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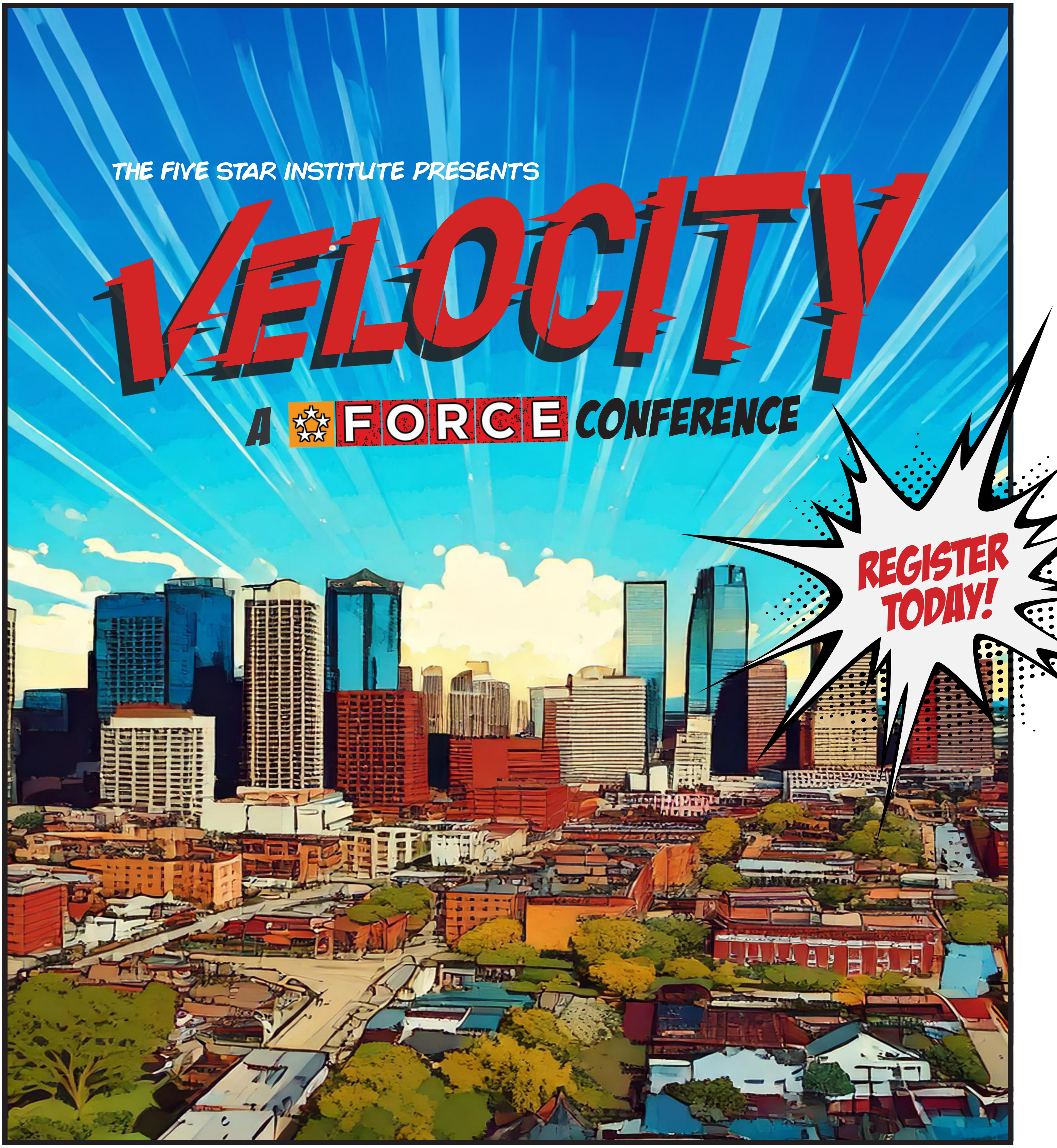
MortgagePoint Magazine

JANUARY 2025

ECONOMIC FORECAST 2025

MortgagePoint surveys a panel of economists and industry experts about where the housing market and mortgage industry will be headed in a new year and under a new incoming president.



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NEW YEAR, NEW PRESIDENT, NEW MARKET?

As we return to the *MortgagePoint* offices in the early days of 2025, there are many unanswered questions about the year ahead. Will President Trump and his congressional majorities be able to implement his priorities, or will the Hill become mired in gridlock? What can we expect from the Fed and from inflation? How will new leadership at agencies such as HUD shift focus during President Trump's second term? What will all mean for Americans focused on pressing issues such as home affordability, the impact of natural disasters, and more?

We don't have a crystal ball handy here at *MortgagePoint*, but we do have the next best thing. In our January cover story, we've surveyed a panel of economists and industry experts about where the housing market and mortgage industry will be headed in a new year and under a new incoming president. In the pages of our cover feature, you can read forecasts and insights from economists and industry experts representing Bright MLS, CoreLogic, LendingTree, MBA, and more.

In the first of our contributed feature articles, "Mortgage Digitalization 2.0: Moving Beyond Integrations," Mike Yu, CEO at Vesta, walks us through aspects such as the importance of a modular architecture, the challenges of executing this strategy, and practical steps to becoming a tech-driven lender.

Next up, check out "Meeting Renters Where They Are" by Melissa Hentschel, Chief Client Officer of Onbe. She discusses evolving tenant practices, the true cost of security deposit refunds, and opening the door to new possibilities.

Dax Junker, CEO of Title Clearing & Escrow, LLC, takes on the topic of title fraud in our third feature, "Understanding the Surge in Title Fraud—And How to Prevent It." With scammers leaning into AI to orchestrate even more insidious attempts at fraud, it's never been more critical to be aware and proactive in this area.

All of this and more awaits you inside the January 2025 edition of *MortgagePoint*.

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VANTAGESCORE'S RISKRATIO TO HELP LENDERS IDENTIFY TRENDS IN CREDIT RISK

VantageScore has revealed major improvements to RiskRatio, their predictive digital tool. The most recent improvements provide RiskRatio more predictive power. It was created to assist lenders, financial institutions, and other users of credit scoring models in comprehending and evaluating the default risk across various VantageScore credit score ranges.

"Eight of the top 10 U.S. lending institutions use VantageScore's innovative digital tools to make faster, more informed decisions," said Susan Fahy, EVP and Chief Digital Officer at VantageScore. "With RiskRatio's new features, lenders can gain unparalleled insight into consumer credit trends, enabling them to act swiftly and strategically in response."

Key enhancements to RiskRatio include:

- **Granular Delinquency Insights**
  Expanded delinquency categories—30+ Days Past Due (DPD), 60+ DPD, 120+ DPD, ChargeOff + Bankruptcy, and Bankruptcy—offer more precise identification of credit risk trends. Identifying these delinquency trends sooner allows lenders to provide targeted interventions to borrowers earlier.

- **Enhanced Risk Segmentation by Product**
  Deeper insights into borrower behavior across product types are provided by the addition of mortgage product segmentation, which covers First Mortgages, Home Equity Lines of Credit (HELOCs), and Home Equity Loans (HELOANs). When the market changes, the extra segmentation capability enables lenders to promptly modify their lending rules.

- **Shorter Performance Windows for Emerging Trends**
  RiskRatio now offers 6-month and 12-month performance windows in addition to the current 24-month performance window. By providing insight into the possible effects of modifications to lending rules or economic events, these extra choices assist lenders in identifying changes in delinquency rates more rapidly.

BLUE SAGE SOLUTIONS DIGITAL LENDING PLATFORM FULLY INTEGRATES FANNIE MAE'S INCOME CALCULATOR

The first loan origination system (LOS) to fully integrate Fannie Mae's Income Calculator is Blue Sage Solutions, the company revealed. For borrowers who earn income from self-employment or business ownership, this API-enabled interface, which is started straight from the LOS, simplifies the income calculation process, allowing lenders to approve mortgages more quickly and accurately.

Fannie Mae provides rep and warrant relief on the income computations produced by their tool, which is one of the main advantages of this integration. By lowering the possibility of future loan buybacks brought on by inaccurate income calculations, lenders can know that the qualifying income level given by Fannie Mae's Income Calculator is accurate. Lenders may enhance processing speeds, lower compliance risk, and provide a more seamless experience for borrowers by incorporating this capability straight into Blue Sage's Digital Lending Platform.

"Fannie Mae strives to make the origination process more efficient and to help lenders avoid issues that may potentially arise in downstream loan quality reviews," said Mark Fisher, VP of Single-Family Credit Risk Solutions at Fannie Mae. "Working with technology service providers will continue to make Income Calculator widely available, assisting lenders to avoid these pain points to accurately calculate income for self-employed borrowers."

The intricacy of business structures and nontraditional revenue sources has historically made assessing self-employment income a laborious procedure. By automating the computation of income from personal tax returns, company tax returns, and other tax documents, Fannie Mae's Income Calculator tackles these issues. Allowable add-backs that are not included in transcripts of 4506-C tax returns can also be advantageous to lenders since they optimize borrower income and may reduce DTI ratios.

"This represents a major leap forward in how lenders handle loans involving self-employed borrowers," said Carmine Cacciavillani, Founder and President of Blue Sage. "Our integration not only speeds up the income calculation process but does so with greater accuracy, resulting in fewer defects. For lenders, this means less time spent on manual reviews and more time delivering a fast, reliable, and enjoyable customer experience to their borrowers. We're proud to be the first LOS to bring a fully integrated capability to the market."

FIRST AMERICAN TITLE EXPANDS ORDER INSIGHTS WITH REAL-TIME FRAUD ALERTS, AGENTNET SERVICES

First American Title Insurance Company, a provider of title insurance and settlement services and the largest subsidiary of First American Financial Corporation, announced the launch of Order Insights, a real-time, transaction-based fraud alert system. Available to all First American policy-issuing title agents, Order Insights is now included with AgentNet Services, the digital storefront for First American Title's products and services that launched earlier this year.

According to the FBI's annual Internet Crime Report, fraud losses in the real estate sector totaled over $145 million in 2023, demonstrating the ongoing difficulty of the sector. Order Insights gives title agents an advantage in lowering fraud risk by utilizing First American's market-leading data assets. Order Insights automatically verifies transaction data as it is input into AgentNet Services, alerts title agents to file inconsistencies, and finds other possible fraud risk indicators.

"Order Insights is another example of First American's leadership in the digital transformation of title and settlement and our dedication to helping our valued agents protect their clients' transactions and grow their businesses," said Stephen Vincini, President of First American Title's Agency Division. "Dynamic fraud alerts help our agents deliver the certainty and trust needed to power seamless real estate transactions for their clients."

Over 130,000 files were protected in November thanks to Order Insights' real-time analysis. Order Insights complements the fraud prevention tools, advice, and alerts in AgentNet Knowledge, a one-stop shop for industry-leading underwriting expertise. It also lays the groundwork for future expansions of real-time communication and fraud prevention tools.

> "One of the superpowers we deliver to our customers is pairing our mortgage industry expertise with technical savvy."
>
> —**Olivia Reese,** Data and Business Intelligence Architect, Richey May

DOMO AND RICHEY MAY PROVIDE MORTGAGE BROKERS ACCESS TO DATA, ANALYTICS, AND INSIGHTS

Domo has announced its partnership with advisory and accounting firm Richey May, providing customized data-driven insights for its mortgage banking consulting practice. To date, more than 80 mortgage bankers in Richey May's client base have tapped Domo's data and AI platform to gain actionable insights about their business.

Richey May, which has over 40 years of experience in the mortgage industry, offers clients in the mortgage and financial services sectors full-service advising and technology consulting. Richey May can customize its strategy to match the specific demands of each customer and provide personalized reports that align with their business objectives thanks to Domo's extensive integrations, low-code, and no-code options, and secure AI models.

"One of the superpowers we deliver to our customers is pairing our mortgage industry expertise with technical savvy," said Olivia Reese, Data and Business Intelligence Architect at Richey May. "No longer are mortgage companies constrained to one specialty or the other—the unique language of mortgage or data-driven reporting. With Domo as our data foundation since 2018, we've been able to offer clients a modern analytics approach, and a single place to gain insights to drive decision-making."

Richey May uses Domo as an analytics engine in addition to connecting its clients with the platform. This enables the company to broaden its capabilities, including adding industry benchmarking in recent years. Richey May can then effortlessly compile and safely send industry reports to its clients using Domo's built-in services, such as Domo Everywhere and Domo Publish, adding another level of value and insights.

"The mortgage industry is steeped in history and complexities, and the Richey May team are experts at helping clients navigate through it all," said RJ Tracy, Chief Revenue Officer at Domo. "It's exciting to see how they've paired this industry know-how with data-driven insights in Domo, finding new and creative ways to offer clients value through data each year we've worked together."

SALESBOT.IO LAUNCHES NEXT-GENERATION SALES ENABLEMENT TECHNOLOGY

Salesbot.io is an AI-powered sales enablement platform designed to automate and enhance every step of the sales journey, from lead generation to personalized follow-ups. With a database of 655 million verified contacts, Salesbot.io empowers sales teams to close deals faster and more efficiently by providing intelligent recommendations and automation without losing the personal touch. Acting as an AI copilot, Salesbot.io enables users to describe an Ideal Customer Profile in natural language and link to a marketing page, generating a targeted lead list and outreach campaign. With the flexibility to refine either at a granular level or simply instruct the AI to make adjustments, Salesbot.io saves significant time and enhances effectiveness, letting salespeople focus on what truly matters: closing deals.

"We designed Salesbot.io to empower the hustle in the sales process, using our database and AI-enhanced automation to bring more predictability and efficiency to every step," said Jeremy Schiff, CEO of Salesbot.io. "Sales teams can now spend less time on repetitive tasks and more time building relationships and closing deals."

Key Features:

- **Verified Database:** Access to over 655 million verified leads with accurate, up-to-date contact details. This database also combines data usually siloed across the web, allowing users to search not only by company and job title, but many more advanced characteristics like predicted revenue, investment stage, or demographic data.
- **AI-Powered Lead Generation & Outreach:** Salesbot.io simplifies lead sourcing and personalized email outreach with intelligent, AI-driven recommendations that keep you in control. Leveraging advanced AI, Salesbot.io analyzes your website to generate a tailored lead list aligned with your Ideal Customer Profile (ICP), complete with a suggested, customized outreach campaign. Users can easily refine and adjust these recommendations to suit their specific strategies, ensuring each message reflects their brand's unique voice. By streamlining workflow and reducing manual effort, Salesbot.io enables you to make faster, more informed choices—all while preserving the personal touch that drives engagement.
- **Enhanced Email Deliverability:** Salesbot.io employs best practices to optimize email deliverability, ensuring your messages reach inboxes rather than spam folders. This feature helps maintain a strong sender reputation, increasing engagement rates and improving overall campaign effectiveness.
- **Seamless CRM Integration:** Salesbot.io integrates effortlessly with popular CRMs like Salesforce, so your sales team can hit the ground running with no disruption.
- **Automated, Personalized Outreach:** Ability to create tailored email campaigns powered by AI that feel personal, while keeping full control over the messaging. Companies can easily adjust or direct the AI to make changes, ensuring every message aligns with its unique style and strategy. Plus, the ability to automate follow-up sequences for cold outreach or to nurture leads, reducing manual effort while maintaining flexibility and oversight.

"Sales teams can now spend less time on repetitive tasks and more time building relationships and closing deals."

—**Jeremy Schiff**, CEO, Salesbot.io

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TRUMP TAPS FISERV HEAD AS SOCIAL SECURITY COMMISSIONER

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

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

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

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

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

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

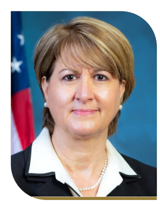
Among a number of nonprofit commitments, Bisignano serves on the boards of the National September 11 Memorial and Museum, the Mount Sinai Health System, and The Battery Conservancy; and is a member of Business Roundtable, a U.S.-based association of CEOs who use public policy to promote a thriving economy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

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

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

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

GINNIE MAE ANNOUNCES RETIREMENT OF 36-YEAR MORTGAGE INDUSTRY VET



After a stellar 36-year career in mortgage financing and 13 years with the agency, Ginnie Mae has announced that **Leslie Meaux Pordzik**, SVP of the Office of Issuer and Portfolio Management, has retired.

During a time of expansion and transformation at Ginnie Mae, Leslie gave crucial leadership. In addition to modernizing compliance and monitoring procedures and introducing cutting-edge tools like the Issuer Operational Performance Profile—Ginnie Mae's first scorecard and a vital component of its oversight efforts—she handled more than 400 Issuers.

Additionally, she created a thorough structure for managing Issuers throughout the compliance continuum, guaranteeing Ginnie Mae's ability to guide Issuers that are unable to fulfill their responsibilities, safeguarding the government guarantee, and reducing risks for taxpayers and borrowers. She most recently led the development of the Ginnie Mae Central application, a modernization project that improves Issuers' operational effectiveness and simplifies procedures.

"With over a decade of service at Ginnie Mae and an expansive career in housing finance, Leslie has left an indelible mark on the agency," said Gregory Keith, Acting Executive VP and COO at Ginnie Mae. "Her leadership, vision, and dedication have strengthened Issuer partnerships, modernized critical processes, and enhanced the resilience of our operations. Her contributions have positioned Ginnie Mae for continued success. On a personal level, Leslie has always been a champion for doing what is best for American homeowners, renters, assisted living and skilled nursing patients, and the taxpayers."

Harlan Jones will take over as Acting SVP of Issuer and Portfolio Management. Jones contributes a wealth of knowledge and a thorough comprehension of Ginnie Mae's business practices.

"Leslie not only cared deeply about Ginnie Mae's success but also about the broader housing finance industry," said Ted Tozer, Former Ginnie Mae President. "She was a dedicated leader and will be missed by all who had the privilege of working with her."

Thinking back on her tenure at Ginnie Mae, Meaux Pordzik had this to say: "It has been an honor and a privilege to serve at Ginnie Mae. I am immensely proud of the work we've accomplished to strengthen Issuer oversight, modernize processes, and protect the government guaranty. I leave confidently that the agency is well positioned to meet its mission thanks to the dedication of my colleagues and the entire Ginnie Mae team."

»Lenders/Servicers

FLAGSTAR APPOINTS NEW BOARD MEMBER

Brian Callanan, Senior Managing Director and General Counsel at Liberty Strategic Capital, has been appointed to Flagstar Financial Inc.'s Board of Directors.

"I'm pleased to have Brian join our Board," said Joseph M. Otting, Chairman, President, and CEO of Flagstar. "His proven track record and expertise in financial services, along with his strategic insights will be instrumental as we continue to execute on our transformation and long-term vision. Brian's perspectives will provide valuable guidance, and his leadership will play a critical role in driving sustainable growth, ensuring we achieve long-term success and maximize the value we deliver to our shareholders, employees, and clients."

Callanan is a renowned attorney in the industry with a wealth of knowledge in financial technology, regulatory compliance, and financial regulation. Callanan oversees the legal department at Liberty, is a member of the Investment Committee, and concentrates on investments in the financial industry. He was the General Counsel of the U.S. Department of the Treasury before joining Liberty, where he was in charge of 2,000 attorneys.

In his capacity as Chief General Counsel, he was instrumental in significant projects like the creation of new economic sanctions, the execution of tax reform, and economic rescue plans during COVID-19. Among his duties as Deputy General Counsel, Callanan oversaw significant litigation and provided advice on initiatives for regulatory reform. The department's highest honor, the Alexander Hamilton Award, was given to him for his service.

This appointment is in line with the terms of the $1.05 billion equity investment made in March 2024, which stated that Liberty Strategic Capital, the primary investor, would be given two Board seats. Callanan joins the Company's Board of Directors, which was reorganized earlier in 2024 and now consists of nine members: Marshall Lux, Milton Berlinski, Alessandro P. DiNello, Alan Frank, Jennifer Whip, Lead Independent Director Secretary Steven T. Mnuchin, Allen Puwalski, and Chairman, President, and CEO Otting.

FAIRWAY PROMOTES NEW PRESIDENT OF OPERATIONS

Linda Davidson, an industry veteran and former President of National Branch Optimization, has been promoted to the critical position of Operations at Fairway Independent Mortgage Corporation.

"Linda embodies two of Fairway's most important Core Values—Humility and Creating an Amazing Experience for our customers," said Steve Jacobson, CEO and Founder of Fairway. "Having Linda lead companywide initiatives to improve our operations will result in an improved borrowing experience for our clients."

Davidson has an impressive 28-year mortgage industry career, which includes six prosperous years at Fairway. She offers a plethora of expertise to her new role. She has continuously performed exceptionally well in a variety of positions, such as top Area Leader, top Branch Manager, and top Loan Originator. She has also provided her vast origination and management experience to the Core Executive Advisory Team, where her ideas have been helpful.

Along with leading corporate-level strategic initiatives to boost operational efficiencies and strengthen Fairway's position as the industry leader in operational support, Davidson will continue to oversee her branches and region in her increased role. Davidson hopes to further improve the company's capacity to provide outstanding customer service to both clients and the street by encouraging cooperation amongst branches, loan officers, support staff, and the corporate office.

"Fairway's commitment to operational excellence and our core value of 'Speed to Respond' is unparalleled in the industry," Davidson said. "I am excited to work alongside our talented teams to further enhance our support systems and empower our branches and loan officers to deliver exceptional service to our clients."

RATE ANNOUNCES NEW SVP OF MORTGAGE LENDING

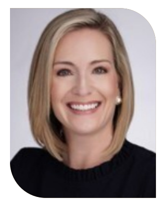
Connie Lindsay has been appointed SVP of Mortgage Lending for the Washington area by Rate. Lindsay joins Rate to continue its aim of empowering homeowners with cutting-edge technology and creative loan options. Lindsay has experience in mortgage banking, most recently with U.S. Bank, and is dedicated to providing great client service.

"Having cultivated a deep understanding of the mortgage industry over her years in the business, Connie brings a wealth of expertise and a proven track record of success," said Rich Kamien, Rate Executive. "She has steadily demonstrated her ability to deliver consistent rates even in the most volatile market conditions. Her dedication to customer-centric service aligns seamlessly with Rate's values of transparency, innovation, and competitive offerings."

Rate has established itself as one of the leading independent mortgage lenders in the country. Rate, which is well-known for its market-leading platforms and customer-first philosophy, keeps reinventing the homebuying process by providing solutions that make it easier, quicker, and more intelligent.

"I am excited to join Rate at such a pivotal time for the mortgage industry," Lindsay said. "As the market stabilizes, I look forward to helping clients achieve their home financing goals with the support of Rate's unparalleled technology and commitment to low rates. This new role represents a thrilling chapter in my career, where I can combine my passion for exceptional service with Rate's innovative approach to lending."

PLANET NAMES NEW SVP OF BUSINESS DEVELOPMENT



Candice McNaught has been appointed SVP of Business Development and Strategic Initiatives for the Distributed Retail channel by Planet Home Lending. Throughout the financial sector, McNaught has more than 16 years of expertise implementing strategic initiatives, hiring top-performing sales teams, and boosting revenue.

"Planet welcomes Candice McNaught during an exciting time for our company," said Michael Dubeck, CEO and President of Planet Financial Group, parent of Planet Home Lending. "She brings extensive industry experience, strong relationships, exceptional expertise in fostering branch and mortgage loan originator success and M&A. We're excited to have her onboard as we continue to enhance Planet's growth and strategic initiatives."

In her previous role, McNaught managed a nationwide network of approximately 700 loan officers and 200 branch sites. "I joined Planet because of its commitment to loan officers and branch managers who want to thrive," McNaught said. "Planet's leadership is present, accessible, and committed to giving branches the tools they need to succeed, including modern products, strategic marketing support, and opportunities to grow into profitable P&L owners. The combination of Planet's vision, geographic opportunity, and unmatched servicing and retention capabilities made this move a clear choice for me and for branches looking to make a difference in today's market."

Branch operations, financial performance management, CRM technology integration, and customer experience planning are further areas of McNaught's broad expertise.

"Candice brings a deep understanding of what branches and loan originators need to build stronger businesses, from operational efficiency to lead generation and talent development," said John Bosley, President of Mortgage Lending at Planet Home Lending. "Her leadership and strategic mindset will help branches operate more efficiently, grow their market presence, and achieve long-term success while creating meaningful opportunities for loan officers to advance their careers."

FIRST HOME MORTGAGE NAMES NEW PRESIDENT

First Home Mortgage has named **Matt Nader** as its new President.

"It's an honor to step into this new role at a company I deeply care about," Nader said. "First Home Mortgage is built on the values of trust, collaboration, and delivering exceptional results for our clients and partners. I'm excited to work alongside our incredible team to build on our success and embrace the opportunities ahead. Together, we will continue to create outstanding experiences for our clients and drive innovation across the industry."

The company's commitment to not just adjusting to changes in the business, but also setting the standard for innovation and resiliency, is further demonstrated by the hiring of Nader as company

After joining First Home Mortgage in 2018 as a loan officer, Nader showed remarkable talent and determination, swiftly rising to the top of the production rankings.

"Since stepping into the role of Director of Sales in February 2023, his leadership and results have had a tremendous impact on our organization," said David Waters, Founder and CEO of First Home Mortgage. "Matt has an incredible ability to inspire teams, deliver outstanding results, and drive innovation. I am confident that his leadership as President will be instrumental in shaping the bright future of First Home Mortgage."

In his role as President, Nader will prioritize growing First Home Mortgage's customer base, improving customer satisfaction, and fortifying ties with referral partners.

CLICK N' CLOSE ADDS TO ITS NATIONAL SALES BENCH

Click n' Close (CNC), a multi-state mortgage lender serving consumers and mortgage originators through its wholesale and correspondent channels, has announced that **Jeff Raich** has joined the organization as a National Sales Director in Correspondent Lending. Raich will promote CNC's downpayment assistance programs and other opportunities with delegated correspondent mortgage originators.

"We're delighted that after a year of expansion, which has allowed us to help thousands more borrowers become homeowners, we've landed a seasoned mortgage veteran in Jeff Raich," Click n' Close Owner and CEO Jeff Bode said. "In a temperamental market, you need a knowledgeable and professional team to support the needs of the consumer and your correspondent partners. That's what we've found in Jeff. He is respected in the industry and has a wealth of experience and contacts."

Raich brings 20-plus years of expertise in the mortgage and finance industry to CNC. He spent 12 years at Mortgage Guaranty Insurance Corporation (MGIC), leading MGIC's and eMagic's regional sales force for Texas, Oklahoma, Arkansas, and New Mexico. Raich also has extensive experience building and scaling third-party mortgage sales and operations teams, complemented by a strong analytical and technical background from his time in mortgage finance.

"I'm elated to join the existing correspondent sales team including Julas Hollie to continue to promote the market leading down payment assistance programs and other innovative products," Raich said. "Jeff Bode is a trailblazer in the mortgage industry, and CNC's direct access to the capital markets and in-house loan servicing, provides the perfect platform for strategic partnerships in the correspondent channel."

CERTAINTY HOME LENDING ADDS TWO INDUSTRY VETS

TORCH

THOMASON

National mortgage lender Certainty Home Lending, a Rate Company, has appointed long-time mortgage origination professionals **Larry Torch** as EVP, Divisional Manager and **Craig Thomason** as VP of Morgage Lending.

Torch's mortgage lending career began in 1991. He comes to Certainty after 13 years with one of the largest national mortgage lenders, where he was the Southwest Regional Manager. Before that, he spent eight years with a large, global depositary, where he was SVP and Regional Sales Executive for Illinois and Wisconsin, supporting 175 home loan consultants across 18 branches.

