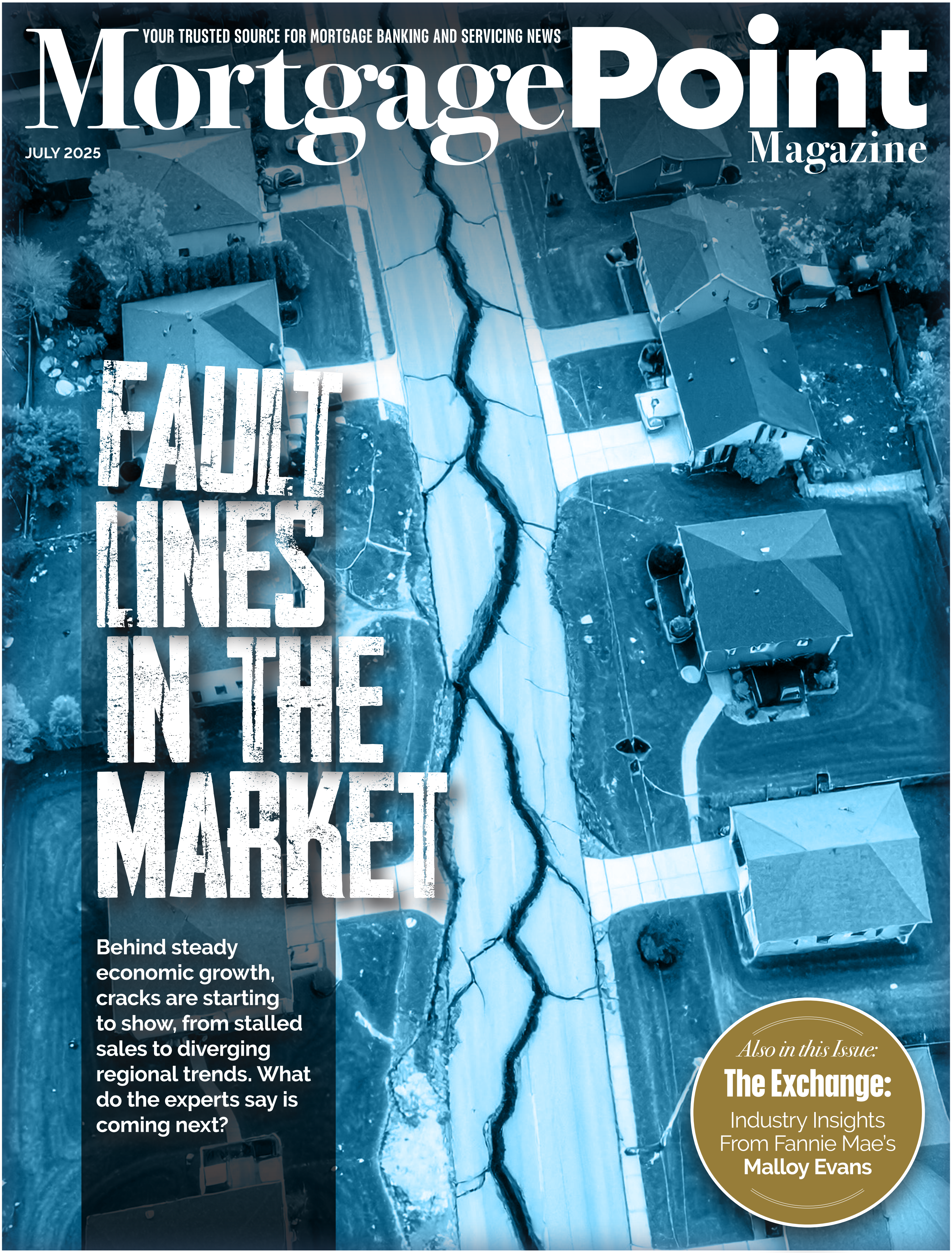

YOUR TRUSTED SOURCE FOR MORTGAGE BANKING AND SERVICING NEWS

MortgagePoint Magazine

JULY 2025

FAULT LINES IN THE MARKET

Behind steady economic growth, cracks are starting to show, from stalled sales to diverging regional trends. What do the experts say is coming next?

Also in this Issue:

The Exchange:

Industry Insights From Fannie Mae's **Malloy Evans**

A SNAPSHOT OF HOUSING, HALFWAY THROUGH 2025

We're halfway through the year, halfway through the first year of President Trump's second term, and the heat is rising on the housing market both literally and metaphorically. In this month's cover story, "Fault Lines in the Market," *MortgagePoint* spoke with a pair of industry economists to learn how everything from tariff impacts to local market trends are impacting housing as the summer heat sets in.

We've also got two exclusive conversations with industry executives this month in The Exchange. First up, we speak with Donna Schmidt, Managing Director & Owner of DLS Servicing about the administration's ongoing attempts to shrink or eliminate the CFPB, the lingering effects of this year's Los Angeles wildfires, and how the industry is navigating the elephant in the room that is artificial intelligence.

We also have an interview with Malloy Evans, EVP and Head of Single-Family Business, Fannie Mae. He discusses current barriers to homeownership and how Fannie is working to address them.

In "More Than a Mortgage: Building Borrower Loyalty," David Leskovar of Bindable discusses ways in which lenders can enhance the borrower experience by unlocking new revenue streams and increasing customer loyalty.

Also, Jay Arneja of nCino discusses how as mortgage servicers continue to play a role in accelerating eNote adoption, servicers who delay embracing these digital advances risk falling behind operationally and competitively as their portfolios evolve.

You'll find all of this and more in the pages ahead. Welcome to the July 2025 issue of *MortgagePoint*.

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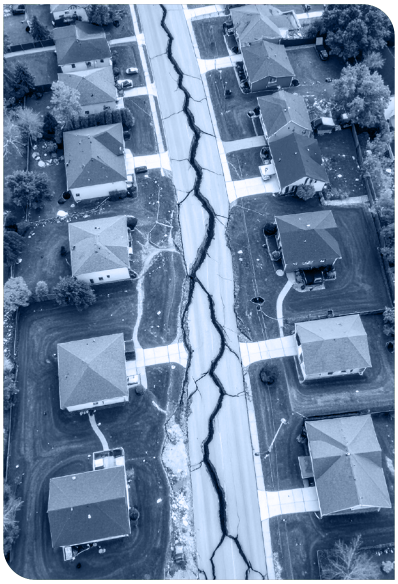


MTech

DOCMAGIC POWERS EHELOC REGISTRATION

According to DocMagic, Inc., Truliant Federal Credit Union completed the first electronic Home Equity Line of Credit (eHELOC) registration in the mortgage sector with the MERS eRegistry by utilizing DocMagic's end-to-end digital lending technology.

"We have a long tradition of industry firsts, including executing the first eClosings in North Carolina and Massachusetts," said Brian D. Pannell, Chief eServices Executive at DocMagic. "Registering the first-ever eHELOC with MERS reflects our long-standing commitment to our clients and industry partners."

DocMagic's eHELOC system offers a paperless process that makes use of MISMO's SMART Doc format and DocMagic's SmartSAFE eVault technology to guarantee smooth secondary market transfers, real-time transparency, and legal enforceability.

"The achievement underscores Truliant's leadership in eClosings," said Todd Hall, President and CEO of Truliant. "By improving speed, efficiency, and the experience for borrowers through digital eClosings, we continue to make service more convenient for our members."

DocMagic's eHELOC solution delivers multiple benefits:

- Digitizes the full HELOC lifecycle, eliminating paperwork and reducing operational errors
- Enables MERS eRegistration and transfer of HELOCs using legally recognized digital contracts
- Enhances liquidity, investor confidence, and funding efficiency
- Provides real-time transparency and auditability through SmartSAFE eVault

"We recognized home equity was a great area to use our mortgage eClosings expertise to improve our processes and increase convenience and security in digital lending," said Beth Eller, SVP of Mortgage Services at Truliant. "Our partners at the North Carolina Secretary of State's office and DocMagic have been instrumental in ensuring this access for our members."

Now that UCC Article 12 has been adopted by more than 24 states and Washington, D.C., digital HELOCs are set to become widely used.

"We've worked for years to set the legal framework for North Carolina's vibrant e-commerce culture," said N.C. Secretary of State Elaine F. Marshall. "We've been honored to have Truliant and DocMagic as partners in our eClosing initiative for the past five plus years, so we are especially gratified that our state could lead the way in this next step in innovation."

PHH MORTGAGE EXPANDS WITH BLEND TO ENHANCE REFINANCE & HOME EQUITY EXPERIENCES

In order to provide borrowers with quicker, more seamless home equity and refinance experiences, PHH Mortgage is growing its collaboration with Blend Labs, Inc.

Rapid Refi and Rapid Home Equity are now part of PHH Mortgage's utilization of Blend's technology platform, which currently powers its mortgage lending operations. The change will assist PHH fulfill growing borrower expectations and strengthen ties throughout the homeownership journey, from home equity loans to refinancing and mortgage origination, as part of its continuous digital transformation.

In the current economy, home equity and refinance are two particularly significant potential for loan servicers.

"Many homeowners today are still paying elevated mortgage rates or sitting on untapped home equity," said Colin Friday, SVP of Consumer Lending at PHH Mortgage. "As interest rates shift, many of these borrowers are actively exploring ways to improve their financial

> “Many homeowners today are still paying elevated mortgage rates or sitting on untapped home equity,”
>
> —**Colin Friday**, SVP of Consumer Lending at PHH Mortgage

★ ★ ★ ★ ★

position—whether refinancing to lower monthly payments or using equity for major expenses. Blend’s Rapid Home Lending suite helps us meet them in those key moments with a fast, intuitive experience that reduces fallout and builds lasting loyalty.”

PHH can streamline operations and remain ahead of the next wave of loan demand with the Rapid suite of products, which are built for speed, personalization, and efficiency using Blend’s digital banking platform at their core. When combined, they open up new possibilities that will allow PHH to:

- **Increase automation and operational efficiency across loan teams** through deep data connectivity that pre-fills borrower information and eliminates manual steps.
- **Improve ease of use for borrowers** by surfacing personalized, pre-qualified offers at the start of the journey.
- **Strengthen customer retention and recapture** by meeting borrower expectations for speed and simplicity, reducing fallout.

“PHH Mortgage’s adoption of Rapid Refi and Rapid Home Equity reflects the growing momentum among top-tier servicers who are prioritizing retention and digital transformation,” said Nima Ghamsari, Co-Founder and CEO of Blend. “This moment in the industry marks a fundamental shift. Servicers are no longer just managing loans; they’re investing in long-term customer relationships. And in today’s market, speed matters more than ever. Borrowers are rate shopping in real time, and lenders have only minutes, not days, to engage them. The institutions that move fast and deliver seamless, personalized experiences will be the ones that win.”

ARCH MI AND WILQO BRING SEAMLESS CUSTOMER EXPERIENCE

To incorporate insurance rate quotation functionality into their Charlie platform, Arch Mortgage Insurance Company (Arch MI) announced a collaborative partnership with Wilqo. This will allow lenders to easily access Arch MI RateStar pricing throughout the conventional mortgage financing process.

“We are proud to be the first mortgage insurer to integrate directly with Wilqo’s Charlie platform—giving lenders seamless access to our industry-leading RateStar risk-based MI pricing, exactly when and where they are needed,” said Will Vickers, VP of Industry Technology at Arch MI. “By creating more efficient access, we help lenders close loans faster, which enables borrowers to achieve their dream of homeownership.”

Kelli Hodges, Head of Product at Wilqo, said, “Wilqo is redefining mortgage lending. Now that users can access Arch MI pricing tools inside our Charlie platform, we are able to consolidate a previously disconnected process and significantly reduce time-to-close for mortgage applications.”

CORNERSTONE UNVEILS INTERACTIVE MORTGAGE STATE LICENSING MAP

Cornerstone Licensing Services has released its new Mortgage State Licensing Map, an online interactive map that relieves mortgage professionals of the burden of fragmented research and antiquated spreadsheets by giving lenders, brokers, and compliance teams up-to-date, state-by-state information on licensing requirements, surety bond amounts, registered agent obligations, and background-check rules.

“Regulatory requirements shift constantly, and missing a single update can be a business,” said Christy Young Barger, Sr. Director of Licensing at Cornerstone Licensing Services. “Our Mortgage State Licensing Map distills every state’s statutes into plain-language, so clients can understand what the states will require of them. We are deciphering regulations.”

Key Features & Benefits:

- **Comprehensive Coverage:** All 50 states, Washington, D.C., and Puerto Rico are catalogued with state licensing sites, statues, licensing requirements, and ongoing renewal deadlines.
- **Surety Bond Calculator:** Instantly view surety bond amounts required for each license class, saving hours of manual reference work.
- **Registered-Agent Guidance:** Clear explanations of resident-agent expectations and links to trusted service providers where applicable.
- **Background-Check Requirements:** Snapshot of fingerprinting, credit, and criminal-history standards so hiring managers can plan staffing timelines accurately.
- **Real-Time Updates:** Cornerstone's compliance analysts monitor legislative changes daily; the map reflects new rules the moment they take effect.

"Every feature we build lightens the compliance load our clients carry," Barger added. "Whether you're entering one new state or all fifty, Cornerstone's technology and experts make sure you get licensed right—on time, every time."

OPTIMAL BLUE INTRODUCES LEAD GENERATION TOOL FOR ORIGINATORS

By automatically reviewing entire portfolios each month and putting recapture chances directly in the hands of originators, Capture for Originators, which is available to Optimal Blue PPE users, can lower the manual work loan officers now spend evaluating refinance potential.

"Instead of expecting originators to review all of their past clients to find refinance opportunities, we have given them a solution that automatically identifies an opportunity, provides pricing options and generates a presentation to the borrower," said Mike Vough, Head of Corporate Strategy at Optimal Blue. "Capture gives originators an efficient, data-driven way to identify borrower savings and turn that opportunity into reality."

A dashboard called Capture for Originators displays finished loans with refinance potential. It includes estimates of closing costs, borrower savings analysis, and break-even projections for various scenarios. Without the need for spreadsheets or manual data pulls, Capture enables loan officers to respond swiftly and precisely by automatically accounting for lender fees and current pricing from the Optimal Blue PPE.

"Instead of expecting originators to review all of their past clients to find refinance opportunities, we have given them a solution that automatically identifies an opportunity, provides pricing options and generates a presentation to the borrower."

—**Mike Vough**, Head of Corporate Strategy, Optimal Blue

Capture for Originators creates pre-filled borrower outreach emails when an opportunity is found.

These emails include a link to the lender's borrower intake form or point-of-sale experience, as well as a summary of the refinance options that are available, supported by the industry-leading accuracy of the Optimal Blue PPE. Additionally, the technology makes it easier for originators to assess potential new refinances. Loan officers can initiate communication with recommended borrowers and assess their current loan by entering referral information directly into the Capture for Originators interface and sending an intake form to new prospects.

Capture for Originators, created in collaboration with Uplist, contains all the information loan officers require to evaluate refinance prospects. This features out-of-the-box integration of automated valuation models (AVMs), county records, and real pricing components, such as branch and originator margins and concessions. With this information at hand, lenders may provide customized refinance offers without having to deal with the hassle and expense of maintaining market-tracking software or external interfaces.

"Our approach at Uplist is all about giving originators more efficiency and accuracy, and we are thrilled to partner with Optimal Blue to make these benefits accessible to more originators," said Jeff Bell, President of Uplist. "Rather than spending up to 30 minutes manually evaluating each loan and creating presentations, originators can now rely on Capture for Originators to identify refinance opportunities they might otherwise miss – and deliver them to clients with minimal effort."

DARK MATTER TECHNOLOGIES INCLUDES 'SIDE-BY-SIDE' RESULTS COMPARISON & AUTOMATED REVIEWS TO DUAL AUS FEATURE

The dual automated underwriting system (AUS) submission capability in the Empower loan origination system (LOS) has been improved, according to Dark Matter Technologies (Dark Matter). The Empower LOS will now provide the GSEs' respective AUS findings side by side with rules-based loan recommendations driven by the AIVA Rules engine when users submit loan data to the AUS for both Freddie Mac and Fannie Mae at the same time.

Loan originators can compare the GSE results to determine which choice is best for each borrower by using the side-by-side presentation of AUS findings. This may reveal ways to reduce costs or expedite the loan application process.

"Dark Matter's approach to innovation is tightly focused on helping lenders curb the runaway time and expense of loan origination while delivering outstanding borrower experiences," said Sean Dugan, CEO at Dark Matter. "Our enhanced dual AUS functionality within the Empower LOS gives originators timely, actionable insights to help borrowers secure the best loan—all while supporting faster, more efficient production."

Further, Dark Matter worked with Freddie Mac on this project.

"By supporting dual AUS submission, Dark Matter is helping lenders recommend the best-fit loan for each borrower early in the process," said Christina Randolph, VP of Distribution at Freddie Mac. This capability helps streamline decision-making and reduce costs while ultimately delivering a smoother, faster experience for borrowers—key outcomes we're committed to supporting."

DARK MATTER TECHNOLOGIES UNVEILS ECLOSING INTEGRATION

Dark Matter Technologies confirmed that the Wolters Kluwer eOriginal ClosingCenter-powered eClosing functionalities are now fully integrated into the NOVA loan origination system (LOS) platform. eClose, which was created to streamline the mortgage closing process, will enable secondary market activity while assisting lenders in cutting down on time-to-close, saving money, and improving the borrower experience.

Users can easily complete the entire range of eClosing choices, including hybrid eClosings, digital "Remote Online Notarization" (RON) closings, and In-Person Electronic Notarization (IPEN) closings, thanks to the eClose capabilities. This enables lenders to provide borrowers with flexible closing options and gradually modify their eClosing strategy.

NOVA clients can safely eSign and generate eNotes using the eOriginal ClosingCenter solution. They can then deposit loan papers into the eOriginal eAsset Management system for secondary market operations. This makes it possible to sell and transfer digital lending assets in a compliant manner. Throughout the course of a digital loan, eSigned papers in the eVault remain legally compliant and have the highest degree of enforceability. This solution expedites loan cycles, ensures compliance, streamlines digital lending, and reduces paperwork.

"With this capability, lenders can deliver an entirely new level of convenience and efficiency," said Sean Dugan, CEO of Dark Matter Technologies. "This saves time and money for lenders while allowing them to engage in secondary market activities and gives homebuyers the convenience of faster closings at the time and place of their choosing."

In 2024, Dark Matter Technologies expanded its product portfolio to include the NOVA LOS in addition to the Empower LOS as part of a dual-product strategy to offer consultancy services and creative solutions to small and midsize banks, credit unions, and IMBs. Retail, wholesale, and correspondent lending, together with a variety of mortgage products, are all supported by the NOVA LOS, which offers a dependable, affordable solution with little administrative work.

"By integrating flexible, modern eClosing options to NOVA LOS, Dark Matter is putting lenders on a fast track to a fully digital future," said Shreya Shankar, VP of Partnerships at Wolters Kluwer Financial & Corporate Compliance. "We are thrilled to collaborate with Dark Matter to help NOVA LOS users enhance borrower satisfaction, increase revenue, streamline operational efficiency and unlock the potential of the secondary market through seamless eClosings."

Movers & Shakers

Government

ANDREW HUGHES CONFIRMED AS HUD DEPUTY SECRETARY

Andrew Hughes has been confirmed by the U.S. Senate by a vote of 51-44 as the next Deputy Secretary of the U.S. Department of Housing & Urban Development (HUD). The role of HUD Deputy Secretary acts in the capacity of Chief Operating Officer within HUD.

Hughes previously served as HUD Chief of Staff under Ben Carson, HUD's 17th Secretary, and most recently, as Chief of Staff under current HUD Secretary Scott Turner. President Donald Trump announced the nomination of Andrew Hughes on March 11, 2025.

"Serving at HUD is more than a job-it's a calling," said Deputy Secretary Hughes. "I'm humbled to help lead an agency that expands opportunity for all communities-rural, tribal, and urban. Together, under the leadership of President Trump and Secretary Turner, we're focused on ensuring more Americans can achieve not just housing, but the stability, self-sufficiency, and upward mobility that define the American Dream."

HUD Secretary Turner took to social media to welcome Hughes to his new role: "Andrew Hughes is a servant leader and is the right person, at the right time for this assignment to carry out HUD's mission. We share a clear vision for HUD's future, and it is truly a blessing to have him as Deputy Secretary. He will serve the American people well."

Sen. Tim Scott, Chairman of the Senate Banking Committee, welcomed Hughes to his new role: "Congratulations Andrew Hughes, our new Deputy Secretary of @HUDGov. Working with @SecretaryTurner, I'm confident he will advance President Trump's agenda–reforming failed federal housing policies, increasing accountability, and making housing more affordable for all Americans."

Hughes served the Department under the leadership of Ben Carson from 2017-2021, as HUD Chief of Staff. He began as HUD's Department Liaison to the first Trump administration in January 2017. Prior to that, Hughes worked on Carson's presidential effort, and served in a similar capacity for three months with Trump's first presidential campaign.

Mortgage Bankers Association (MBA) President and CEO Bob Broeksmit, CMB, issued the following upon news of Hughes' confirmation: "MBA congratulates Andrew Hughes on his confirmation to serve as HUD Deputy Secretary. We look forward to continuing our important work with him, Secretary Turner, and HUD staff on policies and initiatives that lower single-family and multifamily financing costs and increase homeownership and rental housing opportunities for all Americans."

MICHAEL HOROWITZ NAMED INSPECTOR GENERAL OF FEDERAL RESERVE AND CFPB

Michael E. Horowitz has been appointed to lead the Federal Reserve Board's Office of Inspector General (OIG), effective June 30, 2025. By statute, the Federal Reserve's OIG also serves in that same role for the Consumer Financial Protection Bureau (CFPB), an agency financed by, but autonomous from, the Federal Reserve. The OIG is tasked with making recommendations to improve the efficiency and effectiveness of the agencies, as well as preventing and detecting waste, fraud, and abuse.

Horowitz succeeds Mark Bialek, who retired in April, after nearly 14 years as Inspector General. Horowitz has more than 35 years of experience in law, public administration, and investigations. He most recently served as Inspector General for the Department of Justice (DOJ), a position he has held since April 2012. As Inspector General for the DOJ, Horowitz supervised a nationwide workforce of more than 500 special agents, auditors, inspectors, attorneys, and support staff whose mission was to detect and deter waste, fraud, abuse, and misconduct in DOJ programs and personnel, and to promote economy and efficiency in Department operations.

From 2015-2020, Horowitz served as the Chair of the Council of the Inspectors General on Integrity and Efficiency (CIGIE), an organization comprised of all 75 federal Inspectors General. He also chaired a committee of 21 federal Inspectors General to oversee $5 trillion in pandemic relief spending.

Horowitz worked from 2002-2012 as a Partner at Cadwalader, Wickersham, & Taft LLP, where he focused his practice on white collar defense, internal investigations, and regulatory compliance. He also was a Board Member of the Ethics Resource Center and the Society for Corporate Compliance and Ethics.

Prior to working in private practice, Horowitz served as an Assistant U.S. Attorney for the Southern District of New York from 1991-1999, where he was the Chief of the Public Corruption Unit and a Deputy Chief of the Criminal Division. In 1995, he was awarded the Attorney General's Award for Distinguished Service for his work on a complex police corruption investigation. Thereafter, he worked in the DOJ Criminal Division in Washington from 1999-2002, first as a Deputy Assistant Attorney General and then as Chief of Staff. He began his legal career as a law clerk for Judge John G. Davies of the U.S. District Court for the Central District of California and as an associate at Debevoise & Plimpton.

Horowitz earned his Juris Doctor, magna cum laude, from Harvard Law School, and his Bachelor of Arts, summa cum laude, from Brandeis University.

The Office of Inspector General was established by Congress as an independent oversight authority for the Federal Reserve Board and the CFPB, and carries out its operations pursuant to the Inspector General Act of 1978.

HUD TAPS TECH VET AS CIO

The U.S. Department of Housing & Urban Development (HUD) has appointed **Eric Sidle** as its new Chief Information Officer (CIO). Sidle is a tech industry veteran with extensive experience as an engineer and executive in the electric vehicle and technology sectors.

According to a leadership page of the agency's website, Sidle, who has been at the technology consulting firm Fabrum Advisors for the past two years, is set to replace Juan Sargeant, who was HUD's acting CIO before returning to his prior position as deputy CIO. Following the resignation of Sairah Ijaz, a HUD employee since 2016 who was promoted to CIO last year, Sargeant was appointed as a stand-in.

As CIO, Sidle will "use his invaluable experience as a tech leader to help things run smoothly so we can continue our important mission of promoting the American Dream of homeownership and serving rural, tribal, and urban communities," according to a message sent to HUD staffers and shared with FedScoop by the Secretary's Office of the Chief of Staff.

According to an internal email from HUD, Sidle, who graduated from the University of Illinois with a bachelor's degree in electrical engineering, has worked as an engineer for Raytheon, Hewlett Packard, and Apple, where he oversaw the MacBook Pro System team.

