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MortgagePoint Magazine

JUNE 2025

The Vanishing Dream *of* Homeownership?

Soaring prices, limited supply, and rising rates have pushed the American Dream out of reach for millions. Can private/public partnerships pull a rabbit out of their hat to assist?

Also in this Issue:

THE RISE OF HISPANIC AMERICAN HOMEOWNERSHIP

FROM DAYS TO MINUTES: HOW AI IS TRANSFORMING MORTGAGE PREQUALIFICATION

AI adoption has not only become a time-saving mechanism, but it is enabling faster pre-approvals with greater confidence.

THE RISING COST OF COMPLIANCE

With insurance growing as a critical risk management tool, the premiums for these policies are becoming an expensive obstacle for many smaller firms.

Mortgage Lending Excellence Awards

★★★★★

Recognizing the Best in Mortgage lending

REIMAGINING THE AMERICAN DREAM

As the housing market continues to wrestle with affordability, accessibility, and shifting demographics, for our June edition, we're diving deep into what homeownership truly means, and how lenders, policymakers, and communities can work together to make it accessible for more Americans.

Our cover story, "The Vanishing Dream of Homeownership?" explores the complex forces pushing the American Dream out of reach for millions. With home prices, interest rates, and supply constraints creating significant roadblocks, first-time homebuyers—particularly from low- to moderate-income households—find themselves navigating one of the toughest markets in recent history. But there's hope: innovative programs, down payment assistance, and public-private partnerships are lighting the way forward.

We also spotlight a vital demographic trend in "The Rise of Hispanic American Homeownership." This piece by Dan Catinella, Chief Lending Officer for Total Expert, highlights the need for lenders to embrace a holistic, culturally informed strategy to serve a rapidly growing segment of the market.

In "From Days to Minutes," Prudent AI Co-Founder Jayendran GS discusses how artificial intelligence is transforming mortgage prequalification, not only as a time-saving mechanism, but to enable faster pre-approvals with greater confidence.

Next, in "The Rising Cost of Compliance," Lindsay D. Dragon, Senior Associate Attorney at Wright, Finlay & Zak's Nevada office, discusses how IT, security, and insurance requirements are impacting diverse and women-owned firms.

Our quarterly "Sidebar with Stan" also returns with Freedom Mortgage CEO Stanley Middleman sharing candid insights on responsible lending, the role of FHA and VA loans, and what it truly means to support sustainable homeownership.

And finally, we're excited to share profiles of our *MortgagePoint* Lending Excellence Award recipients. This year's honorees exemplify the creativity, leadership, and unwavering commitment needed to guide borrowers and communities through these uncertain times.

Welcome to the June edition of *MortgagePoint*.

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MTech

SERVICELINK UNVEILS ENHANCEMENTS TO ITS DIGITAL CLOSING SOLUTION

ServiceLink announced enhancements to its EXOS® Close technology that provide more flexibility for lenders and borrowers using the technology to schedule their closings in real-time.

Enhancements include new options for online and in-branch closings in addition to an instant in-platform determination of remote closing eligibility, assessing state and county acceptance requirements, and, with lender approval, automatically giving borrowers who are eligible the immediate option to schedule their closing online.

"We're proud to build on the legacy of EXOS Close with these new, easy-to-use enhancements that will further strengthen the lender and borrower experience," said Dave Steinmetz, Division President, Origination Services. "With the tap of a finger, users can instantly choose when, where and how they want to close, and lenders can save money by sunsetting antiquated processes used for in-branch closings, where little to no technology previously existed across the market. Our platform even prepares the borrower for the closing type of their choice, with built-in education every step of the way."

The addition of this in-branch scheduling selection and built-in automated remote online notarization (RON) eligibility determination allows lenders to schedule 100% of their closings through EXOS. This option will aid with home equity and refinance transactions, increasing efficiency and transparency in the process. Access to the RON eligibility determination will also empower lenders to adopt and scale eSignings and extend the option for their borrowers to self-schedule their own RON closing event.

AI EXAMINES APPRAISAL RISKS

A new White Paper from Restb.ai has revealed a significant blind spot in the real estate and mortgage ecosystem by analyzing over 1,200 real estate appraisals and revealing, for the first time, over $27 billion in potential hidden financial risk linked to poor property condition and quality adjustments.

A recent Restb.ai study reveals pervasive irregularities and problems with transparency in the way appraisers evaluate and account for the physical state and quality of a property, two elements that have a direct bearing on lender risk, borrower equity, and property valuation. Importantly, the White Paper offers in-depth information on how appraisers can utilize computer vision to reduce risks by detecting and more precisely justifying condition and quality improvements using objective image-based assessments.

"The scale of flawed condition and quality adjustments in appraisals is bigger than most people realize," said Nathan Brannen, Chief Product Officer at Restb.ai. "Most AMCs and lenders simply don't have a quick and easy way to check for these issues, so they ignore the problem and hope for the best. AI finally offers a solution to efficiently manage this risk."

The results of this research are consistent with previous advisories from Fannie Mae, which listed condition and quality misreporting as one of its top three concerns regarding assessment quality.

According to the study, these trends may result in systematic overvaluations or undervaluations, which might put lenders and appraisal management firms at risk financially, legally, and in terms of their reputation.

Survey Overview:

- Restb.ai examined approximately 6,495 comparable homes and 1,271 appraisals using its in-house computer vision technology and discovered the following:
- A significant risk associated with condition or quality modifications that don't match the actual property is present in one out of every three appraisals.
- Warning indications of irregularities that could result in erroneous assess-

ments are present in almost three out of four appraisals.

- It was challenging to determine the true variations that can impact property value because the majority of homes were grouped into only two groups based on condition (86%) and quality (97%).
- There are concerns regarding consistency and transparency as adjustments were made even when homes had the same condition or quality scores (11.8% for condition and 5.3% for quality).
- The repurchase risk ranged from $27.1 billion to $59.7 billion, with 33.6% of evaluations having a high risk and 73.9% having a medium risk of insufficient or missing modifications.
- Inaccurate conditions and quality adjustments can cause properties to be overvalued or undervalued, which can impact market stability, financing costs, and repurchase risk.
- Quality control procedures can be made more effective while lowering risk by implementing automated AI analysis to quickly identify potential conditions and quality concerns.

Acknowledging U.S. Appraiser Power to Lower Risk

The GSEs' push for component-based scoring and appraisal modernization coincides with the release of the Restb.ai White Paper on quality and condition findings. The study offers unquestionable statistical proof that AI-powered computer vision is an essential tool for appraisers, enabling them to more consistently, precisely, and confidently address one of the most enduring and historically expensive problems facing the sector.

In order to create a more stable and equitable housing finance system, the White Paper demonstrates how the use of AI technologies can improve assessment quality, increase compliance, and comply with changing GSE criteria.

Interestingly, more equivalent properties are used without the appropriate condition changes than quality adjustments. Further, condition variations are still not appropriately accounted for in more cases than quality difficulties, even though appraisers are currently making condition changes at a rate three times faster than quality adjustments.

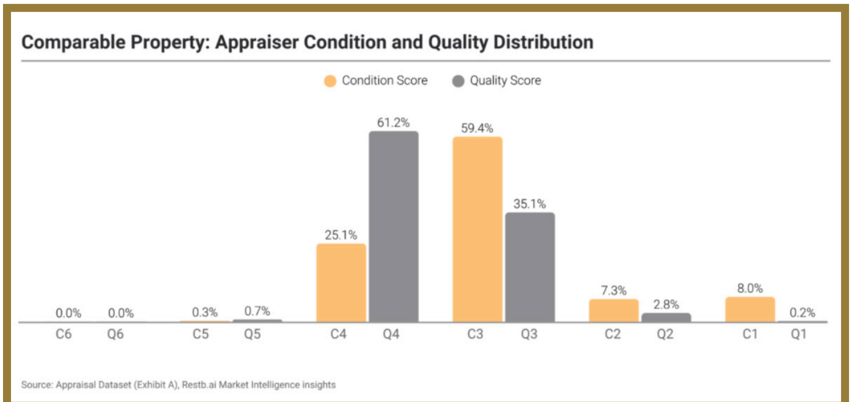
As this study indicates, price adjustments and condition and quality evaluations are often erroneous, which invariably results in imprecise valuations and elevated risk. Given the challenge of manually distilling intricate property data into two high-level scores, these inaccuracies make sense.

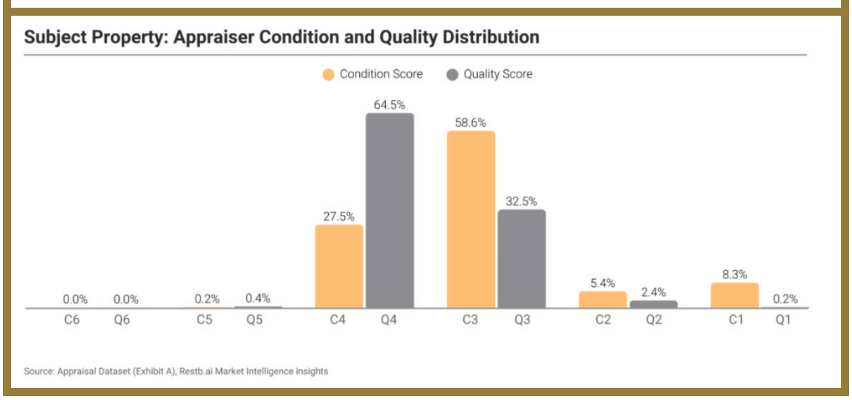
Even though there are several quality assessments conducted during an appraisal's lifetime, it has proven difficult to consistently find and fix these problems. It is simply too time-consuming to search up images of comparable houses to make sure all properties have been appraised consistently, and it is too difficult to tell when a significant condition or quality adjustment—or lack thereof—may exist.