"Larry is a 12-time Circle of Excellence award winner who has consistently led a market by producing billions of dollars annually, and he's put thousands of customers into homes," Certainty Home Lending CEO Franco Terango said. "And while his incredible track record speaks for itself, he prides himself much more on truly hearing what his clients want, helping them determine their needs and then delivering the most appropriate product to meet that need."

Thomason also joins Certainty with more than 30 years of mortgage experience and has held key roles with multiple leading banks and financial institutions over his career. A resident of Northern California, he will serve as VP of Mortgage Lending with a focus on the markets in that region.

"Craig also comes to us with a stellar reputation and proven record of success," Terango added. "He began his career as a personal banker and has carried that experience throughout his mortgage banking career. Accordingly, he treats each borrower as if they were his only customer and provides a level of service that has repeatedly impressed clients and peers alike."

MR. COOPER WELCOMES FORMER FANNIE MAE EXEC TO ITS BOARD

Industry veteran and former Fannie Mae Executive **Andrew Bon Salle** has been appointed to the Board of Directors of Mr. Cooper Group Inc.

"I am thrilled to join the Mr. Cooper Group board and contribute to the ongoing evolution of the homeownership journey while supporting and mentoring the next generation of industry leaders," Bon Salle said. "Mr. Cooper has been a transformative force in the mortgage industry, and I'm honored to help advance its mission of making the dream of homeownership a reality for all Americans."

In the home loan industry, Bon Salle has over 30 years of experience in capital markets, risk management, securitization, and mortgage policy leadership. His most recent position was Chairman of Home Point Capital Inc.'s Board of Directors.

Before that, he was EVP of Fannie Mae's Single-Family Mortgage business, where he led the digital products group, directed the performance of a $3.5 trillion credit portfolio, managed capital market operations, and oversaw customer engagement for over 2,000 clients and partners.

"Andrew's exceptional track record in driving business strategy and transformation, combined with his extensive leadership experience in the mortgage industry, makes him an invaluable addition to our board," said Jay Bray, Chairman and CEO of Mr. Cooper Group. "We are pleased to welcome him as we advance our strategic vision and continue to build an industry-leading homeownership experience for our customers."

» *Service Providers*

MCS PROMOTES NEW SVP OF BUSINESS DEVELOPMENT

Property services provider MCS has announced the promotion of **Jason Myers** to the role of SVP, Business Development.

In his new role, Myers will continue to oversee client growth of the company's existing mortgage and residential services businesses, while taking on additional responsibilities for strategic relationships and overall business strategy to support long-term growth.

Myers has been with MCS for more than four years, serving most recently as VP, Business Development, overseeing sales strategy and new market development. During his tenure, he helped launch MCS' Residential Services business line and has been responsible for bringing on more than 30 new clients to help rapidly establish MCS as a leader in residential and single-family residential (SFR) renovations, tenant turns, maintenance, and inspections. He has also helped grow the company's Mortgage Services Business, adding more than 20 new clients and helping expand service offerings beyond property preservation.

"I'm pleased to announce Jason's well-deserved promotion to Senior Vice President," said Craig Torrance, CEO of MCS. "Jason is a natural sales leader, and his track record of success overseeing business development initiatives since joining MCS speaks for itself. He has played an integral part in the growth of our organization over the last several years, and we look forward to his future contributions as MCS continues its national expansion."

Myers has an extensive background in sales, strategy, and marketing, including leadership positions for a variety of businesses during his 20-plus-year career. Prior to joining MCS, he served as VP of Business Development with real estate services company Xome, and previously oversaw sales efforts for Five Star Institute, a national trade association supporting the U.S. residential mortgage and real estate market.

"I'm excited about the opportunity to grow with MCS," Myers said. "Our operations, vendor management, and performance remain unmatched in the industry, and I look forward to continuing the growth of both our current and new services in my expanded role."

Myers is an active member of the Veterans Financial Services Advisory Council (VFSAC) and is a frequent speaker at industry events on topics ranging from disaster preparedness and recovery, to enhancing the tenant experience.

ONITY GROUP NAMES NEW VP OF INVESTOR RELATIONS

Onity Group Inc., a nonbank mortgage servicer and originator, has announced that **Valerie Haertel** has joined the company as VP of Investor Relations. Haertel will report to Sean O'Neil, EVP and CFO of Onity.

In her new role, Haertel will be responsible for leading Onity's investor relations activities to accelerate investor outreach and to communicate the company's business strategy, financial performance, and investment thesis to the investment community. She also will be responsible for maintaining relationships with existing investors and analysts and expanding the company's analyst coverage profile.

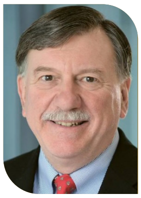
"We are excited to welcome Valerie to lead investor relations at Onity," O'Neil said. "Her extensive experience in building and enhancing investor relations and external communications programs and strong relationships within the investment community will be invaluable to the communication of our strategic priorities and the factors that drive our financial results to create value for our shareholders. Valerie joins Onity at an exciting time as we have executed a dramatic transformation of our business that is positioned to build upon the strong results we have delivered this year."

Haertel brings to the company more than 20 years of industry-diverse experience across the financial services and healthcare services sectors, having led investor relations at Vestis, a spinoff of Aramark Corporation, CVS Health, BNY Mellon, State Street Corporation, and AllianceBernstein.

Haertel has more than 20 years of experience as a leading investor relations and strategic corporate communications professional. She most recently served as VP, Investor Relations and External Communications of Vestis, a spinoff of Aramark Corporation. Previously, Haertel led investor relations for Cedar Gate Technologies, preparing the company for an IPO. Prior to this position, she served as SVP of Investor Relations of CVS Health. Prior to joining CVS Health, Haertel led Investor Relations for Teladoc Health, the largest global telehealth company. She also led global investor relations teams at BNY Mellon, State Street Corporation, Medco Health Solutions, and AllianceBernstein. Haertel is a past Chair of the National Investor Relations Institute (NIRI) and an inaugural NIRI Investor Relations Charter (IRC) holder and was awarded the NIRI fellow distinction in 2020. She has earned industry recognition from *IR Magazine*, I*nstitutional Investor Magazine*, and Greenwich Associates for her work as one of the nation's top IR professionals.

Onity Group Inc. is a nonbank mortgage servicer and originator providing solutions through its primary brands, PHH Mortgage and Liberty Reverse Mortgage. PHH Mortgage is one of the largest servicers in the country, focused on delivering a variety of servicing and lending programs. Liberty is one of the nation's largest reverse mortgage lenders dedicated to education and providing loans that help customers meet their personal and financial needs. It is headquartered in West Palm Beach, Florida, with offices and operations in the United States, the U.S. Virgin Islands, India, and the Philippines, and have been serving its customers since 1988.

STEWART ANNOUNCES CONTRACT EXTENSION FOR CEO



Stewart Information Services Corporation has announced its Board of Directors has agreed with CEO **Frederick H. Eppinger** to amend and restate his employment agreement, extending the term for another three years through the end of 2028.

"In five years as CEO, Fred has guided Stewart by developing our strategy, capabilities and team, much in a down market, resulting in more than doubling our market cap and increasing market share to over 10 percent," said Thomas G. Apel, Stewart's Chairman of the Board. "Fred has built momentum, both financially and operationally. The Board is confident that Fred is the right leader for Stewart to continue delivering financial stability and shareholder value."

Eppinger took over as CEO in September of 2019 after having served as a director of Stewart since 2016. Since assuming the CEO position, Eppinger has led the company through a global pandemic and driven sustained growth and momentum through one of the worst housing markets in history. Even when managing through these difficult macro conditions, he has remained relentless in his pursuit of growth, scale, and pretax margin improvement. Eppinger has hired best-in-class leaders, delivered on more than thirty strategic acquisitions, expanded the company's digital and technological capabilities, built additional capacity into the system, and sought out ways to drive efficiencies through process and data management improvements. All these actions and more have enhanced the company's market presence and its financial strength, helping to solidify Stewart's position as a leader in the title insurance space for another 130 years.

"In my first three years at Stewart, my goal was to focus our company's strengths and fortify our position in the market, and I'm extremely proud of the commitment and dedication of our employees to get behind this singular goal," Eppinger said. "Now that we are five years into our mission, not only have we fortified Stewart as an industry leader, but we have grown our share of the market. The work is not done, and I'm excited about the continued opportunities ahead to innovate, expand, and enhance our value proposition for our employees and customers and to see us execute on our plans to capture 15% market share and 11%-12% pretax margins."

SINGLESOURCE CHIEF RISK OFFICER KELKER ANNOUNCES RETIREMENT

Dean Kelker has announced that he will be retiring from his role as SVP and Chief Risk Officer of SingleSource Property Solutions, effective December 31. Kelker, who has nearly four decades' experience in the real estate finance industry, spent more than a decade at SingleSource mentoring employees and contributing to the company's growth.

Kelker has been a leading figure in the appraisal industry renowned for his involvement in shaping valuation regulation. As a past president and current board member of the Real Estate Valuation Advocacy Association (REVAA), he contributed to key legislative efforts, including lobbying Pennsylvania and West Virginia lawmakers and participating in a Washington Fly-In to meet with U.S. House and Senate staff on valuation issues.

"Dean has been nothing short of a titan in the industry and to say his impact at SingleSource is immeasurable would be an understatement," said Brian Cullen, CEO of SingleSource. "His accomplishments have been many, but his biggest impact and lasting legacy will be for the many he mentored at all levels within SingleSource. We are all better for having known and worked with him, and he will truly be missed."

For the past 12 years, Kelker has overseen regulatory, compliance, and financial risks at SingleSource. Prior to joining the company, he held executive roles in various real estate finance areas, including managing risks for lenders and a mortgage insurer, and performing mortgage default investigations for a due diligence firm.

"Dean has been more than a mentor; he's a true friend who is always willing to provide help or guidance, no matter the situation," said Ed Austin, COO at SingleSource. "His wisdom, generosity, and unwavering support have shaped not only careers but lives. I'm grateful for his insight and proud to call him a dear friend."

Whether leading teams of one or 800 employees, Kelker's vision has been key to his success. As Chief Risk Officer, his ability to analyze complex situations and provide strategic advice has been critical in reducing risk for both SingleSource and its clients.

As a mentor, Kelker also guided countless employees at SingleSource. His negotiating skills and talent for finding innovative solutions have made him a trusted advisor and key contributor to the company's growth.

Kelker has also been a leading advocate for industry change. On behalf of REVAA, he spoke about appraisal bias before the House Financial Services Committee and the Appraisal Subcommittee Hearing of the Federal Financial Institutions Examination Council (FFIEC). During his testimonies on Capitol Hill, Kelker discussed various ways SingleSource and other appraisal management companies (AMCs) approach Reconsideration of Value (ROV) requests, bias in the industry, and appraisal waiver programs.

In addition, Kelker played a critical role in an eight-year case involving the Louisiana Real Estate Appraisers Board, which began in 2014 and ultimately led to the Federal Trade Commission (FTC) suing the board for price-fixing violations. Kelker's advocacy and sheer dedication ultimately brought to light other instances of ambiguity in valuation regulations, resulting in national-level changes that clarified federal statutes and ultimately benefited consumers.

"Dean has had an enormous impact on the mortgage business during his 39-year career, and we are grateful to have had him on our team," SingleSource Chairman Brian Uffelman said. "Whether it has been leading industry process changes or helping guide regulatory changes on Capitol Hill, Dean's work will continue to influence the mortgage industry for years to come."

OPTIMAL BLUE PROMOTES TWO EXECS


VOUGH


WESTER

Optimal Blue has announced two important executive promotions that will help the firm grow its network of partners and position it to offer innovation more quickly across its whole capital markets platform. **Mike Vough** has been promoted to the role of Head of Corporate Strategy, and **Erin Wester** has been named Chief Product Officer.

"At Optimal Blue, we are very fortunate to not only have the latest and most accurate technology in the industry, but we also have proven industry experts that bring incredible experience in all aspects of secondary marketing," said Joe Tyrrell, CEO of Optimal Blue. "By aligning all product strategy under a mortgage technology expert like Erin, we will accelerate the delivery of value and innovation to our clients."

Wester will be in charge of product strategy for the entire Optimal Blue capital markets platform, which includes product and pricing, broker pricing solutions, hedging and trading platforms, investor services solutions, Comergence compliance solutions, user experience and design departments, and the integrations department. Prior to this, Wester was primarily focused on the company's product and pricing solutions. Wester will also spearhead Optimal Blue's effort to provide clients with greater value at no additional expense.

Vough, who formerly oversaw the strategy for Optimal Blue's trading and hedging solutions, will now concentrate on corporate strategy, which includes corporate development to support the company's acquisition plan and business development to assist its network of integration partners. Optimal Blue's data business, including its data reseller partners, will continue to grow under Vough's leadership.

» *Attorneys*

COX, CASTLE & NICHOLSON NAMES THREE NEW PARTNERS

Cox, Castle & Nicholson LLP has announced the election of three attorneys to the firm's partnership. These partners advise the top businesses, institutions, and individuals in the real estate, land use, environmental, and renewable energy industries on their most complex legal and business matters.

Laura Cable is a leading tax attorney whose practice focuses on income tax planning for real estate transactions. Laura's practice includes federal and California income tax planning for real estate investments by partnerships, limited liability companies, corporations, individuals, and tax-exempt entities, as well as planning for California property and documentary transfer taxes. She has advised a wide range of real estate clients on various tax issues, which allows her to holistically look at transactions and the implications and provide strategic guidance as to what can be done to make it as tax efficient as possible. She advises her clients on tax implications of proposed acquisitions, dispositions, and exchanges of real property and has extensive experience drafting and negotiating tax provisions in purchase and sale agreements, joint venture, and partnership agreements.

Robbie Hull is a land use, natural resources, and environmental attorney who represents developers across various industries in obtaining permits needed to develop complex land use projects, including some of the nation's largest renewable energy projects, as well as mixed-use and affordable housing projects. Robbie plays a crucial role in counseling clients through the local, state, and federal entitlement process and has significant experience with the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA), planning and zoning laws, and laws related to wetlands and endangered species, water supply, and the Williamson Act. As part of Cox Castle's Renewable Energy Industry Team, Robbie has helped clients develop thousands of megawatts of renewable energy and battery storage in California and other western states.

Ira Klein is an environmental attorney who represents developers in the remediation and redevelopment of complex contaminated properties, including at large sites such as former power plants and former landfills. He also advises clients across various industries on a range of environmental and occupational safety and health issues, including on complicated environmental compliance issues, enforcement defence and environmental litigation, regulatory and legislative advocacy, and project development work. His clientele hails from a range of sectors, including real estate, telecommunications, pharmaceutical, construction, manufacturing, waste-to-energy, solar, oilfield services, and biomass.

"Our new partners reflect our firm's depth and breadth of expertise across all facets of law relevant to the real estate industry and to businesses with real estate needs," said Mathew Wyman, co-chair, Cox Castle. "Selected for their expertise, accomplishments, exceptional client service, and dedication to our clients and our firm, we are proud to welcome them as our partners. They will continue to drive forward our practice in vital areas, helping our clients navigate their most significant and complicated matters."

Cox Castle was founded in Los Angeles in 1968, with the goal of providing superior and comprehensive legal services to businesses, institutions, and individuals in all aspects of the real estate, finance, and construction industries. Cox Castle employs more than 140 transactional attorneys and litigators in its Los Angeles, Orange County, and San Francisco offices. The firm has substantial expertise in matters involving land and improved property acquisitions and dispositions; joint ventures; single and multifamily residential development; land use, entitlement, and regulatory compliance (including coastal commission and condemnation); office, industrial, retail, and mixed-use development, leasing, and management; commercial lending and institutional investment; loan workouts and financial restructuring; construction; resort and hospitality; labor and employment; risk management and insurance; environmental compliance; renewable energy and natural resources; and tax and estate planning.

ECONOMIC UPDATE 2025

MortgagePoint surveys a panel of economists and industry experts about where the housing market and mortgage industry will be headed in a new year and under a new incoming president.

By **DAVID WHARTON**

As 2025 dawns, the housing market and mortgage industry brace for a year of change. With a new incoming administration under President Donald Trump, the industry is preparing for how his shifting policies and priorities will impact everything from mortgage rates and affordability to the conservatorship of the GSEs.

For this year's first edition, *MortgagePoint* surveyed a selection of economists and industry experts about topics ranging from the potential impact of tariffs and deportations on the building industry, how inflation may be impacted, first-time homebuyer affordability and access, and more. This year's outlook reveals a complex interplay of factors likely to shape the housing market's trajectory in the months and years ahead.

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

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Molly Boesel
Principal Economist, CoreLogic

Q: What economic policies or changes are likely to be proposed or introduced by the Trump administration in 2025 and will have the most significant impact on the housing market, and why?

Policies that work to increase the supply of for-sale housing in 2025 would have the most impact on the housing market. Low for-sale supply in many parts of the country has kept home prices high, and housing affordability is at a near-record low. While interest rates in the 6% range play a part in low affordability, home price increases are also a driver of low affordability and create a barrier for new buyers. Home price increases increase monthly payments, but they also increase the amount of down payment a buyer would need to have.

Q: How do you expect interest rate policies from the Federal Reserve to influence mortgage rates, housing affordability, and demand in the coming year?

The Federal Reserve has lowered, and is expected to continue to lower, the federal funds rate, but this has had a small impact on long-term mortgage rates. Long-term mortgage rates are expected to remain in the 6% range for most of 2025, which does little to alleviate the owner "lock-in" effect that is one driver of limited for-sale housing supply. However, lower short-term interest rates in 2025 would lower borrowing costs for homebuilders and could lead to an increase in residential construction.

Q: What demographic groups—such as first-time buyers, retirees, or investors—are likely to benefit or be challenged by the predicted market conditions?

First-time buyers, particularly young buyers, or those who haven't been able


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“First-time buyers, particularly young buyers, or those who haven’t been able to save money for a down payment, will continue to be challenged by housing market conditions.”

—**Molly Boesel,** Principal Economist, CoreLogic

★ ★ ★ ★ ★

to save money for a down payment, will continue to be challenged by housing market conditions. This is due to the rapid increase in prices in 2021 and 2022 and to inflation in other parts of the economy, including the rental market. Renters in single-family properties saw an average of 32% rent increase from 2020 to 2024, and while rent increases slowed in the latter part of 2024, they did not decrease in most of the country. Add to that price increases for other necessities and saving for a home would need to be put on the back burner for many households.

Another group that will be challenged in the predicted market conditions are current owners on a fixed income. Homeowners’ insurance premiums have surged over the last few years, and while estimates of the increase range some, the average is about 30% to 50% since 2019, and as much as 90%+ in areas with higher exposure to natural disasters. Unfortunately, as a result, some homeowners who were counting on relatively fixed homeownership expenses (excluding property taxes) over a 30-year period could be facing a payment shock they cannot afford (presuming they mortgaged a home with the 30-year fixed rate mortgage). This shock has been more significant in markets where insurance costs have surged.

Q: Do you expect demand for rental properties to rise or fall in 2025, and how might this affect housing developers’ strategies?

Demand for rental properties should remain strong in 2025, especially as the nation’s young adults form households. There are roughly 30 million 24- to 30-year-olds in the Unted States, and those forming households will most likely become renters, adding to rental demand. In addition, a limited supply of for-sale housing has kept many renters in their rentals.

Jacob Channel
Senior Economist,
LendingTree

Q: What economic policies or changes likely to be proposed or introduced by the Trump administration in 2025 will have the most significant impact on the housing market, and why?

Based on what Trump has said about his policies on the campaign trail and since becoming President-elect, tax cuts, deregulation, tariffs, and mass deportations seem like they would probably have the biggest impact on the broader housing market.

Tax cuts and deregulation are likely to be met with open arms by many in the mortgage/housing space. After all, if you owe Uncle Sam less money and have fewer hoops to jump through to do business, that hypothetically leaves you more money for investments and expansion. That said, history has shown, time and time again, that wanton deregulation usually does more harm than good. The last time the United States neglected to regulate its mortgage industry, we ended up with the largest financial crisis since the Great Depression. Lower taxes are nice, in concept, until you start to consider that they could drive both inflation and government deficits higher—two things that will likely result in increased interest rates. Not to mention, an underfunded federal government is going to have a much harder time intervening and stabilizing the economy should things go bad.

Tariffs will push prices for some of the goods used in home construction higher. My sense is that the broader home construction industry isn’t super worried about tariffs, but in an environment where housing costs are already as high as they are, I doubt consumers are going to be thrilled about any extra costs born of tariffs—even if some of those extra costs are for optional additions to their homes.

Mass deportations, on the other hand, are something that everyone should be worried about. Mass deportations would almost certainly severely disrupt the U.S. labor market and result in labor shortages in many industries, including construction. The scarcer the labor is, the more expensive it will be to build new homes, and the higher home prices will climb.

If Trump's policies are implemented as he has discussed them in the past, we'll probably see a much more expensive housing market where getting a loan is considerably more challenging and where the risk of an outright market collapse is higher than today. These changes may not happen overnight—economic reforms usually take a while before their impact is felt by everyday people. Even so, some of Trump's policies are so extreme that their impact could be much more dramatic and fast-acting than people realize.

Q: How do you expect interest rate policies from the Federal Reserve to influence mortgage rates, housing affordability, and demand in the coming year?

If Trump's policies prove to be inflationary, then the Fed may decide to prematurely end its nascent rate-cutting cycle. Higher inflation may even mean they reverse course completely and begin increasing their target funds rate again.

This, along with continued uncertainty in the bond market owing to things like the potential for higher government deficits, will likely push mortgage rates higher over the coming year. I can't say exactly where they'll end up, but if President Trump's policies look like candidate Trump's, I wouldn't expect rates to fall below 6% anytime soon. We may even need to make peace with rates staying near or above 7% over the next year.

Q: Do you anticipate major shifts in housing construction or availability due to potential changes in federal regulations, tariffs, or supply chain dynamics?

If Trump's policies look like those he has discussed on the campaign trail, then I think we probably will see major shifts in housing construction and availability. Mass deportations alone would be enough to disrupt housing construction, and if you add tariffs and a potential global trade war caused by said tariffs into the mix, you've got a recipe that results in fewer, higher-priced homes being built.

However, "major" might end up being too strong a word, depending on what Trump does once in office. If all we end up getting are some tariffs on specifically targeted goods, and if mass deportations don't come to fruition, then housing construction could get more expensive, though not "majorly" so.

Q: Which regions or cities are likely to experience the fastest growth or declines in housing prices, and what factors are driving those trends?

It's tough to predict what will happen to the housing market nationally over the next year, and even more difficult to say what will happen in individual markets. Part of this is because individual markets can bring with them a ton of quirks that are hard to identify. Another is that data isn't always very robust at more local levels. This can lead to contradictory pieces of data. For example, Zillow says home prices in Miami are up about 6% from last year; Redfin says they're down 7%.

Because of that, I just don't have enough readily available data to provide much concrete insight into what individual regions or cities are likely to do over the next year. If I had to hazard a guess, I'd say that persistently high rates will continue to be an especially noticeable drag on price growth in especially high-cost areas like San Francisco. At the same time, tariffs and mass deportations may make it more difficult for states like Texas (which seems to have done a pretty decent, albeit not perfect, job of constructing homes in recent years) to continue building housing. This could result in prices jumping in some relatively lower-cost areas.

For the most part, I'd argue that things like mass deportations and tariffs will put upward pressure on prices just about everywhere. We'll just have to wait and see how much of that upward pressure is counteracted by persistently steep mortgage rates and a potentially weakening economy.

Q: What demographic groups—such as first-time buyers, retirees, or investors—are likely to benefit or be challenged by the predicted market conditions?

The combination of potentially higher inflation and interest rates that we may see under Trump will likely make homebuying more challenging for pretty much everyone. Some wealthy buyers, who earn high incomes and have a lot of cash on hand, might be able to take advantage of their hypothetically lower taxes to make buying easier. In a similar vein, investors may face less pushback when it comes to doing things like buying up single-family homes.

However, (and I know I sound like a broken record here) should they come to pass, mass deportations and tariffs are probably going to offset any benefits of lower taxes and deregulation.

Q: Given concerns about housing affordability, do you foresee federal or state governments implementing policies to address housing shortages or rising costs? If so, how effective do you think these will be?

At the national level, probably not. As mentioned above, Trump's policies are more likely to exacerbate housing shortages and increase costs than they are to reduce shortages and lower prices. The steps that Trump has talked about that are meant to make housing more affordable—like opening up more federal land to development, cutting taxes, ending unspecified regulations, and somehow arbitrarily lowering mortgage rates—probably aren't going to be enough to offset his other policies which push housing costs higher. What's more, some of what he's suggested (like the notion that he'll be able to unilaterally lower mortgage rates as president) doesn't have much basis in reality—at least not with the way laws are currently written.

Some local-level changes, like reworking zoning laws to make it easier for multifamily units to be built, could help lower prices and bring more homes to the market. Unfortunately, these changes often face a lot of political pushback from homeowners concerned about their property values or "the character of their neighborhoods." On top of that, if the Federal government's policies are as inflationary as they might be under Trump, then states probably won't be able to do all that much to reduce home prices even if they wanted to (unless they decide to do things like totally ignore the Federal government and refuse to go along with things like mass deportations).

Q: What steps can policymakers take to improve access to affordable housing while maintaining a stable housing market?

One of the best things for policymakers at the Federal level to do under a Trump presidency would be to refuse to allow mass deportations and blanket tariffs. That's easier said than done, of course, given that the president has a lot of independent authority over things like trade and immigration.

Outside of that, lawmakers should focus on building more homes by reworking outdated zoning laws that make construction prohibitively difficult, and by further incentivizing businesses to invest in multifamily housing. This might include offering targeted tax breaks or grants to homebuilders.

Q: Do you expect demand for rental properties to rise or fall in 2025, and how might this affect housing developers' strategies?

If home prices and mortgage rates stay high next year, or rise even higher than they are now, more people likely will turn to renting. This will drive demand for rental properties higher and may push some housing developers to allocate their resources toward multifamily construction.

However, even if they want to build more rental/multifamily units, mass deportations and tariffs could make doing so very expensive and difficult. Depending on how Trump's policies are implemented, we could easily find ourselves in a situation where developers are forced to scale back construction projects regardless of how much consumer demand for them there is.

Q: Do you think the GSEs will leave conservatorship under President Trump's new administration? If so, what are the potential upsides and potential risks?

I think Trump will try to end GSE conservatorship. It's something he's talked about in the past and it seems like something Republicans in Congress could get on board for.

On the whole, I think that this would be a mistake. It'll probably make mortgage lending riskier and result in higher mortgage rates and stricter lending standards. Less advantaged groups of people and lower-income borrowers—many of whom are people of color—will probably have a tougher time getting approved for a mortgage.

Ending the conservatorship could open opportunities for more people to invest in Fannie and Freddie, it could also give both organizations more room to experiment with new and innovative business practices as well as to partner and/or merge with other players in the industry. This could make some people very rich, while potentially resulting in some innovations that make it easier for qualified borrowers to get a mortgage.

For the most part, I am skeptical that these benefits will outweigh the negatives. I said it before, and I'll say it again, the last time we deregulated the mortgage industry, we ended up with a major financial downturn. I'm not saying that ending GSE conservatorship will in and of itself result in an immediate crash, but I think peeling back mortgage industry regulations without any new guardrails being put in place is a recipe for disaster.