Leading autonomous driving teams at NIO before joining ChargePoint as SVP and Chief Technology Officer for the EV charging network, he made a significant shift to the EV market in 2016.

In the first few months of the Trump administration, there has been a lot of agency-wide change in the CIO role. For instance, the Treasury Department, the Small Business Administration, and the Social Security Administration have all seen disruptions in their IT departments, while the Department of Energy has already had two permanent CIOs.

Numerous incoming CIOs had prior connections to DOGE, Palantir, or Elon Musk's businesses. Although it's unclear if Sidle has any comparable ties, ChargePoint has long been vying for dominance of the charging network with Tesla, Musk's electric vehicle startup.

Sidle has a passion for next-generation technology, building and leading global organizations, and empowering teams to disrupt and scale. He has designed, developed, manufactured, and launched first-to-market solutions spanning consumer electronics, industrial systems, enterprise platforms, and national defense technologies. He holds multiple patents in electrification, autonomous driving, and networked vehicle systems and has spearheaded product and technology roadmaps that shaped industry standards.

» *Lenders/Servicers*

CENLAR WELCOMES NEW SVP OF LOAN OPS

Cenlar has announced that **Jackie Torres** has joined the company as SVP of Loan Operations. With more than 20 years of experience in mortgage and financial services at LoanCare, KeyBank, JPMorgan Chase, and previously at Cenlar, Torres will oversee all loan operation functions. She will deploy and scale emerging technologies, seeking ways to modernize the mortgage servicing experience for clients and their homeowners.

"I'm thrilled to welcome Jackie to the team," said Cenlar COO Leslie Peeler. "She brings a wealth of experience, pairs strategic thinking with a strong command of data, and is widely respected as an exceptional people leader. I'm confident she will help ensure our operations consistently reflect our unwavering commitment to our clients—prioritizing speed, accuracy and reliability every step of the way."

Before rejoining Cenlar, Torres held several executive roles with increasing responsibility at LoanCare, most recently as Divisional SVP-Default Administration. During her career in servicing, she has led transformative initiatives that helped strengthen risk and control frameworks through scalable solutions. Jackie worked for Cenlar from 2012-2019, most recently as VP of Servicing Systems and Reporting. She has also held positions at JPMorgan Chase and KeyBank.

SERVICELINK BOLSTERS OPS WITH FOUR NEW ADDITIONS


MILLER


LEE


POWELL

ServiceLink has added **Chris Miller** as a National Sales Executive, and **James Lee** and **Mandy Powell** as National Account Executives within ServiceLink's Origination Division. All three will be responsible for driving client growth strategy and forging new lender partnerships. In addition, they will help lenders increase speed throughout the mortgage process, extend their digital workflows, reduce costs, and enhance the consumer experience.

Miller brings decades of experience across the industry, focused on sales, sales management, operations, real estate, account management, and technology. Much of his mortgage career was spent at JP Morgan Chase Bank, where in leadership roles, he generated billions of dollars in revenue, created new profitable business lines and led a team of more than 40 mortgage professionals. A top sales performer, he most recently worked at Guild Mortgage Company as Branch Manager.

Both Lee and Powell also have more than 20 years of experience within the real estate and financial industries. Lee spent the bulk of his career in sales and was a Realtor for the last 13 years with Vylla Homes in Irvine, California. He previously worked as an REO Account Manager for RES.NET, and a Home Loan Specialist for Countrywide Home Loans.

Powell is a highly versatile real estate professional focused on fostering growth, with a strong foundation in HR practices. She has played a pivotal role in talent acquisition, employee relations and organizational development, working for the last 13 years as a Specialty Funding Analyst at Capital One Financial. She also has 18 years of experience as a Realtor.


GREEN

In addition, ServiceLink has named **Liz Green** to its valuations' executive team as SVP of Valuation Solutions, where she will help drive the organization's valuations-related strategy and continue pioneering the digitization and modernization of valuation solutions through the evolution of products and services.

"ServiceLink has been at the forefront of digitizing mortgage services solutions for many years. Liz's deep industry knowledge and decades of on-the-ground experience as a valuation powerhouse will help further accelerate ServiceLink's position as a market leader. We're excited to have her here," said Matt Woodhouse, Managing Director of Valuation.

Green has led the way in applying data standards to valuation technologies since 2009 and was recently named the Collateral Risk Network's 2025 Valuation Visionary. She currently serves as the chair of the Property and Valuation Services Community of Practice for the Mortgage Industry Standards Maintenance Organization (MISMO), which serves as the standards development body for the mortgage industry. She also chairs CRN's Standards Committee and was previously named an MBA Tech All-Star for her leadership in MISMO's property information and valuation sectors.

EQUITY PRIME MORTGAGE ANNOUNCES EXECUTIVE CHANGES


PHILLIPS


MINGHINI

Equity Prime Mortgage (EPM) has announced the promotion of **Kenny Phillips** to Chief Sales Officer and the upcoming retirement of **James Minghini**, Chief Compliance Officer.

"I couldn't be more confident in Kenny Phillips as he steps into the large shoes left by our late friend and colleague, Kevin DeLory," said Eddy Perez, Founder and CEO of EPM. "Kevin's vision and dedication built the foundation we stand on today, and I'm certain that Kenny's leadership will carry that legacy forward. I also want to extend my deepest gratitude to James Minghini for his decades of service and unwavering commitment to excellence. His impact on our compliance culture will be felt for years to come."

Phillips brings nearly 30 years of mortgage-lending experience to his new role. He joined EPM in August 2021 as SVP of Lending, East, after almost a decade of regional leadership at Carrington Mortgage Services and Carrington Wholesale Lending. As Chief Sales Officer, Phillips will oversee all wholesale lending operations, product strategy and partner relations.

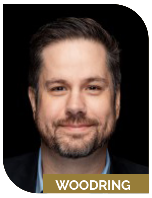
"I'm honored to step into my best friend Kevin's shoes as chief sales officer and to carry forward his legacy of innovation and service as part of EPM's new guard," Phillips said. "It is bittersweet to fulfill the plan we always shared to grow EPM together, but they say a legacy only ends when we stop talking about those who have passed. Stepping into this role ensures Kevin's legacy will endure for generations, and I take joy in knowing I will see a bit of Kevin in this role every day as our team continues delivering market-leading wholesale mortgage solutions backed by integrity and expertise."

Minghini retired June 30 after more than 30 years in the mortgage industry. He began his career in 1993 at CitiFinancial, where he spent nearly 20 years in branch compliance and training. He later served as Assistant VP of Compliance at Crescent Mortgage before joining EPM a decade ago. As Chief Compliance Officer, Minghini strengthened EPM's regulatory framework and cultivated a unified, values-driven culture across the organization.

"After more than 30 years in this industry, I'm proud of everything we've built together at EPM," Minghini said. "This leadership team's drive to unite an entire industry for shared success is inspiring, and I leave knowing EPM's best days are ahead."

NEWREZ ADDS TWO KEY EXECS

Newrez LLC has announced two key executive appointments, underscoring the company's commitment to innovation, operational excellence, and customer experience.


WOODRING

Brian Woodring joins Newrez as CIO, where he will lead technology strategy across digital products, applications, IT infrastructure, information security, data, and AI. Woodring brings a wealth of experience from Rocket Mortgage, where he most recently served as Head of Technology. He is a proven innovator with a track record that includes industry-shaping products powering both servicing and originations. His vision for AI, seamless homeowner experiences, and building world-class teams will further elevate the Newrez technology platform to continue to deliver exceptional value to employees, clients, and consumers.


GRUMET

Felicia Grumet has been promoted to CFO, reflecting Newrez's continued investment in developing and recognizing internal talent. Since joining the firm in 2024, Felicia has held various leadership roles, most recently serving as CIO, where she led technological initiatives that enhanced the digital experience for customers and employees while supporting Newrez's cost leadership. She brings more than 25 years of financial experience, including roles at Bear Stearns and, most recently, Bank of America, where she built teams and businesses to drive growth and strong financial performance.

Over the past five years, the Newrez platform has roughly quadrupled both its originations market share and the size of its portfolio, now serving over 3.7 million homeowners – these appointments align with Newrez's platform investment strategy to deliver continued growth.

"Our technology and human capital investments power our business and its future," said Baron Silverstein, President of Newrez. "We are thrilled to welcome Brian to Newrez and to recognize Felicia's leadership in her expanded role. Their combined expertise will be instrumental in driving the next stage of our platform's continued growth."

"SmartRent has built a strong foundation as a category leader in smart property technology, with purpose-built solutions, deep industry relationships and a dedicated team committed to solving real operational challenges."

—**Frank Martell**, President and CEO, SmartRent Inc.

★ ★ ★ ★ ★

» *Service Providers*

SMARTRENT WELCOMES NEW PRESIDENT AND CEO

SmartRent Inc. has announced the appointment of **Frank Martell** as President and CEO. Martell has been a member of SmartRent's Board of Directors and served on the Board's Audit and Nominating and Corporate Governance Committees since June 2024.

As President and CEO, Martell will lead SmartRent's executive team in advancing the company's vision and expanding its market presence, with a clear focus on delivering measurable value for customers and shareholders by enhancing portfolio performance, operational efficiency and resident and team satisfaction.

"SmartRent has built a strong foundation as a category leader in smart property technology, with purpose-built solutions, deep industry relationships and a dedicated team committed to solving real operational challenges," said Martell.

With more than 30 years of executive leadership experience, Martell brings a proven track record of driving market leadership, delivering revenue growth and profitability, and consistently enhancing shareholder value. His expertise in data-driven innovation and a digital-first approach will play a pivotal role in accelerating the adoption of SmartRent's enterprise platform and the company's evolution.

Most recently, Martell was President and CEO of loanDepot Inc., where he developed and led the company's Vision 2025 strategic program to navigate the impacts of the recent downturn in the residential property market while retooling the company's operational capabilities for long-term value creation. Prior to loanDepot, Martell spent more than a decade at CoreLogic, serving as CFO, COO and ultimately CEO, transforming the company into a leading global platform providing digital residential property data and analytics, and significantly increasing market capitalization during his tenure.

"Frank possesses a rare combination of strategic insight, operational discipline and innovative thinking—essential strengths as we work to increase platform adoption and scale our impact," said John Dorman, Chairman of the SmartRent Board of Directors. "Because he has been deeply involved as a Board member in our transition over the past year, I am confident that Frank will seamlessly move into the CEO role and lead from day one. He steps in at a critical time for SmartRent, our investors and customers, and we're confident his leadership will enhance the quality of our execution, strengthen our market-leading position and drive meaningful, long-term value for shareholders."

Founded in 2017, SmartRent is a provider of smart communities solutions and smart operations solutions to the rental housing industry. SmartRent's end-to-end enterprise ecosystem powers smarter living and working in rental housing by automating operations, protecting assets, reducing energy consumption, enhancing the resident experience, and more.

"SmartRent has built a strong foundation as a category leader in smart property technology, with purpose-built solutions, deep industry relationships and a dedicated team committed to solving real operational challenges," said Martell. "Having spent the past two decades leading data- and technology-driven organizations that support the real estate industry, I see tremendous opportunity to expand our impact and build on the company's leadership. I'm proud to partner with our talented team as we deliver game-changing solutions that empower customers and redefine what's possible in property technology. With our ongoing platform enhancements and investment in customer success, I believe we're poised to unlock the potential of the next generation of innovation in smart home technology in the years ahead."

» *Industry Groups*

ALTA NAMES NEW CEO

The American Land Title Association (ALTA) has announced that **Chris Morton** has been appointed CEO, succeeding Diane Tomb, who served in the role for the past six years.

ALTA, founded in 1907, is the national trade association representing more than 6,000 title insurance companies, title and settlement agents, independent abstracters, title searchers, and real estate attorneys.

"As the leader of our advocacy efforts, Chris Morton has been the public voice of our industry in Washington," said Richard Welshons MTP, NTP, President of ALTA. "He brings the right mix of experience, vision and steady leadership to guide ALTA. We thank Diane Tomb for her years of service and wish her well in future endeavors."

Morton previously served as ALTA's SVP of Public Affairs and Chief Advocacy Officer. With more than 25 years of experience in the financial services sector, he has played a key role on ALTA's Executive Team, leading the association's public policy, political engagement and advocacy strategies. Morton has collaborated closely with ALTA leadership and industry partners to advance the title insurance industry's role in protecting homebuyers and their property rights.

"I am humbled by the industry's faith and trust in me," Morton said. "Our leadership remains deeply committed to continuing ALTA's legacy of promoting the title industry and the tens of thousands of title professionals across the country. These dedicated individuals work every day to protect the American Dream of homeownership in their communities. As we continue to tackle challenges like housing supply and affordability, I'm excited to lead an association dedicated to meaningful progress."

NAR WELCOMES TWO TO ITS COMMUNICATIONS TEAM

The National Association of Realtors (NAR) has announced the appointment of two distinguished communications leaders to its executive team, as **Bennett Richardson** has been named SVP of Marketing & Communications, and **Raffi Williams** as VP of Communications.

"Bennett and Raffi bring a powerful mix of experience, vision, and strategic insight that will sharpen NAR's voice and strengthen our communications at a pivotal time for the real estate industry," said NAR CEO Nykia Wright. "We are investing in world-class talent to ensure our members, policymakers, and the public clearly understand who we are, what we stand for, and the critical role Realtors® play in helping people across America achieve the dream of homeownership."

Richardson, a seasoned public affairs and media executive, brings nearly two decades of experience at the intersection of technology, policy, and journalism. Most recently, Richardson served as General Manager and Global Head of Public Affairs at Semafor, where he led the Washington bureau and spearheaded global strategic initiatives. Prior to that, he served as Director of Policy Marketing at Google, where he led Google's marketing and content communications to policymakers and key opinion formers in the U.S and around the world. Richardson's career also includes leadership roles at POLITICO Media Group, where he served as President of Protocol and Executive Director of POLITICO Europe. He has built award-winning public affairs campaigns for Fortune 100 companies and is a recognized thought leader, having spoken at the World Economic Forum, SXSW, and Cannes Lions.

Williams joins NAR with a deep background in public affairs, media strategy, and financial communications. He most recently served as VP at the Managed Funds Association, where he led media relations and significantly expanded the organization's media presence. Previously, Williams held senior communications roles at Edelman Smithfield, the Federal Housing Finance Agency (FHFA), and the U.S. Department of Housing & Urban Development (HUD), where he managed large press teams and developed high-impact media strategies. A former journalist and political spokesperson, Williams has been recognized by Forbes' "30 Under 30" for Law and Policy. He has also advised C-suite executives and elected officials on crisis communications, regulatory issues, and public affairs strategy.

Attorneys

TRIO OF COMPLIANCE ATTORNEYS LAUNCH NEW FIRM

A new national law firm has launched to meet the complex legal and compliance needs of today's mortgage and financial institutions. Brody|Gapp LLP brings together top-tier legal minds with deep industry experience, offering proactive, business-focused counsel in a rapidly evolving regulatory landscape.

Founded by veteran Attorneys **James Brody**, **Ron Gapp**, and **Ashley Jumpp**, Brody|Gapp LLP delivers strategic legal solutions across compliance, litigation, and risk mitigation. With more than 50 years of combined experience, the leadership team is known for helping financial institutions operate with confidence.

"James is a great individual and an extremely valuable asset to support your company," said Kevin J. Hanna, President & CEO of Lions Capital Mortgage. "I've worked with James for over a decade and continue to appreciate his expertise."

Brody|Gapp LLP was founded on the principle that legal services should create clarity, not complexity. The firm serves as a trusted partner to mortgage banks, credit unions, servicers, and brokers nationwide.

Brody is a seasoned litigator and compliance strategist who has led hundreds of complex legal matters for top mortgage institutions. Gapp brings seasoned experience as a legal advisor to national multi-channel lenders mortgage companies, having served in key leadership roles including General Counsel and Chief Operating Officer. Jumpp, JD/MBA, advises clients on compliance design, enforcement defense, and internal governance.

The firm's key offerings include: repurchase defense & make-whole demands; CFPB and state audit response; employment and poaching litigation; and licensing, mergers and acquisitions, and compliance infrastructure.

"We're here to be the first call our clients make—whether to solve a crisis or prevent one," said Brody. "We help clients reduce legal risk and move forward with clarity."

HOLLAND & KNIGHT ADDS FINANCIAL SERVICES REGULATORY SPECIALIST

Holland & Knight has bolstered its Financial Services Team with the addition of **Danielle Reyes** as a Partner in Austin, Texas. Reyes was previously a Partner with Goodwin Procter. Reyes specializes in broad regulatory compliance advice with a focus on responsible investment, financial regulatory matters, corporate social responsibility programs, non-financial reporting, and human rights. Her practice currently consists of regulatory assistance with private companies going public and advising on fair responsible banking, financial inclusion and Community Reinvestment Act issues. She also provides regulatory guidance in fintech, the insurance sector and traditional banking areas, focusing on all stages of regulatory compliance for such institutions, including retail and small business product development, licensing, other state and federal regulatory interactions, co-branded credit card programs and FinTech-bank partnerships.

"Danielle is an exceptionally qualified attorney with strong regulatory compliance and banking experience," said Matthew Fontane, Co-Chair of Holland & Knight's national Financial Services Team. "Her multifaceted practice combined with her in-house experience will be a great benefit to our clients in Austin, the broader Texas market and the Firm's national platform. She will be an excellent addition to the Firm, and we are excited to add to the Firm's growing regulatory practice."

Reyes previously practiced in-house for several years at San Antonio-based USAA, a leading provider of insurance, banking and retirement solutions, where she served in a variety of roles, including as the lead banking regulatory attorney.

"Holland & Knight's robust Financial Services Team, commitment to growth in Texas, national platform and collaborative environment were key factors in my decision to join the firm," Reyes said. "I am eager to work with my new colleagues to provide federal and state enforcement and legal support to our clients as we navigate the evolving regulatory landscape in the coming years."

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"I am eager to work with my new colleagues to provide federal and state enforcement and legal support to our clients as we navigate the evolving regulatory landscape in the coming years."

—**Danielle Reyes**,
Partner, Holland & Knight

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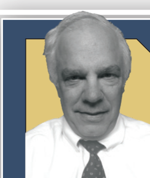
LEGAL LEAGUE

FAULT LINES IN THE MARKET

Behind steady economic growth, cracks are starting to show, from stalled sales to diverging regional trends. What do the experts say is coming next?

By **PHIL BRITT**



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

Seven months after President Trump took office for his second term, the housing landscape is marked by a complex mix of steady economic growth and emerging vulnerabilities. While GDP growth has hovered around 2.5% to 3% annually in recent years, this year's outlook is notably less optimistic, with forecasts now calling for slower growth amid uncertainty over trade policy and tariffs. President Trump's "Liberation Day" tariff proposals, introduced this past spring, have injected volatility into both the broader economy and the housing sector, with many questions remaining about the ripple effects and long-term impact.

Some experts project that tariffs on key building materials, including lumber, steel, and aluminum, could significantly impact the cost of building and purchasing a home. This added cost pressure comes at a time when affordability is already stretched for many buyers, and builders, suppliers, and consumers try to absorb or pass on these increases.

Meanwhile, mortgage rates have remained stubbornly high, with Freddie Mac pinning the 30-year fixed mortgage rate at 6.77% as of the late-June time of this writing. This environment has forced both buyers and sellers to recalibrate their expectations, with the market gradually acclimating to rates that, while elevated by recent standards, remain within historical norms.

Brisk and often unpredictable legislative and regulatory developments in Washington have also added layers of complexity. The potential for changes to tax policy, GSE reform, and banking deregulation could all reshape the mortgage landscape in the months ahead. The recent confirmation of Michelle Bowman as Vice Chair of the Federal Reserve signals a possible shift toward a more business-friendly regulation environment, which could entice large banks to re-enter the mortgage space after years of retrenchment.

Against this backdrop of uncertainty, shifting policy, and regional divergence, *MortgagePoint* spoke with two of the industry's leading economists: Michael Fratantoni of the Mortgage Bankers Association and Mark Fleming of First American Financial Corp., to unpack what these trends mean for lenders, borrowers, and the broader housing economy in the second half of 2025 and beyond.

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Liberation Day & Beyond

Michael Fratantoni: It's important to break these six months into three different parts: The pre-Liberation Day period, the immediate reaction to the Liberation Day proposals, and the time since. Coming into this year, we were expecting a slowdown in economic growth.

The U.S. economy has been growing about 2.5%-3% annually for the last couple of years. We were looking for about 1.5% this year. We thought the Liberation Day proposals would be quite stagflationary. Our April forecast

> The residual impact of the tariff proposals is high levels of uncertainty.

—**Michael Fratantoni,** Chief Economist and SVP of Research and Industry Technology, Mortgage Bankers Association

was for about 0% growth for the year, and our expectation for the consumer price index inflation was above 4%.

Since then, you've had various iterations of walk-backs on different aspects of the tariff proposal and potential legal challenges, which could lead to different results. Now we're looking for economic growth for the full year of a little less than 1%. That lines up with the way financial markets have reacted to the tariff proposal changes.

The residual impact of the tariff proposals is high levels of uncertainty. People don't know where this tariff rate is going to wind up and don't know how long this trade war is going to continue. I would expect that we're going to start seeing in the data evidence of people pausing for a bit as they're waiting to see the direction of tariff and economic policy.

We are seeing both households and businesses trying to make decisions, to try to get the best price they can. We saw a huge flood of imports in the fourth quarter of 2024, which stopped in the first quarter and started bouncing back in the second quarter.

In our sector, the largest impact will likely be in the construction of new homes. The tariffs on lumber, steel, and aluminum are the ones that are going to most directly impact the cost. There are estimates that the incremental cost of new homes will increase by $8,000-$20,000 as a result of the tariffs.

I don't think you're going to see people be able to time the purchase to get around the tariffs. Different players across the sector are bearing those costs right now. In some cases, the increased costs are being passed on to the end consumer. In other cases, the builders and taking on some of the increased costs; in some cases, the suppliers are absorbing some of the increase.

Over the next couple of years, if these tariff rates are increased as much as has been indicated, it's all going to be passed through to the home buyer because, whether it's the builder or the supplier, their margins can't take that kind of a hit for an extended period.

Mark Fleming: While the Federal Reserve remains in wait-and-see mode, mortgage rates have stayed between 6.6 and 7% all year. Assuming at most two rate cuts this year, which is not a foregone conclusion, it's foreseeable that mortgage rates will remain in this range or at best only go modestly lower. It's reasonable to expect the housing market to acclimate to mortgage rates in the mid-sixes, which is historically a very normal level.

Fratantoni: The Federal Reserve controls a short-term overnight rate, which is only indirectly impacting mortgage rates that have been on hold over the course of this year. We expect two rate cuts of a quarter point this year.

AEI's **Ed Pinto** on The Power of Lot Size & Light-Touch Density Zoning

Edward Pinto, Senior Fellow and Director, AEI Housing Center

Ed Pinto: At AEI, we've coined the three most important things in affordability: small lots, small lots, small lots. It all comes down to small lots. If you have a smaller lot, it's less land, so it costs less. Secondly, the house is going to be smaller, which means less square footage, which means a lower price. Three, when you shift into a townhome on an even smaller lot, even though it has about the same square footage, you have fewer windows, fewer exterior walls, and it's a simpler construction. A townhome of 1,400 square feet, even beyond the land, costs less to build per square foot by 15% or more than the same-sized single-family detached house of 1,400 square feet at the same location but on a larger lot.

In Texas, in 1998, Houston passed an ordinance that reduced the minimum lot size in a roughly 100-square-mile

We don't expect that to have a big impact on longer-term mortgage rates or 10-year Treasuries. Last year and so far, this year, 30-year mortgage rates moved from the low 6% range, then jumped in anticipation of the new administration. Then you had the Liberation Day impact, which led to turmoil in the financial markets, so the spread between mortgaged rates and Treasuries widened from 2.2 to 2.5 percentage points.

It's come in a bit since then. We expect that it will continue to tighten a bit throughout 2025. The 30-year mortgage rate is at about 6.8% today. We think we'll be closer to 6.5% by the end of this year.

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Legislation & Regulations

Fratantoni: Several provisions within the tax bill that passed the House and now is before the Senate could have an impact on real estate markets. The overall rate of taxation or any specific provisions could impact demand for real estate or the cost of financing real estate. Also, any potential changes to the status of Fannie Mae and Freddie Mac could impact liquidity in the secondary market, and ultimately, the cost of mortgage financing.

There could be deregulation in the banking sector. There could be a new head of supervision and regulation of the Federal Reserve. Michelle Bowman was just confirmed as Vice Chair. She's likely to take overall bank regulation in a more business-friendly direction. That could have both broader economic benefits and specific benefits for the mortgage market. If we make some needed changes to bank regulation, we could see at least some big banks, which had been backing away from the mortgage markets, become more active.

FHFA, CFPB, HUD, FHA, and the VA all have active home loan programs. There are disagreements about where the policies and regulations are. Our members would like a consistent operating framework. Also, these agencies need to be staffed sufficiently to conduct their operations and make loan approvals.