Legal cases have demonstrated how these errors can result in inaccurate appraisals, and Fannie Mae has flagged them as common concerns.

For lenders, these risks result in high financial expenses. A recent analysis by Reggora found that the average home loan repurchase rate is 0.49%, which means the lender will typically have to pay $32,288. The 33.6% of high-risk evaluations, assuming a modest estimate of 2.5 million appraisals annually, would translate into a total lender risk of almost $27 billion in repurchase expenses.

The good news is that this study shows how computer vision may be used to automatically detect these problems. Even if some appraisers are still dubious about AI, its value lies in its capacity to identify possible problems early on and request a closer examination rather than waiting for inconsistencies to be discovered later in the evaluation process.





Movers & Shakers

Government

HUD TAPS TECH VET AS CIO

The U.S. Department of Housing and 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 staff recently, 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. He thrives at the intersection of complex engineering and business challenges, helping deconstruct problems. Sidle is driven by the belief that empowered, mission-focused teams are the catalyst for great innovation.

TRUMP NAMES FORMER FDIC DIRECTOR MCKERNAN TO TREASURY POST

Secretary of the Treasury Scott Bessent has announced President Trump's intent to nominate **Jonathan McKernan** to serve as Undersecretary of Domestic Finance at the U.S. Department of the Treasury.

McKernan has been an Advisor at the Treasury Department while awaiting Senate confirmation to lead the Consumer Financial Protection Bureau (CFPB). During that time, McKernan has become an integral part of the Secretary's senior team.

"His continued service at Treasury will ensure that his experience and expertise are best put to advancing the President's America First agenda," said a release from the Treasury Department.

"Jonathan McKernan's current role as a Treasury Department advisor, as well as his deep experience as a regulator, in private practice, and on Capitol Hill make him a great choice to serve as Undersecretary of Domestic Finance," Mortgage Bankers Association (MBA) President and CEO Bob Broeksmit, CMB said. "We congratulate him on his nomination and believe he will be a prudent leader on the full range of domestic finance issues, including those pertaining to fiscal policy, financial markets, financial institutions, and the housing government-sponsored enterprises."

Sworn in as a member of the FDIC's Board of Directors on January 5, 2023, McKernan previously was a Counsel to Ranking Member Pat Toomey on the staff of the Senate Committee on Banking, Housing, and Urban Affairs. He also has served as a Senior Counsel at the Federal Housing Finance Agency (FHFA), a Senior Policy Advisor at the Department of the Treasury, and a Senior Financial Policy Advisor to Sen. Bob Corker.

Prior to his government service, McKernan was an attorney in private practice, focused on matters under the banking and consumer financial laws.

From November 2023-May 2024, McKernan served as Co-Chairman of a Special Committee of the FDIC Board that oversaw an independent third-party review of allegations of sexual harassment and professional misconduct at the FDIC, as well as issues relating to the FDIC's workplace culture.

McKernan holds a BA and Master of Arts in economics from the University of Tennessee, and a JD with High Honors from Duke University's School of Law.

DCHFA SELECTS NEW CFO

Melissa Lee has been named Chief Financial Officer (CFO) at the District of Columbia Housing Finance Agency (DCHFA). Lee assumes the role of CFO following the retirement of the Agency's former CFO Steve Clinton.

"Melissa is a committed and dynamic professional that will bring a level of passion and purpose to the work we do in affordable housing in the District of Columbia. I am confident that under Melissa's leadership the Agency will continue sound financial management practices and stewardship. I am also incredibly excited to leverage her expertise in the deployment of capital through our Hagans Impact Investments (formerly the Housing Investment Platform) as we grow the next generation of diverse development professionals in the District," said Christopher E. Donald, Executive Director and CEO of DCHFA.

Lee is a finance professional with more than two decades of expertise in financial management, investment management, and treasury management across multiple industries. She has delivered a range of finance activities at organizations that include Amtrak, Pepco Holdings Inc., and Chevy Chase Bank (acquired by Capital One in 2009). Previously, Lee oversaw a $2-plus billion real estate portfolio at the Maryland State Retirement & Pension System with the responsibility for advancing the asset class strategy through the deployment of capital into domestic and global private real estate funds.

"I look forward to joining DCHFA to contribute to the impactful work of investing in the preservation and growth of affordable housing in the District," Lee said.

Lee previously served as the Director of Treasury Operations at the Washington Metropolitan Area Transit Authority (WMATA), where she executed the organization's cash, debt, and investment strategy, including issuance and compliance on more than $1 billion in tax-exempt bond, private loan, and line of credit activities. In addition, she served as a Trustee on several of WMATA's Retirement Plans.

Most recently Lee served as the CFO at Planned Parenthood of Maryland where she directed the organization's accounting and revenue cycle management activities.

In addition to her track record as a finance executive with several large companies, Lee also founded and served as Managing Principal of Lee Squared Consulting Group LLC, where she delivered financial strategies for small businesses and community-based organizations, including advisory and compliance activities for Low Income Housing Tax Credit (LIHTC) portfolios and Community Development Block Grants.

Lee has been committed to the affordable housing industry not only through her vocation, but she has also served as a Commissioner on the District of Columbia Housing Authority Board. She holds an MBA from George Washington University, a BBA in finance from the University of the District of Columbia, and the Certified Treasury Professional (CTP) designation from the Association for Financial Professionals.

» *Lenders/Servicers*

SELENE ADDS JOCELYN MARTIN-LEANO, DOUG WHITTEMORE IN LEADERSHIP ROLES


MARTIN-LEANO


WHITTEMORE

Selene, a provider of loan servicing, diligence, and title solutions, announced the appointments of **Jocelyn Martin-Leano** as President, Selene Finance, and **Doug Whittemore** as Chief Strategy and Growth Officer for all Selene Holdings' business lines, effective immediately. In these roles, Martin-Leano will oversee all Selene Finance operations and Whittemore will focus on Selene's product development and company growth, as well as client and industry relations.

Martin-Leano most recently served as President of Rushmore Loan Management, where she led the growth and operational transformation of the servicing business. Her career includes leadership roles as COO of Genworth US Mortgage Insurance and President of Irwin Home Equity Corp, a home equity bank subsidiary. She has guided firms through various business cycles from start-ups through M&A.

"I am delighted to welcome both Jocelyn and Doug to Selene," CEO Joe Davila said. "Jocelyn is a renowned and respected leader in the mortgage services industry. She has an impressive background in scaling businesses, driving innovation, and delivering results in complex, highly regulated environments. Jocelyn's expertise in leading the growth and operational transformation of servicing businesses will be a tremendous asset to Selene as we continue to build on our solid foundation and drive the innovation and high performance our clients and customers value."

Whittemore brings 25 years of experience leading strong-performing teams, including roles at U.S. Bank, JPMorgan Chase, Mr. Cooper, and Citibank, where he led major strategic initiatives across both domestic and international markets.

"Doug, a seasoned veteran in the industry, brings over two decades of leadership experience in mortgage banking, default servicing operations and strategic growth. His experience leading major strategic initiatives will play a crucial role in Selene's continued advancement in innovation to meet the needs of today's market and tomorrow's opportunities."

"Jocelyn and Doug are powerhouse additions to the senior leadership team at Selene," Davila added. "The combination of these two talented leaders signifies an exciting time in the evolution of Selene as we embrace the outstanding opportunities to grow and to better serve our clients."

Martin-Leano served as Chairperson of the National Mortgage Servicing Association (NMSA), an influential industry trade group, from 2022-2024. She also received the 2024 Five Star Lifetime Achievement Award.

Whittemore served on the boards of the Veterans Financial Services Advisory Council and the MortgagePoint Editorial Advisory Board. He is also the co-founder of The Ruth Cheatham Foundation, a nonprofit dedicated to supporting adolescent cancer survivors through scholarships and educational programs.

NEWREZ HIRES NEW REGULATORY DIRECTOR

Nationwide mortgage lender and servicer Newrez LLC has appointed **Mark McArdle** to the newly created role of SVP of Regulatory Relations, Public Policy & Stakeholder Engagement. McArdle's addition to the leadership team underscores the lender's commitment to dynamic collaboration and innovation with partners across government and the broader industry.

McArdle brings more than 20 years of experience working on issues related to housing, mortgage lending, and homeownership in nonprofits and government. Previously, he was the Assistant Director of Mortgage Markets at the Consumer Financial Protection Bureau (CFPB) from 2017 to 2025, where he led a team that worked closely with industry and other stakeholders to help inform the Bureau and the public on current and future trends in the mortgage origination and servicing markets. At the Bureau, he led efforts to modernize HMDA reporting, update the Ability-to-Repay/Qualified Mortgage rules and spearheaded the Bureau's mortgage response to COVID-19. At Newrez, he will lead initiatives to shape mortgage policy, partnering closely with regulators, trade groups, consumer groups and other stakeholders.

"Mark's track record of delivering thoughtful, effective policy solutions and fostering deep stakeholder relationships makes him an ideal leader to drive Newrez's policy engagement efforts in our next chapter of growth," said Baron Silverstein, President of Newrez. "His appointment reflects our commitment to 'caring fiercely' for our homeowners and responsible participation in the markets."

CHANGE LENDING APPOINTS NEW CEO

Change Lending has announced the appointment of **Madison Simm** as Chief Executive Officer. Simm, who currently serves as Chief Financial Officer will continue in that role while assuming leadership of the company's strategic vision and operational growth.

With more than 25 years of leadership experience in the financial services industry, Simm brings extensive expertise in mortgage lending, capital markets, and financial management to his new role. Prior to joining Change Lending in June 2024, he served as President of the Real Estate Division at Texas Capital Bank, a $30 billion regional bank, and as CFO at Pacific Union Financial. His background also includes senior leadership roles at both Wells Fargo and Lehman Brothers.