★ ★ ★ ★ ★

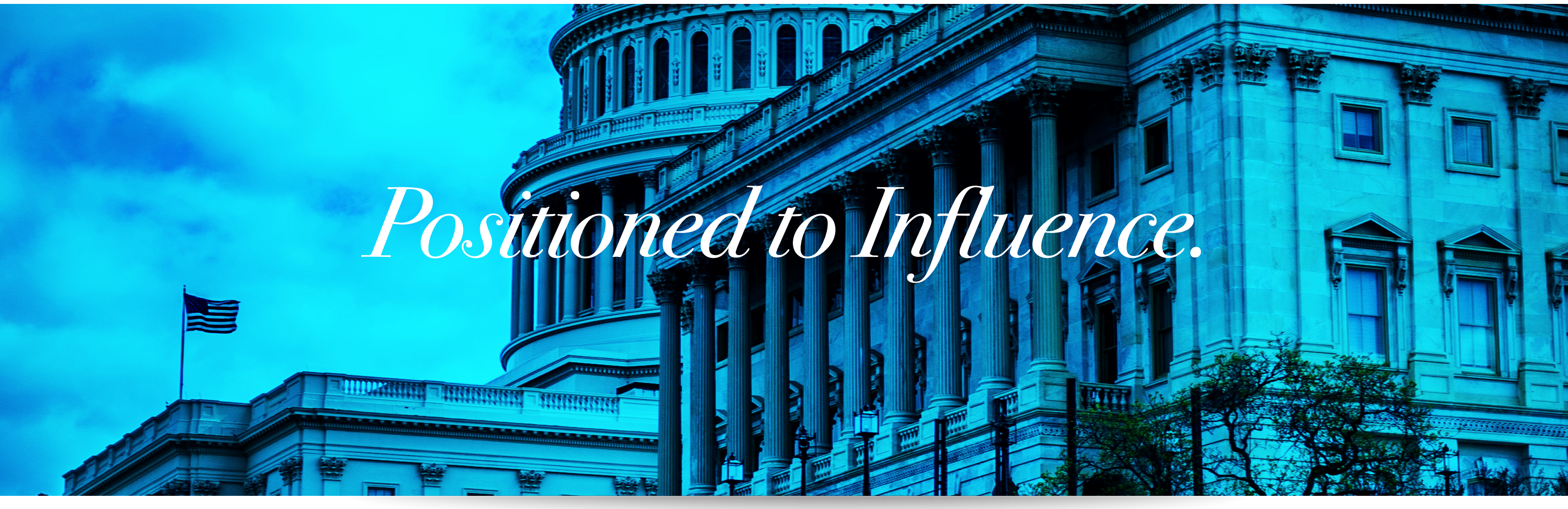
Michael Fratantoni
Chief Economist; SVP, Research and Business Development, MBA

Q: What economic policies or changes likely to be proposed or introduced by the Trump administration in 2025 will have the most significant impact on the housing market, and why?

The most important debate that could impact the housing market in 2025 concerns the TCJA (the Tax Cuts and Jobs Act of 2017). Any changes to the tax code have the potential to significantly impact the housing market, and the potential expiration of all the individual provisions of the TCJA at the end of 2025 could have an enormous impact. Beyond that, with the transition following the election, there will be new leadership at the agencies that regulate the mortgage industry, and these changes could also have a noticeable impact on the lending environment.

Q: How do you expect interest rate policies from the Federal Reserve to influence mortgage rates, housing affordability, and demand in the coming year?

We expect that the Federal Reserve will cut short-term interest rates a few more times in 2025, as inflation continues to drop towards the Fed's target and the job market softens somewhat. However, we don't expect that mortgage rates will move too far away from where they are today, ending 2025 at 6.4%, not much below what we have seen in recent weeks. We expect that mortgage to Treasury spreads will tighten somewhat from where they are now but will stay



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

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wider than the pre-pandemic average as the Fed continues to allow its MBS holdings to run off.

Q: Do you anticipate major shifts in housing construction or availability due to potential changes in federal regulations, tariffs, or supply chain dynamics?

We expect some growth in single-family construction, but a bit of a pullback in multifamily construction, given the oversupply of apartments in some markets. Tariffs will likely add to housing costs, particularly if they are levied on critical inputs such as lumber. Tighter constraints on immigration will likely add to labor costs for homebuilders, which will be passed on to homebuyers in the form of higher prices.

Q: Which regions or cities are likely to experience the fastest growth or declines in housing prices, and what factors are driving those trends?

Nationally, we are forecasting 1.5% growth in home prices for 2025, as housing inventories grow, and mortgage rates stay relatively flat. Markets that have seen inventories grow most quickly, including some in Florida and Texas, might be most susceptible to some small declines. Other Sunbelt markets that continue to be the beneficiaries of stronger population and job growth are likely to see faster than national home price growth.

Q: What demographic groups—such as first-time buyers, retirees, or investors—are likely to benefit or be challenged by the predicted market conditions?

With mortgage rates steady and a bit lower, and the rate of home price growth slowing, affordability conditions should improve a bit, but it will still be difficult for many potential first-time homebuyers. The increase in inventory should both increase the number of properties these buyers might consider, and decrease the prevalence of bidding wars, but inventory is still expected to be tight at the entry level. Higher property taxes and insurance costs will further reduce affordability. For those boomers looking to downsize, they will have an impressive amount of home equity that they could use on their next home purchase given the rapid runup in home values in the past few years.

Q: Given concerns about housing affordability, do you foresee federal or state governments implementing policies to address housing shortages or rising costs? If so, how effective do you think these will be?

Federal initiatives to open up some federal lands for construction could be helpful. Additionally, regulatory changes at the state and local level which would decrease zoning constraints in other areas would also benefit supply. Finally, efforts to support the existing stock of homes through the expansion of programs like FHA's 203(k) could further add to the usable supply. Demand-side measures such as additional down payment assistance programs could help some first-time buyers but would add to demand pressures at the entry level of the market, and the price impact may offset the benefit to some extent.

I would also add support for programs like LIHTC which can help in the development of affordable housing.

Q: How are real estate developers and investors preparing for potential economic or regulatory changes under the Trump administration? Are there specific trends they are betting on?

I expect there is greater confidence, given the electoral sweep, that the TCJA provisions will be extended and that tax rates will not increase as a result. Additionally, the expectation of a lighter-touch regulatory environment has boosted business confidence, as evidenced by the upturn in the stock market post-election.

Q: Do you expect demand for rental properties to rise or fall in 2025, and how might this affect housing developers' strategies?

Rental demand should stay steady in 2025, and this demand will eventually absorb the excess supply of apartments that have been delivered to some markets. Over the medium term, as the Gen Z cohort is smaller than the millennial cohort, there may be some waning of rental demand. However, if affordability conditions do not improve, many young households could stay in rental units for longer, which would support demand for longer.

★ ★ ★ ★ ★

Rick Sharga
President & CEO, CJ Patrick Company

Q: What economic policies or changes likely to be proposed or introduced by the Trump administration in 2025 will have the most significant impact on the housing market, and why?

The Trump campaign didn't spend a lot of time discussing housing-specific policies, but its two biggest economic policy initiatives—mass deportation of undocumented immigrants, and high tariffs on imports—could both impact the housing market. While estimates vary, a large percentage of construction workers are immigrants, with many of those laborers being undocumented. Removing these workers will likely slow down home construction, exacerbating the problem the market already has with insufficient housing supply. If builders can find replacement workers, they'll probably be more expensive, which could result in home prices rising as well. Similarly, high tariffs are likely to increase the cost of imported materials and products for builders, costs which will almost certainly be passed along to homebuyers.

On the other hand, the Trump campaign also pledged to eliminate "unnecessary" regulations, which could speed up construction and reduce costs. The President-elect has also mentioned opening up government-owned land and making it available for affordable housing construction. While much of the land owned by the federal government isn't suitable for housing, some of it is, and making it available would help solve the limited land availability that has been a headwind for builders over the past decade.

Finally, the Trump administration could consider expanding the Qualified Opportunity Zone (QOZ) program that was implemented during its first term. This program was reasonably successful in bringing much-needed capital into underserved and underdeveloped areas, delivering a win/win scenario for these communities and the investors who provided the development funds in exchange for relief on their capital gains taxes.

It's worth noting that the Trump administration is unlikely to pursue some of the policies espoused by the Biden administration and the Harris campaign calling for rent control, a cap on investment properties, and a dramatic increase in the capital gains tax rate. Eliminating or not implementing these policies should result in a more robust environment for real estate investors.

Q: How do you expect interest rate policies from the Federal Reserve to influence mortgage rates, housing affordability, and demand in the coming year?

The Federal Reserve is in an interesting position as we enter 2025: they've managed to slow down what had been an overheated economy, and probably need to continue cutting the Fed Funds rate to avoid a possible recession; but recent reports also show that inflation may be creeping back up, suggesting that rate cuts might run the risk of restarting higher rates of inflation. Further complicating the matter are the proposals from the Trump administration for higher tariffs and mass deportations—both of which many economists view as inflationary and likely to increase an already-too-high federal deficit of over $36 trillion.

The Fed Funds rate isn't directly tied to mortgage rates, but it does influence interest rates in general and set the overall tone for credit and lending, so if the Fed decides to reverse course and raise the Fed Funds rate, as some economists are speculating, it wouldn't be a surprise to see mortgage rates follow suit. But it's more likely that mortgage rates will closely track yields on the 10-year U.S. Treasury, as they have historically. Those bond yields may increase unless there's some progress toward deficit reduction; this could also result in mortgage rates going up, or at least not going down very much.

Q: Do you anticipate major shifts in housing construction or availability due to potential changes in federal regulations, tariffs, or supply chain dynamics?

Based strictly on supply and demand, we should see builders continue to increase construction of single-family homes in 2025. But there are a lot of moving parts that could disrupt the new home market. Fewer regulatory hurdles and increased availability of government lands for housing development could both increase production, but mass deportation of undocumented immigrants could exacerbate labor shortages and increase labor costs for builders, and higher tariffs could also increase costs or disrupt supply chains. There's almost always a significant difference between the hyperbole of a presidential campaign and the actual policies implemented after the election; if that's true this time, the new home market will probably continue to see incremental growth in housing starts and completions to meet demand.

Q: Which regions or cities are likely to experience the fastest growth or declines in housing prices, and what factors are driving those trends?

A lot of this comes down to supply and demand. There are a few states where the inventory of homes for sale has exceeded pre-pandemic levels, such as Florida and Texas, and in those states, we're seeing home prices decline in some markets. There's also been a reversal in prices in some of the markets that saw prices accelerate to unsustainable levels during the pandemic, like Boise and Austin. But the Northeastern states and swaths of the Midwest, where inventory levels are still very low, are continuing to see prices rise. We're also continuing to see a trend of population migrating from high-cost, high-tax states like California and New York to less expensive markets in the South and Midwest, which suggests that prices might continue to rise in those regions. Probably worth noting that it's unlikely we'll see home prices appreciate very much in most markets next year; most forecasts expect prices to go up between 3.5-4% in 2025.

Q: What demographic groups—such as first-time buyers, retirees, or investors—are likely to benefit or be challenged by the predicted market conditions?

First-time buyers will continue to be the most challenged in 2025. Affordability is the worst it's been in 40 years, and unlikely to improve dramatically next year, and while the inventory of homes for sale has improved, there's virtually nothing available at the entry level of the market. Retirees are increasingly choosing to age in place and tapping into their home equity to pay for home improvements that accommodate their changing physical needs. There should be ample opportunities for investors, especially rental property investors, as many prospective homebuyers will opt to rent until market conditions improve. And the Trump administration will probably create a somewhat more investor-friendly environment for real estate investors.

Q: Given concerns about housing affordability, do you foresee federal or state governments implementing policies to address housing shortages or rising costs? If so, how effective do you think these will be?

There's a limit to what the federal government can do to stimulate home construction, but making government lands available for development, expanding the QOZ program, and providing tax incentives for builders to create more affordable housing units are all things that the Trump administration has discussed. The Trump administration has also talked about leveraging tax and funding policies to entice state and local governments to remove some of the restrictions and regulatory hurdles currently preventing or dramatically limiting homebuilding. We may see more state and local legislation aimed at allowing more ADUs, although that doesn't seem likely to make much of a dent in the overall housing shortage.

The private sector might step up production of manufactured housing and 3D-printed homes as a way to reduce construction costs and shorten the time it takes to build houses.

Q: What steps can policymakers take to improve access to affordable housing while maintaining a stable housing market?

Anything that policymakers can do to increase supply will improve access to affordable housing. Creating incentives for homebuilders to develop entry-level homes would help immensely. Removing regulatory burdens could help reduce costs; eliminating zoning restrictions could free up development opportunities.

More broadly, ensuring a strong economy with the creation of good jobs and solid wage growth creates the foundation needed for a strong housing market. Reducing the federal deficit could send bond yields a bit lower, which in turn would help reduce mortgage rates.

So: more inventory helps offset the supply and demand imbalance, slowing home price appreciation; lower bond yields help reduce borrowing costs; and improved wages increase buying power. The combination of those three elements ultimately is what it will take to bring affordability back to reasonable levels.

Q: Do you expect demand for rental properties to rise or fall in 2025, and how might this affect housing developers' strategies?

We have the largest number of young adults between the ages of 25-34 in the history of the country. Those are prime years for household formation and first-time homebuying. The largest wave of millennials in that age range hasn't hit the market yet but will do so over the next two years. Millions of those prospective homebuyers are on the sidelines today, opting to rent because they can't afford to buy a house, which should create a lot of demand for both multifamily and single-family rental properties.

However, about 1 million apartment units will have entered the market during 2023-2024, and vacancy rates have edged up just above historic averages in many markets, causing rental rates to flatten and in some cases decline slightly on a year-over-year basis. Multifamily housing starts have plummeted this year and aren't likely to rebound dramatically until 2026.

Q: Do you think the GSEs will leave conservatorship under President Trump's new administration? If so, what are the potential upsides and potential risks?

I think the Administration would probably like to end the GSE conservatorship and allow private capital to play a larger role in the secondary market. But Fannie Mae and Freddie Mac have an enormous footprint in the market today, so removing the conservatorship could disrupt the entire mortgage industry and would be likely to cause mortgage rates to rise, at least temporarily. Ending the conservatorship would


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"We should expect more volatility in the housing market in the near term, as Donald Trump becomes only the second president to win non-consecutive terms."

—**Lisa Sturtevant**, Chief Economist, Bright MLS

also mean that the government will no longer benefit from the enormous profits that the GSEs have been generating, which seems unlikely while the federal deficit continues to increase.

From a practical standpoint, it doesn't seem likely that the conservatorship could be unwound carefully and without damaging the mortgage industry in the two years the Administration has before the mid-term elections. Historically, the incumbent party almost always loses either the House or the Senate during the mid-terms, and it seems unlikely that a divided Congress would pass legislation to end the conservatorship.

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Lisa Sturtevant
Chief Economist, Bright MLS

We should expect more volatility in the housing market in the near term, as Donald Trump becomes only the second president to win non-consecutive terms. Over the longer term, homeownership could become harder to attain for first-time and moderate-income homebuyers, as his policies favor high-income individuals and existing homeowners.

Trump's fiscal policies can be expected to lead to rising and more unpredictable mortgage rates through the end of this year and into 2025. Signals of higher mortgage rates are already out there in the form of rising yields on the 10-year Treasury. Bond yields are rising because investors expect Trump's proposed fiscal policies to widen the federal deficit and reverse progress on inflation.

An independent analysis shows that Trump's proposed fiscal policies will widen the federal deficit by an estimated $7.5 trillion over the next decade. To pay interest on the mounting federal debt, the government has to issue more Treasury bonds. Investors have already driven yields on Treasury bonds up, demanding a higher return with the expectation of higher deficits. Mortgage rates will closely follow yields on the 10-year Treasury bonds and will also likely increase in the weeks ahead.

Furthermore, despite Trump's rhetoric during the campaign that he was the candidate who would bring prices down, the combination of his proposals around tax cuts, tariffs, and immigration will lead to higher inflation.

A reversal in inflation, which has been falling for most of the past two years, would complicate the Federal Reserve's rate-cutting decisions. If the Fed holds back on rate cuts, mortgage rates could remain higher for longer.

There is also a greater risk of uncertainty about monetary policy under a Trump presidency. During the campaign, he repeatedly claimed that he would force the Fed to cut interest rates. The Fed does not control long-term borrowing costs directly but has an impact on those rates through a combination of short-term rate setting and bond purchases. The market has come to expect a central bank that makes decisions independent of Presidential interference. Pressure from the executive branch on Fed decision-making would introduce unpredictability, likely leading to more turbulence in the mortgage market.

Other policies proposed by Trump will make homeownership harder to attain, particularly for first-time, first-generation, and more moderate-income homebuyers. His mass deportation proposal would have a chilling effect on the construction industry, shrinking the already constrained labor force and stalling badly needed new housing construction. At the same time, proposed tariffs will increase building costs. Limited inventory will keep home prices high and will continue to sideline many first-time buyers.

The housing market was just beginning to feel as though it was moving more toward balance following the unprecedented impacts of a global pandemic and related responses. Heading into the election, inflation was coming down, mortgage rates had been easing, and more inventory was coming onto the market. The next few months could be a challenging time for prospective homebuyers. MP


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MORTGAGE DIGITALIZATION 2.0: MOVING BEYOND INTEGRATIONS

By **MIKE YU**

In the modern mortgage industry, lenders are not just setting themselves apart on who has the best Super Bowl ad or the biggest branch footprint, but increasingly also on their approach to technology. Today, technology is driving differentiation across the customer experience, loan officer experience, and overall operational efficiency. As these technological capabilities become more central to financial institutions, a deliberate approach to tech strategy is no longer optional—it's essential. Gone are the days when lenders could simply purchase the same one-size-fits-all solution as their competitors and call it a day.

However, we all know that the vast majority of lenders can't actually build all of their technology in-house—nor do they necessarily want to. The future belongs to those who can effectively navigate the complex landscape of where to build and where to partner with existing vendors.

The Importance of a Modular Architecture

First and foremost, lenders must have in place a technological foundation that supports the implementation of whatever those build-versus-buy decisions are. A successful strategy on this front involves creating modular architecture, driven by APIs that seamlessly integrate multiple components. A modular approach—where the overall system is divided into smaller, independent, and interchangeable components that can be developed, tested, and maintained separately—offers lenders several advantages:

MIKE YU *is the Co-founder and CEO of Vesta, a next-gen LOS redefining origination through data-driven tasks, validations, and native automations. Before founding Vesta, Mike was an early product manager at Blend, where he launched key components of its flagship mortgage platform and established new business lines such as Blend Insurance. With a master's in AI from Stanford University, Mike leverages his technical expertise and vast network of Silicon Valley leaders to stay at the forefront of advances in technology that will shape the future of the mortgage industry.*

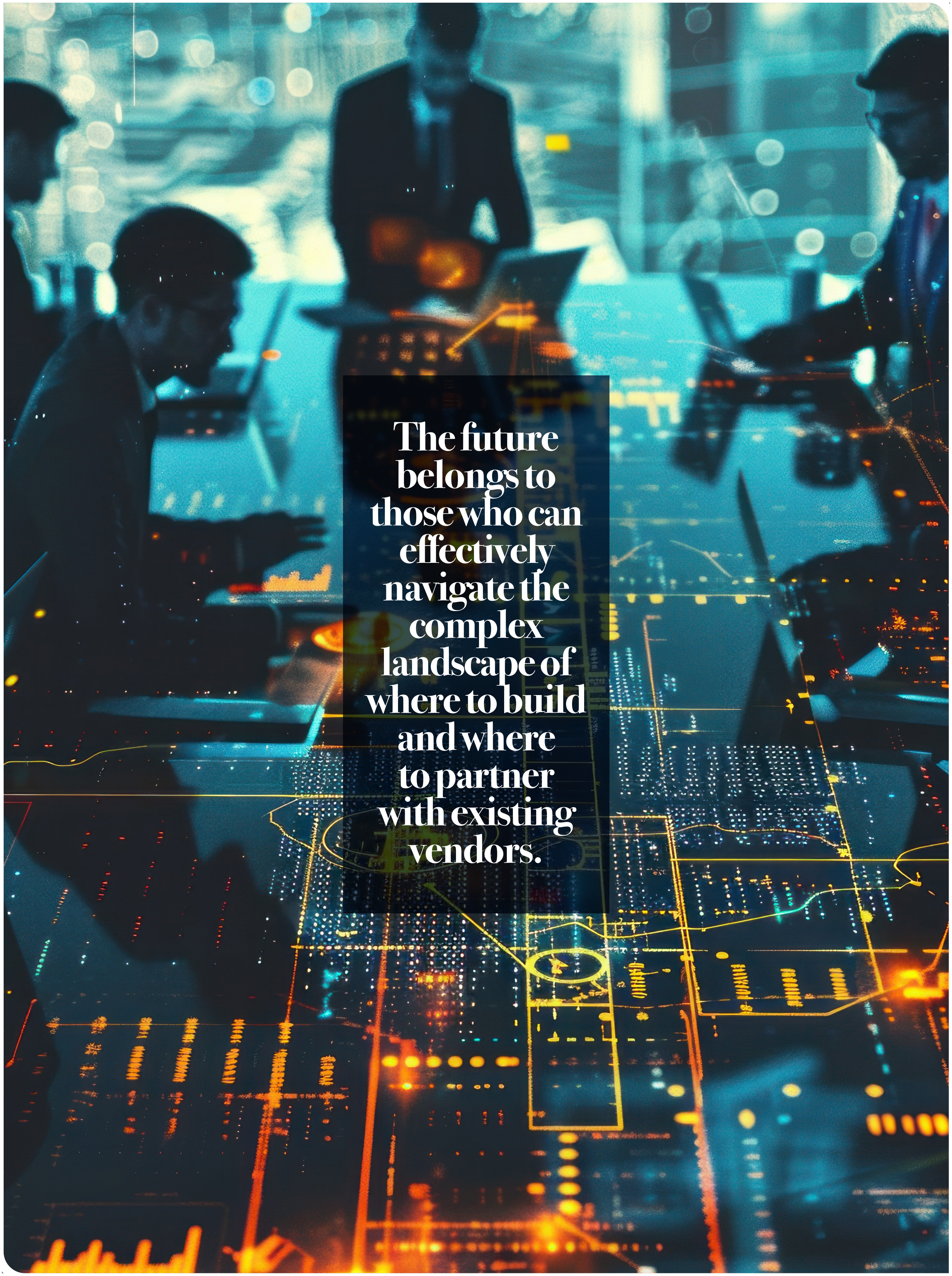
- The ability to leverage best-in-breed solutions for each piece of the stack, rather than being locked into a single vendor's ecosystem.
- Flexibility to upgrade individual components as new capabilities or vendors emerge, without having to overhaul their entire tech strategy.
- Opportunity to build custom solutions in-house to drive differentiation in areas they deem strategically important while relying on off-the-shelf solutions for more commoditized functions.

Tightly coupled, monolithic architectures limit the speed of change possible for lenders and stifle innovation. However, transitioning to a more modern, modular strategy has proven to be difficult and complex.

The Challenges of Executing This Strategy

In order for this approach to be viable, the different components of a lender's stack must interact seamlessly. Integrations make this happen and are the key to building an effective, modular tech stack—which is why they dominate the mortgage tech headlines. However, customized integrations are expensive and time consuming, and lenders often spend a disproportionate amount of their technology and engineering resources just integrating vendors, rather than developing tech that actually drives differentiation. These custom integrations can even bring unintended consequences, such as impacting other elements of the tech stack.

Once distinct systems are finally integrated with each other, friction be-



The future belongs to those who can effectively navigate the complex landscape of where to build and where to partner with existing vendors.

tween vendors often leads to issues for the lender customer. Conflicting priorities, "finger pointing" when issues arise, and economic misalignment (usually through burdensome revenue shares) all degrade the lender's experience and technological agility.

These challenges are particularly prevalent on older core systems, which have antiquated architectures and limited integration capabilities. Whether leveraging vendor solutions or custom tech built in-house, legacy core systems restrict lenders from implementing a modern, truly modular architecture.

The Path Forward: A New Generation of Vendors

To move beyond these challenges and truly enter the next era of mortgage digitalization, we need a new generation of technology vendors on new, modern architectures. These next-generation vendors will be built from the ground up with modular designs to support seamless interactions between different components of a lender's stack.

The vendors of the future will embrace a common vision of a modular lending stack, where each provider focuses on being best-in-breed in their chosen product area(s), rather than trying to own the entire stack. The widespread adoption of open standards and best-in-class practices, especially MISMO and stronger practices around API versioning, will facilitate easier exchange of information between different systems, reducing the time and resources required to build integrations.

As part of this, a more collaborative ecosystem will emerge, where vendors work together to provide the best possible experiences to their lender customers, without misaligned incentives created by conflicting economic models. This new generation of vendors will enable lenders to create truly integrated, flexible tech stacks that can adapt quickly to changes in market conditions, technological capabilities, and customer expectations.

Practical Steps to Becoming a Tech-Driven Lender

For lenders looking to position themselves at the forefront of this new era, the journey begins with a thorough mapping of current system architecture. This entails developing a clear understanding of the existing technological landscape, including all systems, integrations, data flows, etc.

With this foundation in place, lenders must then construct a "target state" of what their technology ecosystem would look like in an ideal world. Most critically, this involves developing a framework to identify areas where they want to differentiate, versus those they consider commoditized. As discussed earlier, trying to build too much of the tech stack is impractical. Therefore, lenders must ruthlessly prioritize, decide where to focus, and make these highly consequential build-versus-buy decisions based on their strategic goals.

When putting together a "target state," current categories such as "LOS," "POS," "CRM," and "PPE" are useful guides. Lenders doing this exercise for the first time might want to leverage this existing services "template" to develop their initial point of view, but over time, more sophisticated lenders will want to define their own opinion on the various components of the stack, defined by critical capabilities the services need to provide or the personas the services will serve.

The third crucial step is figuring out a plan to get there. There are two general approaches a lender can take: updating their tech stack incrementally, one system at a time, or doing it all at once. The conventional wisdom today suggests incremental updates are better, exposing the lender to less risk at any given time. Should something go wrong, only one system or functional area is in jeopardy, triaging issues is easier, and there are fewer moving parts to manage.

Alternatively, an all-at-once approach can significantly accelerate implementation timelines. For example, a lender taking an incremental approach will run hundreds of tests before going live with a single new system, just to run 80% of those same tests again when implementing the next new piece of tech. Doing it all at once and offers huge efficiency gains if executed correctly, but requires more upfront resources and laser-focused partners and tech teams. Lenders should consider the merits of both approaches when creating a transition plan.

Lenders as Tech Providers in the New Era of Mortgage

As we move into the era of mortgage digitalization 2.0, it's clear that lenders can no longer view technology as merely a supporting function. Instead, they must deliberately make their technological capabilities a core part of their value proposition and recognize them as essential for driving competitive differentiation. This requires a fundamental change in how lenders view themselves: no longer just as financial institutions or bankers but as technology providers that happen to give out mortgages.

This paradigm shift presents both challenges and opportunities to lenders. Those who successfully navigate this transition by building or acquiring the right tech capabilities, adopting the right architecture, and creating truly integrated, flexible tech stacks, will be well-positioned to thrive in the mortgage industry of the future. Those who don't will fall behind.