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The Housing Market: Location, Location, Location

Fratantoni: We are seeing some pretty distinct differences in state and regional housing markets. The weaker markets right now are in Florida and Texas, and other areas along the Gulf Coast. Denver, Colorado, and Austin are also seeing some price declines.

We've seen a lot of new construction over the past couple of years, and now there has been a bit of a pullback. It just seems like we're at a point right now where supply was just running ahead of demand, and so now we're seeing prices adjust, and you're seeing homes linger on the market longer now.

But the medium- to long-term fundamentals are quite strong. These are areas of the country that tend to be the beneficiaries of domestic migration. People move out of higher-cost, higher-tax states into the Southeast and Southwest. There are many amenities in these areas as well. The other aspect of these South and West states and regions is that it's just easier to build. It's quicker to get new construction approved. There's more undeveloped land, so there are economies of scale in the construction process. They can put up more units more quickly.

The flip side of that would be the Northeast, where the market is strong; inventory still remains pretty constrained, and you're seeing ongoing home price growth. That is also happening in a number of Midwest markets, though it's not as strong as the Northeast.

These are areas where you're seeing sort of net migration out of some of these markets, particularly the higher-cost ones, like New York. But because it's so difficult to put new units up, either single-family or multi-family in some of these older, more developed cities and

area bounded by Interstate 610, which bounds the inner part of Houston. That led to an explosion of small-lot housing. Tens of thousands of homes were built, which helps explain why Houston has such a low homelessness rate. Then, they expanded that to the entire city around 2013 or 2014. Austin adopted a similar ordinance about three years ago.

This month, the Texas House and Senate and the governor signed a bill that applies to new residential subdivisions of five acres or more in counties with 300,000 people or more but applies only to the cities within those counties with 150,000 people or more. In those cities, in those counties that are subdividing five acres or more, you can set the minimum lot size to no less than 3,000 square feet, and there's a bunch of other provisions that have to do with floor-area ratio and side lots and parking, all of which is good in terms of light-touch density.

Do this broadly across the nation and we would get over 5 million additional homes over 10 years on the same amount of land.

If you were to have light-touch density in existing single-family residential neighborhoods where it's economically viable to tear down what's there and build homes on smaller lots, you'd add another four or five million homes. Then have your Bureau of Land Management land, which could account for another 2 million. Then we have what we call livable urban villages, which just add an overlay of residential on top of existing commercial/industrial/retail areas. You're not required to build housing; just make it legal. That's another 4 million or 5 million. You add all that up and you're at 17 million homes added over 10 years. That's huge.

> According to our April report, the starter home price tier is the strongest, driven by first-time homebuyer demand relative to a shortage of existing homeowners selling.

—**Mark Fleming**, Chief Economist, First American Financial Corp.

states, their prices have held up better, even with this slowing in demand over the past couple of months.

Fleming: There is significant variation in house price appreciation across markets driven by differences in the local supply and demand dynamics. In March, house prices declined in 13 of our top 50 metro markets, compared with a year ago. Notably, six of those 13 markets are in Texas or Florida—two regions that saw rapid pandemic-era expansion. Prices declined the most in Tampa, Florida, in March, falling by nearly 5 % year over year, with the decline driven by a combination of persistent high mortgage rates, cooling demand, and rising inventory.

At the other end of the spectrum, Cincinnati led the country with over 9% annual price growth. Tight inventory in a relatively affordable market continues to support strong price gains in this market. These two examples highlight a diverging housing landscape, where market fundamentals are pulling prices in different directions across regions.

Our First American Data & Analytics House Price Index segments home price changes into three price tiers based on local market sales data: a starter tier, which represents home sales prices at the bottom third of the market price distribution; a mid-tier, which represents home sales prices in the middle third of the market price distribution; and the luxury tier, which represents home sales prices in the top third of the market price distribution.

According to our April report, the starter home price tier is the strongest, driven by first-time homebuyer demand relative to a shortage of existing homeowners selling. Markets with the strongest growth in the starter home price tier are predominantly located in the Northeast or Midwest, including Pittsburgh, Baltimore, and St. Louis—markets that are attractive to potential first-time homebuyers due to their relative affordability.

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Navigating the Fault Lines

As the mortgage industry enters the second half of 2025, the market's underlying "fault lines" remain a defining feature. While national economic growth continues at a subdued pace and policy uncertainty lingers, the housing sector is increasingly shaped by regional disparities, evolving regulatory frameworks, and affordability challenges. The expert insights shared here underscore that, despite near-term headwinds, the sector's long-term fundamentals remain resilient. MP

Donna Schmidt

Managing Director & Owner,
DLS Servicing

The Exchange

Donna Schmidt is President and CEO of DLS Servicing, a provider of loss mitigation support services, default servicing consulting, training, and technology for mortgage servicers. A seasoned professional with four decades of leadership experience in the mortgage industry, she is a sought-after authority on loss mitigation compliance. Schmidt is also the co-founder of WaterfallCalc, an online loss mitigation decision and calculation tool that enables servicers to streamline loss mitigation calculations while ensuring investor and regulatory compliance. She can be reached at DSchmidt@DLS-Servicing.com.

Q: How did you get your start in the mortgage space?

Schmidt: My aunt worked in a real estate office and became friends with a loan officer, who mentioned his company desperately needed mortgage processors. I was still in college, looking for work, and their home office was close to my home. The rest is history.

Q: What attracted you to the industry?

Schmidt: At that time, interest rates had risen to 20%, so the handwriting was on the wall that I would soon be out of a job. While not everyone was getting a mortgage, many people already had one—so I began looking for a job in mortgage servicing. I was hired by Carteret Savings Bank to work in the tax escrow department. I found the diversity of the mortgage servicing functions and the constantly changing regulatory requirements both challenging and interesting. I was hooked. I ended up working in nearly every area of mortgage servicing, except cash management and investor reporting. I loved it all.

Q: Describe your role at DLS Servicing. What are some of your day-to-day responsibilities in the role?

Schmidt: DLS began as a one-person consulting firm and remained that way for the first 15 years. When the housing crisis hit in 2008, one of my clients asked for help with their rapidly increasing default rates. Prior to the crisis, my client would receive five loss mitigation applications a month, but during the crisis it escalated to over 200. So, I set up shop at my dining room table, hired a few friends and neighbors who had recently been laid off, and we began helping our client with loss mitigation reviews and modification calculations.

We quickly grew from my dining table to office space, and over the last 15 years, we went from working exclusively with all-paper files and Excel spreadsheets to a completely paperless environment. We designed a fully functional online application that processes loss mitigation waterfalls for every loan type, which became WaterfallCalc. Today, we operate out of two offices in Western Michigan. My day-to-day functions primarily revolve around continually improving operational efficiencies, ensuring data security, and meeting or exceeding client expectations. We consistently review industry regulations to ensure we are meeting the letter and intent of the rules.

We work closely with our clients to assist them with their compliance responsibilities. They handle borrower solicitation, borrower and agency communications, and posting of loss mitigation options. We provide loss mitigation support services, including data entry into the waterfall application, documentation support, preparation and mailing of legal documents codifying the loss mitigation option, as well as FHA loss mitigation claim transmittals.

Q: With the Trump administration working to downsize or close the CFPB, what impact could such an action have on the servicing space?

Schmidt: We prepared a white paper (dls-servicing.com/white-paper-harmonizing-regulatory-compliance-and-industry-perspectives/) in March detailing the damaging unintended consequences that the CFPB caused in mortgage servicing and how there is already sufficient industry oversight by numerous

> "The past decade of natural disasters has posed serious challenges for both homeowners and servicers. The good news is the housing agencies have already realigned their approach to address these events, and many servicers have programmed their responses."

government agencies. There is so much redundancy in oversight that moving the few areas where there is no overlap to one of the other agencies would be very beneficial. In my view, the CFPB lacked the detailed industry knowledge needed to craft effective rules. This caused significant harm, especially to VA borrowers during the pandemic, a topic we discuss in the white paper.

Q: How would the nation's borrowers be affected should that happen?

Schmidt: Moving oversight to an agency such as HUD that has more experience with the complexities of the mortgage finance industry would benefit borrowers. Since the housing crisis, the FHA, VA, and USDA have done an outstanding job in aligning their requirements as much as possible. These agencies, as well as Fannie Mae and Freddie Mac, all service diverse segments of the population.

Servicers need to be held accountable for timely responses, but they also require flexibility to address their unique portfolios. The CFPB's approach of treating all loan types the same led to headaches for both borrowers and servicers. What works in loss mitigation for a conventional GSE loan, where a borrower may have 40% in equity, does not necessarily work for an FHA loan held by a first-time homebuyer who has only 3% equity and limited budgeting experience.

Q: What role will the servicing space play in the rebuilding of Los Angeles after this year's wildfires?

Schmidt: The past decade of natural disasters has posed serious challenges for both homeowners and servicers. The good news is the housing agencies have already realigned their approach to address these events, and many servicers have programmed their responses.

In our case, the response to the LA wildfires fits into our established procedures. At DLS, we provide automatic forbearance agreements that can be mailed to affected borrowers, and then our system tracks the expiration of those agreements. We then issue solicitations to see if the borrower can resume making their payments and is ready for a workout to resolve the default, or if they need more time to complete repairs and an extended forbearance.

We then work closely with our client partners to issue the correct paperwork to the borrower and help update their servicing system of record through reports or application programming interfaces (APIs). While we handle the mundane administrative work, our clients can focus on borrower communication and system memorialization.

Q: What technologies do you feel will help servicers excel in the future?

Schmidt: The more self-service a servicer can offer to borrowers, the better. Not only does this allow borrowers to engage at their convenience, but it lowers the costs of servicing loans. We recently released a module within our loss mitigation application, Waterfall-Calc, that allows borrowers to submit a loss mitigation application or request for assistance from a mobile phone, tablet, or computer. Our servicer clients can either place a link on their websites or send the borrowers an email with a link to apply at their convenience. The applications are customizable based on loan type and client.

Since launching the module, we've seen a significant improvement in the borrower experience, and the feedback has been overwhelmingly positive. We are currently working on providing borrowers with visibility into their loss mitigation application's progress. We feel that if consumers can track their pizza delivery, why can't they receive real-time updates on their loss mitigation status?

Q: What are the pros/cons to the use of AI (artificial intelligence) in the mortgage servicing space?

Schmidt: Communication is key in any borrower/servicer relationship. If AI can help servicers communicate clearly and consistently across their whole portfolio, it will go a long way toward resolving complaints and increasing consumer satisfaction. Servicers, however, need to properly and cautiously review the accuracy of AI outputs. While AI can be an extremely beneficial tool, one small glitch in the programming or a subtle change in regulations could lead to widespread misinformation.

Q: What trends do you see in the servicing marketplace currently?

Schmidt: The shift to streamlined loss mitigation options certainly has its place and fits into the proverbial 80/20 rule, meaning 80% of borrowers will benefit from the simplicity of the process and reduced payments. Most agencies target a 20% to 25% reduction in the principal and interest portion of the monthly payment, either through a loan modification or combination of principal deferment and modification, all without the borrower submitting documentation. However, some borrowers will need more assistance.

For example, for cases where a co-borrower dies, or there's a divorce, or a borrower transitions from employment to disability or retirement, there's no opportunity to present these additional needs through streamlined loss mitigation options. Furthermore, many borrowers may think they need a lower payment, when in fact, they need to control their spending. I believe one of the unintended consequences of the new streamlined approach could be its misuse as a form of home equity financing by borrowers. **MP**

DOMESTICATION AND COLLECTION OF FOREIGN JUDGMENTS IN CONNECTICUT

By **LUCAS ROCKLIN**

When a court outside Connecticut, whether in another U.S. state or a foreign coun try, issues a judgment, that judgment cannot automatically be enforced against a debtor's assets Connecticut. Before any collection efforts can begin, the judgment must first be formally recognized through Connecticut's domestication process.

Connecticut law establishes two primary procedures for recognizing and enforcing such judgments, depending on how the judgment was originally obtained. Judgments that qualify under the Uniform Enforcement of Foreign Judgments Act (UEFJA), codified at Conn. Gen. Stat. § 52-604 et seq., may be domesticated through a relatively simple filing process. Judgments that do not meet the UEFJA's requirements, such as those entered by default or confession, require the creditor to file a separate civil action in Connecticut under Conn. Gen. Stat. § 52-607.

This article provides an overview of the legal procedures for domesticating out-of-state and foreign-country judgments in Connecticut. It explains the enforcement tools available once the judgment is recognized.

LUCAS ROCKLIN *practices litigation, bankruptcy and creditors rights, and labor law at the firm of Neubert, Pepe & Monteith, P.C. He has extensive experience in representing financial institutions and creditors in commercial litigation matters including collections, foreclosures, work-outs, bankruptcy, and landlord-tenant matters. His labor law practice includes collective bargaining agreement negotiations and arbitration. Rocklin is decisive, effective, and efficient and provides clients with regular communication about their matters. He is a graduate of Syracuse University, B.A., and Brooklyn Law School, J.D. Awarded distinction in law school for his excellence in labor law and academic achievement, he received the Robert Lewis Labor Law Award and Academic Progress Award. He is admitted to practice in Connecticut and New York.*

Domestication Under the Uniform Enforcement of Foreign Judgments Act (Conn. Gen. Stat. §§ 52-604 et seq.)

Connecticut's adoption of the UEFJA provides a streamlined process for enforcing certain judgments rendered by courts of other U.S. states. Under Conn. Gen. Stat. § 52-604, a "foreign judgment" is defined as any judgment, decree, or order of a court of the United States or any other state that is entitled to full faith and credit in Connecticut. The statute excludes judgments obtained by default in appearance or by confession of judgment.

Procedure:

- **Obtain an authenticated judgment.** The creditor must obtain an authenticated copy of the judgment from the originating state, certified under court seal in accordance with the authentication requirements of the issuing jurisdiction.
- **File the judgment and affidavit with the court.** The creditor must file the authenticated judgment, together with a sworn affidavit, with the clerk of the Connecticut Superior Court. The affidavit must include the names and last known addresses of both the judgment creditor and debtor, confirm that the judgment remains unsatisfied in whole or in part, state the amount currently due, affirm that the judgment was not obtained by default in appearance or by confession of judgment, and

confirm that enforcement has not been stayed.

- **Serve notice of the filing.** Within 30 days of filing, the creditor must serve notice of the filing of the foreign judgment on the judgment debtor by registered or certified mail, return receipt requested, directed to the debtor's last known address, as required by Conn. Gen. Stat. § 52-605(c). Proof of service must be filed with the court.
- **Await expiration of the appeal period and address stays.** Under Conn. Gen. Stat. § 52-605(b), once the foreign judgment is filed, it has the same effect as a Connecticut judgment and is subject to the same procedures for enforcement, reopening, vacating, or staying. Connecticut law imposes a twenty-day appeal period, during which an automatic stay of enforcement applies under Practice Book § 61-11, barring executions or garnishments. The debtor may also seek a stay under Conn. Gen. Stat. § 52-606 if an appeal is pending or contemplated in the rendering court, if a stay has been granted there, or for other grounds applicable to Connecticut judgments. As a practical matter, the clerk will not issue an execution until the appeal period has expired and proof of service of the judgment filing has been provided. Although Conn. Gen. Stat. § 52-605(c) allows up to thirty days to serve notice, creditors should complete service promptly to avoid clerk's office delays.

Once the notice has been served, the appeal period has expired, and any objections have been resolved, the foreign judgment becomes fully enforceable in Connecticut. The creditor may then proceed with Connecticut's post-judgment enforcement remedies, including executions, garnishments, judgment liens, and discovery in aid of execution.

Example: A commercial lender obtains a $450,000 judgment in New Jersey following trial. The judgment debtor, an individual guarantor, subsequently relocates to Connecticut and maintains bank accounts in the state. Because the judgment was not entered by default in appearance or by confession of judgment, it qualifies for domestication under Connecticut's UEFJA. The lender files the authenticated judgment and the required affidavit with the Connecticut Superior Court and serves notice on the debtor in accordance with Conn. Gen. Stat. § 52-605. After the statutory notice period expires without objection, the judgment is recognized as a Connecticut judgment. The creditor then proceeds with post-judgment enforcement, including a bank execution under Conn. Gen. Stat. § 52-367b.

Enforcement Under Conn. Gen. Stat. § 52-607: Civil Action for Recognition

When a foreign judgment was obtained by default in appearance or by confession of judgment, it is not eligible for the simplified registration process under Connecticut's UEFJA. In these situations, the judgment creditor must proceed under Conn. Gen. Stat. § 52-607 by filing a civil action in Connecticut Superior Court seeking recognition and enforcement of the judgment. This provision preserves Connecticut's traditional common law procedure for enforcing foreign judgments.

Procedure: The creditor may proceed in one of two ways:

- **Standard Civil Complaint:** The creditor may file a complaint in the Connecticut Superior Court seeking recognition of the foreign judgment. The complaint must include an authenticated copy of the judgment, assert that the judgment is entitled to full faith and credit, and state that the judgment is final, unsatisfied, and enforceable in the rendering jurisdiction.
- **Motion for Summary Judgment in Lieu of Complaint:** Alternatively, under Practice Book § 17-44 et seq., the creditor may file a motion for summary judgment in lieu of complaint when the action is based on a judgment. This procedure allows the creditor to commence the action by serving a summons together with the motion for summary judgment, supporting affidavits, and an authenticated copy of the judgment, rather than filing a conventional complaint. The creditor must demonstrate that the judgment is entitled to full faith and credit and remains final, unsatisfied, and enforceable. The debtor may respond by raising only the limited defenses permitted under Connecticut law, consistent with principles of full faith and credit.

Permissible Defenses Are Limited: Connecticut courts do not permit relitigation of the underlying claim. The debtor's defenses are narrowly limited to:

- Lack of personal jurisdiction over the defendant or subject matter jurisdiction in the rendering court.
- Proof that the judgment has been satisfied, vacated, or is no longer final or enforceable in the rendering jurisdiction.
- Lack of due process, including inadequate notice or opportunity to be heard, or fraud in the procurement of the judgment.
- The judgment being contrary to Connecticut public policy, a defense narrowly construed and rarely sustained.

Once recognized by the Connecticut court under § 52-607, the foreign judgment is treated as a Connecticut judgment for all enforcement purposes, including execution, garnishment, lien enforcement, and post-judgment discovery.

Example: A finance company obtains a $300,000 default judgment

in Illinois after the borrower fails to appear in the action. The borrower later establishes a business presence in Connecticut. Because the judgment was entered by default in appearance, it does not qualify for domestication under Connecticut's UEFJA. The creditor commences a civil action in Connecticut Superior Court under Conn. Gen. Stat. § 52-607 seeking recognition of the Illinois judgment. The debtor appears and attempts to challenge the underlying debt, but the court limits the defenses to jurisdiction, due process, and other defenses permitted under Connecticut law, declining to revisit the merits of the original claim. The court grants recognition of the foreign judgment, which is then fully enforceable in Connecticut. The creditor proceeds with collection efforts, including the filing of judgment liens and property executions.

Available Post-Domestication Collection Tools

Once a foreign judgment has been properly domesticated, whether through the UEFJA or a civil action under Conn. Gen. Stat. § 52-607, it is treated as a Connecticut judgment for all enforcement purposes. The judgment creditor may then utilize the full range of post-judgment collection remedies authorized under Connecticut law. These include:

- Bank Executions: Creditors may garnish funds held in the debtor's Connecticut deposit accounts. Upon service of the execution by a state marshal, the financial institution must freeze nonexempt funds and, following expiration of the statutory holding period, release the funds for application to the judgment. (Conn. Gen. Stat. § 52-367b)
- Wage Executions: A portion of the debtor's wages may be garnished directly from the employer. The employer is required to withhold a portion of the debtor's disposable income and remit the funds through the state marshal for application to the judgment. Wage executions are effective where the debtor maintains consistent employment. (Conn. Gen. Stat. § 52-361a)
- Property Executions: Creditors may seize and sell nonexempt tangible personal property, including vehicles, business equipment, or inventory. Property executions are particularly useful when the debtor holds valuable personal property located in Connecticut. (Conn. Gen. Stat. § 52-356a)
- Real Property Liens: A judgment lien may be recorded against real property owned by the debtor in Connecticut. The lien clouds marketable title and may be satisfied through sale, refinance, or foreclosure. (Conn. Gen. Stat. § 52-380a)
- Foreclosure of Judgment Liens: Where equity exists in the real property, the creditor may initiate foreclosure proceedings to force a sale and apply proceeds to satisfy the judgment.
- Debtor Examinations and Discovery in Aid of Execution: Creditors may conduct post-judgment discovery through written interrogatories or oral examinations under oath to identify assets, liabilities, and income sources. Discovery may reveal assets subject to execution, including accounts, receivables, and business interests. (Conn. Gen. Stat. § 52-351b et seq.)
- Charging Orders: A charging order allows the creditor to intercept financial distributions owed to a debtor who holds a membership interest in a Connecticut limited liability company or partnership. The creditor does not obtain management rights but is entitled to receive distributions until the judgment is satisfied. (Conn. Gen. Stat. §§ 34-259b, 34-349)

The selection of enforcement remedies depends on the nature and location of the debtor's assets, income sources, and financial circumstances. In many cases, employing multiple remedies simultaneously enhances the creditor's ability to secure meaningful recovery.

Conclusion: Domestication as a Prerequisite to Enforcement

Before an out-of-state or foreign-country judgment can be enforced in Connecticut, the judgment must first be properly domesticated in accordance with Connecticut law. Depending on how the judgment was obtained, domestication is accomplished either through statutory registration under the UEFJA or by filing a civil action under Conn. Gen. Stat. § 52-607. Once domesticated, the judgment becomes fully subject to Connecticut's post-judgment enforcement remedies. A full understanding of these procedures is critical for any creditor seeking to enforce a judgment against a debtor with assets or business operations in Connecticut. MP


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Malloy Evans

EVP and Head of Single-Family Business,
Fannie Mae

The Exchange

Malloy Evans is Fannie Mae's EVP and Head of Single-Family, reporting to the President and Chief Executive Officer. He leads the company's Single-Family business division, including the teams responsible for providing consistent and reliable liquidity to the single-family mortgage market, facilitating access to affordable homeownership, and managing the risk of the company's $3.6 trillion mortgage loan portfolio.

Evans has served in various roles during his tenure at Fannie Mae, most recently as SVP and Single-Family Chief Credit Officer, where he was responsible for first-line credit risk management from mortgage acquisition through disposition. He has also held other leadership roles overseeing risks across the Single-Family mortgage life cycle, as well as the company's administration of the Treasury Department's Making Home Affordable (MHA) program. He has a Bachelor of Science in chemistry from Davidson College and a Juris Doctor from Washington and Lee University School of Law.

Q: From Fannie Mae's perspective, what are the most significant barriers prospective homebuyers face today—particularly first-time buyers—and how are you working to address them?

Evans: Affordability is a big hurdle for prospective homebuyers, especially first-time homebuyers. It's a complex issue driven by many factors like home price appreciation, interest rates, lack of supply, inflation, and the pace of household income growth. Unfortunately, these factors are largely outside of Fannie Mae's control. That's why we're focused on homeownership barriers we can influence, working in partnership with the primary market.

Based on our research, two factors that fall in this category are credit invisibility and insufficient funds to close. There are many people who fit in our existing credit box and are ready to be homeowners, but traditional underwriting processes and credit bureau data don't tell us their full story. There are also plenty of consumers who have a good credit history and the means to handle monthly mortgage payments, but they just don't have enough savings for down payments and closing costs. Fannie Mae is focused on providing consistent and reliable liquidity to the market and delivering tools and services that address these barriers in a safe, sound, and sustainable way. We are constantly developing and refining services that make homeownership more accessible.