"Madison is a proven leader with a deep understanding of the mortgage industry and a strong commitment to our mission," said Steven Sugarman, Founder of The Change Company. "His financial acumen and strategic vision will be instrumental in advancing Change Lending's efforts to provide responsible and innovative lending solutions. I am confident that under his leadership, Change Lending will continue to grow and expand its impact."

In his dual role as CEO and CFO, Simm will focus on strengthening the company's financial performance, expanding its suite of mortgage products, and deepening its commitment to making homeownership accessible for all.

"I am honored to take on the role of CEO at Change Lending," Madison Simm said. "I look forward to leading our team and continuing to contribute to the company's growth and success."

CENLAR ADDS TO ITS BOARD OF DIRECTORS

Cenlar has named Uday Devalla and Victoria Kiehl to the company's Board of Directors.

"We are pleased to welcome Uday and Vicki," said David Applegate, Chairman of the Board of Directors for Cenlar. "Uday brings deep-rooted knowledge in leveraging innovative technologies while Vicki has an extensive background in legal, capital markets and home equity lines of credit. They add tremendous value to the company."

Devalla has been a mortgage innovation insider through every major advance in the modern era, from building the mortgage origination industry's first automated underwriting system at Countrywide to modernizing one of the largest nonbank tech platforms during the 2013-2019 digital mortgage era that powered Blackstone-owned Stearns as well as top fintech SoFi's mortgage lending. Most recently, Devalla was the Chief Technology Officer of mortgage servicing software leader Sagent, where he was leading the last mile of mortgage modernization by rewiring the servicing industry with the same consumer-first, bank-on-your-phone experience that people get in every other aspect of their lives.

Kiehl was appointed to the Cenlar Board of Directors in January 2025. She built a successful career at Citigroup Inc., with specific emphasis on the mortgage industry. Prior to retiring, she was general counsel of Citi's U.S. Consumer division including mortgage, retail banking and credit cards. She previously served in general counsel roles for Citi's retail banking and mortgage divisions, the latter during the financial crisis in 2008, and the organization's Consent Orders and settlements. Kiehl was also responsible for legal support for Citi's mortgage capital markets function, including several large company and portfolio acquisitions, and helped establish its mortgage divisions home equity products.

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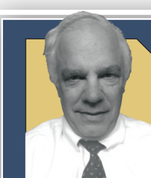
THE VANISHING DREAM OF HOMEOWNERSHIP?

Soaring prices, limited supply, and rising rates have pushed the American Dream out of reach for millions. Can the industry help bring it back?

By **PHIL BRITT**

For generations, homeownership has symbolized stability, prosperity, and a stake in the American Dream. Yet for millions of Americans today, that dream feels more like a mirage. With home prices soaring, inventories shrinking, and mortgage rates rising, first-time buyers—especially those from low- and moderate-income backgrounds—face an uphill battle. The traditional path to owning a home is now marked by economic roadblocks, systemic barriers, and increasing uncertainty.

Despite these challenges, a growing coalition of lenders, nonprofits, policymakers, and financial institutions is working to turn the tide. Through innovative programs, targeted assistance, and education initiatives, these groups aim not just to reopen the door to homeownership, but to rebuild the bridge leading to it.



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.*

A Challenging Landscape

Homeownership peaked in 2004 at 69.2%, noted **Rod See**, Cornerstone Capital Bank SVP and Managing Director of the Community Lending division at Cornerstone Capital Bank. "In addition to strong job growth and rising household income, the increase was driven by government initiatives to expand access to homeownership such as relaxed lending standards and expanding mortgage products such as adjustable-rate and subprime loans. The government also promoted homeownership as part of the 'American Dream.'"

In 1995, President Bill Clinton launched the National Homeownership Strategy, which had a goal of increasing homeownership by 8 million households by the year 2000. This initiative involved a partnership between public and private entities to address homeownership barriers among low- and moderate-income families, minorities, and other groups. The strategy focused on reducing costs, increasing financing availability, and simplifying the homebuying process.

However, the aggressive push to drive homeownership also contributed to the mortgage crisis less than 15 years later. The homeownership rate declined to a low of 62.9% in 2016 and now stands at just over 65%.

The major challenge with homeownership hasn't been at the high end, or even with what are today considered moderately priced homes, but at the lower end of the housing market.

According to Realtor.com, the average cost of a starter home today is just north of $300,000, nearly double what it was 10 years ago. Moreover, according to Zillow, there are 233 cities in which the price of entry-level homes exceeds $1 million.

Costs for starter homes, and housing in general, continue to increase for a couple of reasons—the supply of housing is limited, and the costs of building materials keeps increasing.

According to the 2025 FHLBank of Chicago Targeted Community Lending Plan, the current affordable housing shortage can be traced to the overall de-

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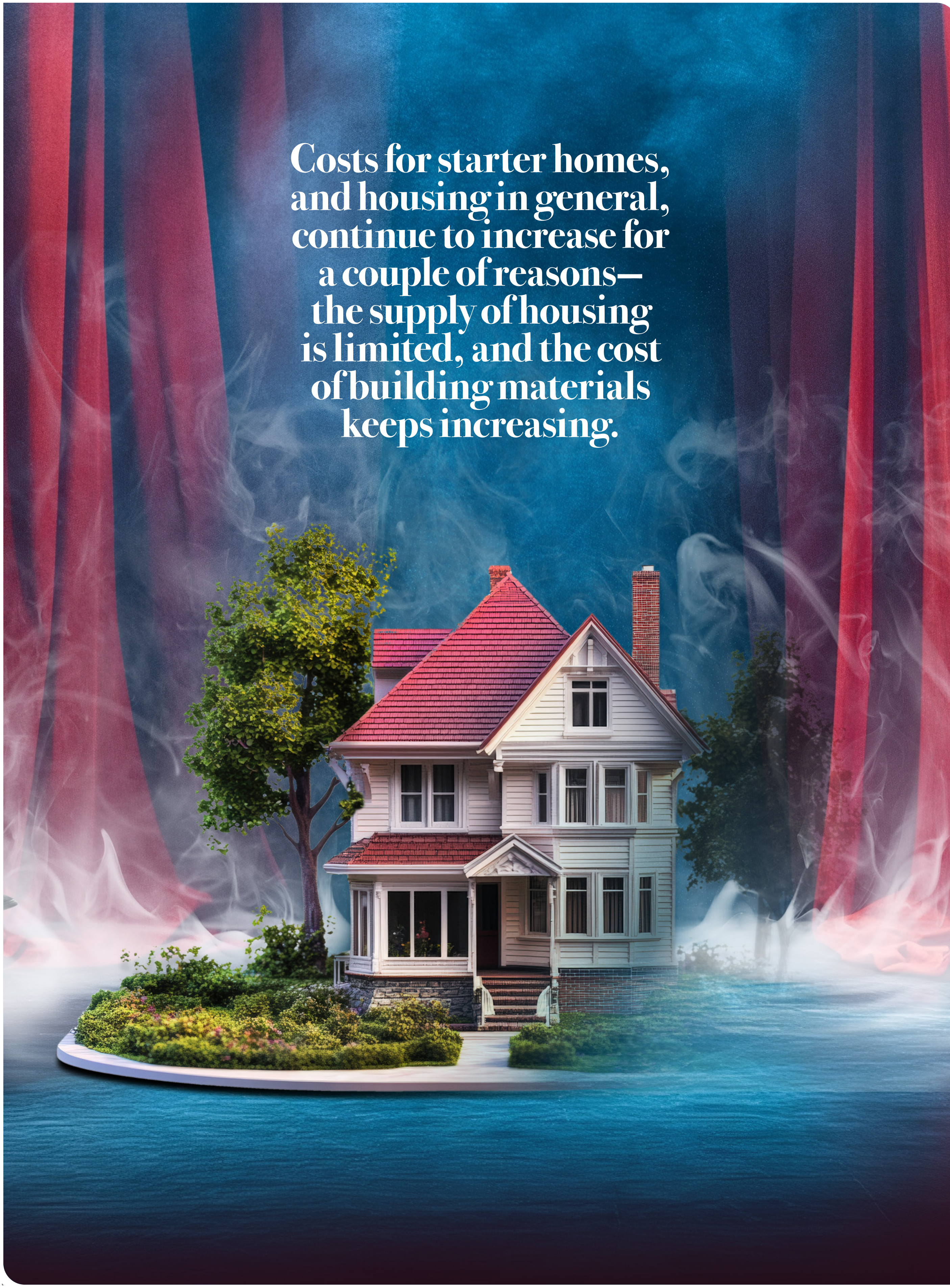

> **Beyond inventory constraints, the sustained rising home prices and interest rates being higher for a period are both hurdles to homeownership. Many qualified borrowers also struggle to save for a down payment, particularly in high-cost markets.”**
>
> —**Tai Christensen,** Chief Communications Officer and Chair of the American Mortgage Diversity Council, Arrive Home

cline of single-family homes over several decades and, in particular, the marked underbuilding of entry-level homes, where the most demand exists.

Reasons for the lack of new development to meet the demand for affordable units include steeply increasing raw material costs, lack of available construction labor, land use regulations, zoning restrictions limiting the ability to meet demand, lack of developers, and lack of land to develop, according to the FHLB of Chicago report. It noted, “These factors drive up development costs, and the economics of new home construction, and specifically affordable, entry-level homes, often simply do not pencil out.”

Additionally, investors bought up much of the available housing stock during the economic downturn in 2008-2010, turning much of it into rental housing and thus removing it from the market.

Nationwide, affordable housing inventory is down in 94 of the 100 largest metro markets, the FHLB of Chicago report added. There is an estimated shortage of at least 3.8 million units nationwide. Home prices are up 47% since 2020 and 115% since 2010.

“Beyond inventory constraints, the sustained rising home prices and interest rates being higher for a period are both hurdles to homeownership,” said **Tai Christensen**, Arrive Home’s Chief Communications Officer and Chair of the American Mortgage Diversity Council. “Many qualified borrowers also struggle to save for a down payment, particularly in high-cost markets.”