The path forward may not be easy, but it is necessary. By developing a thoughtful, long-term approach to tech strategy—one that goes beyond simply cobbling together ad-hoc integrations—lenders can create resilient, adaptable tech stacks. As a result, they'll have the opportunity to drive operational efficiency, improve customer experience, and most importantly, adapt to a changing technology landscape for the years to come. MP

MEETING RENTERS WHERE THEY ARE

By MELISSA HENTSCHEL

Whether starting a job in a new city or accommodating a growing family, leaving one home for another can be an exciting and at times stressful process. For renters, receiving a timely, accurate security deposit refund is key to a smooth journey. Currently, the property management industry's reliance on legacy payout processes can lead to refund errors and delays that inconvenience tenants when moving into their new homes.

As Chief Client Officer of Onbe, a payouts gateway that helps companies streamline their disbursement processes, I'm excited about the opportunity for property managers to transform the tenant refund experience while reducing costs and saving time for their team. By switching to a digital-first approach that offers recipients their choice of fast, secure payout options, property management companies can make the refund process smoother for everyone involved—and create a positive impression that leaves the door open to future rentals and referrals.

Evolving Tenant Preferences

Today, most renters are digital-first. They're comfortable looking for their next home online, with 74% using mobile devices to research rental properties. They also use digital payment methods for everything from paying bills to purchasing groceries, and they expect the same payment experience when owed a refund. In Onbe's Winter 2023 Property Management Payouts Survey, 82% of tenants said receiving their security deposit refund digitally would be an improvement over their most recent refund experience. Options such as payment apps are especially beneficial for tenants planning to split their refund with a roommate. Of the 63% of respondents who stated that splitting their refund was inconvenient in the past, three-quarters said using an app such as PayPal or Venmo would improve their experience.

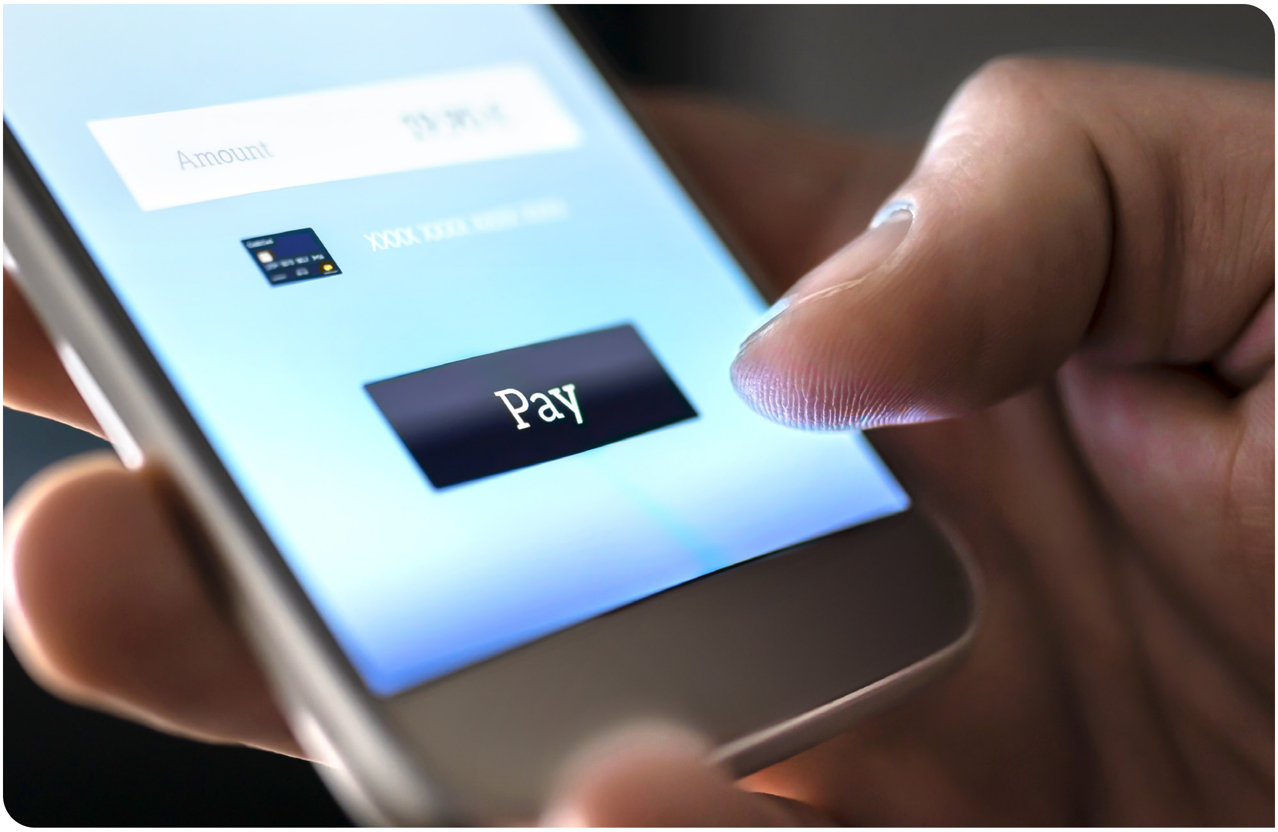
MELISSA HENTSCHEL *serves as Chief Client Officer of Onbe. Hentschel has over 20 years of payments experience, and seven in senior leadership. At Onbe, she creates high-performing teams to deliver on operational and service excellence for our clients and payment recipients, striking the right balance between scalable, reliable processes that deliver, and being nimble and responsive to meet diverse business needs.*

Sending digital payouts to tenants by email reduces delivery issues experienced by the landlord that result from having an incorrect forwarding address. After all, lease gaps are a common occurrence, with renters not always moving immediately to their next long-term residence. In many cases, they may not receive their security deposit check right away, or at all. In Onbe's survey, over a third of respondents reported experiencing a delayed, lost, or incorrect security deposit refund. These errors led to inconvenience for renters, including having to spend time getting the mistake resolved—and 79% said they would avoid renting from the erring landlord again.

By taking a digital-first approach, property management companies can both reduce the chance of errors and simplify the process of correcting mistakes that do happen—eliminating the need to cancel and reissue lost checks. This approach also allows tenants the ability to access their funds as soon as the landlord approves the security deposit refund, which helps them start the next chapter of their lives. Beyond an improved experience, that could mean positive reviews and referrals, with 78% of tenants in the survey agreeing that making and receiving payments digitally would improve their opinion of their property management company.

The True Cost of Security Deposit Refunds

Along with satisfying tenants' growing preference for digital and electronic payout methods, property management companies can reduce their administration costs by replacing legacy processes with a digital-first payout solution. Refund checks cost as much as $12 each when paper, postage, and labor are included. While that may seem like a drop in the bucket, considering that overall tenant turnover costs averaged over $3,800 in 2023, checks get more expensive when tenants don't cash them or never receive them in the first place, requiring property management companies to reissue the payment or escheat unclaimed funds to the state.



Sending refund payments digitally can reduce or even eliminate these expenses while saving time and labor. Digital and electronic payouts are also more secure, with today's solutions typically featuring built-in fraud monitoring and prevention capabilities. In contrast, checks are especially vulnerable to fraud—according to the 2023 AFP® Payments Fraud and Control Survey, 63% of respondents reported that their organizations had experienced fraud activity involving checks. By reducing the reliance on legacy payment methods, property managers can protect themselves and their tenants from risk and financial loss. Given the national average tenant turnover rate of 44% in 2023, the savings from switching to digital refunds will add up fast.

Opening the Door to New Possibilities

Beyond transitioning to digital-first security deposit refunds, property management companies can explore solutions for their other payment needs, including move-in and refer-a-friend incentives, HUD reimbursements, and even payments to contractors. Today's offerings integrate seamlessly and enable property managers to modernize their payment capabilities relatively quickly and easily. Typically, companies can customize the recipient experience with their branding and messaging, plus offer a selection of popular payment options that appeal to their recipients—an upgrade from the default check and a chance to reinforce loyalty at key touchpoints.

As digital transformation continues to reshape the real estate industry, leading to more automation, efficiency, and better customer experiences, digitizing routine payout processes is fast becoming the new standard. By embracing the fast and convenient payment options on the market today, property management companies can both advance their business and deliver on their tenants' evolving preferences. Now that's a move worth making. MP

Along with satisfying tenants' growing preference for digital and electronic payout methods, property management companies can reduce their administration costs by replacing legacy processes with a digital-first payout solution.

UNDERSTANDING THE SURGE IN TITLE FRAUD—AND HOW TO PREVENT IT

By **DAX JUNKER**

Title fraud, though not new, recently gained national attention when a Missouri woman attempted to fraudulently auction Elvis Presley's Graceland estate. She falsely claimed the property was collateral for an unpaid loan, using fake loan documents and a fabricated foreclosure notice in a Memphis newspaper. The scheme unraveled when it was discovered the loan documents contained falsified notarizations, leading a judge to halt the sale.

This incident raises an important question: if Graceland can be targeted, is any property truly safe? Likely not. Title fraud is becoming more widespread, with perpetrators growing increasingly bold. Fortunately, there are ways to detect deed fraud attempts early, but mortgage professionals need to be well-informed to protect themselves and their clients.

How It Works

Property transfer fraud, also known as deed fraud or title fraud, involves the illegal manipulation of property ownership documents to unlawfully transfer a property's title from the legitimate owner to another party without the real owner's consent. It's perpetrated through various methods, including forging signatures on deed documents, creating fake deeds, or using stolen personal information to impersonate the actual property owner.

DAX JUNKER *is a real estate attorney who started in the title industry in 1991 after graduating from high school in Tulsa, Oklahoma. Dax continued working in the title industry while he obtained his JD from the University of Oklahoma, School of Law. He went into private practice with the law firm of Gable & Gotwals where he focused on oil and gas litigation from 1999 to 2003. In 2003, Dax became President of Oklahoma OneStop, a title company and joint venture with LandAmerican OneStop. In 2004, Dax became a Member and the President of Community Closing Services, an affiliated business arrangement with a real estate brokerage and builder. In 2009, Dax formed Main Street Title Company, a joint venture with a large regional builder, which he owned and managed from 2009 to 2018. In 2013, Dax created Title Clearing & Escrow LLC (TC&E) a national title company. In 2019, he partnered with The Fay Group where he continues to serve as President of TC&E.*

In some cases, AI and other digital tools have also been used to create convincing forgeries of documents or to automate the process of generating fake deeds and other legal documents. Additionally, the widespread availability of an individual's personal information through online databases has made it easier for fraudsters to impersonate property owners or fabricate convincing histories.

The targets of these crimes are often properties that are free of loans and owned by absentee owners or others who may not closely monitor their property records. Once they gain control of the title, fraudsters will try selling the property to unsuspecting buyers, securing loans against it, or renting it out to someone. The legitimate owner is often completely unaware of the fraud until they face an eviction notice or discover liens taken against their properties, at which point they face a significant legal battle to reclaim their rights.

There aren't precise statistics on how common title fraud is, but there are many signs it's growing. In 2024, the American Land Title Association (ALTA) highlighted the persistent challenge of seller impersonation fraud (SIF) within the real estate industry. According to a survey of 783 title insurance entities nationwide conducted by ALTA and NDP Analytics, 28% of title insurance companies reported at least one SIF attempt in 2023, and 19% reported an attempt during the month of April 2024 alone.

Fortunately, most SIF cases are identified and addressed before closing. But there have been cases that weren't caught. For example, in one recent incident, a fraud ring used forged quitclaim

deeds to illegally transfer properties to fictitious entities that were then sold off, leaving the true owners entangled in complex legal battles to reclaim ownership.

While digital tools have made deed fraud easier to perpetrate, so have procedural vulnerabilities within most real estate transactions. Too often, the processes lenders and title companies use for verifying and recording deeds don't include stringent identity checks, which can enable forged documents to pass through undetected. Once a fake deed is entered into the public record, it gains a veneer of legitimacy that becomes more difficult to challenge.

For example, in the case involving Graceland, the scheme was unveiled only after a vigilant legal challenge by the estate's trustees.

How to Stop It

The increasing frequency and sophistication of title fraud indicates that the integrity of the nation's property records remains under constant threat. That's why it's so important for lenders, title providers, and consumers to stay informed about the risks and undertake preventive measures to keep properties from being virtually stolen under their noses.

While it may seem obvious, every lender and title provider should be enhancing due diligence throughout their operations, particularly in processes involving title. For every transaction, there should be rigorous checks that include verifying the true identities of all parties, a thorough examination of the property's history, and cross-referencing all provided documents with public and private databases. Training staff to recognize the signs of fraud and the types of techniques used by fraudsters is equally vital.

For consumers, understanding the role that title insurance plays in safeguarding their homes is also critical. While most homeowners are aware that title insurance protects them from finan-

For every transaction, there should be rigorous checks that include verifying the true identities of all parties, a thorough examination of the property's history, and cross-referencing all provided documents with public and private databases.

cial loss due to title defects, not many realize how it also protects them from fraud. Utilizing a title monitoring service that alerts property owners to any changes in title status can be a helpful strategy, as it acts as sort of an early warning system for any suspicious activity.

Protecting the personal information of homeowners is also essential. For consumers, this means securing online accounts with strong, unique passwords, safeguarding home Wi-Fi networks, and being cautious about sharing personal details. This helps prevent identity theft, which often precedes property transfer fraud. For the broader industry, using secure communication channels for sharing and signing documents and encouraging the use of encrypted platforms that protect sensitive information can help prevent not just title fraud but data breaches as well.

The Power of Partnership

While awareness, education, and enhanced security measures can help defend against title fraud, a lender's choice in title providers can be a huge difference maker. The question is how to know you have the right title partners in place.

For starters, a competent title partner should have demonstrated expertise in conducting deep, meticulous research into title issues. This entails delving deep into the history of a property to unearth any irregularities or historical discrepancies that aren't immediately apparent to the untrained eye, such as inconsistencies in the description of a property, anomalies in its ownership history, or unusual changes in recorded documents.

Local market expertise is another indispensable quality. Real estate markets are inherently local, and fraud trends often vary significantly from one market to another. In most cases, a title provider with a deep understanding of local regulations and common practices in the areas in which it operates is far better equipped to spot title fraud than a provider that doesn't have actual boots on the ground.

A title provider's use of advanced technology and the practice of continuously updating its tools and methodologies to stay ahead of fraud trends is equally valuable. This may involve investing in advanced data analytics to detect unusual patterns in property transactions and developing or adopting new software and digital tools that enhance borrower and document verification processes.

The importance of choosing a title partner that emphasizes communication and transparency cannot be overstated, either. A title provider that communicates clearly, consistently, and efficiently throughout the entire transaction ensures that all stakeholders, including borrowers, remain in the loop and can make informed decisions quickly. This also enables potential title issues to be addressed promptly, which reduces the chances of fraud slipping through the cracks.

Lastly, the commitment of a title firm to customer service is a good sign that it values its partner and borrower relationships and will go the extra mile to confirm all aspects of the title and closing process are handled with the utmost care and diligence. Delivering an excellent experience also builds a foundation of trust, which becomes critical when navigating seller impersonation fraud and other scams involving title.

While it should be clear that combating property transfer fraud requires proactive measures, continuous vigilance, and robust collaboration, the rise in these scams also calls for a renewed commitment by the real estate industry to ensure a secure, healthy housing market. After all, while it may be impossible to completely eradicate title fraud, it is completely possible to give each transaction the scrutiny it deserves. MP

TAKING FORECLOSURES BEYOND JUDICIAL AND NON-JUDICIAL ACTIONS

By **ERIC C. PECK**

The Five Star Institute's Legal League has announced the launch of its latest white paper, *Non-Uniform Foreclosures*.

Legal League is a professional association of financial services law firms spread out across the United States. The Legal League is uniquely positioned to drive progress in the mortgage servicing industry. Legal League members provide a clear view of the legal landscape and the expertise to navigate it, committed to supporting its membership through education, communication, relationship development, and advisory services.


ROGERS

The *Non-Uniform Foreclosures* white paper was inspired by a discussion on the rise in reverse mortgages being referred to foreclosure, as well as the processes for completing a foreclosure on tribal lands. Prepared by the Legal League Special Initiatives Working Group (SIWG), *Non-Uniform Foreclosures* was written by Jennifer Rogers Esq., Managing Attorney with IDEA Law Group LLC, and Chair of Legal League's SIWG; Michelle Garcia Gilbert Esq., Managing Partner with Gilbert Garcia Group PA and Member of the SIWG; Stephen M. Hladik Esq., Partner with Hladik, Onorato & Federman LLP, Member of the SIWG and Chairman of Legal League; and J. Anthony Van Ness Esq., Founder and Managing Attorney with Van Ness Law Firm PLC, and SIWG Member.

MortgagePoint had a chance to discuss the white paper with Rogers, a veteran of the industry with 17-plus years of experience, primarily focused on representing mortgage lenders and services in real estate law, title curative matters, routine and complex civil litigation, bankruptcy, creditor's rights, residential and commercial foreclosures, and evictions. Additionally, Rogers has managed attorneys and staff in a law firm providing comprehensive default services to the mortgage default industry. Rogers has been a frequent speaker at mortgage default conferences addressing issues related to litigation, foreclosure, evictions, and creditor's rights. Rogers is a founding member of the Colorado Creditor's Bar Association and is licensed to practice law in Colorado.

Q: What prompted the need to write this white paper? Were there particular trends, challenges, or legislative changes in foreclosure law that inspired it?

Non-Uniform Foreclosures came about when the members of the Special Interest Working Group were discussing the increase in reverse mortgages being referred to foreclosure and the unique processes for completing a foreclosure on tribal land. From there, we thought it might be interesting to summarize the different types of foreclosure actions we deal with regularly. From that point, it was a matter of trying to narrow down which of the non-uniform foreclosures impacted the most professionals in our industry.

Q: Would you summarize some of the high-level takeaways from this white paper?

The most important takeaway is realizing that foreclosures go beyond just judicial and non-judicial actions. The processes vary depending on the type of foreclosure and the state involved. As an industry, we are seeing a larger aging population which has resulted in more reverse mortgage foreclosures and COVID-19 changed the way business work, which has resulted in lower office space demand, which, in turn, has resulted in more commercial foreclosures. Each of the foreclosure types we focused on has different processes and nuances to complete the foreclosure and transfer title. Understanding the differences is important to ensure that we are compliant with the rules and regulations associated with each so that we do not waste our client's time or money.

Q: Which segments of our industry will be most served by reading this white paper? What do you hope they will take away from it?

I think anyone involved in our industry would benefit from reading the paper and using it as a reference when you run into these types of foreclosures. While it is not a step-by-step description

of the process, it does provide enough information to get you an understanding of how it is different than a traditional foreclosure on a residential property. Most importantly, if you run into any of these non-uniform foreclosures and you have questions, the authors of the white paper are available to provide direction on how to proceed.

Q: Are there other Legal League publications or training you would recommend readers to check out in addition to this white paper?

Sure ... the Legal League has produced many white papers, including *National Disaster Assistance: Resources for Homeowners and the Impact With Mortgage Default, The Homeowner Assistance Fund: The Current Status of the HAF Program in Selected Jurisdictions, and The Fair Debt Collection Practices Act (Regulation F)* are just a few of the most recent white papers. All of these and more can be found on the Legal League website (legalleague100.com/white-papers). MP

"While it is not a step-by-step description of the process, it does provide enough information to get you an understanding of how it is different than a traditional foreclosure on a residential property."

Lending/Originations

POST-ELECTION MARKET ACTIVITY TICKS UP AS BUYERS BEGIN TO TOUR HOMES

In a newly released report, according to a recent survey from Redfin, the Homebuyer Demand Index is close to its highest level seen since September 2023.

A seasonally adjusted indicator of tours and other purchasing services from Redfin agents, the Homebuyer Demand Index, is up approximately 7% over the previous year. Applications for mortgage purchases are at their highest level since late January, rising 17% month over month.

The four weeks ending December 1 saw an estimated 6.5% increase in pending home sales compared to the same period last year, which is comparable to the annual increases Redfin has witnessed over the past two months.

Despite high property prices and mortgage rates, there are a few reasons why homebuyers are emerging from the sidelines and easing their way into the market. Before deciding to purchase a property, many Americans waited for the election to be over. Following the election, Redfin witnessed a surge in early-stage homebuying activities, such as home tours, and this trend has persisted.

Purchasers have been used to high mortgage rates, and many have come to terms with the fact that they are unlikely to decrease very soon. With a current weekly average rate of 6.81%, it is approximately in the middle of the two-year range of 6% to 7.8%.

"The market is strong, with a lot of pent-up demand after a slow summer and early fall," said Mimi Trieu, a Redfin Premier agent in the Bay Area. "Buyers realized mortgage rates may not drop below 5%, and probably not below 6%, in the near future. They are also noticing there are not many desirable, move-in-ready homes for sale that are priced reasonably, so they're pushing forward and negotiating for good deals. Homes that have been sitting on the market since the summer or early fall are finally selling."

New listings on the for-sale market have increased by 3% annually. Even though it's a slight gain, it's the largest in two months (except for the previous four weeks, when Thanksgiving inflated the year-over-year growth).

Metro-Level Highlights for Four Weeks Ending December 1, 2024

Metros with the biggest year-over-year (YoY) increases in median sale price:

1. Detroit (14%)
2. Newark, New Jersey (13%)
3. Warren, Michigan (12.1%)
4. Miami (11.5%)
5. Montgomery County, Pennsylvania (11.1%)

Overall, the U.S. median sale price declined in only three major metro. Metros with the biggest YoY decreases in median sale price:

1. Tampa, Florida (-1.5%)
2. Dallas (-0.5%)
3. San Antonio (-0.4%)

Metros with the biggest YoY increases in pending sales:

1. San Jose, California (20.1%)
2. Cincinnati (15.9%)
3. San Francisco (15.5%)
4. Jacksonville, Florida (13.7%)
5. Tampa, Florida (13.6%)

The report also found that U.S. pending sales declined in seven metros. The top five metros with the biggest YoY decreases in pending sales are:

1. Miami (-11%)
2. West Palm Beach, Florida (-6.5%)
3. Fort Lauderdale, Florida (-4.9%)
4. Houston (-3.3%)
5. Atlanta (-1.8%)

While the report found that new listings declined in 16 U.S. metros, some of the most major saw significant increases. The top five metros with the biggest year-over-year (YoY) increases in new listings are:

1. Washington, D.C. (14.6%)
2. Philadelphia (13.3%)
3. Baltimore (11.8%)
4. Jacksonville, Florida (11.3%)
5. Phoenix (9.5%)

The top five metros with the biggest year-over-year (YoY) decreases in new listings are:

1. San Antonio (-19.8%)
2. Austin, Texas (-18.7%)
3. Portland, Oregon (-10.3)
4. Atlanta (-9.6%)
5. Newark, New Jersey (-8.3%)

Note: The 50 most populated metro areas in the U.S. are included in Redfin's metro-level data. To maintain the accuracy of the data, some metros may occasionally be excluded.

MORE POTENTIAL HOMEBUYERS CHOOSING TO RENT

Given the pent-up demand, Redfin's economists predict more home sales in 2025. Due to rising housing prices and mortgage rates that are still close to 7%, some prospective homeowners will still be priced out, according to Redfin.

According to Redfin, the median price of a home sold in the United States would increase gradually throughout 2025, finishing the year 4% higher than it did in 2024. Because there won't be enough new inventory to meet demand, prices will increase at a rate comparable to that of the second half of 2024. Many Americans will not be able to afford homeownership due to rising costs, which will force some prospective homeowners to rent instead.

However, if the economy deteriorates and/or if proposals for tax cuts and tariffs are retracted, mortgage rates may fall to the low-6% area. Any year that sees a transition in the president's office is unpredictable, but this one might be particularly so.

2025 Will See Higher Home Sales Than 2024

Existing home sales will increase slightly in 2025, reaching a yearly rate of 4.1 million to 4.4 million by the end of the year. That is an estimated 2% to 9% increase from the previous year. Although high housing costs may turn off some potential buyers, there is also a fair amount of pent-up demand in the market, which is why Redfin is showing an exceptionally wide sales range this year.

As homeowners continue to hold onto their homes, poor inventory and high mortgage rates will be the cause of any slight improvement in sales.

If mortgage rates drop more than anticipated and/or if the recent surge in demand for homebuying persists, sales might show a larger gain. Despite mortgage rates remaining at about 7%, demand for home purchases surged in the weeks following the November election. This was partially due to consumers waiting for uncertainty to subside before making a significant purchase, and also because the prospect of a Republican-led government gave many individuals greater financial confidence.

Due in part to the fact that many Americans have been acclimated to high mortgage rates, Redfin's research even before the election indicated that rising mortgage rates did not dissuade purchasers as much as anticipated. Sales would increase if the economy continued to grow and enough individuals could afford the high cost of housing in the upcoming year.

Will 2025 Will Be a Renter's Market?

Many Americans will either rent or continue to rent. Although purchasing a home will become more expensive, renting will become more affordable. According to Redfin, in 2025, the median asking rent in the United States will not change from year to year. Because salaries would increase, the average American would be able to pay their rent more easily.

Additionally, more rental units will be available for purchase, as many of the apartments that builders began construction on during the pandemic apartment boom are now complete. Because there will be more supply than demand, landlords will be compelled to make concessions to keep tenants, such as providing free parking, a free

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"Many Americans will not be able to afford homeownership due to rising costs, which will force some prospective homeowners to rent instead."

month's rent, additional amenities, or a break from rent hikes.

Homebuilding to Increase Due to Construction Regulations

Though it may take a few years before the surge in homebuilding makes purchasing a home noticeably cheaper, Redfin projects that more single-family houses will be built in 2025. Because of the newfound hope that regulatory burdens may be reduced, the Republican sweep of the White House, Senate, and House has increased builder confidence. Additionally, builders will rely on the fact that the lock-in impact of mortgage rates will limit the amount of existing inventory that can compete with new construction.

The warning is that there are some obstacles for builders to overcome. First, interest rates are probably going to remain high. Second, since immigrants account for almost 30% of the nation's construction workforce, the incoming administration has stated that it will reduce immigration, which is likely to result in fewer residential development.

Redfin anticipates a small decrease in real estate commissions during the first full year of the new National Association of Realtors (NAR) commission regulations. In competitive housing markets, where costs are frequently a subject of negotiation in a bidding war, this is particularly true for luxury houses, where brokers have the most leeway to lower their fees.

How far the incoming administration's antitrust enforcers will push for more reforms in the real estate sector is still up in the air. Although it's unclear if it would take any official action, the Department of Justice stated in a recent filing that it "continues to scrutinize policies and practices in the residential real estate industry that may stifle competition."

The Federal Trade Commission will be more inclined to authorize mergers and acquisitions between big businesses under the incoming government. The U.S. real estate market has historically been fragmented, with numerous brokerages and real estate search sites of all sizes and business models vying for agents and clients, in contrast to other sectors with a small number of dominating firms. We're likely to see more roll-ups of brokerages, lenders, and title businesses hoping to increase business from every client, even though it's not unusual for larger brokerages to have connected mortgage or title services.

Individual Homes Will Be Priced to Reflect Climate Risks

In climate-risky areas, such as coastal Florida, wildfire-prone areas of California, and hurricane-prone areas of Texas, the likelihood of natural disasters will begin to drive down property prices or restrict price growth. The riskiness of each property will inevitably increase the knowledge of homebuyers and their agents. Due to their relative affordability and relative protection from climate-related calamities, the Midwest and Northeast will see an increase in the number of homebuyers.

For many middle- and lower-class homeowners in Florida, Hurricanes Helene and Milton marked a sea change. Compared to the previous year, fewer out-of-town purchasers sought to relocate to Florida this fall, but more homebuyers sought to depart the state. Only the wealthy who can afford to rebuild or pay exorbitant insurance rates may be able to afford to reside in coastal Florida. The luxury market around Florida's coast is expected to remain robust, according to Redfin.