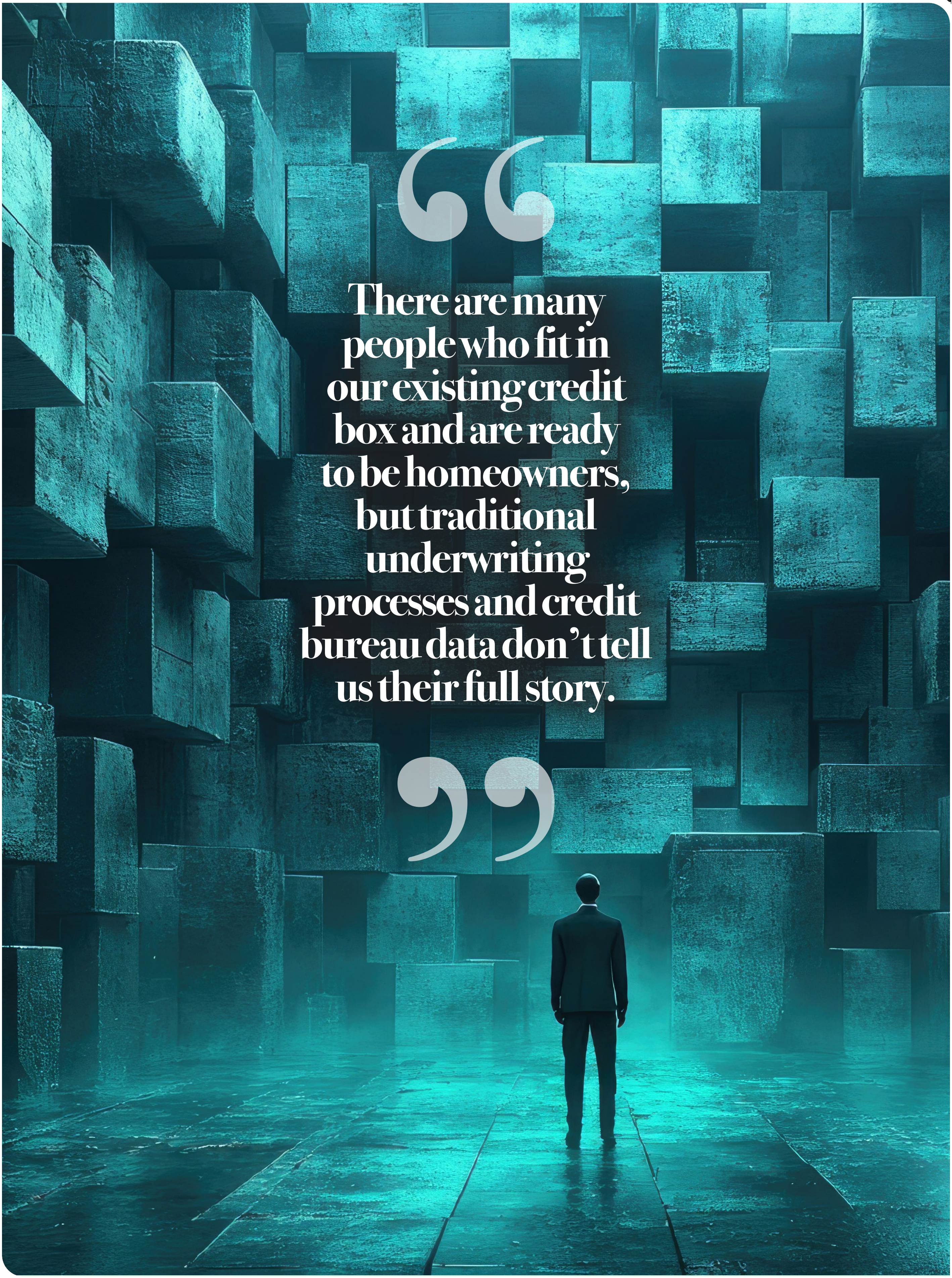
Q: How is Fannie Mae innovating to make the mortgage process more accessible and more efficient for borrowers?

Evans: Innovation plays a critical role in helping lenders make more loans and enabling a more efficient origination process, especially as customer and market needs change. At Fannie Mae, that means supporting as much of the conventional market as we can within our risk appetite. We are focused on developing solutions that break down barriers to access and set borrowers up for success.

Tackling credit invisibility is a great example of this. We've introduced a number of innovative products, tools, and enhancements to help us see and approve more potential borrowers who are ready to purchase a home and maintain a mortgage but historically have been overlooked. Solutions like positive rent payment history and cash flow underwriting, and enhancements to our assessment of potential borrowers with limited or no credit histories, have expanded our ability to serve credit-worthy homebuyers who weren't visible before.

We also innovate to improve how processes work in both the primary and secondary markets, with a focus on delivering differentiated value to our business partners. Teams across Fannie Mae are committed to helping our customers take full advantage of the many capabilities we offer, enabling them to strengthen their risk management and improve their business outcomes.

Fannie Mae itself was born as an


There are many people who fit in our existing credit box and are ready to be homeowners, but traditional underwriting processes and credit bureau data don’t tell us their full story.

innovation. Innovation is in our DNA. We apply it every day to modernize the mortgage finance experience and explore new ways to make the mortgage origination process simpler, smarter, and more accessible—without compromising our strong risk management philosophy.

Q: What are some of the most impactful examples of these innovations in supporting affordable and sustainable homeownership?

Evans: It all starts with Desktop Underwriter® (DU®), which has been the preeminent automated underwriting system in the market for 30 years. In fact, DU just turned 30 years old this past April. It comes with a suite of powerful capabilities that enable our customers to streamline and optimize workflows, pre-qualify borrowers with a soft credit check, validate income, assets, and employment with a single asset report, leverage positive rent payment history and cash flow underwriting, and so much more.

DU is the cornerstone. It's used by 1,200 lenders nationwide and has enabled $11.4 trillion in mortgage funding since 2000, helping around eight million first-time homebuyers. Since 2018, DU has reviewed about two-thirds of all conventional closed mortgage loans. A tremendous volume of business is processed through the platform each day, so it demands constant innovation to support the market as efficiently and comprehensively as possible. We are continually investing in DU to make it better.

Our DU Version 12.0, which we introduced earlier this year, is helping lenders serve borrowers in multiple new ways. For instance, we've improved our ability to assess credit risk delinquency factors, which means we can say "yes" more often without sacrificing risk principles. As a result, we've seen DU approvals increase by over three percentage points since the DU 12.0 release. We also enhanced our positive rent payment and cash flow underwriting capabilities to extend benefits to more first-time homebuyers. Since the release of our positive rent payment history enhancement, we've seen a sharp increase in the number of loans that have benefited; that is, those that received an approved/eligible recommendation in DU that wouldn't have previously. We've also expanded the pool of borrowers who can benefit from a cash flow assessment. It's no longer limited only to those without a credit score.

Income Calculator is another great example of Fannie Mae innovation at work to solve a specific need. This is a new solution we introduced to the market, first in 2023 followed by a significant enhancement in 2024. It helps lenders and other mortgage professionals serve the growing number of aspiring homebuyers who are self-employed and don't have traditional sources of income. Loans to self-employed borrowers have historically been some of the most difficult and time-consuming to execute. They represent approximately 10% of the U.S. workforce and approximately 12% of Fannie Mae deliveries. Income Calculator streamlines the process and improves outcomes for both lenders and borrowers. It removes complexity for lenders for a variety of self-employed business structures and maximizes borrower income for qualification. It also increases certainty of loan quality, which our lenders have asked for. Since we launched the tool, over 630 lenders have created more than 160,000 income evaluations using a simpler way to calculate income for borrowers who are self-employed, have business ownership, or rental properties.

We have other new innovations on the horizon, and we're constantly improving the tools and resources already in flight. We're not slowing down. We want to help lenders take advantage of all our solutions to support more homebuyers and grow their business while saving time and money in the process.

Q: What about solutions that reduce costs for borrowers so they can actually reach the closing table?

Evans: We're very focused on reducing costs to help applicants become homebuyers. Fannie Mae's flagship HomeReady® mortgage program is a good example. It's specifically designed to support low-income and very-low-income borrowers by lowering down payment and closing cost requirements. HomeReady requires just a 3% down payment for creditworthy borrowers and also offers lower mortgage insurance costs.

Borrowers don't need to be first-time homebuyers to take advantage of HomeReady. And we enhanced the product to include $2,500 towards reimbursement of funds provided by lenders for down payments or closing costs for qualified, creditworthy very-low-income purchase borrowers. This enhancement is available to all Fannie Mae-approved lenders, making it a powerful tool to help increase homeownership opportunities for borrowers at or below 50 percent AMI.

We've also introduced several other cost-saving measures across the mortgage origination spectrum. For instance, our suite of valuation modernization options has saved borrowers about $2.9 billion in appraisal costs since 2020, and our title modernization options have saved borrowers over $12 million. These savings can make a huge difference for homebuyers, especially in a challenging housing market.

Fannie Mae is committed to providing liquidity to ensure access to the affordable housing market, consistent with our Charter. We're listening to our lenders—they're on the front lines with borrowers, after all—and we're using their feedback to make the mortgage process easier, less expensive, and more accessible for everyone. MP

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SERVICERS INCREASINGLY ADOPTING eVAULT TECHNOLOGY

As mortgage servicers continue accelerating eNote adoption, those who delay risk falling behind operationally and competitively as their portfolios evolve.

By **JAY ARNEJA**

The mortgage servicing industry has embraced digital assets, and eVaults have become an essential tool for handling eNotes. As more loans are originated digitally, servicers are acquiring portfolios that contain a mix of eNotes and paper promissory notes. This shift is prompting important decisions about how to update workflows and train staff to support both formats effectively.

Adopting eVault technology—or optimizing the use of existing solutions—can help simplify this transition. While the move to digital servicing is not instantaneous, servicers that delay ingesting eNotes risk falling behind operationally and competitively as their portfolios evolve.

For example, investors require servicers to have access to an eVault that integrates with the MERS eRegistry to manage payoffs, charge-offs, and loan assumptions. For servicers actively building portfolios that include eNotes, the ability to efficiently ingest and manage these digital assets is becoming a competitive differentiator.

eNote ingestion also creates meaningful operational benefits. Servicers equipped with the right eVault technology can manage digital notes across the full servicing lifecycle, resulting in faster transfers, improved default management, and greater autonomy in investor transactions.

At the same time, increased eNote adoption supports the broader industry's effort to reduce dependence on paper notes, which continue to introduce unnecessary friction. Eliminating paper wherever possible allows servicing teams to spend less time on administrative tasks—like locating physical documents or issuing lost note affidavits—and more time optimizing performance.

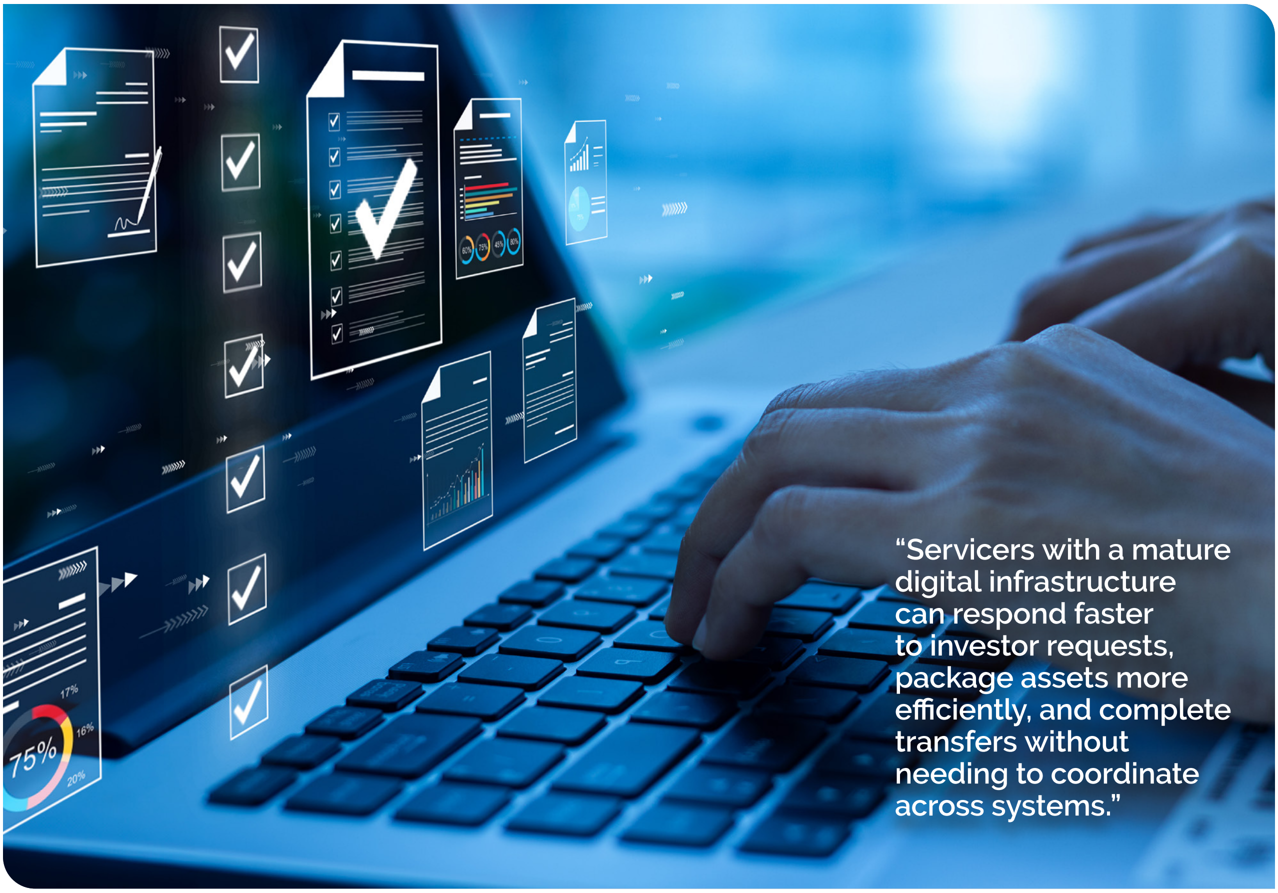
These efficiencies are especially valuable in today's AI-enabled environment. Tools that detect early signs of borrower distress or flag risk trends across portfolios rely on immediate access to high-quality data. When servicers can retrieve a digital promissory note with a few clicks, they are better positioned to act quickly and confidently.

Paper Introduces Problems ... Digital Delivers Answers

Paper notes introduce more than just storage concerns: they represent a source of operational risk. Servicers must often track down misplaced or damaged documents, deal with exceptions when physical originals cannot be located, and issue lost note affidavits that slow down foreclosure or transfer timelines. These friction points can delay resolution for borrowers, affect investor confidence, and increase the likelihood of regulatory scrutiny. With eNotes stored securely in an eVault, these complications largely disappear.

Cost savings are another compelling benefit of scaling eNote adoption. Managing paper notes requires ongoing expenses for storage, maintenance, and physical transfer. Even digital workflows that include paper exceptions can create delays and inefficiencies. Servicers that manage a growing share of eNotes can reduce these friction points, improving turnaround times, lowering error rates,

JAY ARNEJA *is an Expert Relationship Manager, Global Channels & US Mortgage Partnerships with nCino. She has more than 25 years of mortgage industry experience, including leadership roles at MERS and Freddie Mac. She has helped countless mortgage companies optimize their deployment of technology. Arneja is a vocal advocate for wider industry adoption of solutions that make mortgages more efficient and cost-effective for borrowers and financial institutions alike. She serves on the board of Next Step Network, a nonprofit working to expand sustainable homeownership through factory-built housing.*



"Servicers with a mature digital infrastructure can respond faster to investor requests, package assets more efficiently, and complete transfers without needing to coordinate across systems."

and enhancing data integrity. This positions them as more attractive partners to investors, warehouse lenders, and MSR buyers.

In today's dynamic secondary market, liquidity, and speed matter more than ever. Servicers with a mature digital infrastructure can respond faster to investor requests, package assets more efficiently, and complete transfers without needing to coordinate across systems. This makes the servicer a more agile and dependable counterparty in MSR transactions, warehouse lending agreements, and investor due diligence processes. Over time, these advantages contribute to stronger business relationships and more favorable terms in their deals.

Lenders Need a Push and Servicers Can Provide It

Mortgage servicers also have a role to play in accelerating eNote adoption upstream. By partnering closely with lenders, servicers can advocate for digital originations and help originators understand the downstream benefits of moving to more paperless processes. This includes fewer delays during transfers, lower administrative overhead, and fewer exceptions that require manual intervention. By building stronger digital partnerships, servicers, and lenders together can create a more efficient mortgage ecosystem.

The trend toward scalable digital servicing aligns with broader modernization efforts. The Mortgage Industry Standards Maintenance Organization (MISMO) continues to support digital standardization, with more technology providers certified in eVault and eClose systems. MISMO's collaboration with federal housing agencies to establish servicing data standards signals that expectations around digital infrastructure will only increase. Servicers that invest in advancing their digital capabilities are better positioned to meet these demands.

Importantly, managing eNotes effectively also supports servicers that are expanding their role in the mortgage lifecycle. Many servicers are offering refinance opportunities or entering origination themselves. In these cases, a mature eVault infrastructure becomes central to integrating eClose and point-of-sale technologies, offering a smoother borrower experience and boosting recapture rates. In a margin-sensitive market, every operational advantage counts.

The mortgage industry is moving toward a fully digital servicing model. Servicers that continue to deprioritize eNote adoption risk falling behind. Encouraging lending partners to originate more eNotes not only makes servicing easier and more efficient but also strengthens security, improves agility, and supports long-term growth. Expanding digital capabilities is not just a best practice—it is a forward-looking strategy that enables servicers to compete and thrive in the modern mortgage landscape. MP

MORE THAN A MORTGAGE: BUILDING BORROWER LOYALTY

David Leskovar of Bindable discusses ways in which lenders can enhance the borrower experience, by unlocking new revenue streams, and increasing customer loyalty.

By **DAVID LESKOVAR**

Lenders today face a difficult balancing act. Borrowers are more cost-conscious than ever, interest rates remain high, and the insurance market is increasingly constrained. But within these challenges lies an opportunity: by embedding turnkey, white-label, independent insurance solutions into the mortgage journey, lenders can create a more supportive borrower experience while unlocking new revenue streams and increasing customer loyalty.

However, not all embedded insurance solutions deliver the same value to home buyers. While some focus on quick quotes and surface-level convenience, the most effective insurance solutions for home lending prioritize transparency, flexibility, and support—key elements in building long-term trust and loyalty.

Go Beyond the Basics

It is one thing to offer access to insurance quotes, it is another to do so while also delivering real value to the borrower.

Transparency can be lacking in the Insurance-as-a-Service options available to mortgage professionals. Home buyers are often presented with limited options, and the focus is on getting them a fast quote without educating them on the full range of choices available. Moreover, the process can feel one-sided, with limited input from the buyer and little opportunity for them to explore competitive offerings.

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In today's market, that's not enough. Borrowers are looking for ways to stretch their dollars further, and they value partners who help them make informed decisions. Lenders can stand out by integrating insurance into the mortgage process in a way that emphasizes clarity, tailored support, and long-term value—not just speedy transactions.

An Added Dimension to Your Brand

Any borrower working with you clearly already trusts you with their mortgage needs; why not build upon that trust by offering insurance as well? A white-label, choice insurance marketplace is a technology-powered platform that allows lenders to offer insurance products under their own brand—without having to build or manage the solution themselves.

These digital insurance agencies include access to multiple carriers, an embedded user interface, and the infrastructure to handle quote comparisons and policy applications. With the right partner, lenders can embed a virtual insurance agency into the mortgage journey and offer loan recipients a range of insurance options—without requiring deep insurance expertise.

But not all virtual insurance agencies built for the mortgage process are created equal. The most effective—and compliant—embedded insurance programs offer a wide range of carriers, provide unbiased support from licensed agents, and are built to scale with your business.

Keep It Human

While digital convenience is essential in today's world, insurance—especially homeowners' insurance—is not always a one-click decision. Buying a home comes with complexities, and mortgage applicants often have

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questions that go beyond what a quote tool can answer. That is why the most effective embedded insurance solutions for the home buying process include access to licensed agents.

Human agents bring a level of empathy, education, and advocacy that digital-only experiences cannot replicate. They help individuals navigate unfamiliar terms, tailor coverage to individual needs, and feel confident in their decisions. This support is especially critical for first-time homebuyers or those insuring properties with unique characteristics.

By combining smart technology with human guidance, lenders can deliver a more personalized embedded insurance experience that not only improves satisfaction, but also reinforces borrower loyalty.

Choice and Independence Builds Trust

To truly add value, embedded insurance for real estate and lending should offer products that come from a variety of carriers, allowing borrowers to compare options and choose the policy that best meets their needs. When home buyers can compare policies from multiple carriers, they feel more in control and confident in their decisions, thus nurturing trust.

That trust grows even more when the embedded virtual agency acts as an independent agent and not like an aggregator. While both may offer multi-carrier access, only independent agents provide advocacy, unbiased recommendations, and long-term support. Aggregators often act as lead generators, pushing consumers toward pre-selected options without personalized service.

Not only that, it is important to emphasize that to remain compliant, a lender's involvement in offering insurance must always be fully transparent and not direct applicants toward specific insurance providers. By working with independent insurance agents, lenders ensure that their buyers receive unbiased guidance and a full understanding of their options.

For embedded insurance in the mortgage process to be truly effective and borrower-centric, it needs to feel like a value-added service—not a checkbox. By empowering borrowers with unbiased choice, lenders can build stronger, more lasting relationships that go beyond the mortgage itself.

The Importance of Holistic Solutions

During the loan process, it makes sense to keep the focus on homeowners' insurance—you do not want home buyers getting sidetracked shopping for other products.

After closing, however, the opportunity to support homeowners doesn't end. Expanding your insurance integration into other mortgage journey workflows to include options like auto, pet, or disaster insurance can help strengthen long-term relationships and deliver even greater value over time.

Loan servicing also plays a critical role in this ongoing engagement. By doing things like integrating a white-label insurance marketplace into customer portals or sending periodic insurance offers via email, servicers can keep the lender's brand visible throughout the life of the loan. This approach widens the audience beyond just new customers, creating additional touchpoints for delivering value without disrupting the borrower experience.

By continuing to support clients through key life milestones—helping them save with bundled discounts, protect growing families, and insure new assets—lenders can turn a one-time transaction into a lasting relationship. It's a strategy that positions lenders as trusted partners in their borrowers' ongoing financial well-being.

Regulation-Ready Revenue, Seamlessly Delivered

One of the most significant advantages of embedded insurance for mortgage lenders is the ability to generate new revenue by deepening relationships with existing clients. Lenders already have a trusted connection through the mortgage process, and by offering access to optional, independent insurance products, they can extend that relationship and deliver added value—without affecting loan approval, terms, or rates. When implemented properly, these offerings can create additional commissionable income while remaining fully compliant with RESPA and other applicable regulations.

Offering practical, needs-based insurance—like helping borrowers find more affordable homeowners coverage—can enhance trust and improve retention. Independent agents also provide access to a wider range of relevant products, including flood and personal umbrella insurance, allowing lenders to meet more of their customers' needs. Home buyers who feel supported are more likely to return for future services, such as refinancing or a new mortgage, and to recommend their lender to others.

Best of all, an embedded virtual insurance agency can be launched without disrupting existing operations. With the right technology and partnerships, lenders can seamlessly incorporate insurance into their workflows—no insurance expertise required. It's a scalable way to strengthen borrower relationships, increase revenue, and grow your business without adding operational complexity.

Path to an In-House Agency

Another longer-term benefit of adopting an embedded insurance model in home lending is the potential to eventually establish an in-house agency. With the right technology and strategic partnerships, lenders can take a crawl-walk-run approach to building their own digital insurance agency.

Partnering with an external agency at first enables you to test and learn from your insurance program without committing all the resources needed to launch a virtual insurance agency from scratch. You will gain visibility into your customers' buying behaviors, collecting data that can inform how to engage with them in the future, beyond your core value proposition. Then, if and when you are ready to launch your own in-house agency, you will be able to adjust your business model without disrupting your customer experience.

This is a natural evolution for lenders seeking to expand their services and strengthen relationships with borrowers. By taking control of the embedded insurance experience, lenders can integrate it more deeply into their brand, boosting revenue potential and reinforcing their position as a trusted partner. Owning the entire process not only increases customer retention through ongoing engagement but also unlocks higher margins and more customized offerings.

Deliver True Value

As embedded insurance becomes an integral part of the mortgage process, lenders have a powerful opportunity to deliver real value. However, when it comes to insurance—one of the most important financial decisions home buyers make—they expect more than a quick sale. A white-label, independent insurance model embedded into the lending process offers a more substantial solution, providing true choice, clarity, and potential savings. This not only helps borrowers but also enables lenders to unlock new revenue streams and differentiate themselves in a competitive market.

With the right technology and partnerships, embedding a virtual agency into the home buying process can increase borrower satisfaction while strengthening relationships that extend beyond the mortgage. Ultimately, it's about creating deeper, more meaningful connections with customers—not simply selling insurance. MP

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MEET THE NEWEST MEMBERS OF FIVE STAR FORCE

A membership division of the Five Star Institute, the Federation of REO Certified Experts (FORCE) network is comprised exclusively of pre-screened, certified, and seasoned REO agents and brokers who consistently set the standard for excellence. The FORCE is dedicated to enhancing REO agent and broker performance by delivering targeted opportunities to connect directly with Asset Managers, including face-to-face time, exposure through our online directory, and a professional profile in the REO Red Book, which is distributed to 200+ Asset Managers.

Here are the latest additions to the ranks of the FORCE.

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FEDERATION OF FORCE 2025 MEMBER REO CERTIFIED EXPERTS

Look for this seal to identify the mortgage industry's **most- trusted residential REO agents and brokers.**

FORCE
FEDERATION OF REO CERTIFIED EXPERTS

CREATING QUALITY REO CONNECTIONS.

The Five Star Institute creates countless opportunities for progress in the mortgage industry, and Five Star established the Federation of REO Certified Experts (FORCE) in 2011 to further this mission.

FORCE members are an elite group of knowledgeable agents and brokers dedicated to the residential REO market. The FORCE creates lasting connections between our distinguished network and top asset managers, investors, and servicers.