See agrees. “Housing prices have outpaced income growth. High mortgage rates—while still historically reasonable—mean the total cost of housing is now higher than ever. For many would-be buyers, saving 5% to 20% for a down payment and covering closing costs is a significant challenge.”

See adds that credit score and debt-to-income (DTI) requirements can also be a barrier, especially as rising loan balances have contributed to lower scores and higher debt ratios.

The first challenges are the down payment and mortgage costs, but other homeownership costs, including insurance, property taxes, and repairs/upkeep have also risen significantly, presenting further stumbling blocks on the pathway to homeownership.

“Homeowners need to factor in the cost of repairs,” O’Shields said. “When you buy a home, you’re in charge of maintenance. There’s no landlord to call to fix the plumbing.”

These challenges have pushed up the average age of the first-time homebuyer to 38, compared to 29 just 15 years ago, according to the National Association of Realtors (NAR).

“Homeownership is more challenging today than it was five years ago, and even more challenging if you go any further back,” said **Jeremy Davis**, President of Mortgage at Southern Bancorp. “It just underscores the necessity that that our industry needs to work across the board on inventive solutions for how we help homeownership. This is a public-private problem that needs partnerships, policies, and plans to make it better.”

“Multi-pronged solutions are needed to facilitate access to affordable homeownership—strategies that both increase owner-occupied housing inventory and bridge the widening homeownership affordability gap for low and moderate-income households,” noted the FHLB of Chicago report. “For homeownership to be a viable option for low- and moderate-income households in the district, current affordability and supply gaps must be bridged.”

Plans to Promote Homeownership

The partnerships, policies, and plans working to address these issues include programs from financial institutions, mortgage lenders, housing advocates, and others.

“The big trend right now is specialized programs that address specific homeownership issues,” Davis said. “The biggest challenges tend to be cash to close or down payment and affordability.”

Lenders and other groups are offering down payment assistance programs, grants, forgivable loans, repayable second mortgages, and other programs to help get a consumer into a home, Davis said.

For example, Southern Bancorp Community Partners (SBCP), a Community Development Financial Institution (CDFI) and an affiliate of Southern Bancorp, Inc., offers the "Wealth Builders for Everyone Down Payment Assistance Program," which will offer up to $12,000 as a forgivable loan that eligible prospective homebuyers may use toward their down payment, prepaids, and closing costs. The program is the product of a collaboration between SBCP, the nonprofit, loan fund, and financial development financial development arm of Southern Bancorp, Inc., and the institution's mortgage division.

Southern also has partnerships with:

- Keepingly, a company that helps borrowers keep track of maintenance needs, savings, and resources to connect them with qualified professionals for household needs, and
- American Pledge Foundation, a nonprofit that provides an extra layer of security in case of emergency expenses or job loss during the first five years of homeownership.

Expanding access to down payment assistance programs, like Arrive Home, is one critical strategy, Christensen added. "Homebuyer education, particularly early in the homebuying journey, can also empower buyers to navigate the process more effectively. Additionally, we need to encourage more affordable housing development and support public-private partnerships that address both supply and financing challenges. Organizations like Arrive Home are deeply committed to bridging these gaps with real, community-driven solutions."

FHLBanks Provide Major Affordable Housing Funding

The FHLBanks, which collectively are the largest single source of affordable housing funding, have numerous programs designed to put people on

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> —**Reggie O'Shields,**
> EVP and Chief Legal and Compliance Officer, FHLBank of Atlanta

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the path to homeownership—or at least residential occupancy.

"Homeownership is an American Dream, but maybe not *the* American Dream," said **Reggie O'Shields**, FHLBank of Atlanta's EVP and Chief Legal and Compliance Officer. "When you say the American Dream, you are implying that this is the appropriate path for every person."

He added that the FHLBanks have a statutory obligation to commit at least 10% of their net income to affordable housing programs, and the FHLBank of Atlanta has committed at least 15% over the last few years.

Those funds have supported:

- The Affordable Housing Program (AHP) General Fund supports 66 projects that will create or rehabilitate more than 4,200 affordable housing units.
- The AHP Homeownership Set-aside Program provides homeownership grants to more than 3,000 households for down payments, closing costs, and home rehabilitation assistance.
- The Workforce Housing Plus+ program, providing down payment and closing cost assistance to more than 1,300 households.
- Other programs.

In the spring, the FHLBank of Chicago opened its application period for its 2025 AHP General Fund. With $52 million available and up to $2 million per project, the program continues to advance the development and preservation of affordable housing throughout Illinois and Wisconsin.

AHP grants subsidize the acquisition, new construction, or rehabilitation of rental or owner-occupied housing.

Since 2017, FHLBank Chicago member First Mid Bank & Trust (First Mid) has helped secure more than $3 million in AHP funds in partnership with Coles County Regional Planning and Coles County Habitat for Humanity. These funds support essential home repairs and new home construction across rural central Illinois, ensuring that individuals and families in eight counties have access to safe and affordable housing.

Other FHLBanks also participate in AHP as well as other affordable housing programs.

There is a difference between having a home and owning a home, O'Shields points out. Rental housing is the appropriate path for some, even if only temporarily. So FHLBank of Atlanta offers programs for both affordable rentals and affordable homeownership.

"There are people that now is not the right time to own a home and that right time may never come," O'Shields said. "These people need appropriate housing."

Various projects in the FHLBank of Atlanta's district offer "supportive housing."

"The path to homeownership usually involves some time in rental housing," O'Shields adds. "It's important that we have high quality, affordable rental housing."

Many prospective homeowners need to rent for some time in order to build up enough cash reserves to make the down payment and cover mortgage interest and the ongoing expenses (taxes, insurance, maintenance) of homeownership, O'Shields and Daivs said.

Education Is Paramount

Renting along the path to homeownership is part of the planning process that is more important today than ever before, experts agree.

"I'm a strong believer in homeownership," said **Alex Shekhtman**, Founder of LBC Mortgage, a lender with non-qualified mortgages comprising 60% of its loans. "It's a great thing to buy a property for yourself or as an investment, but I also believe not everyone should do it right away."

Even with the significant homeownership challenges of today, people can still own a home if they prepare, Shekhtman said. "You start doing the things now [saving, education] that you need to do. You may not be able to buy today, but maybe you can in five years."

During that time, the prospective homeowner can save for the down payment and other homeownership expenses, as well as learning about different home affordability programs.

However, many people don't take the time to investigate different programs designed to help with affordable housing, according to Shekhtman. He said he had the same concerns when he emigrated to this country from Ukraine in the late 1990s. With no knowledge of U.S. mortgages, his family thought the entire house payment needed to be made at once.

It wasn't until they learned more about the financial systems in this country that they were able to buy a home. Many others in the market for the first time, be they immigrants or native citizens, also have little knowledge of how the industry works and of the programs designed to help those who don't qualify for traditional mortgages, Shekhtman said.

> **"Our slogan is, everyone pays for a mortgage in the United States—you can pay for your own or somebody else's."**
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> —Alex Shekhtman, Founder of LBC Mortgage, a lender with non-qualified mortgages comprising 60% of its loans.

For example, FHA loans require a lower down payment, the money for which can come from a grant or other available affordable housing programs, Shekhtman explained. Beyond directing prospective homebuyers to programs like that, Shekhtman's company will also explain that, as a renter, a person is still effectively paying a mortgage, taxes, etc.—that of the landlord—the costs of which are all part of the monthly rental payment. The difference is that in buying a home, the owner builds equity rather than the landlord.

"Our slogan is, everyone pays for a mortgage in the United States—you can pay for your own or somebody else's," Shekhtman said.

Matt Schwartz, Co-Founder of the VA Loan Network, agreed. "We see a lot of stuff where veterans have been turned down, but our goal is to provide the best possible service and to educate [the prospective borrower while we do it. We cater to manual underwriting and lower credit scores."

Doing that and working with available programs can put vets (as well as other borrowers) into homes when they initially think they may not be able to qualify, according to Schwartz.

Many vets have limited savings, but VA and other programs can help make up for that deficiency, according to Schwartz, adding that more people can afford homes than some articles might lead people to believe.

"Planning is significantly more challenging and time-consuming than it used to be," Davis said. Prospective homeowners need to work with professionals to make sure that their overall debt load is under control, that they are not living beyond their means, and that they have enough savings.

"All of these, of course, are things that are extremely challenging," Davis said.

Financial education is a prime element of virtually all affordable housing programs. FHLBanks and various member financial institutions have partnered with various entities to help prospective homeowners with financial literacy.

"We require consumer counseling for anyone who receives our downpayment assistance," Shields said. "You have to be prepared for the maintenance and insurance costs. Property taxes are going up."

Another consideration, touched on in some of the educational programs, is the eventual sale of the property. While some will sell to move to another (sometimes more expensive) property, others will live in the affordable property for several years, with their heirs receiving the home. If there are multiple heirs, responsibility for the property after the owner's passing needs to be discussed, O'Shields said. This issue is becoming increasingly important as one of the ways homeowners are affording homes today is through multi-generational acquisitions, with several family members contributing to the purchase.

"It's very easy for the title to get tangled if you have multiple heirs," O'Shields said. "This is another area that we have been focused on—keeping the home and passing it on to your heirs to build generational wealth."

Schwartz added that he also advises potential homeowners that the sooner they get into a home, the sooner they can be building equity—equity they will lose out on if they wait for mortgage interest rates to drop. Additionally, if rates drop, the prices of homes will likely rise.

Beyond the existing programs, See recommended that policymakers should also consider legislation that limits investor penetration in certain markets, to help level the playing field for individuals and families trying to purchase a home to live in—not as an investment property.

