyers in Lincoln could afford to spend only \$191,053 on a home.

For comparison, one year ago, they could've afforded a more expensive \$229,706 property on a smaller, \$62,391 median income. This has led to a disappointing \$38,650 loss in buying power in just one year.

## HIGH INTEREST RATES HINDERING HOMEBUYER MOBILITY

**T**hough home prices are high and still rising, high interest rates are discouraging many homeowners from selling and getting a new mortgage on a different home, and homeowner mobility has consequently stalled, according to Riordan Frost, Senior Research Analyst for the Joint Center for Housing Studies (JCHS).

In a new report, he reveals that even with recent declines, mortgage interest rates are currently twice what they were in 2021, creating a “lock-in effect” for many mortgaged homeowners who bought or refinanced early in the pandemic when interest rates were at record lows.

The combination of high prices and interest rates has also priced many would-be homeowners out of the market. Without a substantial decrease in either prices or rates, there is no clear path for homeowner mobility to significantly recover. According to Frost, in the context of an increasingly less mobile country, this could have broad negative economic effects.

“Homeowner household mobility dropped by a full percentage point from 2022 to 2023, according to recently released 2023 CPS-ASEC data,” Frost said. “The most recent drop of that magnitude was in 2008, during the Great Recession. That was a time, however, when many homeowners lost equity in their homes or even went underwater on their mortgages, which several studies found

negatively affected their mobility.”

Additional data also found that homeowner mobility recovered over the past decade and continued to increase early in the pandemic—when low interest rates encouraged home purchases—before falling as interest rates soared.

Diminished equity is no longer the issue, however, as home equity is very high nationally—median home equity among homeowners in 2022 was \$200,000, according to Survey of Consumer Finances data. Instead, the barrier to mobility is a mismatch between current and recent mortgage interest rates to a degree not seen since the 1980s.

Then, mortgage rates spiked from 7–10% in the 1970s to a peak of 18.6% in October 1981, according to Freddie Mac’s Primary Mortgage Market Survey (PMMS). This created a lock-in effect for many mortgaged homeowners, which had a direct and significantly negative impact on homeowner mobility, according to a seminal study by John Quigley.

Today’s prevailing mortgage rate is much lower than the peak in the 1980s but remains quite high relative to the record-low rates early in the pandemic. The prevailing 30-year mortgage rate was 7.22% as of Freddie Mac’s most recent PMMS in late November 2023, more than double the 3.1% rate in late November 2021.

Interest rates stayed below 3.5% from mid-2020 through the end of 2021, during which time many homeowners purchased or refinanced. As a result, the average mortgaged homeowner had an interest rate of 4.0% in Q2 2023, according to the National Mortgage Database.

An estimated 60% of mortgaged homeowners had interest rates below 4%, and nearly all (90%) had interest rates below 6%.

This represents about 29.6 million and 44.4 million homeowner households, according to 2022 ACS data, out of 84.7 million.

Researchers at Freddie Mac calculated an estimate of the lock-in effect for every borrower in July when the prevailing rate was 6.81%. Their findings indicated that the average homeowner with a mortgage would need any move to have a net financial gain (e.g. from a higher-paying job or lower cost of living)

of at least \$55,000 to justify switching to prevailing market interest rates.

This lock-in effect varies widely by year of loan origination, with loans originating in 2021 having the highest average lock-in effect of \$85,000, which significantly exceeds historical estimates of the lock-in effect during the 1980s. Freddie Mac’s researchers state that this is already having substantial effects on the housing market, including by exacerbating the lack of for-sale inventory.

“Given the current scale of the lock-in effect and the established negative relationship between this effect and homeowner residential mobility, further declines in mobility should be expected in the short term,” Frost said. “This could have several broad economic effects. For one, lower mobility could result in inefficiencies in the labor market as households are less likely to relocate to more productive areas or areas in need of workers.”

He continued to detail that the lock-in effect represents an additional moving cost, and research has shown that moving costs can lead to job misallocation and less job-seeking. This could also affect household utility as people will be less likely to move even as their family size or other needs (e.g. schools, health care) change. This could in turn increase traffic as people turn to commuting instead of moving, as one study theorized.

A reduction in interest rates could alleviate the lock-in effect and help lift homeowner mobility. Indeed, interest rates have recently declined, falling by a full percentage point from October to November 2023, though the prevailing rate (7.22%) is still higher than the rate on which Freddie Mac based its lock-in effect estimates.

Further decreases would reduce the barrier to moving and give homeowners looking to sell a newfound sense of urgency, according to a recent Redfin survey. Barring that, increased housing supply could alleviate house prices and give households more options when they want to move, possibly outweighing the lock-in effect.

“In the absence of those changes, mobility is likely to stay low for homeowners as the lock-in effect, the housing shortage, and rising prices incentivize staying put,” Frost concluded.

# FINAL THOUGHTS

In this month's Final Thoughts, experts weigh in on the state of the housing market and what's to come in 2024. This year's forecast highlights home prices, mortgage rate drops, what it means for the economy, and how home building will help housing demand catch up to outstanding supply.

## “a perfect storm”

**Elijah de la Campa**, Senior Economist at Redfin, details how 2023 became the least affordable year for housing in recent history due to a combination of inflation, high prices, soaring mortgage rates, and low housing supply.



## “the gap is shrinking”

**Robert Dietz**, Chief Economist and SVP for Economics and Housing Policy for the National Association of Home Builders, discusses the rift between supply and demand, and how a boost in home construction may be the answer to closing it.



## “losing its stigma”

**Daryl Fairweather**, Chief Economist at Redfin, revealed that because homeownership is so expensive, the stigma surrounding the rental market is rebounding, becoming more popular as rising supply gives renters more options to choose from.



## “housing will recover”

**Lawrence Yun**, Chief Economist for the National Association of Realtors, explains that the demand for housing is expected to improve in 2024, with housing inventory expected to rise as more home sellers begin to list their homes after years of refusing to sell.



## “on track for a soft landing”

**Sara Hoffmann**, Director of Multifamily Research at Freddie Mac, sheds light on the strained supply within the multifamily housing market, and how it may be “bumpy” in 2024, but that the economy is prepared for a soft landing.



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