The FORCE Network's Five Pillars of Network Management Success

1. Compliance

As a member of the FORCE, your compliance is verified, which makes you a more reputable and marketable contact.

2. Communication

Members now have access to critical industry information through newsletters, webinars, social media, and emails.

3. Education

FORCE members can exceed expectations by staying up-to-date with the latest educational offerings, such as those available at the Five Star Conference.

4. Exposure

The FORCE will help you grow your business through Five Star's connections, complimentary and discounted ads, events, comarketing opportunities, vendor partnerships and more.

5. Inclusion

The FORCE is continuously working to provide productive partnerships and create new ways for members to connect with industry leaders.

We would enjoy speaking with you about what the FORCE can do for you. Contact FORCE@TheFiveStar.com

For More Information, Visit FiveStarFORCE.com.

HARD AT WORK FOR YOU

The FORCE network is in partnership with various organizations that are periodically in need of services provided by residential real estate agents and brokerage firms. These activities are at the discretion of the participating partners and may include but not be limited to:

Services Provided Include: REO Listings Short Sales Valuations Deed-In-Lieu Market Analysis

Lending/Originations

SNAPSHOT: Q1 MORTGAGE ORIGINATION REPORT

In Q1 2025, 1.4 million mortgages were secured by residential property (1-4 units) in the U.S., according to ATTOM's Q1 2025 U.S. Residential Property Mortgage Origination Report. As the number of new loans continues to decline, that represented an approximate 14% drop from the previous quarter.

New home financing arrangements have fallen back below pre-pandemic levels after reaching a recent peak of about 4.2 million loans each quarter in early 2021. An estimated 20% decline in home purchase loans, which went from 738,675 in Q4 2024 to 593,111 in Q1 2025, was the main cause of the most recent decline. In the same quarter, home equity credit lines decreased 5% to 260,267, while the number of residential property refinances decreased by 12% to 580,170.

"The red-hot housing market we've seen over the last few years meant that most home loans were going toward new purchases, but that appears to be changing," said Rob Barber, CEO at ATTOM. "Rather than borrowing money to buy a new property, the data shows homeowners are increasingly looking to restructure their existing mortgages or borrow equity from their homes to cover other expenses."

From $582 billion in Q4 2024 to $478 billion in Q1 2025, the total dollar value of loans decreased by 18%, reflecting a drop in both the average loan amount and the number of borrowers. This is partly because the composition of the credit market is changing. Home purchase loans, which made up over half of all mortgages as recently as the fall of 2023, now make up 41.4% of the market, a decrease of 2.8 percentage points from Q4 2024. In the meantime, the share of home equity line of credit and mortgage refinance deals—which are typically smaller—has increased to 18.2% and 40.5% of the market, respectively.

"If the current trend continues, mortgage refinancing deals will soon make up the biggest share of the home loan market," Barber said.

Quarterly Refis Slip but Uphold Steady Market Share

In Q1 2025, there were 580,170 mortgage refinance loans nationwide, a 12.2% decrease from 661,067 in Q4 2024. However, the number of refinance loans increased 16.1% from the previous year. In ATTOM's survey, approximately 82.9% (160) of the 193 metro areas saw a decline in the number of refinanced mortgages from quarter-to-quarter.

The metro areas with the biggest quarterly declines in refinancings were:

1. San Jose, CA (-41.6%)
2. Reno, NV (-38%)
3. Bend, OR (-35.1%)
4. San Francisco, CA (-34.2%)
5. Huntsville, AL (-33.8%)

The metro areas with the largest increase in refinancings compared to Q4 2024 were:

1. Lubbock, Texas (+70.4%)
2. North Port-Sarasota, FL (+52.6%)
3. McAllen, Texas (+49%)
4. Brownsville, Texas (+48.3%)
5. Asheville, NC (+46.7%)

The metro regions with populations over one million that experienced the largest quarterly fall in refinance packages, aside from San Jose and San Francisco, were: St. Louis (-29.9%); Raleigh, NC (-24.6%); and Boston (-23.7%).

Only three of those biggest metro areas experienced an increase in mortgage refinances between Q4 2024 and Q1 2025: Orlando, Florida (+1.6%), Miami (+5%), and Tampa, FL (+39.8%).

New Home Loans See Rapid Decline in Some U.S. Metros

Across the nation, mortgage industry activity has slowed, with lending expanding only in a few major metro regions. Some 93% (180) of the 193 metro statistical areas in ATTOM's survey with populations of 200,000 or more and at least 1,000 residential mortgages issued in Q1 2025 saw a quarterly decline in the number of issued mortgages.

In contrast to the same period last year, a large portion of the nation saw greater loans in the most recent quarter, despite the recent decline. In 73.6% (142) of the 193 metro areas, the overall number of mortgages rose from the previous year.

The largest quarterly decreases were in:

1. Duluth, MN (-35.6%)
2. Fort Wayne, IN (-34.6%)
3. Greeley, CO (-34.1%)
4. St. Louis (-31.8%)
5. Anchorage, AK (-31.5%)

The metro areas with the largest quarter-over-quarter growth in loans were:

1. Asheville, NC (+24.1%)
2. Cape Coral, FL (+23.1%)
3. North Port-Sarasota, FL (+21.7%)
4. Brownsville, Texas (+21.2%)
5. Tampa, FL (+17.8%)

The value of homebuying mortgages fell an estimated 20.1% from $293 billion to $234 billion, while the number of mortgages issued nationwide decreased 19.7% from quarter-to-quarter. That was less than half of the most recent peak, which occurred in mid-2021 with 1.6 million purchase loans for $540 billion. According to ATTOM's survey of Q1 2025, mortgages for home purchases decreased quarterly in 94.8% (183) of the 193 metro regions.

The metro areas with the biggest quarter-over-quarter declines in loans for purchases were:

1. Greeley, CO (-68%)
2. Anchorage, AK (-67.3%)
3. Fort Wayne, IN (-54.7%)
4. Duluth, MN (-46.8%)
5. Lubbock, Texas (-44.9%)

The metro areas with the greatest growth compared to last quarter were:

1. Yuma, AZ (+35.5%)
2. Cape Coral, FL (+28.5%)
3. Asheville, NC (+0.9%)
4. North Port-Sarasota, FL (+6.4%)
5. Colorado Springs, CO (+6%)

The number of home purchase loans increased quarterly just in two of those largest metro regions. Tucson, AZ, saw a 3.9% increase, while Tampa, FL saw an estimated 4% gain.

Among metro areas with populations over 1 million, the biggest quarterly declines in loans for home purchases were in:

1. Austin, Texas (-38.5%)
2. St. Louis (-37.8%)
3. Rochester, NY (-36.6%)
4. Houston, Texas (-35.7%)
5. Indianapolis (-33.5%)

While government changes continue and looming economic concerns persist, in Q1 2025, 227,159 Federal Housing Administration (FHA)-backed loans were granted by lenders. That was up 2.6% year-over-year but down 8.8% from the prior quarter. From 14.9 to 15.8%, the proportion of all home loans that are FHA-backed increased from quarter-to-quarter.

There were only 78,862 loans backed by the U.S. Department of Veterans Affairs (VA). That was 8.4% higher year-over-year but 27.2% lower than Q4 2024. In Q1 2025, VA-backed loans made up 5.5% of all loans.

Further, across the country, home equity lines of credit (HELOCs) experienced the least decline. Between the first quarter of 2025 and Q4 2024, they fell 4.5%, from 272,535 to 260,267. However, that was 13.9% higher than it was in Q1 of the previous year. In 61.7% (119) of the 193 metro regions in ATTOM's survey, the number of HELOCs decreased from quarter-to-quarter.

Default Servicing

BANKS AND CMBS LEAD SURGE IN Q1 COMMERCIAL-MULTIFAMILY DEBT

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 approximately $46.8 billion (1%) in Q1 2025.

By the conclusion of Q1, the total amount of outstanding commercial and multifamily mortgage debt had increased to $4.81 trillion. From Q4 2024, multifamily mortgage debt alone climbed $19.9 billion (0.9%) to $2.16 trillion.

With $1.8 trillion in commercial/multifamily mortgages, commercial banks still hold the greatest stake (38%). At $1.07 trillion, agency and GSE portfolios and MBS constitute the second-largest share of commercial/multifamily mortgages (22%). An estimated $752 billion (16%) is held by life insurance firms, whereas $642 billion (13%) is held by CMBS, CDO, and other ABS issuers. CMBS, CDO, and other ABS issues are bought and held by numerous banks, life insurance companies, and the GSEs.'

U.S. Highlights—Multifamily Mortgage Debt Outstanding (Q1 2025)

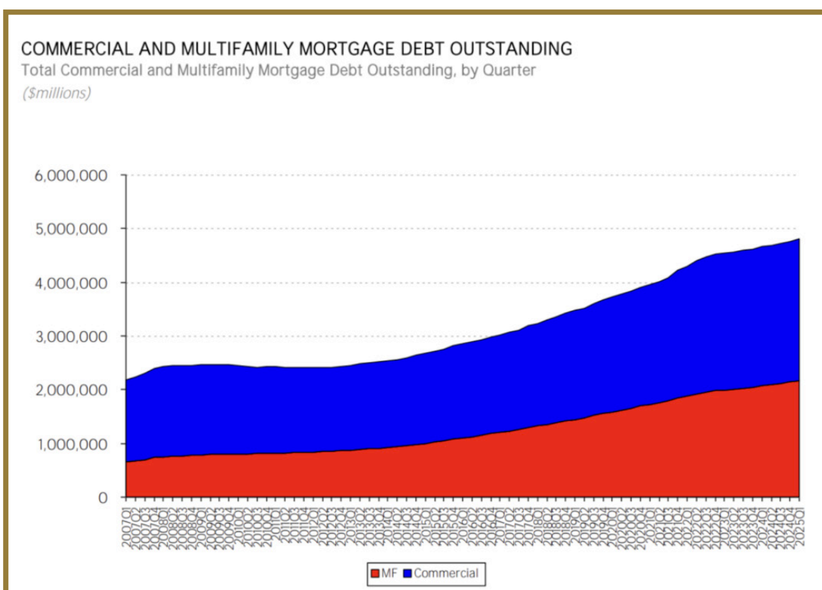
- In Q1 2025—narrowing it down to multifamily mortgages—agency and GSE portfolios and MBS made up half of all outstanding multifamily debt ($1.07 billion)
- Banks and thrifts came in second with $639 billion (30%)
- Life insurance companies followed with $242 billion (11%)
- Next, state and local government totaled $94 billion (4%)
- CMBS, CDO, and other ABS issues rounded out the list with $62 billion (3%)

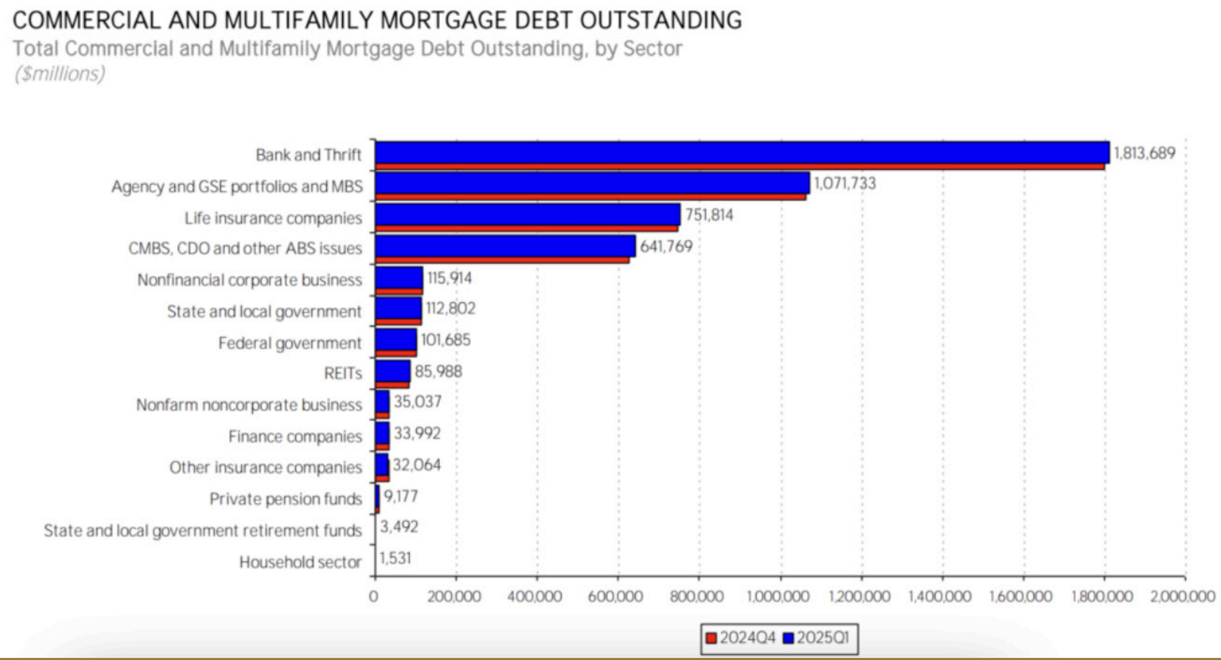
"Despite lower origination volumes, the overall level of commercial and multifamily mortgage debt rose in the first quarter of 2025," said Reggie Booker, MBA's Associate VP of Commercial Real Estate Research. "This increase reflects the extended duration of outstanding loans and the continued appetite for real estate investment across key investor groups."

Revolving Trends: Commercial/Multifamily Mortgage Debt Outstanding

The biggest dollar gains in Q1 were made by CMBS, CDO, and other ABS issues in their commercial/multifamily mortgage loan holdings, which increased by $16.2 billion (2.6%). Their holdings grew by $13.1 billion (0.7%) for banks and thrifts, $7.5 billion (0.7%) for agency and GSE portfolios and MBS, and $6.1 billion (0.8%) for life insurance firms.

Further, the biggest percentage gain in commercial/multifamily mortgage holdings was 4% for REITs. On the other hand, assets held by private pension funds fell by 10.6%.





Quarterly Commercial & Multifamily Mortgage Debt Outstanding — by Sector

Debt by Sector	Number of millions (Q1 2025)	% of total (Q1 2025)	Number of millions (Q4 2024)	% of total (Q4 2024)	Change in millions	Sector share of $ change
Bank and thrift	$1,813,689	37.7%	$1,800,564	37.8%	13,125	28.1%
Agency & GSE portfolios & MBS	$1,071,733	22.3%	$1,064,242	22.3%	7,491	16.0%
Life insurance companies	$751,814	15.6%	$745,707	15.7%	6,107	13.1%
CMBS, CDO & other ABS issues	$641,769	13.3%	$625,523	13.1%	16,246	34.7%
Nonfinancial corporate business	$115,914	2.4%	$115,861	2.4%	53	0.1%
State and local government	$112,802	2.3%	$112,163	2.4%	639	1.4%
Federal government	$101,685	2.1%	$100,331	2.1%	1,354	2.9%
REITs	$85,988	1.8%	$82,710	1.7%	3,278	7.0%
Non-farm non-corporate business	$35,037	0.7%	$34,820	0.7%	217	0.5%
Finance companies	$33,992	0.7%	$34,348	0.7%	-356	-0.8%
Other insurance companies	$32,064	0.7%	$32,440	0.7%	-376	-0.8%
Private pension funds	$9,177	0.2%	$10,268	0.2%	-1,091	-2.3%
State & local government funds	$3,492	0.1%	$3,398	0.1%	94	0.2%
Household sector	$1,531	0.0%	$1,529	0.0%	2	0.0%
Total	$4,810,687		$4,763,904		46,783	

Source: MBA, Federal Reserve Board of Governors, Trepp LLC, and FDIC

A quarterly gain of 0.9% is represented by the $19.9 billion rise in multifamily mortgage debt outstanding from Q4 2024. With a gain of $10.0 billion (1.6%) in dollars, banks and thrifts had the biggest increase in their multifamily mortgage debt holdings. MBS and agency and GSE portfolios saw a $7.5 billion (0.7%) gain in holdings, while life insurance firms saw a $1.9 billion (0.8%) increase.

With an increase of 10.9%, REITS had the biggest growth in their multifamily mortgage debt holdings. At 12.7%, private pension funds experienced the biggest drop in their multifamily mortgage loan holdings.

LOOMING ECONOMIC CONCERNS DRIVE UP COMMERCIAL CHAPTER 11 FILINGS

In comparison to the same period last year, originations of commercial and multifamily mortgage loans grew 42% from Q1 2025 and decreased 40% from Q4 2024, according to the Mortgage Bankers Association's (MBA) Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations.

However, according to data from Epiq AACER, there were approximately 733 commercial Chapter 11 applications in May, a 62% rise from the 453 filings in April. Further, the total number of commercial filings in May was 2,695, which was 8% more than the total number of commercial filings in April 2025 (2,489). In May 2025, small business filings—which are recorded as subchapter V elections under Chapter 11—rose 3% to 228 from 223 the month before.

"The sharp uptick in overall commercial Chapter 11 filings in May 2025 underscores the ongoing economic pressures businesses face, from elevated borrower costs, potential tariff impacts, and geopolitical uncertainty," said Michael Hunter, VP of Epiq AACER. "Meanwhile, consumer filings continue to climb yet remain below pre-pandemic levels; however, the resumption of student loan collections and the expiration of the FHA modification programs are likely to drive further increases in filings, particularly through the end of 2025 and into 2026."

Painting the Counterpoint to Bankruptcy

Declining listing rates and rising vacancy levels continue to be problems for central business districts (CBDs). Initiatives from the federal government that direct attention toward suburban areas present yet another challenge to the post-pandemic restructuring, according to CommercialEdge.

"Every market is unique and nuanced, but the overarching trend that downtowns are struggling with less office workers and higher office vacancy is consistent across the country," said Peter Kolaczynski, Director of CommercialEdge.

A new Executive Order, "Restoring Common Sense to Federal Office Space," that President Trump signed last month, revoking two earlier orders from Presidents Carter and Clinton that gave priority to CBDs when choosing locations for federal offices that were canceled by the order. The new directive seeks to enable agencies "to select cost-effective facilities and focus on successfully carrying out their missions for American taxpayers," citing expensive and wasteful procedures.

Commercial Chapter 11 Filings Up as Economy Remains Uncertain

The overall number of bankruptcy files in May was 48,218; this was a 3% drop from the 49,610 filings in April. Additionally, May's 45,523 noncommercial submissions were 3% fewer than the 47,121 noncommercial filings in April 2025. While consumer chapter 13 filings rose 3% to 16,694 from 16,198 in April, consumer Chapter 7 filings had an estimated 7% decline to 28,716 from 30,823.

U.S. Highlights — National

- From 2,664 commercial filings in May 2024 to 2,695 in May, there was a minor 1% rise in total commercial filings.
- In May, there were 733 commercial chapter 11 filings, which was a 4% reduction from the 765 applications recorded in May 2024.
- In May 2025, there were 48,218 filings for bankruptcy in the U.S., up 7% from 45,025 in May 2024.
- In May 2025, there were 45,523 noncommercial bankruptcy filings, up 7% from the 42,361 noncommercial filings in May 2024.
- Consumers who filed for Chapter 7 climbed by 11% to 28,716 in May 2025 from 25,773 the previous year
- Those who filed for chapter 13 increased by 1% to 16,694 in May 2025 from 16,507 in May 2024.

"The current financial landscape presents struggling businesses and consumers with additional challenges of elevated prices, higher borrowing costs, and uncertain geopolitical events," said ABI Executive Director Amy Quackenboss. "Bankruptcy provides a proven process to a financial fresh start for distressed businesses and families."

COULD RISING DELINQUENCY RATES SIGNAL STRESS IN COMMERCIAL REAL ESTATE MARKET?

The most recent Commercial Delinquency Report from the Mortgage Bankers Association (MBA) shows that commercial mortgage delinquencies rose in Q1 2025.

"Commercial mortgage delinquen-

cies rose across all major capital sources in the first quarter of 2025, reflecting growing pressure on certain property sectors and loan types," said Reggie Booker, MBA's Associate VP of Commercial Real Estate Research. "While delinquency rates remain relatively low for most investor groups, the uptick in CMBS delinquencies signals heightened stress in parts of the market that lack refinancing options or other challenges."

The top five capital sources—commercial banks and thrifts, commercial mortgage-backed securities (CMBS), life insurance companies, and Fannie Mae and Freddie Mac—are examined in MBA's quarterly research of commercial default rates.

Collectively, these investors own about 80% of the outstanding debt from commercial mortgages. Each capital source's metrics for monitoring loan performance are included in MBA's analysis. Delinquency rates are not directly compared between groups since each tracks delinquency differently. For instance, Freddie Mac does not include loans that are in payment forbearance provided the borrower is adhering to the forbearance arrangement, but Fannie Mae classifies such loans as delinquent.

Based on the unpaid principal balance (UPB) of loans, delinquency rates for each group at the end of Q1 2025 were as follows:

- Banks and thrifts (90 or more days delinquent or in non-accrual): 1.28%, an increase of 0.02 percentage points from Q4 2024;
- Life company portfolios (60 or more days delinquent): 0.47%, an increase of 0.04 percentage points from Q4 2024;
- Fannie Mae (60 or more days delinquent): 0.63%, an increase of 0.06 percentage points from Q4 2024;
- Freddie Mac (60 or more days delinquent): 0.46%, an increase of 0.06 percentage points from Q4 2024; and
- CMBS (30 or more days delinquent or in REO): 6.42%, an increase of 0.64 percentage points from Q4 2024.

Although they are frequently backed by single-family residential development projects rather than income-producing properties, construction and development loans are included in many regulatory definitions of "commercial real estate" even though they are typically not included in the numbers presented in this report. Loans secured by owner-occupied commercial properties are included in the FDIC delinquency rates for bank and thrift-held mortgages that are presented here.

FHA CLARIFIES SERVICING RULES TO PRESERVE BORROWER PROTECTIONS

The Federal Housing Administration (FHA) has issued Mortgagee Letter (ML 2025-14), which clarifies and streamlines servicing requirements for FHA-insured loans—reducing burdens on servicers while maintaining strong borrower protections.

The updated guidance provided in Mortgagee Letter 2025-14 (Updates to Modernization of Engagement with Borrowers in Default and Loss Mitigation) expands borrower contact requirements in a way that makes it easier to reach more borrowers in a timely and effective manner. FHA also provided clarity in Reg X requirements and issued technical corrections to recent loss mitigation policies.

Released in December 2024, Mortgagee Letter 2024-24 (Modernization of Engagement with Borrowers in Default), was issued to expand ways for borrowers to meet with lenders following the success of remote meetings throughout the pandemic. After review of this policy, originally planned to go into effect July 1, the U.S. Department of Housing & Urban Development (HUD) felt that the provisions in the prior guidance required changes.

"The Community Home Lenders of America commends FHA for thoughtfully eliminating unnecessarily burdensome servicing rules while preserving the critical duty of servicers to work with distressed borrowers to avoid foreclosure," said Scott Olson, Executive Director of the Community Home Lenders of America (CHLA), a national non-profit association focused on small and mid-sized community-based mortgage lenders. "This is a meaningful step toward aligning compliance with practical servicing realities—particularly for independent mortgage banks that are on the front lines of helping borrowers stay in their homes."

Under the new guidance, effective July 1, 2025, the mortgagee must not charge the borrower for the following services:

- Costs of telephone calls, certified mail, arranging, conducting interviews, or other activities that are normally considered a part of servicing activity.
- Preparing and providing evidence of payoff, reconveyance, or termination of the mortgage.
- Providing information essential to the payoff of the mortgage.
- Recording the payoff of the mortgage in states where recordation is the responsibility of the mortgagee.
- Fees for services performed by attorneys or trustees who are salaried members of the mortgagee's staff.
- The mortgagee's use of an independent contractor, such as services related to the interview or a tax service, to furnish tax data and information necessary to pay property taxes or make the payments on behalf of the mortgagee.

"The revised rule is vastly better than the first draft. The rule mostly achieves the same results without overburdening the process," said Donna Schmidt, President & CEO, DLS Servicing. "Specific requirements which would have proven extremely difficult to small servicers with geographically diverse portfolios have been removed. These include requiring that contact attempts be made during certain times of the day and requiring meetings during specific hours within a property's time zone. Mortgage servicers and borrowers alike will both benefit from the new approach, and more successful outcomes can be expected."

Government

FED REMOVES WELLS FARGO'S $1.95T ASSET CAP

The Federal Reserve has completed its review of the bank's remediation efforts and determined the company has satisfied the conditions imposed by a 2018 consent order.

Wells Fargo & Company has confirmed that the Federal Reserve has determined the company has met all conditions required to remove the $1.95 trillion cap on growth in total assets imposed in its 2018 consent order.

The consent order was placed on Wells Fargo in punishment for a fake-account scandal and other deceptive sales practices that became known in 2016.