"Increased tax incentives for first-time homebuyers could encourage more people to enter the market sooner," See added. "Likewise, offering tax incentives to sellers and builders who prioritize homes for first-time buyers could boost inventory in the price ranges where it's needed most. Finally, we need more specialized training and education in low- to moderate-income areas—both around homeownership and broader neighborhood revitalization. Helping people understand the process and empowering them to invest in their communities is key to creating sustainable, long-term homeownership opportunities."

While today's housing landscape poses significant challenges, it also offers an opportunity to rethink and reshape the path to homeownership. Real progress will require continued collaboration across the public and private sectors, robust investment in education and affordability initiatives, and policy reforms that empower individuals to become homeowners in responsible and sustainable ways. With the right tools and support, the dream of owning a home can endure, not as a fading promise of the past, but as a renewed reality for future generations. MP

How HUD Is Working to Aid Housing & Homeownership

1. Innovative Housing Showcase

HUD Sec. Scott Turner announced that the Department's Innovative Housing Showcase will return to the National Mall in Washington, D.C., from September 6-10. This year's showcase will highlight history-defining events in housing, the pride of achieving the American Dream of homeownership, and the future of housing innovation, in accordance with President Trump's Executive Order (EO) celebrating America's 250th Birthday.

The annual public event raises awareness of innovative and affordable housing designs and technologies that have the potential to increase housing supply, reduce barriers to construction, and build for stability while reducing housing expenses for owners and renters. Interactive exhibits will include full-sized prototype homes and innovative building technologies.

"I am thrilled to welcome back the Innovative Housing Showcase to the National Mall as we commemorate 250 years of American independence. During this special celebration we will remember through the decades, the American Dream of homeownership ties generations together and is a core part of our nation's excellence," Secretary Turner said. "In accordance with President Trump's inspirational vision for Salute to America 250, HUD is proud to highlight housing solutions that honor our past while building a strong, bright future for American homeownership. I look forward to seeing the talented exhibitors in Washington and presenting what I know will be a remarkable showcase to the American people."

2. More Than $10 Million Allotted to House Families and Youth

HUD awarded more than $10 million in Family Unification Program (FUP) voucher assistance funding for youth and families who lack safe and adequate housing. The award funds 573 vouchers at 11 public housing agencies (PHAs) across four states.

"A pathway to self-sufficiency is now one step closer as HUD works with localities to provide flexible funding for rental assistance and supportive services to foster youth and to keep foster-care-involved families together," Secretary Scott Turner said. "This commitment from HUD will help lay the groundwork for a future with greater opportunity and strong family values."

Under FUP, PHAs partner with public child welfare agencies and Continuums of Care to provide Housing Choice Voucher assistance to two groups:

- Families for whom the lack of adequate housing is a primary factor in placing children in out-of-home care, or families for whom the lack of adequate housing is the primary factor in the delay in a child's reunification with the family.
- Youth 18 to 24 years of age (who have not reached their 25th birthday) who left foster care—or will within 180 days—and are homeless or are at risk of becoming homeless.

Families and youth may use the vouchers provided through FUP to lease decent, safe, and sanitary housing in the private housing market. In addition to rental assistance, supportive services must be provided to youth for 36 months, such as personal finance education, job preparation, educational counseling, and proper nutrition and meal preparation.

3. More Than $1.1 Billion for Affordable Housing in Tribal Communities

Sec. Scott Turner announced more than $1.1 billion in Indian Housing Block Grant (IHBG) funding for eligible Native American Tribes, Alaska Native Villages, and Tribally Designated Housing Entities (TDHEs) to carry out affordable housing activities in Indian Country.

"From day one, HUD has been engaged on alleviating affordable housing challenges facing urban, rural, and Tribal communities. Today's announcement reaffirms our commitment to serve Tribal communities while working towards meeting Indian Country's housing needs," Sec. Turner said. "HUD has a strong partnership with Tribal nations, and I look forward to collaborating directly with Tribal leaders to expand housing opportunities and remove burdensome regulatory barriers that impede progress."

The IHBG program is a formula grant that provides a range of affordable housing activities in Tribal communities. Eligible activities include housing development, operation and modernization of existing housing, housing services to eligible families and individuals, crime prevention and safety, and model activities.

THE RISE OF HISPANIC AMERICAN HOMEOWNERSHIP

Today's homebuyers expect communications to be hyper-personalized and relevant, and failure to meet these expectations means missing the chance to build trust and long-term loyalty.

By **DAN CATINELLA**

With more than 20 years of experience in mortgage technology, **DAN CATINELLA** *has actively helped dozens of lenders make the move toward more tech-enabled operations. As Chief Lending Officer for Total Expert, he keeps his finger on the pulse of the ever-changing fintech landscape, helping lenders develop high-impact innovation strategies that apply proven and emerging technologies to drive toward lenders' business goals and growth priorities.*

Lenders take note: Hispanic Americans are purchasing homes at historic levels—and this often-underserved community now leads all racial and ethnic groups in homeownership growth. But as these buyers work to make their homebuying dreams a reality, they face volatile interest rates and affordability constraints.

For lenders, this presents both a challenge and an opportunity. Hispanic Americans are showing a strong and growing readiness to pursue homeownership, and lenders need to deliver the right education and education strategies to make the kind of authentic connections necessary to support and grow along with this vital demographic.

In a recent conversation, Jason Madiedo, Co-Founder and CEO of Panorama Mortgage Group, shined a light on this topic and explained how it's not a sudden change or passing trend. And Madiedo is no stranger to this specific issue: 70% of PMG's business comes from the Hispanic American market.

"If anyone is looking to serve this specific community, it has to be a 360-degree approach," he told me. "It needs to extend throughout the organization, from top to bottom and from the bottom up. Leaders need to have a real passion for understanding their needs and show their dedication to meeting them with the right messages and offers."

To truly support Hispanic American homebuyers, lenders must respond with tailored, empathetic outreach that builds trust and keeps borrowers engaged as they navigate the homebuying process.

Here's how.

Breaking It Down From a Lender's POV

The surge in Hispanic American homeownership is rooted in broader demographic growth and improving financial conditions within the community. Young Hispanic families are driving this shift. They are seeking stability, long-term financial growth, and spaces to nurture their families.

In 2024, Hispanic homeownership reached a record 9.8 million households, including 238,000 new households added in the prior year.

For mortgage lenders, this trend presents a substantial opportunity. Not only can they tap into a rapidly expanding market—they can also provide meaningful support to a demographic that has historically trailed others in homeownership rates. Especially in regions with high populations of Hispanic Americans, lenders have a unique chance to support an underserved market.

But the path forward is not simple.

Hispanic Americans are not a homogeneous group. They represent a varied population with diverse financial needs, cultural differences, and lived experiences. To best serve this market, mortgage lenders need to invest more in their outreach and customer engagement strategies with tailored communications that support the development of strong, authentic relationships.

Hispanic Americans are not a homogeneous group. They represent a varied population with diverse financial needs, cultural differences, and lived experiences.

"Many Hispanic American households are multigenerational, which can shape their financial priorities and homebuying decisions," Madiedo explained. "There are a lot of moving parts in the familial unit of a Hispanic consumer. Lenders need to recognize that, build that knowledge into their customer relationships, and demonstrate that understanding in the customer engagement."

Leading With Empathy (and Strategy)

Understanding your customer has always been fundamental to strong customer relations and sales. But developing this empathetic approach is often easier said than done. Especially when it comes to guiding customers through purchases as significant as a house, it is critical to ensure that your understanding of each customer's needs goes well beyond "They want to buy a house."

Diversity is not just a box to check—it is an opportunity to better serve communities. But many lenders fall short in ensuring that they are prepared to serve the various demographics in their communities.

Madiedo put it bluntly: "If you just hire Hispanic salespeople thinking that's all you need to attract Hispanic homebuyers, you are going to be frustrated."

And he's absolutely right. While shared backgrounds *can* enhance client relationships, token gestures don't replace the genuine connections made possible by a company-wide commitment to understand and meet the specific needs of *every* homebuyer.

Other lenders limit their outreach to generic messaging that ultimately misses the mark. Today's homebuyers expect communications to be hyper-personalized and relevant. This is as true for Hispanic Americans as it is for any other demographic. Failure to meet these expectations means missing the chance to build trust and long-term loyalty.

"You need to take a 360-degree approach," Madiedo said of the right leadership mindset. "You need to be fully committed or not at all."

Lenders Must Combine Empathy With Strategic Execution

Lenders should view the customer journey holistically, identifying points where potential buyers disengage. This genuine, comprehensive approach enables lenders to adjust and enhance their outreach for better outcomes.

Consider a prospective buyer exploring homeownership while dealing with affordability challenges. Generic outreach will not resonate. The buyer may feel the messaging is meant for someone with fewer financial constraints and eventually fall out of the funnel. Later, when they are ready to buy, they may choose a lender who showed up consistently during their journey.

Conversely, if the same buyer receives ongoing, tailored content—like educational resources on credit improvement, debt reduction, or savings strategies—they will have spent the runup to their big purchase gradually building trust with you. They will remain engaged and come to view you as a reliable guide and homebuying resource, so when they're ready to buy, you'll be the natural choice.

This is equally true for buyers in more typical situations—they need nurturing as well. Post-pandemic, the average homebuying cycle has lengthened from three to six months, to six to nine months, or longer. To stay competitive, it is crucial that lenders keep customers continuously engaged with communications and resources that speak to their specific needs.

Strengthening Engagement With the Right Technology

At this point, many lenders might be asking: How can I deliver this level of personalized, sustained outreach without a large team or unlimited resources?

The answer lies in modern customer engagement platforms. The right technology can significantly enhance both the reach and authenticity of your outreach—but only if it is equipped with tools that tailor customer journeys according to highly specific, targeted criteria.

"We needed a platform that could take customer relationships, internalize the specifics, and turn that information into outreach and marketing campaigns that work," Madiedo said of his mindset when choosing a customer engagement tool.