Compared to higher-priced homes, lower-priced homes will increase in 2025, but not because more young Americans or members of the working class are becoming homeowners. Rather, older purchasers who are priced out of higher price tiers will buy inexpensive homes. In contrast, Gen Zers will continue to rent or live with family long into their 30s, choosing instead to accumulate money in other ways.

LENDERS REPORTING INCREASED PROFITS VIA DIGITAL CLOSINGS

Snapdocs, a provider of digital mortgage closing solutions, in partnership with Falcon Capital Advisors, has released research showing that eClosing technology provides lenders with a pricing advantage of up to 10 basis points. The advantage stems from accelerated loan delivery to secondary and capital markets. On average, lenders utilizing eClosing platforms closed loans five days faster, securing this pricing benefit by delivering loans into an earlier month's mortgage-backed security.

The study also found that digital closings generate a portfolio benefit of $115 to $283 per loan, attributed to increased efficiency and cost savings.

Digital Closings Drive Significant Savings

According to the study, the financial benefits of eClosing technology extend beyond pricing gains in secondary markets. Lenders reported reduced expenses in areas such as closing and funding processes, quality control, and document management. Additional savings were linked to lower shipping and custodian fees, fewer lost or damaged notes, reduced delays in investor delivery, and decreased warehouse line costs.

Eric McCall, VP at First Home Mortgage, emphasized the impact of Snapdocs' eClosing technology on operational efficiency.

"Increasing our hybrid and eNote adoption has accelerated delivery to our warehouse partners and investors by eliminating signing errors and streamlining the process for our post-closing team," McCall said. "We're now able to deliver loans faster, which has led to savings for our bottom line. Snapdocs

has been an indispensable partner in our transition from paper to electronic closings."

Quantifying the Return on Digitization

Armando Falcon, Chairman and CEO of Falcon Capital Advisors, underscored the value of eClosing technology in optimizing lender strategies.

"Quantifying the value of faster loan delivery enables lenders to accurately assess the true return on digitization, whether evaluating new technology investments or measuring the impact of their current solutions," Falcon said.

The findings highlight the transformative potential of eClosing technology. The study further revealed that the financial benefits grow as lenders increase the level of digitization, from hybrid closings to full remote online notarization (RON).

Michael Sachdev, CEO of Snapdocs, highlighted the broader implications of the research.

"Our research with Falcon Capital confirms that investing in eClose technology not only drives efficiency and is a step toward modernization, but also unlocks significant financial gains for lenders," Sachdev said. "By shortening the time from closing to investor delivery, lenders gain flexibility and secure better pricing, creating measurable savings and a distinct competitive edge."

Q3 OUTSTANDING COMMERCIAL/ MULTIFAMILY MORTGAGE DEBT TRENDS

According to the most recent Commercial/Multifamily Mortgage Debt Outstanding quarterly report from the Mortgage Bankers Association (MBA), the amount of outstanding commercial/multifamily mortgage debt rose by $47.7 billion (1.0%) in Q3 2024.

By the conclusion of Q3, the total amount of outstanding commercial and multifamily mortgage debt had increased to $4.75 trillion. From Q2 2024, multifamily mortgage debt alone climbed $29.8 billion (1.4%) to $2.12 trillion.

"Every major capital source for commercial mortgage debt increased its holdings of mortgages during the third quarter of 2024," said Jamie Woodwell, MBA's Head of Commercial Real Estate Research. "Life insurance companies led the way, accounting for 44% of the quarterly increase and boosting their commercial mortgage holdings by nearly three percent. That increase contrasts with banks, which increased their balances of CRE mortgages during the quarter by only 0.3%. For the ninth quarter in a row, aggregate balances backed by multifamily properties increased more than those backed by other property types."

Banks and thrifts, government-sponsored enterprise (GSE) and federal agency portfolios, mortgage-backed securities (MBS), life insurance companies, commercial mortgage-backed securities (CMBS), collateralized debt obligation (CDO), and other asset-backed securities (ABS) issues are the four biggest investor groups.

With $1.8 trillion in commercial/multifamily mortgages, commercial banks still maintain the greatest proportion (38%) of the market. At $1.03 trillion, agency and GSE portfolios and MBS constitute the second-largest share of commercial/multifamily mortgages (22%). CMBS, CDO, and other ABS concerns hold $619 billion (13%), while life insurance companies possess $757 billion (16%). CMBS, CDO, and other ABS issues are bought and held by numerous banks, life insurance companies, and the GSEs. These loans fall under the "CMBS, CDO, and other ABS" category in the report.

MBA's analysis provides a summary of the loan holdings or, if the loans are securitized, the type of security. Many life insurance companies, for instance, invest in both whole loans for which they own the mortgage note (which are listed under Life Insurance Companies in this data) and in CMBS, CDOs, and other ABS for which the note is held by the trustees and security issuers (which are listed under CMBS, CDO, and other ABS issues in this data).

Examining Outstanding Multifamily Mortgage Debt

In Q3 2024, if you only consider multifamily mortgages, agency and GSE portfolios, and MBS made up 49% of the total amount of multifamily debt outstanding, with $630 billion (30%) coming from banks and thrifts, $244 billion (12%) from life insurance companies, $99 billion (5%) from state and local government, and $68 billion (3%) from CMBS, CDO, and other ABS issues.

Measuring Changes in U.S. Commercial, Multifamily Outstanding Mortgage Debt

In terms of cash gains, life insurance companies' holdings of commercial and multifamily mortgage debt increased by $21.2 billion (2.9%) in the third quarter. Their holdings climbed by $12.3 billion (1.2%) for agency and GSE portfolios and MBS, $9.6 billion (1.6%) for CMBS, CDO, and other ABS issues, and $6.1 billion (0.3%) for banks and thrifts.

The biggest gain in percentage terms was seen by life insurance firms, whose holdings of commercial and multifamily mortgages increased by 2.9%. On the other hand, assets held by private pension funds fell by 8.8%.

Identifying Significant Changes in Multifamily Mortgage Debt Outstanding

A quarterly gain of 1.4% is represented by the $29.8 billion rise in multifamily mortgage debt outstanding from Q2 2024. The highest gain in terms of dollars was $12.3 billion (1.2%) for agency and GSE portfolios and MBS offerings in their holdings of multifami-

"Every major capital source for commercial mortgage debt increased its holdings of mortgages during the third quarter of 2024."

—**Jamie Woodwell**, Head of Commercial Real Estate Research, MBA

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ly mortgage debt. Banks and thrifts had an increase of $4.7 billion (0.8%), while life insurance firms saw a gain of $10.0 billion (4.3%).

The biggest percentage rise in multifamily mortgage loan holdings was 4.3% for life insurance businesses. The biggest drop in multifamily mortgage loan holdings was 6.8% for private pension funds.

REPORT: WHAT'S DRIVING THE RECENT REFI 'BOOM?'

Based on the extensive mortgage, real estate, and public records data sets that the company possesses, Intercontinental Exchange, Inc. has published its December 2024 ICE Mortgage Monitor Report.

In August and September of this year, the mortgage industry saw a welcome surge in refinance activity as 30-year conforming mortgage interest rates dropped into the low 6% level. To understand what that brief "boomlet" in borrowing activity tells us about U.S. mortgage holders and their intentions in the current market, this month's Mortgage Monitor delves deeply into ICE Mortgage Trends closed loan data.

When the rate equation shifted in their favor, homeowners with loans that were generated during the last few years acted quickly, as explained by Andy Walden, ICE VP of Research and Analysis.

"Homeowners pounced on their incentive to refinance as rates fell through August and September," Walden said. "More than 300,000 mortgage holders closed on refinance transactions in September and October, the most we've seen in two-and-a-half years. What's more, almost half of that activity involved the homeowner refinancing into a better rate, with October marking the first time in three years that there were more rate/term than cash-out refinances in a given month."

Key Finding From the December 2024 Mortgage Monitor

Borrowers took advantage of interest rates in the low 6% range, resulting in the closing of over 300,000 mortgage refinances in September and October, the largest in 2.5 years.

Approximately 150,000 of those were rate/term refinances, and in October, for the first time in three years, rate/term volumes exceeded cash-out refinance volumes.

In September and October, the typical rate/term borrower reduced their first lien rate by over one point and their monthly payment by $320, resulting in a total monthly savings of $47 million in those two months alone.

More than 30% of rate/term activity was made up of mortgage holders refinancing out of and back into Veterans Administration (VA) loans, which represented more than four times the VA market share of all active mortgages.

This year, loan-to-value ratios over 100% were used to originate over 35% of VA and over 10% of all rate/term refinances, raising the possibility of future performance risk.

Measuring Purchase, Cash-Out, and Rate/Term Refinance Activity

With average closing times for all loan types—purchase, cash-out, and rate/term refinances—hitting their lowest October levels in the five years ICE has been tracking the statistic, ICE Market Trends data also demonstrated that technologically savvy lenders were prepared to satisfy that demand.

This is also translating into stronger retention rates, with servicers keeping more than a third of clients who refinance to increase their rate or term—the best in two and a half years, according to ICE McDash +NextLoan data, which records loans before and after a refinance or other prepayment. Retention was highest among individuals who had recently taken out their mortgages, approaching 40%, as has been the case in previous years.

"This brief, but welcome, spike in refinancing was dominated by homeowners quickly ditching their recently acquired mortgages," Walden said. "Refinances out of 2023 and 2024 vintages drove an impressive 78% of recent rate/term lending and nearly half of refi activity overall. The average rate/term refinancer had been in their prior mortgage for just 15 months, the shortest average length of time in the nearly 20 years we've been tracking that metric. For most, this was a no-brainer; on average, these folks cut their first lien rates by more than a point and their monthly mortgage payment by $320 per month. That works out to roughly $47 million in monthly payment savings locked in by homeowners in just September and October alone."

Nearly a third were able to improve their rate by 1.5 percentage points (pp) or more, and over two-thirds of all rate/term refinances saw a rate drop of more than a full percentage point. The biggest monthly improvements were experienced by borrowers with VA-backed mortgages, whose rates decreased by an average of 1.28 percentage points in October, while those of other loan types and investor classes decreased by 1.08 to 1.18 percentage points.

"As you'd expect," Walden continued, "the interest rate threshold at which a given homeowner would be enticed to pull the trigger on a refi varied by loan size. Nearly half of refinancing borrowers with balances between $250,000 and $375,000 needed a 125 basis point (bps) reduction before deciding to refi. The distribution of rate savings for those with balances between $375,000 and $624,000 were largely similar. Once a borrower's balance got above $750,000, however, it was clear that less rate incentive was required for a refinance to be of value. Nearly 40% of those borrowers cut their first lien 75 bps or less by refinancing, and about 12% saw benefit in doing so even with less than a 50 bps reduction."

About 30% of rate/term lending in September and October was made up of refinances from and back into VA mortgages, which is about four times the percentage of active mortgages. Performance risk must be taken into account in addition to the elevated prepayment risk that this entails. Loan-to-value ratios exceeding 100% have been seen in over 35% of 2024 VA rate/term refinances.

This results from a mix of lending programs that enable borrowers to fund closing expenses and even interest rate buydowns up to specific levels, as well as the refinancing of more recent vintages, which haven't had time to strengthen their equity positions.

CFPB EXAMINES TRENDS IN MORTGAGE APPS AND ORIGINATIONS

The annual report on changes in the residential mortgage lending sector was produced by the Consumer Financial Protection Bureau (CFPB). With loan applications and originations falling by roughly a third from 2022, 2023 experienced a sharp downturn in mortgage lending activity. With single-family refinance originations down over two-thirds from 2022, the fall was more pronounced in refinancing activity than in-house purchases.

In 2023, a greater proportion of borrowers reported having paid discount points than in any previous year since data tracking started, and the median overall loan payments also increased dramatically.

Since 1975, financial institutions have been required by the Home Mortgage Disclosure Act (HMDA) to gather and disclose specific loan-level data regarding mortgage applications and originations. In 2011, the HMDA administration was turned over to the CFPB.

Key Highlights From the CFPB Report:

- In 2023, there was a sharp decline in loan originations and applications for both homebuying and refinancing. Compared to 2022, the number of applications and originations fell by 30% and 32%, respectively, in 2023, continuing their downward trend. Single-family home refinances decreased by 64%. Cash-out refinance loans accounted for the majority of the remaining refinance originations in the market.
- Higher monthly mortgage payments were caused by rising interest rates. For borrowers obtaining a standard conforming 30-year fixed-rate mortgage, the average monthly payment (without taxes and insurance) increased from $2,045 in December 2022 to $2,295 in December 2023. The increase in mortgage interest rates accounted for nearly all of the monthly payment increases. Despite this, there was no variation in the average debt-to-income ratio of applications for home purchases from year to year. This probably indicates that lenders are moving away from lower-income borrowers and toward higher-income ones.
- Discount points were paid by more than half of the borrowers. Nearly a 13% rise over 2022, over 56% of single-family loan originations paid some discount points in 2023. The median discount points paid were approximately $3,900 for refinance loans and $3,000 for home purchase loans.
- The overall cost of loans went up, but the hikes for Black and Hispanic borrowers were greater. In 2023, the median total loan cost for refinance loans was over $7,300, while the median total cost for home purchase loans was over $6,700. Interestingly, the median total loan costs for house purchase loans increased more quickly for Black and Hispanic borrowers than for Asian and non-Hispanic white borrowers.

- The share of originations from non-depository institutions kept rising. Independent mortgage businesses and other non-depository entities created a lot more loans than banks and credit unions. Nearly 62% of all closed-end house purchase loans and more than 64% of refinance loans were originated by independent mortgage companies in 2023.

LENDING STANDARDS TIGHTEN AS CREDIT AVAILABILITY SLIPS

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

While an increase in the index signifies loosening credit, a decrease in the MCAI suggests tightening lending rules.

Overview of the November Mortgage Credit Availability Index:

- In November, the MCAI dropped 3.3% to 95.9.
- In March 2012, the index was benchmarked at 100.
- While the Government MCAI fell by 3.9%, the Conventional MCAI fell by 2.7%.
- The Conforming MCAI dropped by 6.6%.
- The Jumbo MCAI dropped by 0.9% among the Conventional MCAI's component indices.

"Credit availability tightened considerably in November, pushing the index to the lowest level in five months," said Joel Kan, MBA's VP and Deputy Chief Economist. "Part of the decline was attributable to investors pulling back on high LTV and low credit score programs for both fixed and ARM loans, as well as further exits from the broker channel in an originations market that is still challenging for many lenders. The most notable impact was on the government index, which decreased to its lowest since December 2012."

> **"Credit availability tightened considerably in November, pushing the index to the lowest level in five months."**
>
> —**Joel Kan,** VP and Deputy Chief Economist, MBA

Measuring the Jumbo MCAI Component Indices, Conventional, Government, and Conforming Loans

In November, the MCAI dropped 3.3% to 95.9. While the Government MCAI fell by 3.9%, the Conventional MCAI fell by 2.7%. The Conforming MCAI dropped by 6.6%, while the Jumbo MCAI dropped by 0.9% among the Conventional MCAI's component indices.

Using the same technique as the Total MCAI, the Conventional, Government, Conforming, and Jumbo MCAIs are created to demonstrate the relative credit risk and availability for their respective indices. The population of loan programs that are examined is the main distinction between the Component Indices and the entire MCAI.

While the Conventional MCAI looks at non-government loan programs, the Government MCAI looks at FHA, VA, and USDA loan programs. FHA, VA, and USDA loan offerings are not included in the Jumbo and Conforming MCAIs, which are a subset of the standard MCAI. Conventional lending programs that come inside conforming loan limits are examined by the Conforming MCAI, whereas conventional programs outside of conforming loan limits are examined by the Jumbo MCAI.

AFTER RECORD HIGHS, DOWN PAYMENTS DROPPED IN Q3

Down payment shares peaked early this year, in Q2 2024 versus the normal Q3 trend, according to Realtor.com's bi-annual down payment report. Nationwide, down payments in Q3 of 2024 averaged 14.5% with a median down payment of $30,300, down from Q2 2024's historical peak of

14.9% and $32,700. Overall, 2024 was down year over year as easing mortgage rates improved affordability conditions.

"The annual decline in down payments is the result of less buyer competition in the third quarter. Easing demand and increasing inventory gave buyers more flexibility last quarter, which led to slightly lower down payments," said Hannah Jones, Senior Economic Research Analyst with Realtor.com. "The recent drop in mortgage rates could pave the way for more competition in the coming months, especially if rates fall further, but we haven't yet seen that reflected in home sales or down payment trends.

Homebuyers Still Using Pandemic-Era Savings

Two things that likely contributed to homebuyers putting down large down payments are pandemic-era savings and high existing home equity. The typical down payment dollar amount is more than twice the pre-pandemic median, and the typical down payment as a share of the purchase price was more than three percentage points higher.

Looking Forward

Northeast states see climbing down payments: At the state level, Maine and Rhode Island had the greatest increase in down payment as a percent of price at 1.8 percentage points each. They were followed by Connecticut (+1.2 pp), Vermont (1.1 pp), and New Jersey (+1.0 pp).

States with largest down payment growth in 2024: Rhode Island saw the largest increase in down dollar payment amount in Q3 2024, with the typical down payment rising a whopping 33.3%: from $45,300 in Q3 2023 to $60,400 in Q3 2024. Drivers include both the increase in down payment and the median home price increase. This list has mostly higher-than-average down payment markets, plus Ohio, which tends to see a lower percentage down.

States with largest down payment dollar growth Q3 2023-2024: Down payments as a share of purchase price fell in 24 states in Q3 2024, and down payment dollar amounts fell in 21 states, with significant overlap in the lists of metros with the largest decline in the percentage down and dollars down. Texas, Florida, and Montana might have been hotspots in the pandemic era, but they've been seeing significant softening over the last year—a combination of waning demand and climbing inventory impacting home prices and reducing competition.

States with biggest down payment declines: Florida saw down payments fall by almost one quarter (24.0%) year over year in Q3, an $8,500 drop. The District of Columbia saw the biggest absolute decline, with down payments dropping more than $17,000 year over year, a 17.7% drop. Despite this, down payments are still more than $80,000 on average in the district. For D.C. in particular, falling down payments may reflect the preference for and availability of remote work, allowing workers to live further away from downtown jobs and in more affordable housing areas.

MORTGAGE REFI OFFERS SURGE NATIONWIDE

A recent LendingTree study highlights a considerable rise in 30-year fixed-rate mortgage refinance offers, showing an impressive 41.59% increase from September 2023 to September 2024. This growth correlates with a notable decrease in the average annual percentage rate (APR) on refinance loans, which fell by 156 basis points—from 8.19% down to 6.63%. With the drop in interest rates, homeowners across the country are seizing the opportunity to lower their monthly mortgage payments or cash out equity. On average, this reduction in APR has translated to a monthly savings of $136, even as average loan amounts have climbed by $16,245.

LendingTree's analysis, based on approximately 180,000 refinance offers on its platform, provides a comprehensive look at the refinancing landscape across the United States. The report focuses on the 25 states where refinance offers increased most significantly year over year, illustrating a widespread trend in homeowners looking to lock in lower rates. Notably, 10 states saw refinance offers more than double within the past year, led by West Virginia, which recorded a remarkable 235.69% growth rate. Other states with substantial increases include Connecticut at 144.34% and Oklahoma at 141.77%. This trend reflects a strong response from homeowners seeking to capitalize on declining rates to improve their financial standing.

Despite the allure of refinancing at a lower rate, the study also emphasizes that not all homeowners are necessarily positioned to benefit from current refinance options. Many existing mortgages have rates below 5%, with a substantial portion of loans locked in below 4% or even 3%. For these homeowners, refinancing could mean a marginal reduction in monthly payments, which may not offset the associated closing costs.

Refinancing typically incurs expenses ranging from 2% to 6% of the loan value. Although these costs can often be rolled into the loan itself, this approach results in a higher loan balance and, in some cases, higher monthly payments.

For homeowners considering refinancing, determining a break-even point—the time it will take for monthly savings to cover upfront costs—remains critical. Factors like loan size, monthly savings, and long-term plans for staying in the home will all influence whether refinancing is the right financial move. As lenders cautiously adjust their offers amid market fluctuations, homeowners must assess their situations to decide if refinancing aligns with their goals.

LendingTree's findings underscore the strategic role of refinancing amid favorable interest rate shifts. By examining the notable uptick in refinance offers, particularly in states with the highest year-over-year increases, this study provides insight into the broader economic impact of declining APRs on household finances nationwide.

Default Servicing

SEASONAL FACTORS HELP MODERATE FORECLOSURE FILINGS

According to ATTOM's November 2024 U.S. Foreclosure Market Report, approximately 29,390 U.S. homes had foreclosure filings, such as default notices, scheduled auctions, or bank repossessions. This represents an estimated 9% decrease from the previous year and a 5% decrease from the previous month.

"The slight decline in U.S. foreclosure activity during November most likely reflects the seasonal ebb we often see this time of year," said Rob Barber, CEO at ATTOM. "While foreclosure filings are down both month over month and year over year, the data highlights areas of the country, such as Nevada, Florida, and Connecticut, where foreclosure rates remain relatively high."

Which States Have the Highest Foreclosure Rates?

In November 2024, there were foreclosure filings in one out of every 4,795 dwelling units nationwide.

The states that had the highest foreclosure rates were:

- Florida (one in every 3,047 housing units)
- Connecticut (one in every 3,210 housing units)
- Maryland (one in every 3,535 housing units)
- Nevada (one in every 2,941 housing units with a foreclosure filing)
- Indiana (one in every 3,567 housing units)

In November 2024, the metro statistical regions with the highest foreclosure rates among the 224 having a population of at least 200,000 were:

- Modesto, California (one in every 1,890 housing units with a foreclosure filing)
- Reading, Pennsylvania* (one in every 2,133 housing units)
- Bakersfield, California (one in every 2,155 housing units)
- Riverside, California (one in every 2,207 housing units)
- Chico, California (one in every 2,270 housing units)

Note: *Reading, PA's high foreclosure rate might be the result of data correction; ATTOM aggregator caught up on instances from October that had not been reported before, thus the increase might be due to backlogs rather than an unexpected spike in foreclosures.

As mentioned above, popular California metros lead in the highest foreclosure rates of the population analyzed, which may come as no surprise—as the Golden State is notably one of the most expensive places to live in the United States.

Greatest Number of Foreclosure Starts Found in Larger U.S. States

In November 2024, lenders began the foreclosure process on 20,231 properties in the United States, a decrease of 3% from the previous month and 10% from the previous year.

Yet again, the states with the highest number of foreclosures in November 2024 were:

- Texas (2,542 foreclosure starts)
- Florida (2,438 foreclosure starts)
- California (2,239 foreclosure starts)
- New York (1,167 foreclosure starts)
- Pennsylvania (844 foreclosure starts)

In November 2024, the following major metros with a population of one million or more experienced the highest share of foreclosure starts:

- New York (1,184 foreclosure starts)
- Houston (969 foreclosure starts)
- Miami (768 foreclosure starts)
- Philadelphia (723 foreclosure starts)
- Los Angeles (641 foreclosure starts)

Foreclosure Completions Tick Up From Last Year's Numbers

In November 2024, 3,089 U.S. homes were seized by lenders through completed foreclosures (REOs), an increase of 21% from the previous year and 5% from the previous month.

In November 2024, the states with the highest number of REOs were:

- California (402 REOs)
- Texas (232 REOs)
- New York (223 REOs)
- Illinois (206 REOs)
- Pennsylvania (160 REOs)

The largest number of REOs in November 2024 occurred in significant metro statistical areas (MSAs) having a population of one million or more, including:

- New York (198 REOs)
- Chicago (177 REOs)
- Baltimore (88 REOs)
- San Francisco (83 REOs)
- Los Angeles (80 REOs)

No matter the state or metro, foreclosures may heighten or moderate in 2025 as the market remains unpredictable. However, per the report, due to seasonal influences, disclosure filings eased nationwide in November 2024.

"As we move into 2025, we'll be closely monitoring how economic pressures and market dynamics may influence a potential rebound in activity," Barber said.

WHICH HOUSING MARKETS HAVE BEEN THE MOST VULNERABLE?

ATTOM has released its latest Special Housing Market Impact Risk Report, a study examining county-level housing markets around the United States that are more or less vulnerable to declines, based on home affordability, equity, and other measures in the third quarter of 2024. The report shows that California, New Jersey, and Illinois once again had high concentrations of the most-at-risk markets in the country, with parts of Florida also joining that mix. Less-vulnerable markets continued to be clustered in the Southern United States.

The Q3 patterns—derived from gaps in affordability, underwater mortgages, foreclosures, and unemployment trends—revealed that two-thirds of the 50 counties around the United States considered most exposed to potential fallbacks were in California, Florida, Illinois, and New Jersey. Florida was a new addition to that group in Q3 after earlier periods when it had fewer markets making the list of areas at elevated risk of downturns.

County-level housing markets on the latest list included six in and around Chicago, five in or near New York City, and four in southern New Jersey. Another 13 were in California, mostly inland from the Pacific Coast. The rest were scattered largely around the Northeast, South, and Midwest. At the other end of the risk spectrum, more than half the markets considered least likely to decline fell in Virginia, Wisconsin, Tennessee, Montana, and New Hampshire. They included four in the Washington, D.C., region.

For the study, ATTOM considered counties more or less at-risk based on the percentage of homes facing possible foreclosure, the portion with mortgage balances that exceeded estimated property values, the percentage of average local wages required to pay for major homeownership expenses on median-priced single-family homes and local unemployment rates. The conclusions were drawn from an analysis of the most recent home affordability, equity, and foreclosure reports prepared by ATTOM. Unemployment rates came from federal government data. Rankings were based on a combination of those four categories in 578 counties around the United States with sufficient data to analyze in Q3 2024. Counties were ranked in each category, from lowest to highest, with the overall conclusion based on a combination of the four ranks.

Measuring the Impact of Rising Prices

An increase in home prices has surpassed most wage gains around the country to varying degrees, leading to homeownership costs consuming more than triple the portion of average wages in some parts of the country compared to others. According to Zillow, the average U.S. home value currently stands at $359,099, up 2.6% year over year. Similar disparities can be found in several other measures: unemployment rates, the level of homeowners facing foreclosure, and the portion owing more on their mortgages than their homes are worth.

"The recent market risk patterns changed a bit in the third quarter, with some new areas making the list of places more or less exposed to downfalls. But the big picture remained pretty much the same around the country as differences in important metrics helped produce varying pockets of vulnerability," said Rob Barber, CEO at ATTOM. "As with past reports, this one is not meant to suggest any given area is about to fall or is immune from problems. Rather, it spotlights locations that look to be more or less able to withstand significant changes in market conditions. We will continue to keep a close watch on markets throughout the country to see how things track."

Pinpointing the Most Vulnerable Markets

The metropolitan areas around New York, New York, and Chicago, Illinois, as well as areas of California, had 24 of the 50 U.S. counties considered most vulnerable in Q3 of 2024 to housing market troubles. The counties were among 578 around the nation with enough data to analyze. The most at-risk counties included:

- Cook, Kane, Kendall, McHenry, and Will counties in Illinois and Lake County in Indiana
- Two in New York City (Kings County, which covers Brooklyn, and New York County, which covers Manhattan)

- Three in the New York City suburbs (Essex, Passaic, and Sussex counties, all in northern New Jersey)
- Another 13 were located in California: Butte County (Chico), Contra Costa County (outside Oakland), El Dorado County (outside Sacramento), Humboldt County (Eureka) and Solano County (outside Sacramento) in the northern part of the state, plus Kern County (Bakersfield), Kings County (outside Fresno), Madera County (outside Fresno), Merced County, San Joaquin County (Stockton) and Stanislas County (Modesto) in central California. Two others, Riverside and San Bernardino counties, were in southern California.