"Under the 2018 enforcement action, the bank was required to improve its governance and risk management program, and complete a third-party review of these improvements, for the growth restriction to be removed," said the Fed in a statement. "The Federal Reserve has completed its review of the bank's remediation efforts and required third-party assessments and has completed its own assessment of Wells Fargo's corporate governance and firmwide risk management programs. The removal of the growth restriction reflects the substantial progress the bank has made in addressing its deficiencies and that the bank has fulfilled the conditions required for removal of the growth restriction."

Conditions for Wells Fargo to lift the restrictions outlined in the order included:

- Requirements to support board effectiveness and improvements in the company's firmwide compliance and operational risk programs
- Requirement for a third-party independent review of the work completed by the company

"The Federal Reserve's decision to lift the asset cap marks a pivotal milestone in our journey to transform Wells Fargo. We are a different and far stronger company today because of the work we've done," said Wells Fargo CEO Charlie Scharf. "In addition, we have changed and simplified our business mix, and we have transformed the management team and how we run the company. We have been methodically investing in the company's future while improving our financial results and profile. We are excited to continue to move forward with plans to further increase returns and growth in a deliberate manner supported by the processes and cultural changes we have made."

Wells Fargo has approximately $1.9 trillion in assets, through a diversified set of banking, investment, and mortgage products and services, as well as consumer and commercial finance,

Upon announcement of the news, Wells Fargo stock rose 2.9% in after-hours trading.

Michael S. Barr, member of the Board of Governors of the Federal Reserve System, stated, "Removal of the asset cap represents successful remediation to the required standard based on focused management leadership, strong board oversight, and strict supervision holding the firm accountable. All three will need to continue for the firm to have a sustainable approach."

According to Scharf, all Wells Fargo full-time employees will receive a $2,000 award (in the form of restricted stock grants) to mark the occasion.

"This is a huge accomplishment for the 215,000 employees of Wells Fargo, who all contributed to this milestone–whether they worked directly on the risk and control efforts, supported the work indirectly by helping us embed a different way of working into our culture, or continued to serve our customers and clients day in and day out through difficult conditions," added Scharf. "Our employees have invested so much of themselves into the company in recent years, and as a demonstration of our appreciation for what we have accomplished together, all full-time employees of Wells Fargo will receive a special $2,000 award."

Including today's lifting of the asset cap, Wells Fargo has resolved all 14 consent orders that had been imposed on it.

"I want to thank our Board of Directors for their work in achieving today's outcome, including the substantial changes we have made to board composition and oversight," said Steven D. Black, Chairman of Wells Fargo's Board of Directors. "On behalf of the entire Board, I also want to thank the management team, and in particular, Charlie for his inspired leadership. Since he arrived in late 2019, Charlie has assembled a top-notch management team, overseen the details and the big picture of a major transformation effort, and made meaningful changes to improve returns through a global pandemic, periods of economic volatility, and significant regulatory headwinds. He has been instrumental in advancing our goal to make Wells Fargo one of the most well-respected, consistently growing financial institutions in the country."

HUD SECRETARY: U.S. HOUSING NEEDS A 'NEW PLAYBOOK'

U.S. Department of Housing & Urban Development (HUD) Secretary Scott Turner addressed the House Appropriations Committee's Transportation, Housing and Urban Development Subcommittee in support of President Trump's 2026 Budget for HUD.

HUD's request for new budget authority in FY26 is $33.2 billion, a $35.5 billion decrease from the FY25 enacted level. The Department also uses mortgage guarantee fees from the Federal Housing Administration (FHA) and Ginnie Mae to offset its spending.

> **"As of April, the national median home price is $414,000 … up from more than $341,000 in April of 2021—marking a huge increase of more than 21%."**
>
> —**Scott Turner**, Secretary, U.S. Department of Housing & Urban Development

"As of April, the national median home price is $414,000 … up from more than $341,000 in April of 2021—marking a huge increase of more than 21%. And the average 30-year fixed mortgage rate is almost 7%, nearly double the rate in 2019," said Secretary Scott in his testimony. "The numbers don't lie: It became significantly harder to own a home due to the policies of the Biden administration. Simply put, we need a new playbook."

Advocating for President Trump's FY 2026 Discretionary Budget, HUD Secretary Turner added: "It requests $34.5 billion for the Department. But more than that, it represents the clear balance between funding mission-critical programs and much-needed fiscal restraint. It carries out President Trump's Day One Presidential Memorandum to decrease the cost and increase the supply of affordable housing. We will maximize whatever funds Congress gives us, whether it's $10 billion or just $10."

Budgetary Impact on Housing

Trump's FY 2026 Discretionary Budget Request focuses on several HUD programs, including:

- **Community Development Block Grant (CDBG) Program:** The Budget proposes to eliminate the CDBG program, which provides formula grants to more than 1,200 state and local governments for a wide range of community and economic development activities. Cutting the CDBG program will save an estimated $3.3 billion according to the Budget Request.
- **HOME Investment Partnerships Program:** The Budget seeks to eliminate the HOME program, a formula grant that provides state and local governments with funding to expand the supply of housing. Cutting the HOME program will save an estimated $1.25 billion annually.
- **Native American Programs and Native Hawaiian Housing Block Grant:** The FY 2026 Budget streamlines housing assistance for Native American programs and focuses available resources on the main for-

> "You and I have discussed how there is fat to cut at HUD. But if we cut too deep and too fast, HUD's programs will not serve the communities you and I want to help."

—**Sen. Steve Womack,** House Appropriations Transportation, Housing and Urban Development, and Related Agencies Subcommittee Chair

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mula grant to Tribes. Consistent with similar FY Budget proposals eliminating housing programs, the Native Hawaiian Housing Block Grant would be eliminated, saving approximately $480 million annually.

- **Homeless Assistance Program Consolidations:** The FY 2026 Budget consolidates the Continuum of Care and Housing Opportunities for Persons with AIDS programs into a more targeted Emergency Solutions Grant (ESG) program that provides short- and medium-term housing assistance, capped at two years, to homeless and at-risk individuals. Approximately $532 million would be saved by consolidating these homeless assistance programs.
- **Surplus Lead Hazard Reduction and Healthy Homes Funding:** This set of programs has unobligated balances that should be depleted prior to receiving further appropriations and would save approximately $296 million annually if cuts are approved.
- **HUD Self-Sufficiency Programs:** HUD's "Self-Sufficiency Programs" were designed to promote self-sufficiency among housing assistance recipients. Cutting these programs would save $196 million annually.
- **Pathways to Removing Obstacles (PRO) Housing:** Consistent with Executive Order 14151, "Ending Radical and Wasteful Government DEI Programs and Preferencing," the FY 2026 Budget proposes to eliminate PRO Housing, which was used by the Biden administration to advance equity through affordable housing development programs. Cutting PRO Housing from the FY 2026 Budget would save an approximate $100 million annually.
- **Fair Housing Grants:** The Budget looks to save $60 million annually through the elimination of the Fair Housing Initiatives Program (FHIP), which provides competitive grants to public and private fair housing organizations to advocate against single-family neighborhoods and promote radical equity policies. The Budget also seeks to eliminate the National Fair Housing Training Academy, which provides training for Fair Housing Assistance Program (FHAP) and FHIP professionals as well as funding to translate HUD materials to languages other than English.

Taking Aim at Cuts

Among the cuts to HUD's budget in Trump's FY 2026 Discretionary Budget Request includes the elimination of programs such as the self-sufficiency program, which is a type of rental assistance for families in need. Some programs would be eliminated by HUD completely, such as the HOME Investment Partnerships Program, a grant that provides low-income housing, and the Pathways to Removing Obstacles Housing, which provides competitive need-based grants. Of the reduction of nearly $33 billion in funds to HUD, nearly $27 billion is in State Rental Assistance Block Grants alone.

"These programmatic changes need to go through the authorizing committees, particularly the proposals to block grant assistance to the states and the dramatic changes to how we combat homelessness in America," noted House Appropriations Transportation, Housing and Urban Development, and Related Agencies (THUD) Subcommittee Chair Sen. Steve Womack at the hearing. "These ambitious proposals require an 'all-in' effort. I welcome ongoing dialogue with our authorized colleagues. HUD's programs should work better for the American people. You and I have discussed how there is fat to cut at HUD. But if we cut too deep and too fast, HUD's programs will not serve the communities you and I want to help."

Secretary Turner responded by explaining states will have more power and take more responsibility in terms of housing the nation.

"I stated in my opening remarks that status quo is not good enough, and the way that we've been going about serving the American people, from a HUD perspective, is no longer good enough," said Secretary Turner. "With this new paradigm, and it is indeed a paradigm shift, it's a culture shift. The goal here is not to serve less Americans ... the goal here is to serve Americans better, and so to give states an opportunity to have skin in the game, to identify their unique needs, and then to be very deliberative about how they put the resources out what as it pertains to rental assistance, and taking care of the most vulnerable in their state."

BOWMAN OUTLINES FED'S PLAN TO REVIEW & MODERATE BANK OVERSIGHT

The new leading regulatory official at the Federal Reserve outlined a bold plan to review and relax a number of bank regulations and policy practices that she claimed were burdensome and superfluous.

The Fed will be reevaluating how it drafts regulations and oversees some of the biggest and most intricate banks in the country, according to Michelle Bowman, the Fed's Vice Chair for Supervision. She made the case in prepared remarks that the proliferation of regulations after the 2008 financial crisis calls for a reexamination.

This comes after a statement from Bowman on June 16, where she addressed various issues the Fed plans to combat and how to implement those initiatives.

"Today's interagency announcement is a welcome first step in the efforts of the federal banking agencies to combat the increasing occurrence of fraud, particularly check fraud," Bowman said. "Check fraud has grown substantially over the past several years, resulting in harm to banks, especially community banks, and the consumers and businesses who are the victims of fraud. While this has been a well-known problem for several years, efforts by regulators have been slow to advance, and seem to have done little to address this growing threat.

"We need a comprehensive strategy to develop and implement an effective, coordinated approach that is focused on preventing payment fraud and assisting consumers, businesses, and supervised institutions. As Vice Chair for Supervision, I am committed to working together with a wide range of state and federal partners, including law enforcement, to address this issue. I look forward to reviewing the public feedback in response to the request for information."

Vice Chair Paints Agenda Surrounding Bank Policies & Oversight

Bowman, a Fed governor since 2018, has long opposed attempts to regulate the banking industry more strictly. In her first comments after being confirmed to the Fed's top regulatory position, she stated that the Fed will soon begin a number of initiatives to simplify oversight and loosen regulations, particularly in key areas that banks have long complained about.

"Our goal should not be to prevent banks from failing or even eliminate the risk that they will. Our goal should be to make banks safe to fail, meaning that they can be allowed to fail without threatening to destabilize the rest of the banking system," Bowman said.

Changes to the Fed's oversight of big banks, efforts to loosen some bank regulations, and an examination of potential reforms that may facilitate bank mergers are some of those initiatives.

HOUSE COMMITTEE VOTES TO SLASH CFPB'S CONSUMER COMPENSATION FUND

The Consumer Financial Protection Bureau (CFPB) has been praised by consumers for its numerous achievements over a decade that have enhanced transparency and equity in the financial market. An estimated 82% of Americans consider it essential to regulate financial services to guarantee fairness for consumers, according to a survey conducted by the Center for Responsible Lending.

Research, oversight, inquiries, and legal action were some of the powerful methods employed by the CFPB to recover over $21 billion for more than 200 million consumers who were defrauded.

Together, the anti-regulatory factions that opposed the establishment of the CFPB have persistently sought to diminish, challenge, or abolish the agency. With a president and a legislature currently adopting a deregulatory viewpoint, the merger of pro-business executive orders aggressively advocated by appointed officials has inflicted financial damage on consumers and undermined the agency's objectives.

"It's not really about saving taxpayer money or anything related to the budget," said Christine Hines, Senior Policy Director at the National Association of Consumer Advocates. "It's about getting rid of the Bureau."

Putting Initiatives in Place: Agency Acts on Behalf of Victims

The agency has recently taken several actions, including reducing CFPB staffing by some 70%, suspending ongoing investigations and pending litigation, and reversing regulations concerning overdraft fees and credit cards. Additionally, a recent announcement indicated that the agency would cease enforcement of regulations pertaining to "buy now, pay later" credit. In summary, the actions of the agency today no longer align with its name or intended mission.

However—and some may say unfortunately—the effort to weaken the CFPB is far from over. It is currently reallocating funds, either denying or postponing millions that consumers are justly entitled to while redirecting billions designated for victim compensation to the U.S. Treasury instead.

A contemporary, real-world example illustrates the harm inflicted by such measures, along with the ensuing financial disparity. In February of this year, multiple state attorneys general commenced investigations concerning restitution owed by Prehire, LLC. Previously, the CFPB determined that Prehired, LLC, an unlicensed online sales training program, violated two federal laws: the Truth in Lending Act and the Fair Debt Collection Practices Act.

The company lured prospective tech sales students with deceptive promises of guaranteed minimum annual salaries of $60,000 at a 'tech company of their choice.' The cost for each student was half that amount—approximately $30,000. Consequently, the company extended loans to its students to cover their enrollment expenses.

A joint letter addressed to the CFPB on March 12 inquiring about the status of payments to the victims of Prehire did not elicit a response. Subsequently, on May 6, a follow-up letter reiterated their previous concerns. Describing Prehire as "a predatory online training boot camp," the attorneys general from Colorado, Delaware, Illinois, Massachusetts, Minnesota, New York, North Carolina, Ohio, Oregon, and South Carolina—along with the California Department of Financial Protection and Innovation—stated in part:

"Prehired trapped its students with illegal and deceptive 'income share' loans. Prehired then resorted to abusive debt collection practices—including filing hundreds of debt collection lawsuits—when students could not repay those loans and the job offers Prehired promised did not materialize. Prehired specifically targeted military veterans with its advertising. Prehired was in bankruptcy and unable to issue refunds to its victims," the letter continued. "In such cases, the CFPB's Civil Penalty Fund is available to compensate harmed victims. Our offices worked with the CFPB to secure an allocation from the Civil Penalty Fund, in the amount of $4,248,249. The CFPB finalized the allocation on May 30, 2024."

> "It's not really about saving taxpayer money or anything related to the budget. It's about getting rid of the Bureau."
>
> —**Christine Hines**, Senior Policy Director at the National Association of Consumer Advocates

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Stripping CFPB's Victim Compensation Fund

A recent party-line vote conducted by the House Financial Services Committee (HFSC) sanctioned a resolution that would strip the CFPB of its capacity to reimburse defrauded consumers from its Civil Penalty Fund (CPF). Should this resolution be subsequently approved by Congress, the unallocated revenues from the fund would be redirected to the Treasury Department, rather than being retained to compensate victims.

Essentially, experts reveal that billions of dollars are at stake. A significant portion of that balance was derived from a $1.7 billion penalty imposed on Wells Fargo, according to a February 2025 report by the Congressional Research Service. In June 2024, the Office of Inspector General at the CFPB disclosed that the CPF had amassed $3.4 billion and maintained a balance of $1.9 billion as of September 2023.

"My Republican colleagues are telling their constituents loud and clear that they care more about protecting their friends on Wall Street than the people who voted to send them here," noted New York Congressman Greg Meeks, who is also a committee member.

A significant aspect of the legislation that established the CFPB designated the CPF for disbursements to victims who have been legally defrauded or, when feasible, for initiatives related to consumer education and financial literacy programs. The legislation further designates the fund's administrator as the individual accountable for overseeing these payments. Moreover, the administrator allocates funds for disbursements to affected consumers every six months.

Democratic members of the HFSC proposed several amendments as alternatives to transferring funds to the Treasury. For instance, Massachusetts Representative Ayanna Pressley suggested that financial wrongdoers should bear the financial responsibility for funding when their actions contravened relevant laws. This proposal, along with other amendments put forth by committee Democrats, was also dismissed by the majority members.

CFPB ENFORCEMENT EXEC STEPS DOWN AMID BUREAU OVERHAUL

Cara Petersen, Enforcement Director for the Consumer Financial Protection Bureau (CFPB), has stepped away from her role, citing the White House's overhaul of the agency had made her position untenable.

As Enforcement Director for the CFPB, Petersen was responsible for overseeing the Bureau's enforcement activities, such as investigating and taking action against entities that violate consumer financial laws. The role involves determining whether to open investigations, coordinating enforcement actions with other agencies, and ensuring that appropriate remedies are pursued to compensate harmed consumers.

Petersen, who has served at the CFPB since its formation nearly 15 years ago, said in an email announcing her resignation that President Donald Trump "has no intention to enforce the law in any meaningful way."

She continued, "I have served under every Director and Acting Director in the Bureau's history, and never before have I seen the ability to perform our core mission so under attack."

Petersen joined the CFPB in March 2011 during the implementation phase of the agency. Prior to assuming the Principal Deputy role, she served as a Litigation Deputy and an Assistant Litigation Deputy in the Office of Enforcement. Prior to joining the CFPB, Petersen was an Attorney at the Federal Trade Commission (FTC), handling consumer protection investigations in the FTC's Division of Financial Practices. Before that, she was a litigator at Arnold & Porter.

The CFPB, often targeted for reform by the Trump administration, recently avoided being shut down as U.S. District Judge Amy Berman Jackson denied actions by the Trump administration from firing Bureau employees, and ordered the reinstatement of workers who were previously terminated. In Civil Action No. 25-0381, *National Treasury Employees Union v. Russell Vought* (in his official capacity as Acting Director of the Consumer Financial Protection Bureau), the National Treasury Employees Union (NTEU) and other groups sued Acting CFPB Director Vought over the dismantling of the Bureau, arguing the effort violates the separation of powers between the branches of government. NTEU represents more than 1,000 frontline employees.

Petersen added in her resignation memo: "It has been devastating to see the Bureau's enforcement function being dismantled through thoughtless reductions in staff, inexplicable dismissals of cases, and terminations of negotiated settlements that let wrongdoers off the hook."

SECRETARY REAFFIRMS HUD COMMITMENTS DURING NATIONAL HOMEOWNERSHIP MONTH

Secretary Scott Turner of the U.S. Department of Housing and Urban Development (HUD) proclaimed June to be National Homeownership Month, highlighting HUD's role in bringing back the American Dream of homeownership and honoring the ability of homeownership to strengthen communities.

"National Homeownership Month is a time to celebrate how HUD helps support and expand opportunities for American homeownership nationwide," said Secretary Turner. "We have achieved so much under President Trump's leadership in the past few months alone: cutting regulations, pursuing innovative housing solutions, and helping American families, including many first-time homebuyers, to make the American Dream a reality. These accomplishments are only the beginning as we advance the Golden Age of homeownership for rural, tribal, and urban communities."

HUD is renewing its commitment to providing safe, high-quality, and reasonably priced homeownership alternatives to urban, rural, and Tribal communities throughout National Homeownership Month. Recent achievements consist of:

- Removing onerous rules like the Affirmatively Furthering Fair Housing (AFFH) rule, HUD is simplifying the process for building and manufacturing homes.
- One of the cheapest and non-subsidized housing options, Opportunity Zones and Manufactured Housing Programs, is supported by HUD. These programs account for 10% of new single-family home starts and are the homes of 22 million Americans.
- Through its Section 184 program, which has insured more than 58,500 mortgages, representing $10.5 billion in investments to Tribes, Tribal housing authority, and Tribal people, HUD is empowering Native American homeownership. It's among the most impactful, least expensive, and least dangerous tools out there.
- Through the Federal Housing Administration (FHA), one of the biggest mortgage insurers in the world, HUD provides assistance to more than 7 million households. FHA has insured 236,000 mortgages since January 20, 2025, including 140,000 for first-time homeowners. Further, first-time homeowners, who account for nearly 40% of Ginnie Mae's whole portfolio, have benefited from roughly three-quarters of the agency's 2025 issuances.
- Families in the Presidentially Declared Major catastrophe Area have more flexibility because of HUD's prolonged FHA moratoriums in states like Florida and California, which aid in catastrophe recovery.

SENATORS VOICE CONCERN ON REPRIVATIZING FANNIE/FREDDIE

U.S. Sens. Elizabeth Warren, Ranking Member of the Senate Banking, Housing, and Urban Affairs Committee, and Minority Leader Senator Chuck Schumer, have led 14 Democratic Senators in a letter to Federal Housing Finance Agency (FHFA) Director William J. Pulte, raising concerns about the Trump administration's recent discussions about reprivatizing Fannie Mae and Freddie Mac.

In the letter, the coalition of senators voiced many concerns regarding having Fannie Mae and Freddie Mac going public, specifically that the move could dramatically raise housing costs for millions of Americans while delivering a windfall to wealthy investors.

"Given the seismic change this decision represents and the concerns it raises about the stability of our nation's housing and financial markets, we write to ask that [FHFA] pause efforts to reprivatize or otherwise alter the Enterprises, including relisting their common and preferred stock." wrote the senators. "Economists have warned that reprivatizing the Enterprises could have disastrous effects on the mortgage market, driving up costs for homebuyers even further. For example, some experts have estimated that mortgage rates could increase by up to 1% in the first year of privatization alone."

Fannie Mae and Freddie Mac help provide stability and affordability to America's home mortgage market, and the National Association of Realtors (NAR) reports that Fannie and Freddie support approximately 70% of the U.S. mortgage market.

In 2008, the FHFA exercised its statutory authority to place Fannie Mae and Freddie Mac into conservatorship at the height of the subprime mortgage crisis, an economic event that triggered the subsequent Great Recession. This move, originally intended as a temporary measure, established the two conservatorships in response to a deterioration in the nation's housing market that damaged the financial condition of each, and left both of them unable to fulfill their missions without government intervention.

President Trump recently took to social media to make his intentions known that his administration was considering bringing Fannie Mae and Freddie Mac public, stating: "Our great Mortgage Agencies, Fannie Mae and Freddie Mac, provide a vital service to our Nation by helping hardworking Americans reach the American Dream—Home Ownership. I am working on TAKING THESE AMAZING COMPANIES PUBLIC, but I want to be clear, the U.S. Government will keep its implicit GUARANTEES, and I will stay strong in my position on overseeing them as President. These Agencies are

now doing very well, and will help us to, MAKE AMERICA GREAT AGAIN!"

The letter continues with several concerns that the coalition has regarding the reprivatizing Fannie Mae and Freddie Mac, specifically that no framework or guide exists for the plan.

"We have serious concerns that you plan to make significant changes to the Enterprises in a way that would put investor profits over the homes of millions of Americans. Should President Trump make good on his plans; he may take us back to the status quo before the 2008 foreclosure crisis, when the Enterprises' investors enjoyed the full profits that come with privatization while knowing taxpayers would be on the hook for any future failures. In fact, as Trump's posts have fostered uncertainty for consumers, the Enterprises' stock prices have seen significant gains."

Barron's reports that Fannie Mae and Freddie Mac stocks traded more than 30% higher following President Trump's post on the GSEs' going public.

"It has also been reported that the Administration may consider relisting the Enterprises on a stock exchange ... However, the Administration has also not released any information indicating whether the Enterprises' financial positions would make it feasible to take them public, including by relisting their common and preferred stock, or what taking them public would entail," the lawmakers continued in the letter.

Pulte recently appeared on the Fox Business program, *The Claman Countdown*, discussing news of privatization, and the ripple effect it may have on the financial markets. Much of the concern about taking Fannie and Freddie public involves what is known as an "implicit guarantee" that the two had on mortgage loans—the market assumption that if something went wrong, the government would intervene and bail them out.

"A lot of other presidents, as you know, haven't really focused on these two entities," added Pulte. "It's kind of crazy, to be honest with you, but President Trump, he just kind of finds money wherever it is, and in this case, he found at Fannie Mae and Freddie Mac ... we have $7.8 trillion in these companies. There's no President other than President Donald J. Trump who understands more about mortgage rates, the housing market construction ... Fannie Mae and Freddie Mac could be way stronger in his hands, frankly, than anybody else's hands."

> "At Fannie Mae and Freddie Mac, we have $7.8 trillion in these companies ... these companies are immensely valuable, and we are finally turning these companies around in getting them to be good, healthy, stable companies for the benefit of the American people."
>
> —**William Pulte**, Director, Federal Housing Finance Agency (FHFA)

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Additional Democratic Senators who are part of the coalition include: Sens. Tina Smith, Raphael Warnock, Lisa Blunt-Rochester, Catherine Cortez Masto, Ruben Gallego, Andy Kim, Chris Van Hollen, Mark Warner, Bernie Sanders, Mazie Hirono, Gary Peters, and Ron Wyden.

The Senators requested answers from Pulte to eight questions posed within the letter by June 18, 2025, followed by a briefing to discuss the responses.

SENATORS UNVEIL BILL TO ADJUST FHLBANK EXECUTIVE PAY

The Curbing Unreasonable Remuneration at Banks (CURB) Act was presented by U.S. Senators Jim Banks (R-Ind.) and Catherine

Cortez Masto (D-Nev.). The Director of the Federal Housing Finance Agency (FHFA) is empowered by this bipartisan act to determine appropriate senior executive salary levels.

Sen. Banks and every other Republican on the Senate Banking Committee wrote to Bill Pulte, the director of the Federal Housing Finance Agency, in April 2025, requesting greater control of the FHLBs' salaries.