Specifically, lenders should seek platforms offering three key capabilities:

- **Automated journeys:** Marketing and sales teams can build out omnichannel customer journeys that leverage automation to continuously nurture customer relationships without the need for human intervention or coding knowhow.
- **Heightened data intelligence:** In addition to a 360-degree view of customer data across your database, the right tool will enable a deeper look into customer intent signals (getting married, changing jobs, etc.) that can set off customized outreach flows.
- **Advanced customization:** Communications can be highly customized based on language preferences or self-identified level of financial literacy for maximum impact.

Stronger Relationships Lead to Smarter Growth

Hispanic Americans are achieving their homeownership dreams in greater numbers than ever before. Mortgage lenders have a unique chance to support this encouraging trend while also boosting their businesses.

But to fully realize this opportunity, lenders should look closely at how current customer journeys align with emerging needs. Without a strategic, empathetic approach to customer engagement, lenders may miss the chance to build lasting relationships with a new generation of homeowners.

Now is the time to evolve using a deep understanding, smart strategy, and the proper tools capable of making it all happen. MP

SCHNEIDERMAN & SHERMAN, PC

Left to Right: MELISSA PRANTZALOS, MICHAEL HOGAN, RENEE O'DONNELL, CHRISOPHER PHILLIPS, MEGAN JOHNSON, NEIL SHERMAN, BRANDON JOHNSON

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REDUCING ESCROW FALLOUTS: A SIMPLE SOLUTION TO PREVENT FAILED CLOSINGS

By **MICHAEL KREIN**

The nation's largest and most successful REO broker for many years, **MICHAEL KREIN** *has personally listed and sold over 25,000 single-family residential units over the course of his career. Krein was also the owner of numerous multi-office brokerage companies, both independent and franchised, including owning regions for national brands. He also serves as President of the National REO Brokers Association (NRBA), CEO of RIO Software Solutions, provider of RIO Genesis Software, and Managing Partner for House Karma, a digital ecosystem created to facilitate affordable homeownership and revitalize neighborhoods.*

In recent months, escrow fallouts and contract cancellations have reached an all-time high in the mortgage and real estate sectors. Reports indicate that up to 20% of escrows fail to close, causing significant disruptions to buyers, sellers, lenders, and real estate agents. According to the National REO Brokers Association's (NRBA) research department and reports from their members who handle high transaction volume, nearly half of these fallouts are due to buyers failing to qualify once the homeowner's insurance premium property taxes are factored into their monthly payments.

The root cause of this issue can be traced back to the way prequalification letters are issued by lenders. Unfortunately, many prequalification letters—which are often mistaken for pre-approvals—do not provide the specific, detailed breakdowns needed to truly assess a buyer's ability to close on a home. Without factoring in the full monthly housing costs, including PITI (principal, interest, taxes, and insurance), buyers are left to discover—often at the last minute—that they can no longer qualify for the loan due to previously underestimated cost of homeowner's monthly insurance premiums.

This problem, while common, is easily avoidable with a proactive approach that ensures clear communication and accurate cost assessments from the beginning of the transaction. Here are some ways to reduce the number of failed escrows and prevent last-minute surprises that lead to contract cancellations.

The Problem: Prequalification Letters and Homeowner's Insurance

In the rush to get buyers prequalified, many lenders issue generic prequalification letters that fail to include critical details. The most common shortcoming? The lack of a PITI breakdown.

A typical prequalification letter may state that the buyer qualifies for a loan amount of $300,000. However, without a specific breakdown of the estimated property taxes and homeowner's insurance, the buyer's actual monthly payment obligation is left unclear. When it's time for the buyer to secure homeowner's insurance (usually done at the last minute, just before closing), the quote often comes in higher than expected, leaving the buyer in a situation where they can no longer afford the total monthly payment. This is especially problematic as homeowner's insurance rates have risen dramatically in recent years, further exacerbating the issue.

For example, a buyer may be prequalified for a $400,000 loan with the assumption that their monthly mortgage payment will be $2,503. But when the buyer goes to secure a homeowner's insurance policy, the actual premium might be $3,800 annually, not the $2,000 originally estimated. This additional cost raises their monthly payment by $150, pushing the buyer's debt-to-income ratio (DTI) beyond acceptable limits, and, in many cases, rendering the buyer ineligible to close on the home (not to mention increasing their closing costs for the impounds by the additional amount). These items together can either disqualify the purchaser or make an already skittish buyer back out.

Unfortunately, many prequalification letters—which are often mistaken for pre-approvals—do not provide the specific, detailed breakdowns needed to truly assess a buyer's ability to close on a home.

The NRBA also found that rapidly rising (and sometimes inaccurately reported) property taxes are also compounding the problem, Nationally, property taxes have risen nearly 11% in the last three years—and in some markets by over 25%.

Half of Escrow Fallouts Can Be Prevented

We estimate that half of all escrow fallouts can be easily prevented by requiring more specific information upfront in the buyer's prequalification letter and then matching the costs.

This includes:

- A detailed PITI breakdown that outlines monthly principal, interest, property taxes, and homeowner's insurance.
- A homeowner's insurance quote that aligns with the expected cost and ensures that the total monthly payment will still allow the buyer to qualify for the loan.
- Verifying the correct property taxes well before closing

It's a simple solution we've discussed with many REO clients and NRBA members, and it can be implemented at minimal cost. The solution: update MLS listings to require that all pre-qualification letters include these specific details and the matching information.

When real estate agents and REO sellers require that prequalification letters explicitly include a PITI breakdown, matching homeowner's insurance quote, and an updated property tax bill, they eliminate the chance of last-minute surprises. This ensures that buyers will still qualify for the loan when they reach the closing table, significantly reducing the risk of contract fallouts.

Why the Solution Works

By ensuring that all parties—buyers, lenders, and agents—are on the same page regarding total monthly payment obligations, the risk of a transaction falling apart due to insurance-related issues is significantly reduced. Early and transparent communication is key to closing transactions smoothly and efficiently.

For buyers, knowing their full monthly payment obligations upfront provides them with the confidence to proceed. For lenders, issuing a more detailed prequalification letter ensures that they have properly assessed the buyer's ability to repay the loan, considering all factors. For agents and REO sellers, having this level of detail upfront allows them to evaluate whether an offer is truly viable before they accept it—thus reducing the likelihood of a deal falling apart at the last minute.

The Cost of Contract Fallouts

Contract fallouts are not only frustrating, they're also costly. For buyers, they can lead to wasted time and emotional strain as they watch a deal slip through their fingers. For agents and lenders, the financial costs are also substantial, including the expense of re-marketing the property, re-engaging buyers, and the time spent revisiting the entire approval process.

For sellers—especially those in REO situations—the consequences of contract fallouts can be even more severe. A failed transaction often delays the sale of a property, leading to longer holding costs, including taxes, utilities, and maintenance fees. Additionally, for REO sellers, there is the added challenge of market fluctuations that may affect the property's sale price, potentially leading to even greater financial loss.

A Free Tool to Help REO Sellers, Buyers, and Agents Avoid Surprises

To assist buyers and agents in getting accurate homeowner's insurance quotes early in the process, House Karma offers a free quoting tool that aggregates real-time quotes from more than 100 carriers. The tool provided by Acrisure is available without obligation or cost and can be used by anyone, whether they're working with House Karma or not. This service can help buyers and agents compare rates and ensure that the homeowner's insurance premium aligns with the prequalification letter's estimates, helping to avoid costly surprises at closing.

By using this tool early in the process, buyers and agents can better budget and plan, ensuring that the transaction remains on track and increasing the likelihood of a successful closing.

Conclusion: A Simple Step to Prevent Transaction Failures

The issue of escrow fallouts is an urgent one, but the solution is straightforward. Requiring that prequalification letters include a detailed PITI breakdown and a matching homeowner's insurance quote can help prevent many contract fallouts, particularly those that occur in the final stages of the transaction.

For REO sellers and agents, including specific verbiage in the MLS to ensure these details are provided upfront will likely prevent many of the costly issues that occur at the closing table. In a market where transaction delays are costly and stressful, this simple step could save significant time, money, and frustration.

Members of the National REO Brokers Association (NRBA.com) are happy to implement these practices with the consent of the REO client.

House Karma is committed to outreach and providing useful information to create homeownership opportunities for challenged buyers, and we encourage all real estate professionals to take advantage of our free quoting system, and other tools and make these changes a standard practice for a smoother, more predictable closing process. housekarma.us. MP

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Stanley C. Middleman

CEO, Freedom Mortgage

SIDEBAR WITH STAN

By **DAVID WHARTON**

Welcome back to Sidebar with Stan, MortgagePoint's quarterly feature, where we ask Freedom Mortgage CEO **Stanley C. Middleman** topical questions about a subject of interest.

Stanley C. Middleman serves as the president and CEO of Freedom Mortgage Corporation, one of the largest and fastest-growing independent mortgage companies in the country. He is a nationally recognized business strategist, investor, and philanthropist, with over 35 years of experience in the mortgage banking industry. Since founding Freedom Mortgage in 1990, Middleman has grown the company into one of the nation's largest nonbank mortgage lenders/servicers, as well as a top VA and FHA (government-insured) lender. Middleman is an active member of the MBA, where he serves on the MBA Board of Directors and previously on the MBA Residential Board of Governors. He has also served on numerous advisory boards within the mortgage industry, including the boards of Freddie Mac, Fannie Mae, and Ellie Mae. He is currently a member of the Housing Policy Executive Council.

This quarter, we're asking Mr. Middleman about homeownership: how the industry can support it, what its responsibilities are regarding ensuring it is offered responsibly, and potential homeowners are educated properly, and what lessons he has learned about it from his three-decade career.

Q: What role do you see FHA and VA loans play in expanding homeownership when it comes to first-time homebuyers or veterans? Is that shifting, due to all the changes in Washington, D.C., this year?