Affordability, Underwater Mortgages, Foreclosures, and Unemployment High in Most At-Risk Markets

Major homeownership costs (mortgage payments, property taxes, and insurance) on median-priced single-family homes and condos were considered seriously unaffordable in 30 of the 50 counties deemed most vulnerable to market drop-offs in Q3 of 2024. That means those expenses consumed at least 43% of average local wages. Nationwide, major expenses on typical homes sold in the third quarter required 34% of average local wages, a level also above basic affordability benchmarks.

The highest percentages in the most at-risk markets were reported in:

- Kings County (Brooklyn), New York (108% of average local wages needed for major ownership costs)
- Riverside County, California (70.2% of average local wages needed for major ownership costs)
- El Dorado County, California (outside Sacramento) (66.3% of average local wages needed for major ownership costs)
- Passaic County, New Jersey (outside New York City) (65.9% of average local wages needed for major ownership costs)
- New York County (Manhattan), New York (65.1% of average local wages needed for major ownership costs)

At least 6% of residential mortgages were underwater in Q3 2024 in 23 of the 50 most at-risk counties. Nationwide, 5.5% of mortgages fell into that category, with homeowners owing more on their mortgages than the estimated value of their properties. Those with the highest underwater rates among the 50 most at-risk counties were found in:

- Clair County, Illinois (outside St. Louis, Missouri) (15% underwater)
- Tangipahoa Parish, Louisiana (east of Baton Rouge) (13.7% underwater)
- Pinal County, Arizona (outside Phoenix) (12.4% underwater)
- Philadelphia County, Pennsylvania (11.9% underwater)
- Marion County, Florida (outside Gainesville) (11% underwater)

More than one of every 1,000 residential properties faced a foreclosure action in Q3 of 2024 in 35 of the 50 most vulnerable counties. Nationwide, one in 1,618 homes were in that position. The highest foreclosure-case rates in those counties were:

- Charlotte County (Punta Gorda), Florida (one in 449 residential properties facing possible foreclosure)
- Osceola County, Florida (outside Orlando) (one in 473 residential properties facing possible foreclosure)
- Dorchester County, South Carolina (outside Charleston) (one in 509 residential properties facing possible foreclosure)
- Cumberland County (Vineland), New Jersey (one in 571 residential properties facing possible foreclosure)
- Warren County, New Jersey (outside Allentown, Pennsylvania) (one in 574 residential properties facing possible foreclosure)

The August 2024 unemployment rate was at least 5% in 34 of the 50 most at-risk counties, while the nationwide figure stood at 4.2%. The highest rates were reported in:

- Merced County, California (9.1%)
- Kern County (Bakersfield), California (8.7%)
- Kings County, California (outside Fresno) (8.2%)
- Cumberland County (Vineland), New Jersey (7.7%)
- Madera County, California (outside Fresno) (7.4%)

Areas Least At-Risk

Twenty-two of the 50 counties considered least vulnerable to housing market problems from among the 578 reviewed in the third-quarter report were in the South. Another 13 were in the Midwest, followed by 11 in the Northeast and just four in the West.

Tennessee had eight of the least at-risk counties in Q3, including:

- Rutherford and Williamson counties in the Nashville metro area
- Blount and Knox County in the Knoxville metro area
- Hamilton County (Chattanooga)
- Bradley County (outside Chattanooga)
- Sullivan County (Kingsport)
- Washington County (Johnson City)

Wisconsin had seven metros reporting as low at-risk, including:

- Brown County (Green Bay)
- Outagamie County (outside Green Bay)
- Dane County (Madison)
- Rock County (outside Madison)
- Eau Claire County, La Crosse County
- Winnebago County (Oshkosh)

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Government

FHFA ANNOUNCES DEEMED-ISSUANCE RATIO FOR 2025 CALENDAR YEAR

The Federal Housing Finance Agency (FHFA) has announced the deemed-issuance ratio for the 2025 calendar year in accordance with Internal Revenue Service (IRS) guidelines on the trading of the Uniform Mortgage-Backed Security (UMBS).

The deemed-issuance ratio is used for diversification reporting on bonds ultimately delivered to the purchaser until the bonds have been disposed of, regardless of the issuing Enterprise on the underlying bonds.

The IRS Revenue Procedure 2018-54 provides that the ratio may be rounded as long as the rounded ratio is further from 50/50 than the actual observed data. Therefore, the deemed-issuance ratio for the 2025 calendar year is 51% Fannie Mae and 49% Freddie Mac.

Revenue Procedure 2018-54 calls for the FHFA to determine a deemed-issuance ratio for each calendar year based on the ratio of TBA-eligible securities issued by Fannie Mae and Freddie Mac during the 24-month period ending October 31 of the preceding year. FHFA announces this ratio annually at least three weeks prior to the affected calendar year.

The IRS procedure provides guidance on Section 817(h) of the Internal Revenue Code (IRC) diversification requirements for variable annuity, endowment, and life insurance contracts. Section 817(h) of the IRC limits the concentration of investments for holders of variable annuity, endowment, and life insurance contracts. It applies to interests in non-publicly available investment companies, partnerships, trusts, and regulated investment companies.

The IRS has provided a deemed-issuance ratio to allocate issuer exposure for TBA trades between the GSEs (Fannie Mae and Freddie Mac). Compliance with these requirements is affected by the implementation of and trading in Uniform Mortgage-Backed Securities (UMBS).

UMBS are passthrough securities, each representing an undivided interest in a pool of residential mortgages. Freddie Mac offers 30-year fixed-rate UMBS in addition to 20-year, 15-year, and 10-year securities. UMBS are backed by fully amortizing mortgages and pay on a 55-day delay schedule. Freddie Mac guarantees the timely payment of interest and scheduled principal on all UMBS issued by Freddie Mac. Fannie Mae plans to offer an identical guarantee of timely payment of interest and scheduled principal on all Fannie Mae-issued UMBS. UMBS feature a payment delay of only 55 days from the time interest begins to accrue and the time the investor receives a payment.

The FHFA recently announced the conforming loan limit values (CLLs) for mortgages acquired by Fannie Mae and Freddie Mac for calendar year 2025. In most of the United States, the 2025 CLL value for one-unit properties will be $806,500, an increase of $39,950 (or 5.2%) from 2024.

The Housing and Economic Recovery Act (HERA) requires that the FHFA adjust the GSEs' baseline CLL value annually to reflect the change in the average U.S. home price. Earlier, the FHFA published its Q3 2024 FHFA House Price Index (FHFA HPI) report, which includes statistics for the increase in the average U.S. home value over the last four quarters. According to the report, U.S. house prices increased 5.21%, on average, between the third quarters of 2023 and 2024. Therefore, the baseline CLL in 2025 will increase by the same percentage.

HUD EXTENDS ASSISTANCE FOR VICTIMS OF HURRICANES HELENE AND MILTON

The Federal Housing Administration (FHA) has announced that it is extending its foreclosure moratoriums for FHA-insured Single-Family Title II forward and Home Equity Conversion Mortgages in Presidentially Declared Major Disaster Areas (PDMDAs) declared as a result of this past summer's Hurricane Helene and Hurricane Milton.

This extension provides borrowers impacted by these events with additional time to access federal, state, or local housing resources; to consult with a HUD-approved housing counselor; and/or to rebuild their homes.

"When disaster strikes, we know that families and communities need not only resources but time to recover," HUD Agency Head Adrianne Todman said. "Today, by extending our foreclosure moratorium, we continue the Biden-Harris administration's efforts to help those affected by the catastrophic Hurricanes Helene and Milton to repair and rebuild their homes, communities, and lives."

When Hurricanes Helene and Milton occurred, FHA implemented automatic 90-day foreclosure moratoriums that required mortgage servicers to halt the initiation or completion of all foreclosure actions in PDMDAs on the date that each disaster was declared. FHA is extending the foreclosure moratoriums for all Hurricanes Helene and Milton PDMDAs, regardless of their declaration date, through April 11, 2025. FHA is also extending the deadline dates for servicers to perform certain legal actions related to foreclosure for an additional 180 days following the end of the foreclosure moratoriums.

Nearly $300B in Damages

According to Science Insider, Hurricane Helene caused approximately $250 billion in damages to the southeastern United States, concentrated in Florida, Georgia, and North Carolina. And less than two weeks later, Hurricane Milton wreaked havoc on Florida causing an additional $50 billion in estimated damages.

"Because the consecutive Hurricanes Helene and Milton caused a great deal of damage and disruption, FHA believes it is appropriate to extend our foreclosure moratoriums by 120 days," Federal Housing Commissioner Julia Gordon said. "This extension will provide more time for homeowners to review a range of options with their mortgage servicer if they are unable to resume regular mortgage payments due to the impact of the disaster."

Borrowers with FHA-insured mortgages located in Hurricanes Helen and Milton PDMDAs should contact their mortgage or loan servicer immediately for assistance. Multiple options are available for those who cannot resume their regular mortgage payments yet.

HUD and FEMA Partner to Further Homeowner Protections

In addition to the foreclosure relief for victims of these storms, HUD and the Federal Emergency Management Agency (FEMA) recently held a summit to launch the Pre-Disaster Housing Initiative, a program designed to help states develop plans to boost their post-disaster housing capabilities.

During an eight-month period, both HUD and FEMA will provide technical assistance and guidance to Kentucky, Michigan, and Missouri state officials and emergency managers to maximize housing-centric planning that can help mitigate potential housing shortfalls in communities when disasters strike. These states provide a cross-section of perspectives on the challenges of planning and executing post-disaster housing missions. This includes geographic diversity, frequency of major disaster declarations, and the types of disasters they are most likely to face. Over the next few months, each state will set its priorities as well as expected outcomes and engage with local and community partners to develop a disaster housing strategy that can be executed when needed.

"This initiative is designed to strengthen relationships between emergency management and housing agencies both within a state and between the states in the cohort," FEMA's Assistant Administrator for Recovery Colt Hagmaier said. "This partnership remains a priority for both FEMA and HUD, and we are thrilled to see the exponential impacts of this initiative throughout the nation."

HUD and FEMA's efforts will help build local capacity and support states to adopt a proactive approach to housing recovery. The initiative was created to address potential housing issues when disasters were not actively affecting the states to help ensure individuals, families, and communities can recover effectively. This type of planning also helps disaster-stricken states move from short-term sheltering programs to more sustainable housing solutions.

In 2023, HUD and FEMA concluded efforts for the first cohort of the joint housing initiative for Louisiana, Montana, New Jersey, and Washington. This inaugural initiative focused on the importance of identifying and addressing housing recovery challenges in a non-disaster environment, the benefit of information sharing among states, and the value of tailoring federal support and resources to the unique needs and challenges of each state. The states participating in the first cohort urged HUD and FEMA to create a second round of the initiative and are providing guidance to the new states.

"The Pre-Disaster Housing Initiative answers the call from citizens to ensure all levels of government are ready for the day when a disaster strikes," said Marion McFadden, Principal Deputy Assistant Secretary for Community Planning and Development. "Unfortunately, disasters are occurring far more frequently, with greater damage, so this work is necessary to protect people, properties, and infrastructure from harm."

FANNIE MAE RELEASES 2025 ECONOMIC OUTLOOK

As the new year draws near, Fannie Mae anticipates that many of the housing trends from 2024 will persist in 2025, with the "lock-in effect" of mortgage rates and housing affordability continuing to be major obstacles for countless Americans. The GSE provides five forecasts for the housing market in 2025 below, along with our housing and economic outlook.

According to the report, the economy looks to be well-positioned to close out 2024: Although the labor market is gradually cooling, consumer spending has remained strong, unemployment is still low, and job creation is now occurring at a solid rate according to demographic trends. The GSE predicts no significant drop in the 10-year Treasury rate in 2025, which will keep mortgage rates high and home sales "muted," especially if inflation measures are still stickier than markets anticipated earlier in 2024.

Fannie Mae revealed that uncertainty surrounds this dynamic, including whether strong labor productivity can support GDP in the upcoming year, whether inflation will soften, and if not, whether interest rates will stay structurally higher for an extended period.

Although they have not yet included any specific policy changes in their predictions as consumers await further information, changes to immigration, trade, fiscal, and regulatory policies could all have a significant impact on our prognosis for economic growth, inflation, interest rates, and housing.

Key Findings From the Fannie Mae Forecast:

- There will probably be periods of volatility, but average mortgage rates will decrease slightly while staying above 6%.
- In 2025, economists predict that the average mortgage rate will continue to be higher than 6%. Sticky inflation and a seemingly stable labor environment have dampened the environmental expectations for further interest rate decreases. The GSE anticipates that mortgage rates will stay high compared to pre-pandemic levels and only marginally decline to about 6% by the end of 2025 unless economic growth begins to slow considerably. Bond markets have increased 10-year yields in response to election outcomes and better data. However, it's anticipated that periods of volatility in mortgage rates in the upcoming year due to persistent uncertainty regarding the robustness of economic growth, the stickiness of inflation, and potential policy adjustments.
- The 10-year Treasury yield has fluctuated significantly during the last six months in response to both positive and negative inflation and economic statistics. In addition to navigating uncertainty around present and future economic development, financial markets are attempting to ascertain the final "neutral" rate for the fed funds rate. We anticipate periods of financial market volatility when bond markets revalue interest rate expectations as additional data is released and information about possible policy adjustments emerges.
- According to their baseline forecast, core inflation will continue to decline, and economic growth and employment increases will slow slightly in the upcoming year, but it won't achieve the Fed's target until 2026. However, the possibility of sustained consumer spending resilience and higher-than-expected productivity growth poses a significant upside risk to their economic outlook. Significant tariffs or a noticeable slowdown in immigration, however, indicate both an upside risk to inflation measures and a downward risk to economic development. Interest rates may be impacted by both positive and downside risks associated with potential changes to tax and regulatory policies.

Current Home Sales Will Continue to Hover Around 30-year Lows

Fannie Mae predicts that existing home sales will reach 4.25 million in 2025, which is an estimated 4.8% more than the 4.06 million we anticipate in 2024 but still 20.3% lower than in 2019. They anticipate a small increase in current home sales in the upcoming year due to the larger number of homes on the market. At the end of November, there were 1.37 million properties for sale, up 19.1% over the same period last year, according to the National Association of Realtors. However, it's expected that the lock-in effect and limited affordability circumstances will remain the main factors restricting the recovery of existing home sales in 2025, especially as it's forecast that mortgage rates will remain above 6%.

Since the middle of the 1980s, affordability circumstances have remained at their most restricted levels. Furthermore, even if mortgage rates approach 6%, we anticipate that the lock-in effect will continue to be significant. Some 14% of Fannie Mae single-family loans with a 30-year fixed rate mortgage had a rate higher than 6% at the end of September, while 58% had a rate lower than 4%. As predicted, the lock-in impact will eventually diminish, but economists think the process will be gradual given the downward slope in the fraction of single-family loans with a rate below 4% and the higher slope in the share with a rate larger than 6%.

Only a small and transient increase in mortgage applications and home sales took place in September, even while interest rates momentarily dropped to about 6%. Because of this sluggish reaction, we think that mortgage rates close to 6% are probably not going to be enough to generate enough new demand or to motivate enough homeowners to sell, both of which are necessary to "defrost" the housing market.

However, as was previously mentioned, the number of properties for sale varies significantly by region, and some areas are probably going to have higher sales in 2025 than in 2024. Strong homebuilding in recent years tends to be associated with relatively free markets. According to Realtor.com, inventory levels are close to or higher than pre-pandemic norms in many Sun

Belt states, such as Florida and Texas, as well as in portions of the Mountain West area and Pacific Northwest.

On the other hand, compared to 2019, there are far fewer properties for sale in the Midwest and Northeast. Overall, it's estimated that inventory levels will continue to gradually increase across the country, with Sun Belt inventories continuing to be looser than those in the Northeast and Midwest.

The Housing Market Will Continue to See Growth in the Sales of New Homes (in Areas Where They Can Be Built)

The year 2025 is projected to be another strong one for new home sales due to the ongoing shortage of available existing homes and the positive demographic-based demand for housing. In 2024, through October, the average annualized sales pace of new home sales was an estimated 682,000, which is higher than the average sales pace of 595,000 from 2015 to 2019. Homebuilders are nevertheless eager to provide incentives, such as interest rate buydowns, to move their inventory of new homes for sale and to switch to smaller, more affordable homes in the face of high mortgage rates.

The median sales price of new homes has historically been significantly higher than the median sales price of older homes, although, in recent years, the difference has decreased. Between 2015 and 2019, the median price difference between the sale of a new and existing home averaged roughly 4%, whereas between 2015 and 2019, it averaged 28%. Sun Belt metro areas have a higher concentration of single-family homes. Although the geographic distribution of newly sold homes is not taken into account by this measure, the median square footage of new homes has decreased from a peak of 2,519 square feet in Q1 2015 to 2,158 square feet as of Q3 2024, contributing to the lower price premium.

However, new home sales differ significantly by area. The majority of sales occur in the South and Mountain West, where regulations and land permit more construction. The metropolitan statistical regions of Houston, Dallas, Phoenix, Atlanta, and Charlotte, North Carolina, accounted for 20% of the almost 750,000 single-family home permits issued so far this year through October. It's forecast that there will be a lot of homebuilding in the Sun Belt in 2025.

The Overall Increase in Home Prices Nationwide Will Slow in the Coming Year

Home price rises will continue to slow down into 2025, even if the persistent shortage of available homes has kept it strong. According to the Fannie Mae Home Price Index, they predict that home prices will increase by 3.6% in 2025 as opposed to 5.8% in 2024. A slow improvement in homeowner affordability conditions may begin in 2025 if home price appreciation softens, allowing nominal income growth to surpass home price increases for the first time since 2011. Mortgage rates will still be a barrier to affordability.

However, there will probably be significant geographical variations. A divergent home price story is currently being driven by regional differences in for-sale inventory. Except for the Great Financial Crisis and Q3 2022, when home prices fell nationally, 75 of the FHFA top 100 metro areas saw positive seasonally adjusted quarter-over-quarter home price growth in both the second and third quarters of 2024. In comparison to the national average, areas with a larger stock of homes for sale will likely continue to see poorer home price dynamics in 2025.

The Holding Pattern for Multifamily Housing Is Projected to Continue

We anticipate that 2025 will resemble 2024 in the multifamily market. Below-average rent growth in the near term as more units are constructed is expected, even though longer-term demographic trends continue to support multifamily building over the next ten years as the prime renter-aged population is predicted to continue growing. The projections for rent growth in 2025 range from 2 to 2.5%, depending on the metric. Renter affordability will benefit from this since it will be the second year in a row that nominal salary growth has outpaced rent growth in several metro areas. However, given the persistently high longer-term borrowing rates, slower rent increases will result in fewer new development projects.

Furthermore, a large portion of the geographical variance found in single-family building also exists in multifamily construction: Following the epidemic, there was a building boom in several Sun Belt metro areas, and the increase in supply is influencing prospective homeowners' "buy-vs-rent" calculations. In many areas, renting is becoming more financially attractive than purchasing a home compared to several years ago, which means many would-be buyers are likely to decide to keep renting.

GINNIE MAE HIGHLIGHTS FINANCIAL PERFORMANCE AND HOMEOWNERSHIP OPPORTUNITIES

In order to give more Americans significant opportunities to become homeowners, Ginnie Mae has released its Fiscal Year 2024 (FY24) Annual Financial Report, which highlights its financial outcomes and demonstrates exceptional success in bolstering the U.S. housing financing sector.

Some 1.2 million households countrywide, including servicemembers, veterans, and first-time homebuyers, were assisted by Ginnie Mae's mortgage-backed securities (MBS) program during FY24.

These households were spread across urban, rural, and Tribal communities. With the $423.4 billion gross yearly issuance of MBS, Ginnie Mae's outstanding portfolio reached a record $2.64 trillion. Operational outcomes from this performance were $3.1 billion, which included a $1.3 billion donation to the U.S. government.

"Once again, our fiscal year results demonstrate Ginnie Mae's ability to provide consistent access to affordable credit throughout all market cycles while delivering value to taxpayers," said Gregory Keith, SVP and Chief Risk Officer at Ginnie Mae. "In generating $3.1 billion net financial impact, including supporting 1.2 million households, Ginnie Mae proved how impactful our business can be in strengthening the housing finance market while generating superior financial results. Perhaps more amazing is that Ginnie Mae accomplishes this mission with fewer than 300 employees."

Effective financial management, operational effectiveness, and strategic expansion are Ginnie Mae's top priorities. These are essential to the company's long-term performance and favorable influence on the U.S. home finance industry. These initiatives promote investor confidence both domestically and internationally while ensuring that more Americans have significant opportunities to obtain a home.

"Despite economic challenges, Ginnie Mae maintained strong financial health and operational excellence," said Adetokunbo "Toky" Lofinmakin, Chief Financial Officer at Ginnie Mae. "With a business model that generates a negative subsidy, we directly contribute to U.S. Government earnings. This year's $1.3 billion contribution underscores our value and unwavering commitment to advancing affordable homeownership nationwide."

Ginnie Mae's operations are still anchored by its emphasis on governance, internal controls, and modernization, which guarantees stability and preparedness to handle changing problems.

"For five consecutive years, Ginnie Mae has maintained an unmodified audit opinion—an extraordinary achievement for a small agency managing such a large portfolio," said Erica Johnson, Director and Audit Liaison Officer at Ginnie Mae. "Our robust internal controls and modernization initiatives enable us to adapt to evolving market conditions, maintain transparency, and ensure we remain well-prepared to meet future challenges."

SENATE PASSES TRIGGER LEADS MEASURE

The U.S. Senate has announced the passage of the bipartisan Homebuyers' Privacy Protection Act (S. 3502), a measure that will ban trigger leads except in limited circumstances.

When a consumer applies for a mortgage, credit bureaus are notified that the consumer is interested in financing, which is referred to as a "trigger lead." That information is then sold by the credit bureaus to data brokers (including other lenders) without the consumer's knowledge or approval. Consumers are then often bombarded with hundreds of calls that may lure them away from their chosen lender.

The Homebuyers' Privacy Protection Act S. 3502) Was Introduced by U.S. Rep. John Rose With 43 Bipartisan Co-sponsors

When the measure was first introduced in February 2024, U.S. Rep. Ritchie Torres said, "Trigger leads exploit consumers' financial inquiries, turning them into commodities sold without consent. We must empower homebuyers, not bombard them with predatory calls. This bipartisan legislation takes a crucial step in safeguarding consumer privacy and choice in the mortgage process."

S. 3502 specifically prohibits a consumer reporting agency from furnishing a trigger lead unless an individual chooses to opt in. In that case, only certain approved groups will be notified that an individual is seeking a new mortgage. The bill is tailored to give consumers more control over the information they receive as part of the homebuying process and eliminates trigger lead abuses while preserving their use in appropriately limited circumstances.

According to Colin Barrett, President and CEO of the Tennessee Bankers Association, "It is not unusual for bank customers to receive 100-plus misleading texts, phone calls, and emails within the first 24 hours of applying for a mortgage."

"MBA applauds the Senate for passing legislation we championed to stop the abusive use of mortgage trigger leads while preserving their use in appropriately limited circumstances during a real estate transaction," Mortgage Bankers Association (MBA) President and CEO Bob Broeksmit, CMB said.

Rep. Rose added, "Buying a home is stressful enough for many consumers. The last thing most folks want is to be annoyed incessantly by the constant barrage of emails, text messages, and phone calls after they apply for a mortgage. My bill would put an end to this shady and confusing practice and restore data privacy for homebuyers."

S. 3502 moves on to the House of Representatives for approval prior to the Congressional winter break. Click here for more information on S. 3502—The Homebuyers' Privacy Protection Act.

HUD ADDRESSES RISING PROPERTY MANAGEMENT EXPENSES

As insurance and property management costs continue to rise nationwide, the U.S. Department of Housing & Urban Devel-

opment (HUD) has announced changes to help housing providers maintain affordable rents, while keeping up with rising expenses. HUD recently published a Federal Register Notice to update the Operating Cost Adjustment Factors (OCAFs) for eligible multifamily housing projects with project-based assistance contracts under the Section 8 program. This adjustment will help housing providers' allowable operating cost adjustments better reflect rising operational expenses seen marketwide, particularly insurance costs while ensuring that residents have access to affordable, quality homes with stable rental rates.

"As I have traveled across the nation, I have heard from property owners who have difficulty maintaining affordable rents while keeping up with rising expenses, impeding our efforts to boost the supply of available affordable homes," HUD Agency Head Adrianne Todman said. "Today, our new adjustment factors will help families and affordable housing providers keep up with increasing housing costs."

HUD's latest actions are the latest taken to address rising insurance costs while managing potential risks:

In 2023, HUD launched its Green and Resilient Retrofit Program (GRRP), which has awarded more than $1.1 billion to owners of HUD-assisted multifamily properties to support energy efficiency and climate resilience upgrades that will help strengthen housing to withstand future climate events and reduce disaster-related losses.

HUD recently updated its multifamily insurance deductibles to address the rising costs of wind and storm coverage, reducing costs for owners while continuing to ensure that properties have adequate insurance coverage. This is a key element of HUD's work to address insurance costs and ensure that communities can recover from disaster.

In July, HUD convened a summit of journalists, insurance industry executives, government leaders, nonprofits, and academics to address rising insurance premiums and receding coverage. This event brought together leaders to discuss shared issues and common-sense solutions.

"The escalating cost of property expenses and insurance is a growing concern for families and affordable housing providers across the country," said Julia R. Gordon, Assistant Secretary for Housing and Federal Housing Commissioner. "The new OCAFs represent a significant policy response by HUD and the Biden-Harris administration to address these ongoing challenges for multifamily property owners, managers, and residents."

The Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) requires HUD to set OCAFs on a yearly basis to establish contract rental rates. OCAFs, which vary by state and territory, are developed with industry feedback and account for critical changes in market conditions, such as fluctuations in energy costs, labor expenses, maintenance and repairs, and insurance premiums. According to HUD data, assisted multifamily properties have seen their insurance costs almost double over the last five years on average, while properties located along the Gulf and Atlantic coasts saw the largest increases.

The new OCAFs apply to eligible multifamily housing projects with contract anniversary dates on or after February 11, 2025.

CFPB ENHANCES PROTECTIONS FOR HOME IMPROVEMENT LOANS

The Consumer Financial Protection Bureau (CFPB) has finalized a rule mandated by Congress that applies existing residential mortgage protections to Property Assessed Clean Energy (PACE) loans. PACE loans are used by homeowners for clean energy upgrades and disaster readiness that are paid back through their property tax bills. Because of concerns about subprime-style lending that puts homeowners at risk of losing their homes, Congress required the CFPB to enhance protections.

The CFPB's new rule will ensure that PACE loan borrowers have the right to receive standard mortgage disclosures that allow them to compare the cost of the PACE loan with other forms of financing, and the lender will be responsible for ensuring that the borrower is not set up to fail with an unaffordable loan.

"Today's rule stops unscrupulous companies and salespeople from luring homeowners into unaffordable loans based on false promises of energy savings," CFPB Director Rohit Chopra said. "Homeowners deserve to know just how much they are paying when they put their home and financial future on the line."