According to the Congressional Budget Office, the net government subsidy to the FHLB system is expected to reach $6.9 billion in fiscal year 2024. This subsidy is net of the 10% of net income that the FHLBs must give to member institutions for affordable housing programs. Last year, the FHLBs made $6.3 billion.

Sen. Jim Banks, R-Ind., joined Sen. Catherine Cortez Masto, D-Nev., in sponsoring a forthcoming bill that would allow the Federal Housing Finance Agency to set executive compensation rules for leaders at the Federal Home Loan banks. (Courtesy of Bloomberg News)

"While the Federal Home Loan Bank system has continued to fail to meaningfully invest in affordable housing and community development, it pays its executives millions each year," said Senator Cortez Masto. "This bipartisan legislation gives the Federal Housing Finance Agency more oversight over FHLBanks executives' compensation to help make sure the system delivers for working families."

The CURB Act's key principles include giving the Federal Housing Finance Agency instructions to supervise and determine more affordable compensation scales for senior executives.

Over time, encouraging profit-driven conduct has trumped the Federal Home Loan Banks' goal of promoting affordable housing and community lending.

FHLBs have a special obligation to put their mission and the public interest first because they are government-sponsored businesses with public support, such as low-cost borrowing through implicit guarantees from the government and income tax exemption.

However, according to a 2023 FHFA study, CEOs received bonuses based on financial performance indicators that did not further the objectives of affordable housing. The Federal Housing Finance Agency is mandated by the CURB Act to supervise and set more fair bonuses and salaries.

"Federal Home Loan Banks exist to help Americans buy homes, not to pad the pockets of executives," Senator Banks said. "This bill keeps FHLBs on mission and empowers President Trump and FHFA Director Pulte to eliminate excessive pay and waste of government resources."

BILL AIMS TO REVIVE VASP PROGRAM FOR VETS FACING FORECLOSURE

U.S. Sen. Lisa Blunt Rochester and Mike Rounds are leading the introduction of the Veterans Housing Stability Act, a measure that will help keep veterans and servicemembers in their homes by reestablishing a vital program through the U.S. Department of Veterans Affairs (VA).

May 1 marked the expiration of the Veterans Affairs Servicing Purchase (VASP) program, a mortgage assistance option that allows borrowers to obtain an affordable payment when delinquent on their mortgage. On April 23, 2025, the U.S. Department of Veterans Affairs (VA) issued Circular 26-25-2, announcing the termination of VASP as of April 30, 2025. Effective May 1, 2025, VA Secretary Douglas A. Collins announced the VA is no longer accepting VASP submissions, and the VA is rescinding the prescribed steps for considering veterans for hardship assistance, removing consistency, and transparency from the process.

The Veterans Housing Stability Act:

- Reestablishes a partial claim program at the Department of Veterans Affairs.
- Allows the VA to assist veteran borrowers to get current on their loans and keep their homes. Arrearages would be acquired by the VA, placed into a separate lien, and could be paid off when a veteran sells their home or finishes paying off their loan.
- Provides veterans with similar loss mitigation options to borrowers with FHA and USDA mortgages.

During the COVID-19 pandemic, the VA helped U.S. veterans keep their homes by providing forbearances on most VA borrowers through the VA's COVID mortgage forbearance program. The Partial Claim Program, established during the pandemic, helped veterans with financial difficulty stay in their homes. However, as of 2022, the VA ended its Partial Claim Program, leaving thousands of veterans who may have paused or missed their mortgage payments at risk.

"Our nation has a sacred obligation to serve our veterans, just as they have served our nation. We absolutely cannot afford to have our veterans, and their families kicked out of their homes," said Sen. Blunt Rochester, a member of the Senate Banking, Housing, and Urban Affairs Committee. "To make matters worse, I was deeply alarmed when I learned the Trump administration decided to end VASP, a critical program that provided additional protections for veterans facing foreclosure. This legislation is an urgent fix that would ensure that our veterans and servicemembers remain safely in their homes."

Sen. Richard Blumenthal, a longtime champion for veterans and Ranking Member of the Senate Veterans' Affairs Committee, joined the legislation as a cosponsor.

"Veterans facing painful financial hardship deserve a viable solution to get their mortgages current and keep their homes," said Sen. Blumenthal. "Right now, potentially tens of thousands of veterans are at risk of losing their homes as a direct result of Secretary Collins' reckless and reprehensible decision to end the VASP Program. Our legislation will create a replacement program to avoid preventable foreclosures, and ensure our most vulnerable veterans have a last resort option to continue paying their mortgage and keep their homes."

As of May 1, 2025, the VA estimates that 71,981 VA home loans nationwide are deemed seriously delinquent (mortgage payments that are 90 days past due). The top five states where VA loans are most delinquent include:

- Texas with 8,504 delinquent VA loans
- Florida with 8,052 delinquent VA loans
- Georgia with 4,206 delinquent VA loans
- California with 4,147 delinquent VA loans
- North Carolina with 3,257 delinquent VA loans

Donna Schmidt, Managing Director of DLS Servicing, said "This needs to pass as soon as possible. The House has already unanimously passed a similar bill, and the Senate must do the same. Our veterans deserve our prompt replacement of the overly expensive and difficult to complete VASP program. This gives the veteran borrower the same benefits already provided to FHA and Rural Housing Service borrowers, and it is years overdue."

The Veterans Housing Stability Act is endorsed by both the National Consumer Law Center (NCLC) and the Center for Responsible Lending (CRL).

"The Veterans Housing Stability Act of 2025 clarifies the VA's authority to help Veteran borrowers who need assistance to save their homes," said Steve Sharpe, Senior Attorney at the NCLC. "The mortgage relief options available for Veteran borrowers are much less favorable than the options available to other borrowers, and that is unacceptable. This bill will help close the gap."

Mike Calhoun, President of the CRL added: "With the expiration of VASP, tens of thousands of veterans and their families are now at significant risk of losing their homes. The Veterans Housing Stability Act of 2025 would preserve veteran homeownership and save government money by avoiding preventable foreclosures. Congress should enact the bill quickly."

EDUCATING VETS ON HOME LOAN BENEFITS

Sens. John Boozman and Chris Van Hollen have announced the introduction of the Veterans Affairs Loan Informed Disclosure (VALID) Act of 2025, a measure geared toward increasing awareness and utilization of Department of Veterans Affairs (VA) home loan benefits.

According to Sens. Boozman and Van Hollen, providing potential homebuyers with a side-by-side comparison of conventional, Federal Housing Administration (FHA) and VA home loans, the VALID Act would ensure that veterans are properly equipped with financing options that include their eligibility for homebuying assistance. Reportedly, only 10%-15% of eligible veterans report utilizing VA home loans, and in some states, as low as 6%.

The VALID Act would:

- Update FHA mortgage disclosures to include VA home loans alongside FHA and conventional loan options; and
- Ensure that lenders are provided with important information regarding applicant's military service so they can provide information about VA loans early in the homebuying process.

"We should make certain veterans are aware they qualify for help with purchasing a home or realizing more savings over the life of a mortgage," said Sen. Boozman, a Senior Member of the Senate Veterans' Affairs Committee. "Since we know VA home loans are underutilized, there is a clear need to better identify this assistance earlier in the process. I am proud to join my colleagues in enhancing this earned benefit for our former servicemembers."

Reps. Brittany Pettersen, Young Kim, Nikema Williams, and Harriet Hageman have introduced a companion bill in the U.S. House of Representatives.

"Veterans put their lives on the line to protect our freedoms and, at the very least, deserve to know the benefits available to them. Anything less is unacceptable," said Sen. Kim. "The VALID Act fully discloses the VA loan options available for veterans to use when buying a home. I'm proud to help lead this commonsense, bipartisan bill that ensures we have the backs of our brave men and women who had ours against global threats."

Research has shown that one in 10 veterans have experienced homelessness, often years after completing service and returning home. At the same time, rising housing costs and the current rate environment are preventing many veterans from achieving homeownership.

"While we can never fully repay the debt we owe to our veterans, we have a duty to support them when they return home," said Sen. Van Hollen. "The VA Home Loan has been helping servicemembers buy homes for over 80 years, but this funding resource remains severely underutilized by far too many of our veterans. This bipartisan legislation will help change that, ensuring more veterans and their families take advantage of the benefits they have earned."

The Veterans Affairs Loan Informed Disclosure (VALID) Act of 2025 is endorsed by the Veterans Association of Real Estate Professionals (VAREP), Broker Action Coalition, and National Association of Realtors (NAR).

"Our veterans put everything on the line to defend us, but far too often come home without the support they need," added Rep. Pettersen. "No veteran should miss out on a benefit they have earned simply because they didn't know it was an option. At a time when finding an affordable home is harder than ever, ensuring veterans have clear access to every funding resource available is critical. This legislation helps make homeownership possible and builds long-term stability for the brave men and women who've served our country."

Market Trends

THIEL WARNS OF BREWING REAL ESTATE CRISIS

Peter Thiel is well known for his computer knowledge as the first outside investor in Facebook and a Co-Founder of PayPal. However, the multibillionaire venture capitalist has recently started raising concerns about a completely different industry: real estate.

To emphasize the seriousness of the American real estate crisis, Thiel cited the observations of 19th-century economist Henry George in an interview with *The Free Press.*

"The basic Georgist obsession was real estate, and it was if you weren't really careful, you would get runaway real estate prices, and the people who owned the real estate would make all the gains in a society," Thiel said.

Billionaire entrepreneur Peter Thiel, Co-Founder of PayPal, Palantir Technologies, Founders Fund, and Facebook's first outside investor speaks at a press conference in 2019.

Thiel clarified that the "extremely inelastic" nature of real estate, particularly in areas with stringent zoning regulations, is the root of the problem.

"The dynamic ends up being that you add 10% to the population in a city, and maybe the house prices go up 50%, and maybe people's salaries go up, but they don't go up by 50%," he said. "So, the GDP grows, but it's a giant windfall to the boomer homeowners and to the landlords, and it's a massive hit to the lower middle class and to young people who can never get on the housing ladder."

Thiel also cautioned that the U.S., Britain, and Canada are among the numerous "Anglosphere countries" where this "Georgist real estate catastrophe" is taking place.

Home Prices Surge as American Renters Hesitate to Purchase

The increase in property prices in the U.S. has been quite concerning. The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index has increased by more than 50% in the last five years. In December 2024, the leading indicator of home values in the U.S. showed an annual return of 3.9%.

Prospective homebuyers face several difficulties as a result of this dramatic increase in housing prices, but renters are also affected. All of this is a component of the larger cost-of-living dilemma that many Americans are currently experiencing.

"There's a way you could talk about inflation in terms of the prices of eggs or groceries, but that's not that big a cost item, even for lower middle-class people," Thiel said. "The really big cost item is the rent."

Thiel maintained that supply and demand are the fundamental causes of the problem.

"If you just add more people to the mix, and you're not allowed to build new houses because of zoning laws, where it's too expensive, where it's too regulated and restricted, then the prices go up a lot," he said. "And it's this incredible wealth transfer from the young and the lower middle class to the upper middle class and the landlords and the old."

But it's not just Thiel who is "sounding the alarm." Jerome Powell, Chairman of the Federal Reserve, has expressed similar worries.

Powell said at a press conference in September: "The real issue with housing is that we have had, and are on track to continue to have, not enough housing… It's hard to find—to zone lots that are in places where people want to live… Where are we going to get the supply?"

However, there is a substantial disparity in the housing market. According to a recent Realtor.com analysis, there will be a 3.8 million home deficit in the U.S. as of 2024.

What More is Preventing Potential Homebuyers from Taking the Leap?

In addition to skyrocketing property values, high mortgage rates are a significant barrier that keeps many Americans from "getting on the housing ladder," as Thiel put it.

"In addition to skyrocketing property values, high mortgage rates are a significant barrier that keeps many Americans from "getting on the housing ladder."

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The good news? Interest rate reductions by the U.S. Federal Reserve have opened doors for prospective purchasers. To get the best mortgage rate available, Freddie Mac advises comparing quotations from three to five lenders. Accessing the real estate market is also now simpler than ever thanks to new investing platforms.

Through the U.S. Home Equity Fund, investors can directly access hundreds of owner-occupied properties in major U.S. cities with a minimum investment of $25,000. This allows investors to avoid the hassle of purchasing, owning, or maintaining real estate. This strategy offers a successful, hands-off method of investing in owner-occupied residential properties across regional markets, with risk-adjusted internal returns ranging from 12% to 18%.

NATIONAL HOMEOWNERSHIP MONTH 2025: AMERICANS VOICE HOPES AND HURDLES

One of the biggest and most reputable homebuilders in the U.S., KB Home, has released the results of its second annual survey, which it carried out to find out how Americans feel about homeownership and to encourage their desire to purchase a home.

According to recently released data, an estimated 83% of Americans still consider homeownership to be a significant milestone, but some 89% of them are worried about cost and the homebuying process.

The month of June is National Homeownership Month, a time to honor the value of homeownership and the opportunities it may bring to both people and families. In celebration of the milestone, KB Home is disseminating survey results and holding Homebuying 101 events nationwide with the goal of empowering more individuals to feel knowledgeable and in control of their homebuying process.

In the study, experts from KB Home discuss subjects like the advantages of new construction, the advantages of owning a house as opposed to renting, and how to handle the homebuying process, including financing a new home, during two free in-person workshops.

"This year's survey shows that the dream of owning a home is still very real, even if many people are unsure how to get there," said Rob McGibney, President and Chief Operating Officer of KB Home. "At KB Home, we're helping to bridge that gap by offering new, high-quality homes that are affordably priced and personalized to fit each buyer's lifestyle. These are the things Americans tell us they value most, and delivering on them is part of our commitment to making homeownership more attainable for more people."

Americans Reveal What's Important, Still Wanting to Purchase Amid High Costs

The Harris Poll conducted the nationwide survey in April 2025, and here's what Americans said:

- The overwhelming majority (83%) of survey respondents believed that being a homeowner was a crucial life milestone. This view hasn't changed since 2024.
- The top three positive emotions people identified with homebuying were motivation (28%), pride (43%), and enthusiasm (47%).
- Safety and security (47%), more living space (47%), access to a backyard or

outdoor space (43%), avoiding rent increases and other fees (42%), and long-term financial improvement (41%), were among the top reasons for wanting to buy a home.

- Nearly four out of five Americans stated that they would not be willing to give up any of the following if they had a set budget and had to choose between them: a modern floor plan (83%) a limited house warranty (87%), cheaper energy and water utility bills (86%), or the chance to customize their home (78%).
- In order to purchase a property of their choice, the majority of buyers (74%) were prepared to give up certain aspects of their lifestyle, such as dining out less or staying at home with their parents for a longer period.

Understanding When & How to Purchase is Just as Important as Affordability

The majority (89%) expressed concerns about purchasing a property, and current renters (93%), this percentage was significantly greater. Approximately 25% of Americans say that their top three unfavorable feelings after making a purchase are anxiety (27%), followed by stress (24%).

Americans were most concerned about their ability to finance a home (44%), taking on further debt (41%), and purchasing a money pit that requires repairs or upgrades (30%) when asked what caused them to feel uneasy about purchasing a property. Further, more than a quarter (28%) were unsure if this was the right moment to buy, and 23% were worried about having buyer's remorse and settling for a house they didn't love.

Americans revealed their top reasons when it came to financial anxieties:

- Getting the best mortgage rate (42%)
- Being able to make monthly payments (42%)
- Understanding how much they can afford (43%)
- Having enough money for a down payment (45%)

When it comes to the homebuying process, around 25% of Gen Zers and 23% of millennials reported feeling apprehensive about not knowing where to begin.

Additionally, more than half (54%) of respondents thought that compared to potential homebuyers from previous generations, they were in a poorer position to purchase a home now. Higher property costs (46%), high mortgage rates (38%), and unpredictable economic situations (36%), according to respondents, are the top three issues that modern homebuyers encounter that their parents' generation did not have to deal with.

"At KB Home, helping our customers achieve their lifelong dream of buying a home—the largest purchase many people ever make—is a privilege that we take seriously," McGibney said.

However, experts reveal how crucial the need for proper education is for buyers. Approximately 70% of adults either thought mortgage rates were at an all-time high or were unsure. In actuality, the 30-year fixed rate peaked in 1981 at 18.6%, which is significantly higher than it is today, marking the peak of mortgage rates. Compared to the average rate of 7.7% over the last 50 years, the current average 30-year fixed mortgage rate of 6.8% is lower.

Terms like APR (44%) and PMI (49%), for example, were unfamiliar to or unclear to over half of respondents. Less than two out of five people were aware of some important facts concerning house financing, such as the fact that a 20% down payment is not necessary (37% correct) and that a person may get a mortgage with a credit score in the 500s (25% correct).

When it comes to the homebuying process, around 25% of Gen Zers and 23% of millennials reported feeling apprehensive about not knowing where to begin. Approximately one in five millennials (18%) and Gen Zers (20%) reported feeling nervous when they couldn't find a reliable source for homebuying help.

"Whether it's selecting the perfect floor plan, understanding financing options or choosing design features, our goal is to guide buyers through the journey with confidence," McGibney said. "This year's survey reinforces just how important that support is, especially when so many are feeling uncertain about the homebuying process."

HOME LISTINGS HIT RECORD HIGH AS SELLERS RETURN TO MARKET

According to a recent Redfin survey, there are $698 billion worth of properties for sale in the U.S., which is the greatest dollar amount ever and up 20.3% from a year ago.

The examination of Redfin.com listings dating back to 2012 served as the basis for the report. Redfin added up the list prices of all active U.S. listings as of the last day of each month to determine the total dollar value of all inventory on the market; the most recent month for which data is available is April 2025. In the study, "value" and "list price" are synonymous; that is, when the term "total home value" is mentioned, referring to the total of all list prices.

"A huge pop of listings hit the market at the start of spring, and there weren't enough buyers to go around," said Matt Purdy, a Redfin Premier agent in Denver. "House hunters are only buying if they absolutely have to, and even serious buyers are backing out of contracts more than they used to. Buyers have a window to get a deal; there's still a surplus of inventory on the market, with sellers facing reality and willing to negotiate prices down."

Due to a combination of rising home-sale prices, slowing demand, and expanding inventory, the total value of U.S. home listings is at an all-time high:

- In the market, there are far more sellers than customers. With the mortgage-rate lock-in effect diminishing and homeowners attempting to cash out owing to economic uncertainties, the total number of properties on the market countrywide increased 16.7% year-over-year in April to reach its highest level in five years.
- The number of new listings rose 8.6% to a three-year high.
- Simply put, homes are taking longer to sell. In April, the average home sold took 40 days to enter into a contract, which is five days longer than it was a year earlier.
- Additionally, the percentage of inventory that has been on the market for more than two months is rising.
- Record-high monthly housing prices and general economic volatility are causing a decline in home sales, and Redfin brokers across much of the nation indicate that prospective buyers are pulling back.
- In April, the median price of a home sold in the U.S. increased 1.4% year-over-year. It should be noted that the overall value of inventory has increased by 20.3% year-over-year also, indicating that the number of listings has increased more than prices in recent years.

Inventory Remains Stale as Buyers Edge into Market

According to a different Redfin survey, the current housing market has almost 500,000 more house sellers than buyers. There are twelve figures worth of unsold inventory on the market, which may be explained by the fact that so many homes are being listed but no one is interested in buying them, as well as the fact that prices are constantly rising.

Compare today's inventory total to the housing market during the pandemic, which was characterized by limited supply. The total listing value fell to $309 billion in January 2022; the lowest amount recorded in Redfin's history since 2012. At the beginning of 2022, home supply was at its lowest point ever, homebuyers were "ravenous", and mortgage rates were hovering at a historic low of 3.1%. In contrast to today's 40-day pace, homes were being sold off the market in 24 days.

"The record-high dollar value of all homes listed for sale is one way to quantify this buyer's market," said Chen Zhao, Redfin's head of economics research. "Not only are there more homes for sale than there have been in five years, but the value of those homes is higher than it has ever been. We expect rising inventory, weakened demand, and the prevalence of stale supply to push home prices down 1% by the end of this year, which should improve affordability for buyers because incomes are still going up."

Redfin calls this "stale inventory" in its research because more than two out of five (44%) listings in April had been on the market for at least 60 days without getting under contract. This is the highest April share since 2020, when the pandemic's beginning brought the housing market to a complete halt, and up from 42.1% a year earlier.

That stale inventory is worth $331 billion in total, which is almost half of the whole inventory's dollar value. It's grown 20.5% over the previous year.

HOMEOWNERS AND INSURERS BRACE FOR THE COSTS OF HURRICANE SEASON

As the nation enters the 2025 hurricane and wildfire season, the costs of climate-related events are posing greater challenges to both insurers and their customers alike.

A recent report from the U.S. Department of the Treasury's Federal Insurance Office (FIO) found the average homeowners' insurance premium per policy increased 8.7% faster than the rate of inflation in 2018-2022. Some consumers in more at-risk areas faced substantially larger premium increases than the national average.

Another study, Deep Sky Research's "Wildfires 2025," an analysis of insurance market data from California, Oregon, Texas, and Washington alongside advanced fire weather modeling, reveals how climate change is reshaping both wildfire risk and financial markets. The research builds on Deep Sky's previous wildfire analysis from 2024, which found that extreme fire risk frequency had grown 20-fold across the U.S.

As far as the 2025 hurricane season is concerned, the National Oceanic and Atmospheric Administration (NOAA) projects that for the 2025 Atlantic hurricane season, which spans from June 1 to November 30, a 30% chance of a near-normal season is anticipated, a 60% chance of an above-normal season is anticipated, and a 10% chance of a below-normal season is anticipated. NOAA is forecasting a range of 13-19 total named storms (winds of 39 mph or higher), and of those, six to 10 are forecast to become hurricanes (winds of 74 mph or higher), including three to five major hurricanes (Category 3, 4, or 5; with winds of 111 mph or higher).

Whether it be fire or water, the path of destruction is impacting homeowners nationwide, leaving record losses in the wake of recent storms.

Who is Paying the Most?

Data from the U.S. Treasury found that homeowners in communities impacted by substantial weather events are paying far more than those elsewhere. From 2018-2022, consumers living in the 20% of ZIP codes with the highest expected annual losses to buildings from climate-related events paid $2,321 in home insurance premiums on average, 82% more than those in the 20% lowest climate-risk ZIP codes.

"Between juggling the rising cost of home insurance premiums and other daily expenses, Americans are tightening their budgets right now, but insurance isn't the place to cut corners," said Bankrate Insurance Expert Shannon Martin. "Keep in mind that FEMA is undergoing budgetary changes and plans to shift some of the responsibility of disaster relief from the federal government to the states. This could limit the availability and effectiveness of federal assistance, especially immediately following a storm. Having an active homeowner's insurance policy and an emergency savings account is more important this year than in the past."

Recent data from LendingTree suggests that households in prominent Tornado Alley states—Oklahoma, Nebraska, and Kansas—spend the highest percentage of their income on home insurance. Oklahoma is the highest, with 6.84% or $6,133 of household income for home insurance. This is more than a percentage point higher than in the next highest state, Nebraska, at 5.73% or $5,912. Kansas is third at 5.58% or $5,412. That same study from LendingTree found that Hawaiian households spent the least percentage of income on home insurance. Just 0.48% or $632 of household income goes toward home insurance in the state, ahead of California (0.88% or $1,260), and the District of Columbia (1.04% or $1,764).

The status of California may change moving forward as CalFire reports that on January 24, 23,448 acres of land were destroyed by the fire; with 79% of the fire contained. As of January 28, the Palisades Fire in the Los Angeles region has been confirmed to have destroyed 6,837 homes and other structures and burned a total of 23,448 acres.

Policy Non-Renewals Highest in Areas with Greatest Expected Losses

Consumers in the highest-risk ZIP codes faced higher policy nonrenewal rates, with average nonrenewal rates approximately 80% higher than those in the lowest-risk ZIP codes. Moreover, average nonrenewal rates increased more in the highest-risk areas than in the lowest-risk areas over this period,

which indicates that consumers faced decreasing availability.

While some California counties have some of the highest nonrenewal rates, residents living along the Carolina and Louisiana coasts, in southern Florida, and in Oklahoma were affected in 2023, according to a U.S. Senate Budget Committee's findings of home insurance nonrenewal rates.

"Insurance markets are leading indicators of how financial systems will respond to climate change," said Max Dugan-Knight, Deep Sky Climate Data Scientist.

Insurers Facing Mounting Operational Costs

Insurers' costs in 2018-2022 were higher in areas with the highest expected losses from climate-related perils. The paid loss ratio, which reflects how much insurers paid for claims relative to what they received in premiums, was highest in the highest risk ZIP codes. These areas had a higher frequency of claims and severity of claims, about $24,000 on average compared to an average of about $19,000 for lowest-risk areas.

Homeowners in high-risk areas of flooding or storm surges, for example in Florida, have found they are unable to get policies. Many home insurance companies in Florida have been forced to pull back altogether, leave the state, or even go out of business. Some insurance companies that have left Florida or have reduced their exposure in the area include Farmers, Progressive, and AAA.