Middleman: Right now, it's mostly the same. As much as things have changed, much in the homeownership industry has stayed the same. Both FHA and VA loans serve a very important role in helping people own their homes, as they're able to borrow at very high percentages of the purchase price. At the end of the day, the liberal credit criteria lend themselves to a person of lesser means: They can get into that first home. It's also great for someone who has an expanding household and needs more room for their family in a world that is increasingly more about living, working, and playing all in the same spot.

Homeownership is more important than ever before, and the same great tools that we've been using for the last 50 years are still at our fingertips.

Q: Are there ways that the mortgage industry can or should try to help more Americans on the path to homeownership, especially low-to-moderate-income aspiring homeowners?

Middleman: If we learned anything from the Great Financial Crisis and the Great Recession, it's that expanding homeownership beyond those who can get there with the tools that exist today is dangerous and probably inappropriate. We have seen that homeownership at a 60% to 65% rate of the population is a good number. It probably shouldn't be much lower than that, and it probably shouldn't be much higher than that.

During the Great Recession, we approached 70%, which, if your only interest was having more homeowners, would have been great. The problem was that it resulted in more foreclosures than at any time in our history since the Great Depression. I think it's a bad idea to widen the credit box, and it becomes an even scarier proposition when you're at the highest valuation in homes since the Great Recession. Being a good, responsible lender includes not only helping those people who qualify for a home but also helping people who don't qualify understand what they need to do to qualify in the future. We help identify the best home loan for each borrower, and if they don't qualify, we provide guidance, such as advising them to save more, which can lead to having a bigger down payment and lower monthly payments. Most importantly, we counsel them to buy a home that they can afford, not a home that they see as a piggy bank or an investment.

Housing is more than homeownership, and homeownership is more than housing. Where you live is important, whether you're a renter or an owner, and having the ability to aspire to live in a good community and grow into homeownership is very valuable. It helps build strong neighborhoods. Strong neighborhoods are one of our nation's greatest strengths, and the fact that there are so many homeowners—relative to those who rent—is evidence of that.

Q: Are nonbank lenders like Freedom Mortgage positioned to support borrowers in ways that traditional banks aren't?

Middleman: It's hard to get a government loan from a traditional bank. We are the leading Ginnie Mae issuer, the top FHA lender, the top VA lender, and one of the top USDA lenders. Those loans help underserved, active-duty military personnel, as well as people who live in rural areas. At Freedom Mortgage, we have the expertise and knowledge of these government-backed loans, so we can find the best loan for our borrowers. Traditional banks don't offer as many options when it comes to home loans. There was a time when they dominated those markets, and that time is not now. Freedom Mortgage is committed to helping customers. At the same time, we're also focused on conforming loans and the good borrowers with a decent down payment who get conventional loans. They're the meat and potatoes of our industry, representing probably 60% or 70% of the total industry's production.

The thing that nonbanks are probably less good at is jumbo loans that are made for the highest earners. Those tend to come from a bank, where they do wealth management and provide other credit facilities. When you think about the breakdown of who the customer is, banks want to provide customers with multiple products, whereas we're in the business of homeownership: financing residential loans and supporting the first-time homebuyers, underserved communities, active-duty military, rural homeowners, and the regular person with a regular job who gets a conforming loan that's neither stressed nor needy. Those groups of people are who we focus on.

Q: Do you think we're in danger of seeing any sort of correction or downturn within the housing market?

Middleman: It's always good to have equity, but it's better to live in a house you can afford. If you live in a house that you can afford, don't leverage it up so much that you can no longer afford it. I think the best mortgage is no mortgage, and the best way to get rid of your mortgage is to pay it off and live within your means. Make sure you're making your payment every month, and, over time, you'll build a nest egg to retire with. Your kids will have the home that they had their memories in. And if you want to move up and can afford a nicer home because you built up a lot of equity, and you have a different family dynamic than you had when you started, you can use that equity to purchase a larger home. Just make sure that your family is living in a house that fits your needs and your budget.

Q: You mentioned some of the government loans that Freedom Mortgage handles, and you've previously served on the boards for some of the GSEs. Did you take any lessons from those experiences that gave you a better understanding of how the industry can best work with the government and the GSEs?

Middleman: I don't know if I want to shape society, but I will tell you that the GSEs were meant to drive the percentage of homeownership under the premise that homeownership was good. I think they may have taken several strides too far, particularly when I served on those advisory boards. Their missions were overzealously pursued during the Great Recession, and if they had stuck to their knitting and allowed FHA and VA to focus on first-time homebuyers and high-LTV borrowers, a lot of the problems that we've faced wouldn't have occurred. It was the opening of that credit box, in particular by the GSEs and the private-labeled securities that levered them, that opened the gateways to the problems that occurred. It became very challenging because people overshot their responsibility to the marketplace. The solution is to stick to your knitting.

Q: Are you seeing any changes in the demographics of homebuyers?

Middleman: We've seen a cultural expansion in the demographics, and we've seen an aging population. That should add supply over time, because there's a lot to be understood about immigration, about how many first-time homebuyers we're going to have. Where is that next level going to come from? I think that the demographics, as we see them here in the United States, are going to be somewhat stable.

We know a big chunk of the population is getting older. We know the baby boomers are going to retire, and what happens next is going to be a question. Are they going to age at home, or will they need different facilities? There are a lot of questions about the change in that population, but, for the foreseeable future, I don't think demographic changes are going to play a large role in shaping housing, at least through the 2020s. What happens in the 2030s and the 2040s remains to be seen, because there's a lot of policy change that could impact that, particularly around immigration.

Q: From your three decades in the industry, is there one lesson about homeownership that you've learned that has remained true?

Middleman: When it comes to credit, the percentage of skin in the game that you have matters. We have found that it's the driver, even though your debt-to-income ratio (or how much you can afford to borrow), has an impact. Your history of making payments has an impact. At the end of the day, people with a lot of value in their homes end up not getting foreclosed on.

As a lender, the loan-to-value ratio (LTV) matters. How much you owe against the value of your home, and what that ratio is, is a big deal. The reason we get in trouble when we open the credit box is that we raise the percentage of the population that has a higher LTV and therefore, has less skin in the game. That puts more people at risk and subject to the value of their homes going down. If you already don't have much money, and you're upside down in your home, it's frustrating and emotionally difficult to make that payment, knowing you're not going to be able to break even. MP

THE RISING COST OF COMPLIANCE: HOW IT, SECURITY, AND INSURANCE REQUIREMENTS IMPACT DIVERSE AND WOMEN-OWNED FIRMS

With insurance growing as a critical risk management tool, the premiums for these policies are becoming an expensive obstacle for many smaller firms.

By **LINDSAY D. DRAGON ESQ.**

In recent years, large corporations have increasingly imposed stringent information technology (IT), security, and insurance requirements on their outside legal counsel. These requirements, designed to protect sensitive data and ensure compliance with evolving regulatory standards, are non-negotiable for many clients in today's highly scrutinized business environment. However, these same requirements can pose significant financial and operational challenges for smaller, diverse, and women-owned law firms, creating a barrier to entry that runs counter to the corporation's diversity and inclusion goals.

The Impact on Smaller Firms

Many corporations now require their outside counsel to maintain robust IT systems that meet specific cybersecurity standards. These may include implementing advanced encryption, multifactor authentication, frequent system audits, and real-time data breach monitoring. While these protocols are essential for protecting both the client's and the law firm's confidential information, they come with substantial financial and technical burdens. Smaller firms, especially those that have not previously had the resources or infrastructure to invest in such systems, often face significant challenges in complying with these demands.

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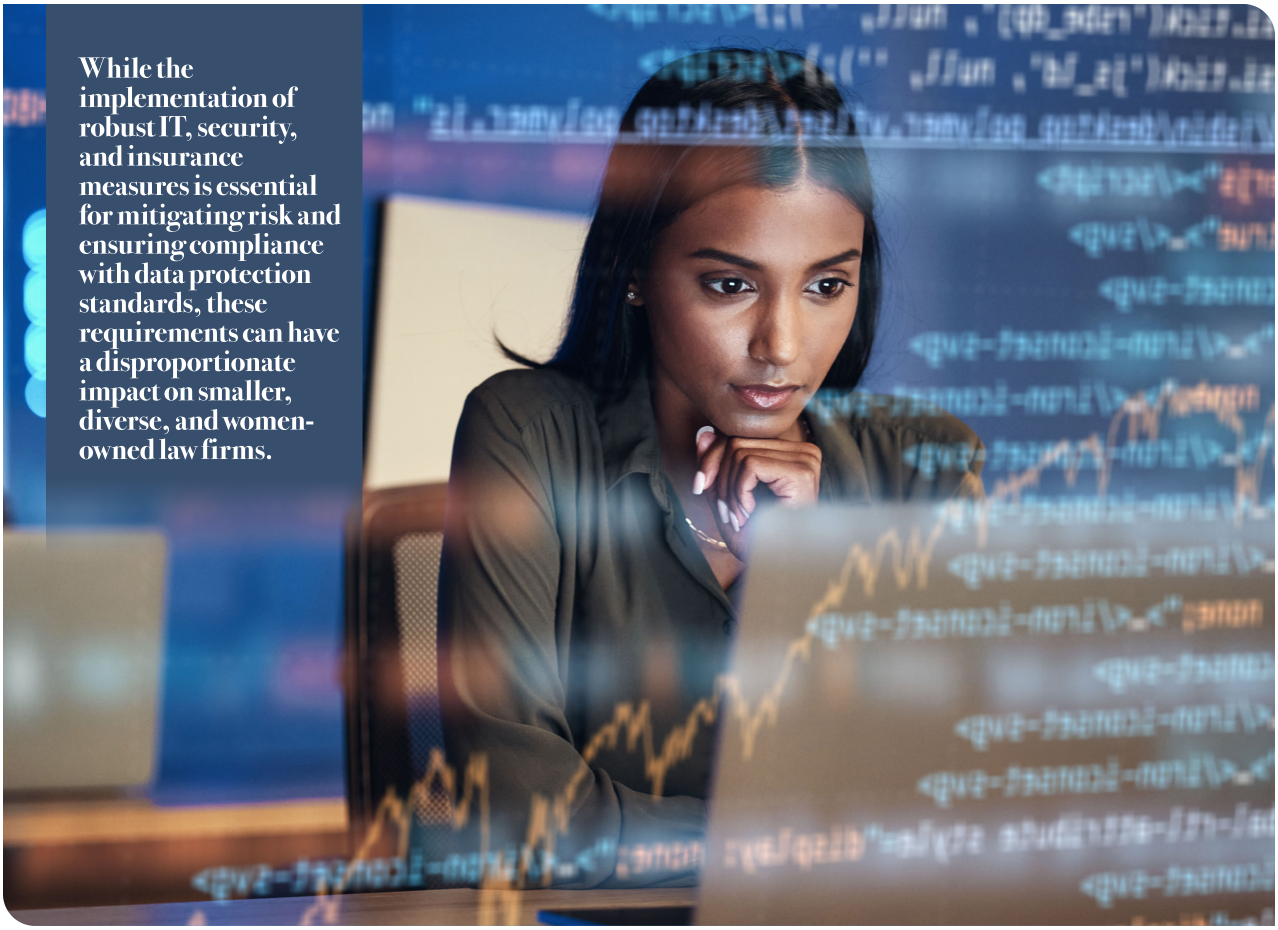
In addition to IT and security measures, corporate clients require their outside counsel to carry a variety of insurance policies, including professional liability insurance, cyber liability insurance, and general liability insurance. These insurance policies are designed to protect both the client and the law firm in case of errors, data breaches, or other unforeseen incidents. Smaller firms, which typically have lower policy limits with affordable premiums, are now being required to obtain larger policies with higher premiums. Thus, while insurance is a critical risk management tool, the premiums for such policies pose an expensive obstacle for smaller firms.