Most PACE loans are marketed to homeowners, typically through door-to-door sales, by a company that brokers financing and contracts for clean energy installation or other home improvements. These companies may promise that the improvements will pay for themselves with energy savings or through enhanced disaster preparedness.

Analyzing PACE Loans

While PACE financing can provide quick cash for home improvements, CFPB research shows that:

- Most PACE borrowers are eligible for other forms of financing, often at much cheaper rates than PACE loans.
- PACE loans caused borrowers' property taxes to increase by about $2,700 per year or an 88% increase.
- PACE borrowers were more likely to fall behind on their first mortgage than people who chose not to finance home improvements with PACE.
- PACE loans tend to be more expen-

sive—around five percentage points higher—than first mortgages, even though PACE loans get paid at a foreclosure sale before first mortgages.

Enhancing Consumer Protections

The CFPB has been monitoring the fast-growing market for loans used for clean energy financing, including those not paid back through property taxes. In August 2024, CFPB issued a report and advisory warning consumers about predatory solar loans that found some residential solar lenders are misleading homeowners about the terms and costs of their loans, their payment plan, misrepresenting the energy and tax savings, and cramming markup fees into borrowers' loan balances.

The CFPB's latest rule is part of the Bureau's commitment to implementing regulations mandated by Congress and reviewing outdated regulations. Recently, the CFPB finalized a rule to implement a 2010 authority that provides new rights for consumers to control their financial data.

Last year, the CFPB finalized a required rule to increase transparency in small business lending. In 2022, the CFPB finalized a required rule to help human trafficking survivors rebuild their financial lives. The CFPB has also looked at and reviewed regulations related to junk fees, including in the mortgage market.

Industry Reaction

The Mortgage Bankers Association (MBA) and National Consumer Law Center (NCLC), along with the California Mortgage Bankers Association, Housing Policy Council, Jacksonville Area Legal Aid, Mortgage Bankers Association of Missouri, Mortgage Bankers Association of Florida, and Public Counsel of California have issued the following joint statement in response to today's CFPB final rule on PACE loans:

"The CFPB's final rule is a significant step to protect consumers and reduce mortgage delinquencies by ensuring that consumers are both informed of the obligations they are signing up for when they take out a PACE loan and that they have the ability to repay the loan," read the joint statement. "This is a welcome culmination of a process that started in 2018 when President Trump signed bipartisan legislation to regulate PACE loans, which are secured by the homeowner's property, in a similar fashion to other mortgages. A 2023 CFPB report found that PACE loans cause an increase in negative credit outcomes, particularly mortgage delinquencies when PACE loans are paid through borrower escrow accounts. We note, however, that the rule does not change the fact that PACE loans are provided as a 'super lien priority' through the tax assessment process, which is damaging to the housing market and to borrowers who may not be able to refinance or recoup their investment at the time of a sale due to the PACE obligation's priority status. We will continue to work together to address such challenges as well as any that might arise during the implementation of the rule in states with PACE programs."

FHFA RELEASES UPDATE ON NON-PERFORMING GSE LOANS

The Federal Housing Finance Agency (FHFA) has released a report on non-performing loans (NPLs) sold by Fannie Mae and Freddie Mac (the GSEs) through the first half of 2024. The Enterprise Non-Performing Loan Sales Report also provides information about how NPL sales through December 31, 2023, led to better outcomes for borrowers.

Since the program's inception in 2014, the report shows, the GSEs have sold 171,333 NPLs with a total unpaid principal balance (UPB) of $31.4 billion through June 30, 2024.

The loans included in these NPL sales had an average delinquency of 2.8 years and an average current mark-to-market loan-to-value (LTV) ratio of 82%. Foreclosure was avoided for borrowers in 40% of the 165,643 loans sold.

The Non-Performing Loan Sales program reduces the number of deeply delinquent loans in the GSEs' portfolios and transfers credit risk to the private sector. FHFA and the GSEs impose requirements on NPL buyers designed to achieve more favorable outcomes for borrowers than foreclosure. On December 31, 2023, the GSEs held 42,667 NPLs in their portfolio, of which 7% were sold and settled during the first half of 2024.

The Enterprise Non-Performing Loan Sales Report shows that the GSEs sold 2,969 NPLs (defined as loans one year or more delinquent) during the first two quarters of 2024 ending June 30, representing an unpaid principal balance (UPB) of $500 million.

As delinquencies have eased since the COVID-19 pandemic and the implementation of new loss mitigation programs, the volume of NPL sales has also declined and stabilized since 2021, when the GSEs sold 24,164 NPLs totaling an UPB of $4.1 billion. On June 30, loans one year or more delinquent in GSE portfolios totaled 36,700, an 82% decline from the 208,147 NPLs in the portfolio at the end of 2021.

Highlights of NPL Sales

- The average delinquency for pools sold has ranged from 1.1 years to 6.2 years.
- Fannie Mae has sold 117,437 loans with an aggregate UPB of $21.1 billion, an average delinquency of 2.8 years, and an average LTV ratio of 79%.
- Freddie Mac has sold 53,896 loans with an aggregate UPB of $10.3 billion, an average delinquency of 2.7 years, and an average LTV ratio of 88%.
- NPLs in New Jersey, New York, and Florida represent 39.4% of the NPLs sold.

Borrower Outcome Highlights

- The borrower outcomes in the report are based on 165,643 NPLs since the program began in 2014 that were settled by December 31, 2023, and reported as of June 30, 2024.
- NPLs that were sold during the life of the program have resulted in fewer foreclosures as compared to similarly delinquent GSE NPLs that were not sold.
- Of the NPL sales on borrower-occupied homes, 47% have resulted in foreclosure avoidance, which exceeded the rates for both non-borrower-occupied (44.7%) and vacant (17.7%).
- NPLs on vacant homes have had a much higher rate of foreclosure (75.7%) than on borrower-occupied properties (28.9%) and non-borrower-occupied properties (31.8%). Foreclosures on vacant homes typically improve neighborhood stability and reduce blight as the homes are sold or rented to new occupants.
- The average UPB of NPLs sold was $183,055.

STATES PUSHING SHARED HOUSING REFORMS TO TACKLE AFFORDABILITY

A wave of reforms is sweeping across the United States as states adopt legislation to expand shared housing opportunities, aiming to combat rising rents and housing shortages. Historically prevalent in the United States, shared housing declined over the past 70 years due to increasingly restrictive zoning laws. Now, states are reversing this trend with laws that foster affordability and new housing models.

Key Developments

- In 2024, Colorado, Hawaii, and Washington joined the growing list of states addressing affordability through shared housing legislation.
- Microunits in Hawaii and Washington: Both states passed laws requiring local governments to allow microunits—low-cost housing arrangements where residents have private rooms but share common facilities such as kitchens and bathrooms. These laws mirror Oregon's 2023 legislation supporting microunits.
- Colorado's "Golden Girls" Law: Colorado became the third state, after Iowa in 2017 and Oregon in 2021, to eliminate restrictions on the number of unrelated individuals who can live together in a single home.

These reforms reflect different approaches to fostering affordable shared housing while addressing the unique needs of each state.

Microunits: A Cost-Effective Housing Solution

Microunits, long restricted by local zoning laws, are gaining traction as a practical way to expand affordable housing options. In Washington, where rents climbed 42% between 2017 and 2023, H.B. 1998 was passed with bipartisan support. The law authorizes microunits in urban areas, potentially generating at least 2,400 low-cost units annually. It also complements H.B. 1042, a 2023 law permitting office-to-residential conversions statewide.

A Pew Charitable Trusts and Gensler study highlighted the financial benefits of microunits. Converting an office building in downtown Seattle into microunits with shared facilities would cost $190,000 per unit, compared to $400,000 for a traditional studio apartment. Rents for microunits would average $1,000 per month, significantly lower than the $1,530 monthly cost of a studio in the same area.

Hawaii has embraced similar measures. In Oahu, where 13% of offices are vacant, H.B. 2090 allows these spaces to be converted into microunits, easing the state's housing crisis. By reducing parking mandates for these projects, Hawaii makes such developments more financially feasible. Oregon also aims to leverage microunits to meet its ambitious goal of adding 360,000 housing units by 2033.

House Sharing: A Growing Movement

Colorado's H.B. 1007 removes limits on the number of unrelated people who can share a home, expanding housing options statewide. Cities like Denver had already implemented similar policies, but the law now applies to cities such as Fort Collins and Littleton, where previous regulations allowed only three unrelated individuals per household.

Iowa's 2017 law, which prohibits cities from restricting shared housing based on familial relationships, served as a model for Colorado. Oregon followed this trend in 2021. However, restrictive laws persist in some states. In Kansas, for example, a 2022 ordinance bans more than three unrelated adults from cohabiting in a single property, a policy now facing a federal legal challenge.

Final Thoughts

With 22.4 million U.S. households spending 30% or more of their income on rent, shared housing offers an affordable alternative. Co-living providers have already created thousands of rooms nationwide, with rents often far below local studio apartment costs. These housing models also address a mismatch between household sizes and the housing stock: while the median size of homes has grown, the number of people living in them has shrunk.

New state laws in Colorado, Hawaii, and Washington signal a shift toward embracing shared housing. As more states follow their lead, millions of cost-burdened Americans could benefit from lower housing costs, and evidence suggests that homelessness would likely decline.

Market Trends

NEW FORECAST PINPOINTS 2025'S TOP HOUSING MARKETS

Realtor.com has revealed its Top Housing Markets for 2025, highlighting the areas ready for growth in the year ahead. This year's list highlights markets characterized by moderately affordable homes, strong inventory—mainly boosted by new construction—and a sizable base of younger families, many with military and international connections.

According to Realtor.com, the top 10 markets for 2025 are concentrated in the South and West:

1. Colorado Springs, Colorado
2. Miami-Fort Lauderdale-Pompano Beach, Florida
3. Virginia Beach-Norfolk-Newport News, Virginia-North Carolina
4. El Paso, Texas
5. Richmond, Virginia
6. Orlando-Kissimmee-Sanford, Florida
7. McAllen-Edinburg-Mission, Texas
8. Phoenix-Mesa-Chandler, Arizona
9. Atlanta-Sandy Springs-Alpharetta, Georgia
10. Greensboro-High Point, North Carolina

"While nationwide home sales are expected to see a slight uptick this year, driven by a cooling in home price growth, the top markets we've identified are poised for stronger sales and price gains in 2025," said Danielle Hale, Chief Economist at Realtor.com. "With mortgage rates likely to ease only modestly next year, these markets—offering relatively lower-priced homes, more new and existing houses to choose from, and mortgage products designed to give buyers a leg up—could provide some would-be buyers a better chance at entering the market next year."

Sun Belt Boom

Realtor.com's top 10 are all located in the South and West, with multiple markets from three states—Texas, Florida, and Virginia. While these areas generally offer lower home prices than the national average, incomes tend to be lower as well. As a result, housing affordability remains a challenge, with buyers spending about 31.1% of their income on housing—higher than the national average of 29.2%. However, seven of the top 10 markets offer a more affordable cost of living compared to the U.S. average, with McAllen, Texas, leading as the most affordable, with living costs 13% below the national average. Miami stands out as the least affordable, with housing costs consuming 42.1% of income and a cost of living 11.5% above the U.S. average.

Remote Working Situations Come Into Play

Along with slightly lower overall living costs, buyers in many of these markets may also benefit from flexible work arrangements; Realtor.com research found many shoppers use flexible work options to navigate affordability challenges—a trend expected to continue. Half of the top markets, including Richmond, Virginia (11.8%); Atlanta (10.8%); Phoenix (10.6%); Colorado Springs, Colorado (8.9%); and Orlando, Florida (8.8%), report higher shares of remote or hybrid job postings in 2024 than the average across the top 100 metros (8.6%), according to WFH Data.

Inventory on the Rise

While the nation's housing inventory remains a challenge, a recovery is underway, with the number of homes for sale in November notching the highest mark since December 2019. Despite those gains, the market still trails the November 2017-2019 average by 20%, with notable regional variation: the South and West are far closer to pre-pandemic levels than the Midwest and Northeast. Among the top 10 metros, eight have seen year-over-year growth in single-family home construction, with builders increasingly focusing on more affordable and smaller homes to meet demand. But new home construction is only part of the story—despite increased construction, new home listings have declined as a share of the market in eight of the top 10 markets as more existing homeowners return to selling and add to the uptick in homes for sale.

In November, all four U.S. regions continued to see active inventory grow over the previous year. The South saw listings grow by 30.8%, while inventory grew by 29.2% in the West, 18.9% in the Midwest, and 9.7% in the Northeast. Compared with the typical November from 2017 to 2019 before COVID-19, the South saw the smallest gap in inventory, down just 1.4% compared with pre-pandemic levels. Meanwhile, the gap was 4.5% in the West, and much larger in the Midwest and Northeast, at 36.3% and 47.3%, respectively.

The inventory of homes for sale increased in all 50 of the largest metros compared with last year. Metros that saw the most inventory growth included San Diego (+52.5%), Miami (+50.9%), and Denver (+50.7%).

Top Markets Feature Diversity

Realtor.com found that the top 10 markets for 2025 are distinguished by their dynamic and diverse communities. Younger households are notably more common, with all but Miami having an above-average share of residents under the age of 35. These markets also have higher rates of families with children, with 28.8% of households including children compared to the national average of 26.5%.

Military connections were another defining characteristic—more than one in seven households in the top markets are active-duty or veterans, exceeding the average of one in eight across the 100 largest metros. Additionally, these communities have strong international ties, with 17.6% of residents being foreign-born, compared to an average of 13% in the largest metros. Miami leads with 42.7% foreign-born residents and is joined by other Florida and Texas markets, which also have shares above 20%.

Government Mortgages Gaining in Popularity

And given that many of these younger households feature strong military connections, it's no surprise that government-backed lending options like VA, FHA, and USDA mortgages play a key role and are more prevalent among buyers in top markets, helping more households achieve homeownership with lower down payments and fueling the expected sales and price growth in 2025. More than half of recent mortgages were government loans in Colorado Springs, Colorado; El Paso, Texas; and Virginia Beach, Virginia because of high VA-loan usage. Nearly three in four mortgage loans were government loans in El Paso, with 29.3% comprised of VA loans and 41% being FHA loans. Combined with moderate price points in the top markets, these programs are helping make homeownership accessible to more families.

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> **"Military connections were another defining characteristic—more than one in seven households in the top markets are active-duty or veterans, exceeding the average of one in eight across the 100 largest metros."**

HOUSING HURDLES FOR OLDER HOMEOWNERS

Older homeowners have given their input on the state of the market and their desire to age in place. A significant majority of adults aged 50 and older (75%) want to age in their current homes, and 73% want to age in their communities, according to AARP's national 2024 Home and Community Preferences Survey.

This is much higher than the percentage of younger adults aged 18 to 49 (an estimated 60% and 63%, respectively), but current housing policies and community infrastructure are not keeping up with this growing demand.

"As people age, affordable and independent living isn't just a preference—it's essential for their wellbeing," said Rodney Harrell, PhD, AARP VP of Family, Home, and Community. "Most older adults want to stay in their homes, yet rising housing costs and limited options create serious barriers. To meet this growing need, leaders at all levels and sectors must prioritize affordable, safe, and accessible housing and communities."

Only 36.5% of eligible households received government housing aid in 2021, while 11.2 million older people spent more than 30% of their income on housing. Over 30% of the income of over 10 million senior tenants was spent on housing. By 2040, the number of households headed by individuals aged 80 and over is expected to double, making it imperative that the United States address the issue of aging in place.

Elderly Homeowners Say Housing Hurdles Are Imminent

According to the report, older individuals face major obstacles to remaining in their homes and communities:

- **Housing Affordability:** Of those over 50, nearly half (44%) anticipate moving, with rising housing costs—such as rent or mortgage (71%), property upkeep (60%), and taxes (55%), serving as the main driving force.
- **Home Accessibility:** More than half (51%) of people over 50 believe they require a house that allows them to age independently. To support this, almost half anticipate that home modifications such as grab bars (72%), entryway improvements (71%), and kitchen upgrades (39%), will be necessary.
- **Technology Barriers:** Nearly half (44%) and two-thirds (64%) believe they require smart security features and a medical alert system, respectively, to keep them secure and independent, but broadband access and affordability are still issues. 22% of rural households still do not have high-speed internet access, which makes it difficult for them to use these technologies.
- **Community Readiness:** Only 50% of people over 50 believe their communities are prepared to satisfy their requirements in the future, highlighting the importance of secure spaces, dependable utilities, and access to healthcare.

AARP Expands Policy Solutions for Elders Aging in Place

To assist the increasing number of senior citizens who want to age in their homes and communities, AARP has declared that it is spearheading a policy agenda:

- **Affordable Housing:** Support bipartisan legislation like the Affordable Housing Credit Improvement Act (AHCIA), which strengthens and expands the Low-Income Housing Tax Credit to leverage private sector investment in affordable home construction and preservation and expand rental assistance programs like the Housing Choice Voucher Program (Section 8).
- **Creative Housing Solutions:** As demonstrated by California's recent law relaxing local limitations, remove obstacles to the development of Accessory Dwelling Units (ADUs) to give older folks more flexible housing options.
- **Inclusive Zoning:** The bipartisan Yes in My Backyard Act (S.1688 / H.R. 3507) and Montana's 2023 middle housing and tiny home legislation are examples of state and federal zoning reforms that promote inclusive zoning and various housing alternatives by reducing red tape.
- **Walkable Communities:** To make every neighborhood more walkable, support initiatives like "Complete Streets" and make investments in infrastructure upgrades like crosswalks, sidewalks, and traffic-calming techniques.
- **Digital Access:** Promote initiatives that lower the cost of broadband internet, like the now-defunct Affordable Connectivity Program, so that low-income senior citizens can access telehealth, social connections, and other essential services that were crucial during the global pandemic and are still crucial today.

Older Homeowners Desire to Age in Place, But Many Don't Believe They'll Be Able To

According to Harrell, housing costs and communities aren't often designed with older homeowners in mind. He went on to say that this is concerning since there will soon be more adults over 65 in the United States than children under 18.

"Many of our communities don't have the housing that many aging adults can afford, with features that support them, in locations where they want to live," Harrell said. "To meet this growing need, we must expand the nation's housing stock and work to make our communities more livable with an all-ages mindset."

One of the key concerns is the cost of house maintenance. The necessity for affordable housing is the primary factor given by 44% of those who believe a move will be required.

When anticipating the need to relocate, 71% of adults in that demographic mentioned rent or mortgage costs as a major concern. Additionally, 60% expressed a desire to reduce housing and maintenance expenses. High property taxes are another factor at work, as 55% of respondents cite them as a cause for moving. The need for a house that can survive natural disasters was also one of the top three reasons for moving, according to 55% of respondents.

Additionally, some 75% of adults over 50 still desire a single-family home, even though two-thirds of all adults believe downsizing is a good option. It's interesting to note that more adults in the 18–49 age range than those over 50 said they would eventually like to live in an area that caters to senior citizens and offers a variety of housing options (townhomes, homes, apartments, etc.). Compared to people over 50, younger people are also more receptive to living in a continuing care community, which is a facility created to provide care throughout all stages of aging.

Old or young, homeownership is important. Aging in place is a luxury many Americans won't be able to experience, so having the correct policies in place to assist them in doing so is crucial.

BABY BOOMERS STAYING PUT AS YOUNGER GENERATIONS GEAR UP TO SELL

According to a recent study published by Bright MLS, a large number of homeowners who intend to sell next year purchased their house less than five years ago. Additionally, the study indicates that since baby boomers intend to remain in their current homes, 2025 sellers will probably be younger.

Approximately one in five (17.5%) of the 1,581 homeowners polled countrywide between November 19 and 20 indicate they intend to sell their house over the next 12 months. Almost one-third (32.2%) of those potential sellers have been in their house for fewer than five years.

According to the study, homeowners in their 30s and 40s will be the most active group of sellers in the upcoming months. Of those surveyed, 26.8% of homeowners between the ages of 30 and 39 and 28.0% of those between the ages of 40 and 49 said they wanted to sell within the next 12 months. Only 10.1% of older homeowners are like this.

Who and How Many Americans Want to Sell Their Home Next Year?

"Record low mortgage rates during the pandemic were a huge incentive for individuals and families to buy a home. Many of these buyers also have been able to quickly accumulate significant equity in their homes as home prices have escalated," said Lisa Sturtevant, Bright MLS Chief Economist. "This wealth gain has created financial security for this group of homeowners and is also allowing them to be move-up buyers even in today's relatively high-interest-rate environment."

Many of the homeowners in this category made their purchases during the pandemic. Of those potential sellers in their 30s or 40s, about one-third have been in their current residence for fewer than five years.

Career and Family Changes Drive Homeowners to Sell in 2025

The poll results confirm that demographic milestones like marriage, starting a family, and changing careers are still tightly linked to purchasing and selling a property, even though the pandemic upended a lot of the housing market.

36.7% of homeowners between the ages of 30 and 39 who were asked why they intended to sell stated that it was for work-related reasons, such as moving for a new job or changing careers. Another 34.4% stated that they moved for family reasons, such as getting married, having a kid, getting divorced, or wanting to be nearer to relatives.

For homeowners in their 40s, who stated that family changes were the primary reason they intended to sell their house within the next year (43.8%), the priorities were inverted. With 25.8% of homeowners in their 40s citing work-related reasons, this was the second most popular response.

Respondents Say "Life Events" Come Before Mortgage Rates

Three out of ten (30.3%) homeowners in their 30s and 40s who intend to move now have a mortgage with an interest rate of less than 4%, according to the poll. Currently, 67.4%, or more than two-thirds, have a rate below 5%.

This implies that "life happens" events take precedence over "rate lock" when it comes to the decision to sell, according to Sturtevant. While U.S. Census Bureau data shows that the ordinary homeowner has been in their home for 12 years, the survey results indicate that the pandemic may have made it possible for some homeowners to move up very rapidly.

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—**Lisa Sturtevant**, Chief Economist, Bright MLS

Additionally, the desire to downsize was the most prevalent reason for moving, with only approximately 6% of homeowners 60 and older saying they planned to sell their house in 2025. Almost 25% of baby boomers who intend to move said they would prefer a smaller house.

On the opposite end of the spectrum are the overwhelming majority of baby boomers, who not only state that they have no plans to move in the upcoming year, but also that they have nothing that would motivate them to sell. Sturtevant revealed that a low mortgage rate typically does not bind these homeowners to their houses. Nearly 60% of boomer respondents, according to the survey, have owned their house outright and have lived there for 20 years or more.

UNDERSTANDING WHY AMERICANS ARE MOVING: HOUSING, JOBS, AND LIFESTYLE SHIFTS

Last year, more than 24 million Americans moved—the lowest number in 25 years. While this decline reflects a broader trend of reduced mobility, the reasons behind those moves reveal important patterns about housing, jobs, and lifestyle priorities in a changing world.

Key Findings:

A new or better home remains the top reason for relocation, driving 15% of all moves last year. Surprisingly, job-related relocations were nearly as significant, accounting for 13% of all moves. Affordable housing was another key motivator, representing 10% of relocations.

Data from IPUMS CPS covering 107 metro areas shows three main categories driving moves: housing, jobs, and lifestyle. The analysis highlights how Americans continue to adapt their living situations to balance career opportunities, quality of life, and financial considerations.

Housing: The Top Driver of Migration

More than half of last year's movers (13 million) relocated for better housing, underscoring the role of housing quality and affordability in reshaping cities. Notably, 7% of movers cited homeownership as their primary reason for relocating, while nearly 6% moved to improve their neighborhood. These trends reflect ongoing efforts to achieve better living conditions amid record-high home prices.

Cheaper housing was another major factor, with nearly 10% of movers prioritizing affordability. For example, Modesto, California, and Stockton, California, were top destinations for those seeking more affordable housing, with shares of 22% and 19.2%, respectively.

Microunits, a housing model gaining popularity, also play a role in affordability. These compact living arrangements combine private rooms with shared facilities and have emerged as a cost-effective solution for urban areas facing housing shortages.

Jobs: A Persistent Motivator

Despite the rise of remote work, job-related moves remain strong. Last year, 13% of movers relocated for a new job or transfer, often using the flexibility of remote work to pursue opportunities across broader geographic areas.

Southeastern metros lead the way in job-related relocations. Augusta, Georgia, topped the list with one-third of new residents moving for jobs. Fayetteville, North Carolina, and Columbia, South Carolina, also ranked high, reflecting growing job markets in the Carolinas. Meanwhile, Jackson, Mississippi, and Lexington, Kentucky, were among the top metros for those relocating after losing a job.

Commuting improvements motivated more than 5% of movers. California metros, including Santa Rosa and Bakersfield, ranked among the top destinations for those seeking easier commutes, alongside Florida's Deltona and Fort Myers.

Lifestyle: Quality of Life Drives Decisions

Lifestyle reasons, while less common, remain significant. Health concerns motivated 1.8% of moves last year, while retirement accounted for 1.4%. Pensacola, Florida, stood out for health-related relocations, with nearly 14% of movers citing this reason. Retirement hot spots included Worcester, Massachusetts, and Provo, Utah, offering affordable living and access to healthcare.

Weather also played a role in relocations. Santa Rosa, California topped the list for climate-driven moves, followed by Knoxville, Tennessee, and New Haven, Connecticut. Larger hubs like San Diego and Dallas also attracted movers seeking sunshine and milder conditions.

A Closer Look: Regional Trends in Relocations

- **Midwest:** Chicago leads as the top destination for new or better housing, with 27.2% of movers citing this reason. Akron, Ohio, and Kansas City, Missouri, follow closely behind.
- **Northeast:** Albany, New York, ranks highest for those establishing their households, with 25.6% of movers relocating for independence.
- **West Coast:** California metros, including Fresno and Modesto, continue to attract movers seeking affordable housing options.
- **Southeast:** Metros like Greensboro, North Carolina, and Charleston, South Carolina, are prime destinations for job seekers, driven by growing tech and manufacturing industries.

Implications of Adaptation

Although fewer Americans are moving compared to decades past,

Notably, 7% of movers cited homeownership as their primary reason for relocating, while nearly 6% moved to improve their neighborhood.

housing, jobs, and lifestyle remain powerful motivators. From pursuing homeownership to leveraging remote work for job opportunities, relocation decisions highlight how Americans are adapting to shifting economic and personal priorities.

EXISTING-HOME SALES EXPERIENCE SEASONAL CLIMB

The National Association of Realtors (NAR) reports that existing-home sales increased in November. Three major U.S. regions saw growth in sales, but the West saw no change. All four regions saw an increase in sales year over year.

The seasonally adjusted annual rate of existing-home sales, which includes completed transactions of single-family homes, townhomes, condominiums, and cooperatives, increased 4.8% from October to 4.15 million in November. Sales increased 6.1% year over year (from 3.91 million in November 2023).

"Home sales momentum is building," said Lawrence Yun, Chief Economist at NAR. "More buyers have entered the market as the economy continues to add jobs, housing inventory grows compared to a year ago, and consumers get used to a new normal of mortgage rates between 6% and 7%."

At the end of November, there were 1.33 million units in total housing inventory, which was 2.9% less than in October but 17.7% more than a year earlier (1.13 million). At the current sales pace, unsold inventory is at a 3.8-month supply, which is higher than the 3.5-month supply in November 2023 but lower than the 4.2-month supply in October.