"When insurers can no longer price risk effectively, they exit the market entirely. This creates a cascade effect that will ultimately impact property values, mortgage availability, and regional economic stability," said Dugan-Knight.

Tariff Impact on Storm Preparedness

As the hurricane season gets underway, the recent tariffs imposed by President Trump may play a more significant role as mounting tariff prices are sure to hit the wallets of Americans getting storm-ready. Items such as plywood, nails, and generators may see significant price hikes, with costs ultimately falling upon consumers.

"Homeowners may not realize that tariffs can impact the cost of basic hurricane prep—things like plywood, roofing nails, and even generators," added Bankrate's Martin. "Aside from the 10% baseline tariffs currently in place, most of the Trump-era tariffs are temporarily suspended until mid-July, so there is a narrow window where prices might hold steady. But if the higher tariffs roll out in the middle of hurricane season, Americans could face price spikes and shortages for critical mitigation supplies when they need them most. If you haven't bought what you need to make it through hurricane season yet, now is the time."

Will FEMA be Ready to Answer the Call?

And as President Trump's administration looks to cut back many governmental agencies, the Federal Emergency Management Agency (FEMA) remains in the line of fire, with cuts threatened to both FEMA's budget and staff.

President Trump told victims of the Hurricane Helene-related disaster in North Carolina after his January inauguration that residents needed "a good state government" rather than FEMA.

In remarks at a recent House Rules Committee hearing, Rep. Jared Moskowitz of Florida echoed his concerns that FEMA may not be ready if disaster strikes. Rep. Moskowitz said budget cuts by the Department of Government Efficiency (DOGE) have made FEMA inefficient, and these cuts may risk sending hurricane-prone states into bankruptcy if they are denied federal aid when a storm strikes. World Weather Attribution reports that climate change made Helene's winds some 11% more intense and its rains 10% heavier. Helene strengthened from a Category 2 to a Category 4 hurricane in just 10 hours, driven by warmer-than-usual ocean temperatures in the Gulf of Mexico.

"Remember that 'DOGE?' Remember the 'E' at the end of DOGE? The word 'Efficiency?'" Moskowitz asked. "Nothing at FEMA has been made more efficient. In fact, I would tell you that the secretary of Homeland Security has turned FEMA into the Newark Airport, OK? It is going to fail this summer."

CNN found that FEMA, which employs more than 20,000, has lost roughly 30% of its full-time staff to layoffs and DOGE buyouts.

HOUSING COSTS MOUNT AS HOMEOWNERS FACE 'HIDDEN EXPENSES'

According to Bankrate's recent Hidden Costs of Homeownership Study, the average yearly expenses for owning and maintaining a typical single-family home in the U.S. in 2025 will be $21,400. Bankrate refers to them as "hidden" since homeowners frequently fail to consider or anticipate them, particularly when they are creating a budget for a property purchase. However, these recurring costs serve as a reminder that homeownership entails far more costs than just the initial purchase price and monthly mortgage payments.

For many Americans, purchasing a home is the largest expense they'll make and the biggest financial decision they will ever experience. However, many first-time homeowners are still shocked to discover that, after they have the keys, housing expenses often still or continuously arise—building up to a substantial, often stressful amount.

"For most folks, buying a home is the most expensive transaction of their lifetime," said Mark Hamrick, Senior Economic analyst at Bankrate. "After the purchase is complete, we find that affordability issues rank high on the list of regrets. While homeownership is still associated with the proverbial American dream, it is prudent to consider and plan for the many ongoing costs of ownership, not just getting over the threshold of the down payment and settlement."

As homeowners frequently note, homes have always been a bit of a "money trap." However, there's a good reason why that chasm appears to be deeper than before. A highly competitive housing market, rising interest rates, and inflation have all contributed to the recent increase in the cost of homeownership in the U.S.

Home Costs Vary by State—By a Long Shot

The price of purchasing a spot is where it all starts. Real estate website Redfin reports that as of April 2025, the typical home price was a near-record $437,942, up 44% from 2020. The fact that mortgage rates have doubled in the last five years is another blow. In summary, homebuyers now have to take out larger loans, and borrowing is much more expensive.

While it may come as no surprise to some, three Western states and two Eastern states are among the top five with the highest hidden expenses of homeownership.

Top 10 Most Expensive States with the Highest Homeownership Costs

1. Hawaii ($34,573)
2. California ($32,262)
3. New Jersey ($29,751)
4. Massachusetts ($29,277)
5. Washington ($27,444)
6. Connecticut ($27,170)
7. New Hampshire ($25,870)
8. Colorado ($25,766)
9. Florida ($24,713)
10. Rhode Island ($23,885)

Conversely, the list of states with the lowest hidden homeownership expenses includes two Midwesterners and three Southerners.

Top 10 Most Expensive States with the Lowest Homeownership Costs

11. West Virginia ($12,579)
12. Mississippi ($14,810)
13. Indiana ($14,903)
14. Missouri ($15,349)
15. Arkansas ($15,362)
16. Iowa ($15,737)
17. Michigan ($16,045)
18. Ohio ($16,259)
19. Alabama ($16,635)
20. North Dakota ($16,389)

The True Cost of Home Prices, Expenses & Maintenance

To comfortably purchase a home in the modern day, Americans require a six-figure annual household income, specifically $116,986, according to Bankrate's 2025 Housing Affordability Study. Regretfully, the cost of residential real estate is rising faster than American salaries. According to a recent survey by the home improvement website Fixr, the median household income has only climbed 40% over the past 25 years, but property prices have increased by 197%.

However, homebuying is only the first step: Once a person owns a property, the financial strain increases. Larger property taxes and homeowners' insurance policies (and premiums) are associated with higher home prices. Additionally, over the past five years, inflation has been showing up in the form of rising prices for labor, goods and services, and supplies for home remodeling and construction. According to the U.S. Bureau of Labor Statistics, the cumulative inflation rate from April 2020 to April 2025 was 25%, meaning that an item that cost $100 five years ago now costs $125.

Because of this, consumers are especially suffering from home maintenance costs, which account for the largest portion of the hidden costs at $8,808 annually. The cost of utilities and energy is nearly doubled ($4,494), property taxes are doubled ($4,316), home insurance is four times higher ($2,267), and internet and cable are six times pricier ($1,515).

These costs have become one of the main causes of regret among homebuyers. Nearly half of homeowners (42%) who had at least one concern about purchasing their property said that maintenance and other unforeseen expenses were more costly than anticipated, according to Bankrate's 2025 Homeowner Regrets Survey. Indeed, among those who had them, the most frequent regret was the unanticipated maintenance and the continuous financial strain of minor repairs and upkeep.

While Pricey, the American Dream is Still Alive for Many

According to Bankrate's analysis, homeownership expenses vary greatly across the nation, with the costliest state, Hawaii, having costs that are almost three times higher than those of the least expensive state, West Virginia.

The states on the East and West Coast often have the biggest hidden costs, which is not surprising. They are so costly in large part because of their high property taxes and high housing values, which affect maintenance expenditures.

It may be safe to say that the American Dream has long been associated with homeownership and the stability it provides. According to Bankrate's 2025 Home Affordability Survey, roughly 82% of American adults believe that owning a home is still a part of the American Dream, more so than having a successful profession (66%) or being able to retire (71%), among other things.

When asked which, if any, of the following they **consider to be part of the American Dream**, respondents said:

- Owning a home (82%)
- Being able to retire (71%)
- Having a successful career (66%)
- Owning a car, truck, or other vehicle (56%)
- Having children (44%)
- Getting a college degree (35%)
- None of the above (7%)

Note: Respondents are U.S. adults and could select more than one response.

Additionally, some 84% of Gen Xers and 89% of baby boomers, respectively, think that owning a home is a component of the American Dream. Homeownership is also highly valued by millennials (74%) and Gen Zers (78%). According to both generations, it is more important than other indicators of financial success.

"Americans consider homeownership to be the cornerstone of the American Dream, more so than anything else," said Greg McBride, CFA, Chief Financial Analyst for Bankrate. "This belief hasn't wavered and has only gotten stronger despite increasing affordability challenges with a record high percentage of Americans, 82%, citing homeownership as part of the American Dream."

RECORD INVESTOR HOME SALES PRESENT OPPORTUNITY FOR BUYERS

With economic changes looming, new data found that investors are taking up more of the homebuying pie in the U.S. housing market. According to Realtor.com's Investor Report, investor selling hit a record high as market dynamics shifted in 2024, even while investor purchases increased.

Investors bought 13.0% of properties nationwide in 2024, a modest rise from 2023 but still less than the 13.3% peak from 2022. A decline in overall home sales contributed to this increase, suggesting that investors are becoming more prevalent in a smaller market.

Investors made up 10.8% of sellers in 2024, the largest percentage ever recorded, up from 10.1% in 2023. The lowest margin between investor purchasing and selling since 2019 was the outcome of this change, indicating a smaller net effect of investor demand on total supply.

"Investor trends signal a transition," said Danielle Hale, Chief Economist at Realtor.com. "Nationwide, investors picked up more homes on net in 2024, as smaller investors were a growing majority of investor buyers. But with investor selling at a new high, the market saw the smallest net investor buying activity in five years, lessening one of the notable headwinds for entry-level buyers who often compete with investors."

Investor Activity Differs Significantly by Region

Regional differences in investor activity were notable. The largest shares of investor buyers were in Missouri (21.2%), Oklahoma (18.7%), and Kansas (18.4%), while the largest shares of investor sellers were in Oklahoma (16.7%), Georgia (15.9%), and Missouri (16.7%).

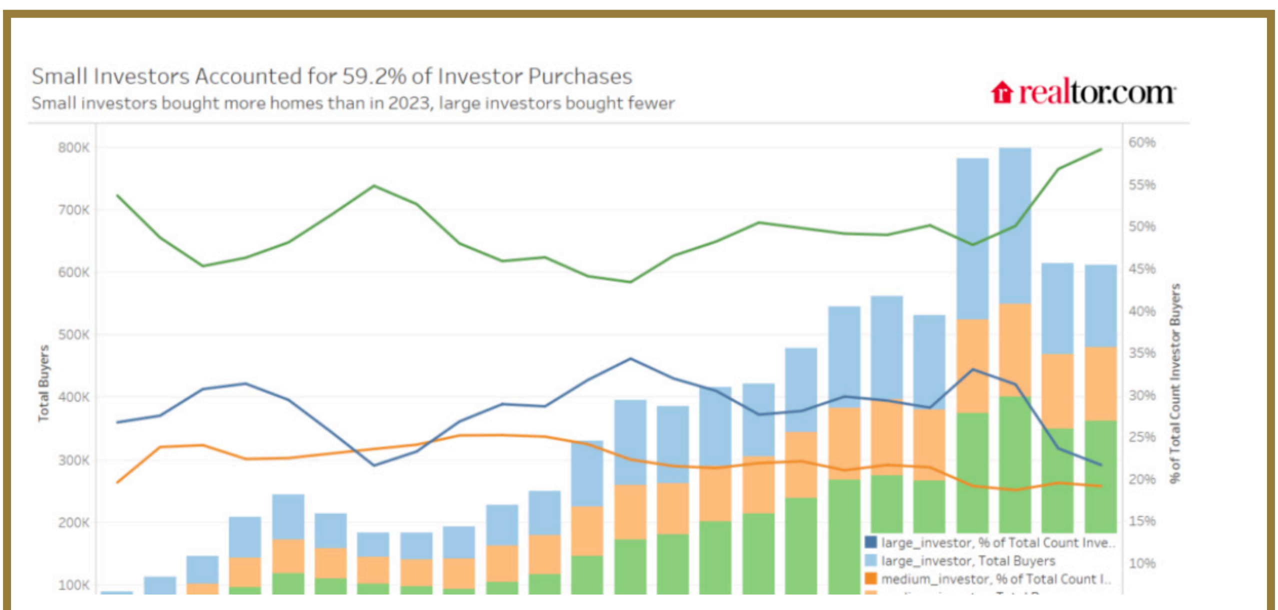
California, Minnesota, and Oregon had the highest net-positive influence on supply (more sellers than buyers), while Hawaii, Montana, and Washington, D.C., had the largest net negative impact (more buyers than sellers).

Mississippi, Nevada, and South Dakota saw the biggest increases in investor selling, while Delaware, Ohio, and Washington, D.C., saw the biggest increases in investor buying share when compared to 2023.

The cities with the largest investor buyer shares among the 150 largest U.S. metro areas were Springfield, MO; Memphis, TN; and Wichita, KS. In terms of investor seller share, Memphis, TN; Oklahoma City; and Springfield, MO; were in the front.

Investors contributed the most supply in Sacramento, CA; Minneapolis; and Portland, OR; while they most dramatically increased demand in Miami, Pittsburgh, and New York.

Although for different reasons, investors in Miami, Pittsburgh, and New York City experienced the largest



Top 10 States with the Highest Share of Investor Buyers		
U.S. State	**Investor Buyers (2024 Share)**	**YoY**
Missouri	21.2%	0.3%
Oklahoma	18.7%	0.2%
Kansas	18.4%	1%
Utah	18%	0.3%
Georgia	17.3%	1.2%
Montana	17.2%	-0.1%
Mississippi	16.7%	-1.1%
Wyoming	16.3%	0.9%
Indiana	16.1%	0.6%
Alabama	15.9%	0.8%

Top 10 States with the Highest Share of Investor Buyers	
Metro	**2024 Net Investor Impact**
Miami-Fort Lauderdale-West Palm Beach, FL	-5.7%
Pittsburgh	-5.1%
New York-Newark-Jersey City, NY-NJ	-4.4%
St. Louis, MO-IL	-4.3%
Hartford-West Hartford-East Hartford, CT	-3.9%
Kansas City, MO-KS	-3.7%
Austin-Round Rock-San Marcos, TX	-3.6%
Tampa-St. Petersburg-Clearwater, FL	-3.5%
Birmingham, AL	-3.4%
Cleveland	-3.3%

Top 10 States with the Highest Share of Investor Purchase Growth			
Average Share of Investor Buyers	**U.S. State**	**2019**	**2024**
vs. 2019	Montana	10.9%	17.2%
6.3%	Oklahoma	13%	18.7%
5.7%	Utah	12.6%	18%
5.4%	Delaware	9%	14.3%
5.3%	Wyoming	11.4%	16.3%
4.9%	Idaho	8.9%	13.8%
4.9%	Kansas	13.6%	18.4%
4.8%	Ohio	10.2%	14.7%
4.5%	Alabama	11.8%	15.9%
4.1%	Massachusetts	4%	8.1%
4.1%			

negative proportional impact in 2024. Miami saw a decline in investor buyers, investor sellers, and total transactions in 2024, indicating that the overall slowing market is the cause of the net-negative impact of investors in Miami.

Pittsburgh's robust housing market is demonstrated by the growth in investor buyers, investor sellers, and total transactions. Perhaps as a result of high housing costs, which might damage traditional buyers while opening doors for investors, the total amount of transactions in New York City decreased but investor, seller, and buyer activity increased. In these markets, investors generally purchased more homes than they sold, which reduced the number of available properties for traditional buyers.

The rising dominance of small investors was a noteworthy feature in the 2024 data. Some 59.2% of investor purchases were made by small investors, which are defined as entities that have bought fewer than ten residences. This is the greatest percentage in the history of data. Large investor activity, which includes companies that have bought 50 or more properties, on the other hand, decreased to 21.7% of acquisitions, the lowest level since 2007. In 2024, small investors bought 361,900 homes, up 3.7% from the previous year, while large investors bought 132,500 homes, the fewest since 2018.

In 2024, investors were more likely to use debt, even while all-cash sales increased in the broader housing market. While still accounting for roughly twice the cash proportion of all home purchases, all-cash investor sales dropped to their lowest level since 2008. From its peak of 65.6% in 2023 to 62.0% in 2024, the cash purchase share for small investors fell to its lowest level since 2008. In 2024, the major investor cash-buy share dropped to its lowest level since 2015, from 73.2% in 2023 to an estimated 68.9%.

Montana, Oklahoma, Utah, Delaware, Idaho, and Wyoming have had the most increases in investor purchases as compared to pre-pandemic (2019). The epidemic caused a population boom

The rising dominance of small investors was a noteworthy feature in the 2024 data.

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in many West region markets, alerting investors to the possibility of profiting from rising home demand.

In the same states, however, investor buyer and seller activity is still on the go. Investor activity is highly concentrated in some areas, as evidenced by the similarity between the top states for investor sales and the top states for investor buyers. In 2024, the states with the highest percentage of investor sales were Oklahoma, Missouri, Georgia, Nevada, and Utah.

It's fascinating to examine the net effect of investor activity, which is calculated by dividing the total number of transactions in a state in 2024 by the number of properties sold by investors minus the number they bought. This is because states that are popular for investor buys are also popular for sellers. Investor activity had the biggest detrimental effect on housing supply in the following markets:

1. Hawaii
2. Montana
3. Washington, DC
4. Missouri
5. Wyoming

On the other hand, certain markets experienced a net increase in investor activity. In other words, by selling, investors contributed a net amount to the home supply. Investors had the biggest positive impact in California, Minnesota, Oregon, and Nevada, where they sold more properties than they purchased.

As a percentage of home purchases, investor purchasing activity is generally still increasing. While overall home sales declined 5.4% in the first two months of the year, investors bought 0.9% fewer properties than they did in the same period last year. Thus, from 14.3% in the first two months of 2024 to 15% thus far in 2025, the investor buying share increased.

As investors sold 6.2% fewer properties than they did a year earlier, investor selling activity decreased from 12% of sales to 11.9%. Buyer activity is still being constrained by persistently high mortgage rates and housing prices, which may indicate that investors' proportion of purchasers will continue to rise.

Trends in investor activity are somewhat at risk due to widespread economic uncertainty. In general, though, investors are expected to keep making investments in places with high housing demand and reasonably priced properties. Although national rents are still declining, a decline in building may result in a future rental inventory shortage, which would present an opportunity for investors to take advantage of surplus demand for rental properties.

HOMEOWNER EQUITY DROPPED IN Q1 AMID SLOWING PRICE GROWTH

Cotality has issued its Q1 2025 Homeowner Equity Report (HER), showing the geographical and equity growth differences across the U.S., alongside other revolving trends. According to the research, home equity for U.S. homeowners with mortgages—who own about 62% of all properties—rose by $115 billion since Q1 2024, or a 0.7% annual growth. This increased net borrower equity to over $17.3 trillion in Q1 2025.

Since Q2 2024, negative equity has been increasing every three months. The number of residential properties with negative equity rose by 172,000, or 17%, just from Q1 2024.

"Strong home price appreciation since the pandemic has ensured that U.S. homeowners with a mortgage saw a significant rise in their home equity, with annual gains averaging over $38,000 between 2020 and the end of 2022," said Dr. Selma Hepp, Cotality Chief Economist. "At the peak of home price gains, annual equity increases surged to as much as $55,000. However, with price increases slowing considerably and appreciation remaining sluggish, home equity is unlikely to accumulate at the same pace as it did during the pandemic, or even pre-pandemic, when annual gains averaged about $11,000. In addition, recent declines also reflect that some homeowners are tapping into their equity to finance other activities."

The Top 10 States with the Highest Average Equity Gains

1. Rhode Island
2. New Jersey
3. Connecticut
4. Washington, D.C.
5. Massachusetts
6. Maine
7. New York
8. Illinois
9. Wisconsin
10. Wyoming

Even though the proportion of homeowners who have a mortgage with negative equity has been gradually rising, it is still far lower than the rate before the pandemic and only marginally higher than the Q2 2024 low.

U.S. Borrowers Tap into Equity Gains

Many other homeowners, especially in the Northeast, are profiting from the ongoing increase in property values and the ensuing increase in equity, even though 1.2 million residential homeowners, or 2.1% of homeowners with a mortgage, are in negative equity. The average equity gains in Boston, Massachusetts, and New York, New York, were $25,200 and $20,600 per year, respectively.

However, between Q1 2024 and Q1 2025, homeowners nationwide lost an average of $4,200 in equity. Compared to the $4,300 they made in Q4 2023–2024 or the roughly $30,000 yearly growth they experienced in 2023–Q1 2024, that represents a sizable loss.

"Geographical differences are important here as the national average is being pulled down by weakening markets in the South—particularly in Texas and Florida—that are masking strong equity growth in the Northeast," Hepp said. "However, given the weakening of prices in the South and affordability concerns for existing homeowners due to rising insurance and taxes, as well as the prevalence of natural disasters in those areas which can wipe out home equity, there are many areas in the South where we are likely to see increases in negative equity going forward."

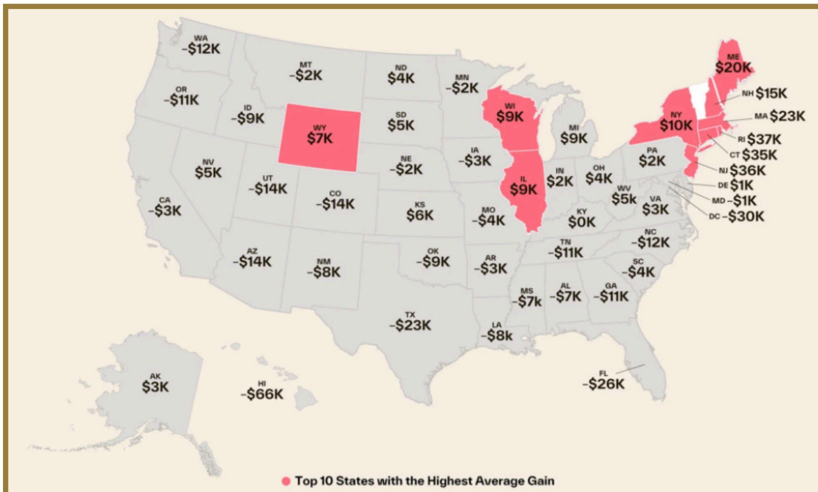
The largest increases in home equity occurred in Northeastern states. Rhode Island and New Jersey saw the highest YoY equity gains, gaining $36,500 and $35,700, respectively, and both states saw new highs in Q1. Of the 27 states that reported yearly equity losses, the top three were:

- Hawaii (-$65.9K)
- Washington D.C. (-$29.6K)
- Florida (-$26.3K)

By the conclusion of Q1 2025, negative equity had a total value of about $350 billion nationwide. It is up about $10.7 billion, or 3%, from $340 billion in Q4 2024, and up about $26.6 billion, or 8%, from $324 billion in Q1 2024, YoY.

Although the percentage of homeowners with a mortgage in negative equity has steadily increased to 2.1%, it is still far lower than the 3.6% pre-pandemic rate and only slightly higher than the 1.7% low in Q2 2024. According to the Cotality equity data analysis, which started in Q3 2009, negative equity reached its highest point in Q4 2009, at 26% of mortgaged residential properties.

Map of Average Year-Over-Year (YoY) Equity Gain Per Borrower



Vermont has insufficient equity data to report at this time.
*This data only includes properties with a mortgage. Non-mortgaged properties are, by definition, not included.
Source: Cotality Q1 2025

Negative Equity Share for Select Metro Areas — National

MSA Name	Negative Equity Share — Q1	YoY Average Equity Gain — Q1
Boston	1.1%	$25,200
Chicago-Naperville-Schaumburg, IL	2.5%	$11,900
Denver-Aurora-Centennial, CO	1.4%	-$13,500
Houston-Pasadena-The Woodlands, Texas	1.7%	-$20,900
Las Vegas-Henderson-North Las Vegas, NV	0.6%	$11,100
Los Angeles-Long Beach-Glendale, CA	0.8%	$200
Miami-Miami Beach-Kendall, FL	1.2%	-$4,000
New York-Jersey City-White Plains, NY-NJ	2.4%	$20,600
San Francisco-San Mateo-Redwood City, CA	1%	-$100
Washington, DC-MD	2.3%	-$11,900

Note: This data only includes properties with a mortgage. Non-mortgaged properties are, by definition, not included.

"still tough for many Americans"

Chen Zhao, Head of Economics Research for Redfin, revealed that while American buyers have negotiating power, most still find it difficult to purchase a home as affordability remains a challenge, and many are willing to accept offers below asking price to close negotiations.

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"a narrow range"

Sam Khater, Chief Economist for Freddie Mac, suggested that since mortgage rates have moved within a limited scope for the past few months, rate stability, improving inventory, and slower house price growth are becoming an encouraging combination as consumers celebrated National Homeownership Month in June.

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"signaling a transition"

Danielle Hale, Chief Economist at Realtor.com, discussed how, despite continually changing market conditions, investors accounted for the highest percentage of sellers nationwide in 2024, indicating a significant shift in investor trends.

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"a light at the end of the tunnel"

Lawrence Yun, Chief Economist for the National Association of Realtors (NAR), expressed that even though home sales have been extremely tough over the past 24 months—representing the lowest sales in 30 years for two consecutive years—most renters still show a desire to own a home.

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"a list of regrets"

Mark Hamrick, Senior Economic Analyst at Bankrate, explained how buyer's remorse spurred by affordability issues rank high for many Americans after homeowners complete their home purchase.


2025
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