Lisa Sturtevant, Chief Economist for Bright MLS, revealed her thoughts on the Existing Home Sales report:

"The National Association of Realtors reported this morning that existing home sales were at a seasonally adjusted rate of 4.15 million in November, the fastest pace of sales activity since March. Sales rose 6.8% from a year ago and were 4.8% higher than October. Historically, there is a drop-off in the number of closed sales between October and November. But this year, buyers jumped on mortgage rates that dipped in early October, bringing more contracts which closed in November. Assuming December sales are generally good, 2024 U.S. existing home sales should be above 2023 levels—though still only slightly."

All property types combined had a median existing-home price of $406,100 in November, a 4.7% increase from $387,800 a year earlier. Price hikes were reported in all four U.S. regions.

"Existing homeowners are capitalizing on the collective $15 trillion rise in housing equity over the past four years to look for homes better suited to their changing life circumstances," Yun said.

> "Home sales momentum is building. More buyers have entered the market as the economy continues to add jobs, housing inventory grows compared to a year ago, and consumers get used to a new normal of mortgage rates between 6% and 7%."
>
> —**Lawrence Yun**, Chief Economist, NAR

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Key Findings of the REALTORS Confidence Index:

- Properties were on the market for an average of 32 days in November, compared to 29 days in October and 25 days in November 2023.
- In November, 30% of sales were made by first-time customers, which is an increase from 27% in October but a decrease from 31% in November 2023. The annual percentage of first-time buyers was 24%, the lowest ever recorded,

according to NAR's 2024 Profile of Home Buyers and Sellers, which was published in November 2024.

- In November, 25% of transactions were cash sales, compared to 27% in October 2024 and November 2023.
- In November, 13% of properties were bought by individual investors or second-home purchasers, who account for a large portion of cash sales. This is a decrease from 17% in October and 18% in November 2023.
- Foreclosures and short sales, or distressed sales, accounted for 2% of sales in November, essentially staying the same from the previous month and year.
- As of December 12, the 30-year fixed-rate mortgage averaged 6.6%, according to Freddie Mac. That is a decrease from 6.95% a year ago and 6.69% a week ago.

"Existing home sales picked up in November to 4.15 million, notching a second consecutive year-over-year gain after a streak of declines stretching back to August 2021," said Danielle Hale, Chief Economist at Realtor.com. "This is the first time in 6 months that home sales exceeded the 4 million mark. Home sales rose 6.1% from last year and were also 4.8% higher than in October. Homes with November closings generally went under contract in September and October, when shoppers benefited from an uptick in newly listed for-sale homes. Increased buying power, as mortgage rates declined to a 2-year low in September, brought shoppers to the market, and the late September surge in rates created a sense of urgency that likely contributed to the uptick."

Single-Family and Condo/Co-Op Sales Progress

In November, sales of single-family homes increased 5.0% to a seasonally adjusted annual pace of 3.76 million, which was 7.4% higher than the previous year. In November of 2023, the median price of an existing single-family home was $410,900, a 4.8% increase.

November saw a 2.6% increase in existing condominium and cooperative sales to a seasonally adjusted annual pace of 390,000 units, which was 4.9% lower than the 410,000 units sold a year earlier. In November, the median price of an existing condo was $359,800, which was 2.8% more than the previous year ($350,100).

"The main constraints in the housing market have been inventory and affordability," Sturtevant said. "In November, the median sold price was up again, increasing by 4.7% compared to a year ago. Home prices are now about 50% higher than they were five years ago. It has been a difficult market for would-be home buyers. Some of the obstacles in the market will ease somewhat in 2025 as listing activity increases and mortgage rates come down slightly. Pent-up demand that has been building over the past two years will be unleashed and 2025 sales should outpace 2024. Buyers should still expect to encounter a competitive market in the year ahead."

In the Northeast, existing-home sales in November increased 6.3% from November 2023 and 8.5% from October to an annual rate of 510,000. In the Northeast, the median price increased 9.9% from the previous year to $475,500.

The median home sales price likely moved higher compared to one year ago, climbing 4.7% to $406,100, notching an 8th straight month above $400,000.

"We could see home sales falter again in the months ahead as Fall's higher rates are felt," Hale said, "but mortgage rates have already turned the corner again, dropping back to 6.6% as of mid-December. While Fed policy and inflation trends may lead to upticks in interest rates from time to time, as the reaction to the December Fed meeting and updated Fed projections shows, in the medium run, more mortgage rate declines are expected."

In November, existing-home sales in the Midwest increased 5.3% from the previous year to an annual rate of 1 million. In the Midwest, the median price increased 7.3% from November 2023 to $302,000.

In the South, existing-home sales increased 3.3% from the previous year to an annual rate of 1.87 million in November, up 5.6% from October. In the South, the median price increased 2.8% from the previous year to $361,300.

In November, existing-home sales in the West remained steady at an annual rate of 770,000, up 14.9% from the previous year. In the West, the median price increased 4.0% from November 2023 to $628,200.

"This outlook already boosted buyer sentiment and is likely to propel modest home sales growth in the year ahead according to the Realtor.com 2025 Housing Forecast," Hale said. "These gains won't be distributed evenly across markets. Recent sales momentum, relatively lower costs, more plentiful inventory in areas where builders can build, and more younger households are commonalities across markets in the South and West that are expected to see outsized home sales and price growth according to the Realtor.com 2025 Top Housing Markets report."

SURVEY FINDS U.S. RENTERS LACK A 'SENSE OF BELONGING'

According to a recent Redfin survey, less than half (46.7%) of American renters and over two-thirds (63.6%) of homeowners feel a sense of belonging in their community.

Compared to 58.5% of homeowners, only 38.9% of renters believe they share characteristics with their neighbors. Additionally, renters are more likely than homeowners to try to avoid engaging with their neighbors; 41.6% of renters do so compared to 33.1% of homeowners.

"When someone buys a home, they're making an investment in a property and a neighborhood, which means they'll probably see their neighbors for years to come. Many homeowners seek out positive relationships with their neighbors as a result," said Daryl Fairweather, Chief Economist at Redfin. "Renters, on the other hand, tend to stay in their homes for a shorter amount of time, which means they're often less inclined to get to know the neighbors."

Considering topics like where they want their children to grow up, homeowners are frequently establishing roots. Since they won't be there for long, renters are more likely to be transient, thus they might not invest as much effort in choosing a place where they "belong." Compared to 58.1% of respondents who have lived in their present house for 6–10 years (including both homeowners and renters), less than half (47.6%) of respondents who have lived there for less than a year experience a sense of belonging in their area.

Notably, a large percentage of respondents—21.2% of renters and 12.5% of homeowners—said they don't feel like they belong in their community. That might be a reflection of the nation's growing social, political, and economic division.

Majority of Young Homeowners Report Feeling as They Belong in Their Neighborhood

Millennials and Gen Z homeowners are the most likely to feel like they belong in their area, with over two-thirds (67.6%) reporting a sense of belonging. At 44.4%, millennial and Gen Z tenants had the lowest likelihood of feeling like they belonged.

Nearly two-thirds (63.7%) of millennial/Gen Z homeowners reported feeling they share things in common with their neighbors, making them the group most likely to say this. At 36%, Gen X renters were the least likely to claim they share characteristics with their neighbors.

"Young homeowners probably feel more connected to their communities because they recently chose to live there, whereas older homeowners may be unhappy with how the neighborhood has changed since they first bought decades ago," Fairweather said.

Baby boomer homeowners were least likely to claim they try to avoid engaging with their neighbors (24.8%), but millennial/Gen Z renters were most likely to indicate that they do so (45.7%).

U.S. HOME FLIPPING DECLINES IN Q3

ATTOM has released its Q3 2024 U.S. Home Flipping Report showing that 74,618 single-family homes and condominiums in the U.S. were flipped in Q3 2024—representing 7.2%, or one of every 14 home sales, nationwide during the months of July through September of 2024.

The latest portion of flipped properties was down from 7.6% of all sales in the United States during Q2 2024, extending a common pattern seen during annual spring and summer 2024 buying seasons when other types of home sales spike. The flipping rate returned to the 7.2% level recorded in Q3 of last year. While the flipping rate followed historical trends, profits turned back downward for investors who buy, renovate, and quickly resell homes following a period when their fortunes had been improving.

In Q3, home flipping generated on average a 28.7% return-on-investment (ROI) before expenses on homes re-sold during Q3 2024—down from 31.2% in Q2 2024 after six straight quarterly increases that had signaled a marked improvement for the flipping industry.

The typical profit margin on homes flipped during Q3 2024—based on the difference between the median purchase and median resale price for home flips—slid down to only half of the mid-50% peak hit in 2016. It also stayed within a range that could easily be wiped out by carrying costs that include renovation expenses, mortgage payments, and property taxes, exposing again the struggles that U.S. home flippers are having in turning healthy profits. Gross profits on typical flips around the country decreased to approximately $70,000—down roughly $5,000 from Q2 2024, and $10,000 from highs reached two years ago, although still up slightly from Q3 2023.

"Home flippers just can't seem to shake the doldrums. After more than a year when things were getting better, they turned notably worse again over the summer," said Rob Barber, CEO of ATTOM. "One quarter's worth of numbers isn't enough to make any grand statements about another downturn. The next six months should speak more to that, especially amid an ongoing tight housing market that should work in their favor. But as interest rates remain double what they were a few years ago and inflation keeps raising renovation costs, investors continue to have a tough time making the kind of profits that would lure more into the game."

Home-Flipping Rates Dip Quarterly

Home flips as a portion of all home sales decreased from Q2 to Q3 2024 in 115 of the 183 metropolitan statistical areas (MSAs) around the United States with enough data to analyze (62.8%), although they were still up annually in 95, or 51.9% of those markets. Measured against the same period of 2023, a majority of flipping rates changed by less than one percentage point.

Among the metro areas analyzed, the largest flipping rates during Q3 2024 were found in:

- Warner Robins, Georgia (flips comprised 22.7% of all home sales)
- Macon, Georgia (16.8%)
- Atlanta, Georgia (13.6%)
- Columbus, Georgia (12.8%)
- Memphis, Tennessee (12.7%)

Tracking Historical Flipping Trends

Aside from Atlanta and Memphis, the highest Q3 flipping rates among metro areas with a population of at least one million were reported in:

- Birmingham, Alabama (11%)


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- Phoenix (10.7%)
- Tampa, Florida (10%)

Conversely, the smallest home-flipping rates were reported in:

- Seattle, Washington (3.5%)
- Des Moines, Iowa (3.7%)
- Honolulu (3.8%)
- Portland, Maine (3.9%)
- Madison, Wisconsin (4%)

Flipping Returns Down in Majority of the U.S.

The median $315,250 resale price of homes flipped nationwide in Q3 2024 generated a gross profit of $70,250 above the median investor purchase price of $245,000. That resulted in a typical 28.7% gross profit margin before expenses in Q3 2024, down more than two points from 31.2% in Q2 2024. It also was down from 29.7% in Q3 of last year.

Profit margins decreased from Q2 to Q3 of this year in 106 of the 183 metro areas analyzed (57.9%) and were down annually in 105 of those markets (57.4%).

Metro areas with the biggest quarterly declines in typical profit margins during Q3 2024 included:

- Salisbury, Maryland (ROI down from 129.8% in Q2 of 2024 to 61.8% in Q3 of 2024)
- South Bend, Indiana (down from 89.4% to 36.4%)
- Gainesville, Florida (down from 64% to 20%)
- Peoria, Illinois (down from 78.2% to 36.4%)
- Youngstown, Ohio (down from 54.1% to 20%)

Metro areas with a population of at least one million and the largest quarterly profit-margin drop-offs were reported in:

- Buffalo, New York (ROI down from 100% in Q2 of 2024 to 73.5% in Q3 of 2024)
- Honolulu (down from 24.4% to 5.9%)
- Tulsa, Oklahoma (down from 59.1% to 40.8%)
- San Jose, California (down from 26.8% to 12.1%)
- Pittsburgh (down from 115.3% to 101.8%)

Profit Margins Suffer

The recent fallback resulted in typical gross profit margins of less than 30% in 80, or four of every 10 metros with enough data to analyze in Q3 2024. That was up from 73 of the same group of metro areas in Q2 and 69 a year earlier. Typical profit margins surpassed 50% in Q3 2024 in only about one-third of the areas reviewed.

Markets reporting the largest gross ROI for typical home flips completed during Q3 2024 again were concentrated in lower-priced areas, especially in the Northeast and South. They were led by the following markets:

- Ocala, Florida (141.5% return)
- Pittsburgh (101.8%)
- Scranton, Pennsylvania (100%)
- Flint, Michigan (98.9%)
- Columbus, Georgia (93.8%)

Aside from Pittsburgh, the largest investment returns in Q3 among metro areas with a population of at least one million were found in:

- Cleveland (78.3%)
- Rochester, New York (78.2%)
- Baltimore (78%)
- Richmond, Virginia (75%)

Metro areas with a population of at least one million and the lowest ROI on typical home flips in Q3 2024 were reported in:

- Austin, Texas (4.5%)
- Honolulu (5.9%)
- Houston (6.2%)
- San Antonio (6.6%)
- Dallas (6.9%)

Higher-End Markets Continue to Flourish

The largest raw profits on median-priced home flips in Q3 2024, measured in dollars, were concentrated in areas of the West, South, and Northeast regions where typical resale prices mostly topped $400,000. Eight of the top 10 fell into that category, led by:

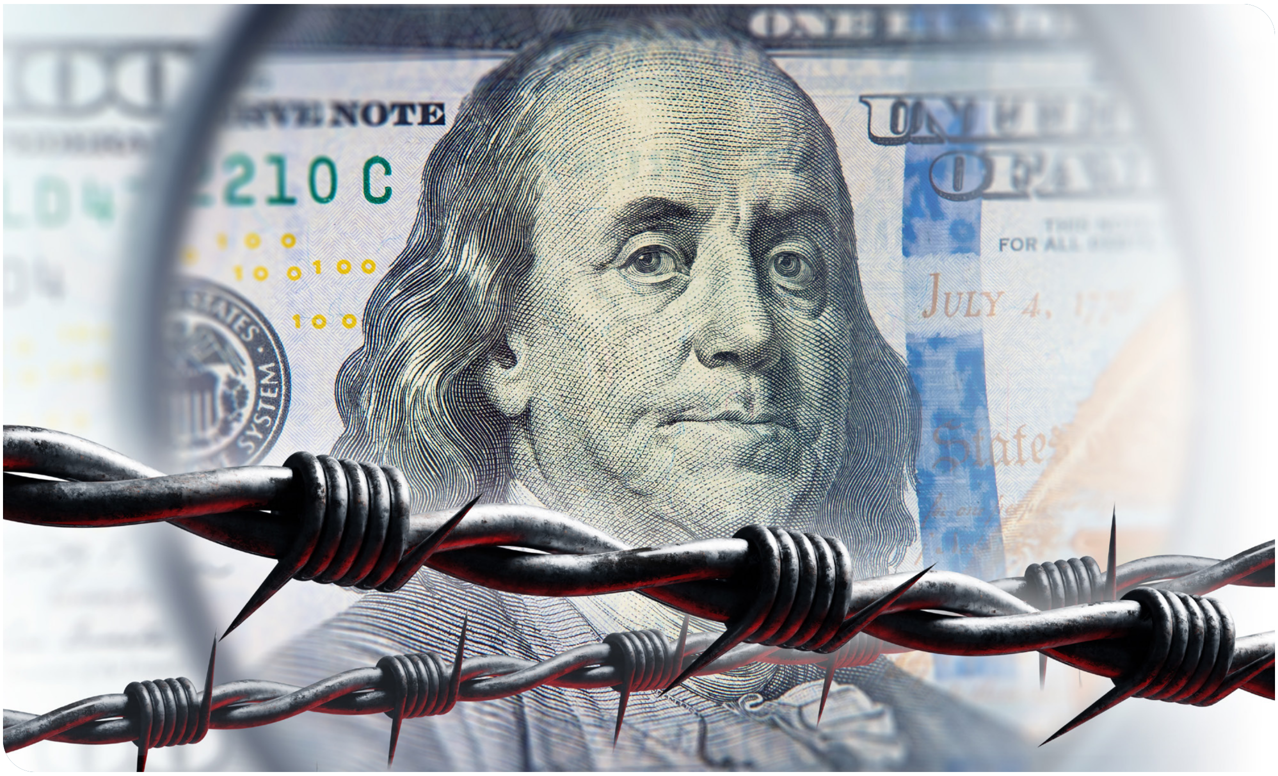
- San Francisco (typical gross profit of $234,000 on a median resale value of $1.1 million)
- New York ($170,000 profit on a median resale value of $600,000)
- Washington, D.C. ($170,000 profit on a median resale value of $545,000)
- Salisbury, Maryland ($168,016 profit on a median resale value of $440,000)
- Boston ($160,000 profit on a median resale value of $625,000)

The South continued to dominate the low end of the spectrum, with 13 of the 15 lowest raw profits on median-priced transactions during the third quarter. Most came in areas with median resale prices below $300,000, with the smallest reported in:

- Warner Robins, Georgia (typical $3,500 profit on a median resale value of $268,500)
- Killeen, Texas ($5,302 profit on a median resale value of $240,627)
- Boise, Idaho ($7,936 profit on a median resale value of $439,469)
- Lubbock, Texas ($12,372 profit on a median resale value of $200,688)
- Amarillo, Texas ($14,852 profit on a median resale value of $170,852)

RECORD HIGH WIRE FRAUD REPORTED IN Q3

Wire and title fraud risks reached new heights in Q3 2024, according to FundingShield's latest Wire Fraud Risk Report. An alarming 46.43% of transactions in an $82 billion portfolio of residential, commercial, and business-purpose loans revealed vulnerabilities. Each problematic loan exhibited an average of 2.23 issues, underscoring a widespread lack of adequate controls among closing agents and lenders.



Closing Protection Letter (CPL) Errors Soar

The report revealed record-high error rates for Closing Protection Letters, with 45.1% of transactions impacted. Issues ranged from borrower information and property addresses to vested parties and non-borrowing titleholders. These errors highlight the persistent lack of alignment between lender and title systems. Compounding the problem, CPL validation errors affected 9.6% of transactions in Q3.

Wire Fraud Risk Persists

Wire-related errors were identified in 8.1% of transactions, marking the fourth consecutive quarter where this category exceeded 8%. The report also noted a 24% surge in licensing issues, with numerous entities found to have expired, terminated, or suspended licenses. Discrepancies across registrars, insurance regulators, and licensing bodies further complicate the industry's ability to maintain data integrity.

Broader Implications of Data Breaches

Industry vulnerabilities are magnified by broader cybersecurity threats. For example, a recent AT&T breach exposed the personal data of 73 million customers, including Social Security numbers and payment details. Such incidents provide bad actors with tools to execute sophisticated fraud schemes, making detection and prevention even more challenging.

The Role of Data Accuracy in Transformation

As the real estate finance industry undergoes digital transformation, the importance of accurate data cannot be overstated. Automation and AI-driven solutions promise efficiency and improved customer experiences, but their success depends on real-time data validation and robust source data verification. Without these foundations, automation risks amplifying existing vulnerabilities rather than resolving them.

Key Q3 2024 Metrics Compared to Q2 2024

- **Record Issues Per Loan:** Problematic transactions averaged 2.23 issues, a new high.
- **CPL Errors:** Affected 45.1% of transactions, setting another record.
- **Wire Fraud Risk:** 1% of transactions were impacted, consistent with the previous three quarters.
- **License Issues:** Increased by 24% from Q2.
- **Title System Discrepancies:** CPL validation and title file order issues remained near their all-time high at 9.6%.

Addressing Challenges Ahead

The Q3 report underscores the need for heightened vigilance in data management and verification processes. By prioritizing accurate data and leveraging advanced technology, the mortgage and real estate finance industry can better protect against fraud and ensure smoother transactions for all stakeholders.

CONSUMER CONFIDENCE DRIVES HOUSING SENTIMENT UP YOY

The latest Fannie Mae Home Purchase Sentiment Index (HPSI) increased 0.4 points in November to 75.0, continuing its sharp upward trend over the past year, as consumers appear to be acclimating to higher mortgage rates in today's home price environment.

In November, a new record-high share of consumers indicated that they expect mortgage rates to decline over the next 12 months, while fewer respondents said they expect home prices to rise. While only 23% believe it's a "Good Time to Buy a Home," on net that component continued its upward trend and is now notably higher than last November's share of 14%. The share of respondents saying it's a "Good Time to Sell" remained flat month-over-month but is also up from last year. Year over year, the HPSI is up 10.7 points.

"Over the past year, we have seen a significant improvement in general consumer sentiment toward the housing market, largely driven by increased optimism that mortgage rates will fall and improved perceptions of both homebuying and home-selling conditions," said Mark Palim, Fannie Mae SVP and Chief Economist. "Notably, this improvement in sentiment continues a trend that began about two and a half years ago following the sizeable run-up in home prices during the pandemic, and it is likely due in part to consumers' slow but steady acclimation to current market conditions. Of course, high home prices and high mortgage rates remain the primary reasons why the vast majority of consumers think it's a 'Bad Time to Buy'—trends that we expect to continue into the new year."

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>
> —**Mark Palim,** SVP and Chief Economist, Fannie Mae

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The HPSI distills information about consumers' home purchase sentiment from Fannie Mae's National Housing Survey (NHS) into a single number. The HPSI reflects consumers' current views and forward-looking expectations of housing market conditions and complements existing data sources to inform housing-related analysis and decision-making. The HPSI is constructed from answers to six NHS questions that solicit consumers' evaluations of housing market conditions and address topics that are related to their home purchase decisions. The questions ask consumers whether they think that it is a good or bad time to buy or to sell a house, what direction they expect home prices and mortgage interest rates to move, how concerned they are about losing their jobs, and whether their incomes are higher or lower than they were a year earlier.

Fannie Mae's HPSI Found:

- **Good/Bad Time to Buy:** The percentage of respondents who say it is a good time to buy a home increased from 20% to 23%, while the percentage who say it is a bad time to buy decreased from 80% to 77%. As a result, the net share of those who say it is a good time to buy increased six percentage points month over month to negative 54%.
- **Good/Bad Time to Sell:** The percentage of respondents who say it is a good time to sell a home remained unchanged at 64%, while the percentage who say it's a bad time to sell also remained unchanged at 35%. As a result, the net share of those who say it is a good time to sell remained unchanged month over month at 29%.
- **Home Price Expectations:** The percentage of respondents who say home prices will go up in the next 12 months decreased from 39% to 38%, while the percentage who say home prices will go down increased from 23% to 25%. The share who think

home prices will stay the same decreased from 38% to 36%. As a result, the net share of those who say home prices will go up in the next 12 months decreased five percentage points month over month to 12%.

- **Mortgage Rate Expectations:** The percentage of respondents who say mortgage rates will go down in the next 12 months increased from 39% to 45%, while the percentage who expect mortgage rates to go up increased from 22% to 25%. The share who think mortgage rates will stay the same decreased from 38% to 29%. As a result, the net share of those who say mortgage rates will go down over the next 12 months increased four percentage points month over month to 20%.
- **Job Loss Concern:** The percentage of employed respondents who say they are not concerned about losing their job in the next 12 months decreased from 79% to 78%, while the percentage who say they are concerned remained unchanged at 20%. As a result, the net share of those who say they are not concerned about losing their job remained unchanged month over month at 58%.
- **Household Income:** The percentage of respondents who say their household income is significantly higher than it was 12 months ago decreased from 18% to 16%, while the percentage who say their household income is significantly lower increased from 11% to 12%. The percentage who say their household income is about the same increased from 70% to 71%. As a result, the net share of those who say their household income is significantly higher than it was 12 months ago decreased one percentage point month over month to 5%.

"Fortunately, a sharply growing share of consumers say they expect their personal financial situation to improve over the next year," Palim continued. "Additionally, more consumers expect home price growth to slow, a belief recently shared by our expert panelists, as well, which may help ease some of the affordability burden and incentivize some households, especially those who have been waiting in the wings, to finally act on their home purchase decision."

EMPTY NESTS: WHAT IMPACT IS AGING IN PLACE HAVING ON U.S. HOUSING SUPPLY?

The nation's housing deficit has long been thought to be alleviated by a "silver tsunami"—an anticipated influx of properties from elderly owners who will downsize or otherwise move on. However, recent Zillow research indicates that these properties are probably positioned far from the areas where they are most needed.

"Even if we did see a 'silver tsunami,' a look at the map tells me it wouldn't really move the needle in terms of solving our housing affordability crunch," said Orphe Divounguy, Senior Economist at Zillow. "These empty-nest households are concentrated in more affordable markets, where housing is already more accessible—not in the expensive coastal job centers where young workers are moving and where more homes are most desperately needed."

There were about 20.9 million empty-nest households in the country in 2022. These households were made up of people 55 and older who had been living on the same property for ten years or more, had no children living there, and had at least two spare bedrooms. In contrast, 8.1 million families in 2022 lived with non-relatives, who probably needed a dwelling of their own. However, the map shows a mismatch between supply and demand.

Households with empty nests are typically found in less-priced markets. Pittsburgh had the greatest percentage of empty-nest households (22%), followed by Buffalo, New York (20%), Cleveland (20%), Detroit (19%), St. Louis (19%), and New Orleans (18%) among the 50 largest U.S. metro areas. These markets are already reachable; all but New Orleans are in the top ten for the number of reasonably priced homes available. Additionally, the percentage of household heads under 44 is comparatively low.

People of "Homebuying Age" Live Farther From Empty-Nest Households

However, urban areas with some of the highest concentrations of Gen Zers and millennials are also some of the costliest in the country. San Jose (35%), Austin (32%), and Denver (32%) are the markets with the highest percentages of newly relocated households with members aged 44 and under. Portland and Seattle, both with 30%, are in the top 10. All of these metro areas have a lower percentage of empty-nest households than the national average, and housing affordability is far more difficult to find there than it is nationwide.

Therefore, in pricey, high-demand coastal locations, the effect of a future rise in supply originating from the current stock of older-owned houses will probably have less of an influence on affordability.

Instead, a robust supply expansion from newly constructed homes continues to be the major solution to affordability issues. According to Zillow data, markets with more land-use restrictions experienced the worst housing shortages.

Removing obstacles to homeownership that aren't connected to monthly income, like credit aid programs, down payment assistance, or closing cost assistance, could potentially increase access to homeownership in addition to encouraging denser construction.

"less buyer competition"

Hannah Jones, Senior Economic Research Analyst with Realtor.com, discussed how easing competition among homebuyers in Q3 is a result of the yearly drop in down payments. Last quarter, purchasers had more options due to slowing demand and rising inventory, which resulted in somewhat smaller down payments.

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"a 'silver tsunami'"

Orphe Divounguy, Senior Economist at Zillow, explained that an anticipated influx of properties from elderly owners who will downsize or otherwise move on "wouldn't really move the needle in terms of solving the housing affordability crunch," as empty-nest households are primarily found in more reasonably priced areas where housing is already easier to get.

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"a seasonal ebb"

Rob Barber, CEO at ATTOM, revealed a that November's modest drop in U.S. foreclosure activity likely reflects the seasonal retreat that occurs throughout this time of year, as filings are down both month over month and year over year.

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"a huge incentive"

Lisa Sturtevant, Bright MLS Chief Economist, disclosed that during the pandemic, record-low mortgage rates significantly encouraged single homebuyers and families to purchase a property. Due to rising housing prices, many of these purchasers have also been able to swiftly build up sizable equity in their properties.

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"ongoing economic uncertainty"

Liz Powell, Senior Director of INSIGHTS at doxo, described that bills account for almost one-third of the typical median U.S. income, with nearly three-quarters of consumers having changed their spending and saving patterns this year, as many Americans continue to feel the strain on their household budgets.

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