Many of these smaller law firms emphasize diversity and inclusion. For these firms, the cost of meeting these heightened IT, security and insurance standards can be costly. Small law practices, which are already operating with limited margins, may struggle to cover the initial capital outlay required for security upgrades and to maintain compliance with ongoing monitoring and auditing requirements. The ongoing maintenance and insurance costs related to these requirements further compound this financial strain, creating a situation where the economic demands of compliance outweigh the ability of smaller firms to compete for major corporate contracts. As a result, diverse law firms may be excluded from major corporate engagements despite their qualifications and commitment to high-quality legal services, which undermines corporate efforts to promote diversity and inclusion.

Diversity and Inclusion Goals vs. Practical Barriers

The gap between diversity goals and practical barriers is widening as large corporations increasingly require compliance with stringent IT, security,



While the implementation of robust IT, security, and insurance measures is essential for mitigating risk and ensuring compliance with data protection standards, these requirements can have a disproportionate impact on smaller, diverse, and women-owned law firms.

and insurance standards. As a result, the very firms that many corporations seek to support—those that are smaller, women-owned, or diverse—are being priced out of competing for significant legal engagements. This dynamic creates a challenging environment for diverse firms striving to grow and establish themselves in a competitive legal market.

Larger businesses focused on diversity, equity, and inclusion (DEI) would benefit to recognize that, despite their well-intentioned efforts to comply with evolving regulatory requirements, they may unintentionally hinder their goals of engaging minority and women-owned law firms. One potential solution is for businesses to adopt a phased approach to compliance, allowing smaller firms more time to meet IT, security, and insurance requirements. Rather than enforcing immediate and full compliance with stringent standards, businesses could gradually increase requirements as more cases or files are referred. This would give smaller firms the opportunity to build toward full compliance without facing immediate financial strain. Additionally, instead of imposing a fixed minimum insurance policy limit on outside counsel, businesses could tailor the limits based on the size of the firm or the volume of work being referred. By implementing these adjustments, businesses can better align their compliance goals with their diversity and inclusion objectives, fostering greater opportunities for diverse law firms while maintaining high standards of legal and regulatory adherence.

While the implementation of robust IT, security, and insurance measures is essential for mitigating risk and ensuring compliance with data protection standards, these requirements can have a disproportionate impact on smaller, diverse, and women-owned law firms. The financial and operational costs of compliance create significant barriers for these firms, potentially undermining the corporate commitment to fostering diversity and inclusion in the legal industry. As businesses continue to prioritize these compliance standards, the unintended consequences for diverse firms must be recognized, as these requirements increasingly limit their ability to compete for high-value corporate engagements. **MP**

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

FROM DAYS TO MINUTES: HOW AI IS TRANSFORMING MORTGAGE PREQUALIFICATION

AI adoption has not only become a time-saving mechanism, but it is enabling faster pre-approvals with greater confidence.

By **JAYENDRAN GS**

JAYENDRAN GS *is Co-Founder and CEO of Prudent AI, a technology platform that transforms mortgage operations through advanced income calculation and prequalification solutions combining artificial intelligent precision with human expertise.*

Mortgage lending stands at a critical inflection point. Despite decades of technological advancement, prequalification remains the industry's most persistent bottleneck. Manual verification cycles create frustration for borrowers, operational inefficiency for lenders, and artificial constraints on market growth. The prequalification process hasn't just resisted improvement—it's actively limiting what's possible in lending.

Analyses of thousands of lending workflows reveal a common barrier: operational constraints that prevent scaling without proportional increases in headcount. Nowhere is this clearer than in non-QM lending, where complex income verification creates an artificial ceiling on capacity and ultimately market expansion.

The question is not whether artificial intelligence (AI) can improve this process. The question is why the industry has waited so long to reimagine prequalification from the ground up.

The Upfront Revolution: Certainty From the Start

Traditional mortgage lending has a unique complication. When lenders need confidence most (at the beginning), they have the least amount of information. Certainty increases as applications progress, but only after significant resource investment.

This backward model creates inefficiency, as lenders sometimes spend days processing applications that ultimately fail verification. Resources are wasted that could serve qualified borrowers.

What if we could invert this model entirely?

Upfront verification fundamentally changes the lending equation. By front-loading intelligence to the earliest borrower interaction, a new paradigm is created where certainty exists from the first conversation. The technology delivers the same depth of analysis at prequalification that traditionally happened weeks later—representing not just faster processing, but a fundamentally different approach to lending.

Upfront Certainty: The New Standard

Most mortgage professionals are familiar with Fannie Mae's Day 1 Certainty program that helps confirm property values. But what the industry truly needs is Upfront Certainty—the ability to analyze and report borrower creditworthiness the moment a loan application is received.

In today's challenging lending environment, borrower income certainty is not a luxury but an absolute necessity. Three key factors make this critical:

- Economic challenges have increased the risk profile of potential borrowers
- Stricter lending guidelines from financial institutions demand more thorough evaluation
- The rise in digital lending has brought sophisticated loan fraud tactics requiring better validation

AI-powered platforms now make Upfront Certainty possible by analyzing thousands of transactions across multiple accounts in minutes. The system flags potential document tampering and fraudulent transactions in real-time, enabling faster pre-approvals with greater confidence.

AI-powered platforms now make Upfront Certainty possible by analyzing thousands of transactions across multiple accounts in minutes.

The Human Element: Augmentation, Not Replacement

A common misconception is that AI aims to replace human underwriters. Nothing could be further from the truth. The best implementation recognizes that certain tasks fit AI, while others need human judgment.

The optimal balance becomes evident in practical implementation. AI handles data-intensive, repetitive tasks while human decision-making focuses on complex scenarios. Advanced systems can analyze thousands of transactions across multiple accounts in minutes. This frees lending professionals to apply expertise where it matters most.

Underwriters, initially the most cautious adopters, often become our strongest advocates. They see how AI handles calculations while elevating their role to focus on judgment-driven decisions.

Beyond Traditional Borrowers: Serving the Self-Employed Market

Traditional income verification processes have been primarily tailored for employees with W-2 forms and paystubs. However, self-employment has grown substantially, with approximately 68 million freelance and self-employed individuals in the U.S.

With a median net worth of $380,000—four times that of traditionally employed families—this group also offers a significant growth opportunity for lenders.

However, these individuals present unique challenges for lenders:

- Inconsistent income patterns that make traditional verification approaches ineffective
- Multiple income streams often spread across different accounts
- Lack of standard documentation like regular paystubs
- Regulatory requirements that favor steady income

A survey by Fannie Mae of 3,000 lending executives revealed that 95% find it challenging to approve applications from self-employed workers under existing regulations. AI solves this by intelligently analyzing bank statements to determine qualified income and income stability, unlocking an entirely new market segment for lenders.

The Strategic Imperative: Why Now Matters

AI-driven prequalification is not just a technology trend. It's reshaping borrower expectations. Same-day prequalification with high confidence is becoming the baseline requirement.

Lenders who delay face growing disadvantages as competitors reset expectations. This pattern unfolds repeatedly across the industry. Organizations implementing intelligent prequalification gain market share, while those maintaining traditional approaches struggle to compete.

This is especially true in non-QM lending. Traditional approaches cannot handle verification complexity efficiently. Lenders using modern systems confidently serve borrower segments they previously avoided.

For executives weighing technology investments, the timing is critical. The competitive advantage window is open now but narrowing as more lenders recognize this shift.

Transforming Lending: Real Results

The impact of these innovations goes beyond theory. American Heritage Lending recently transformed their prequalification process using an AI platform, and the results speak for themselves:

- Qualification decisions in under 10 minutes versus their previous two-day average
- 45% reduction in document review time
- Processing capacity increased threefold without adding staff
- New ability to confidently serve self-employed borrowers they previously turned away

The integration of AI technology not only drastically reduced their pre-approval times, but also contributed to a 300% surge in loan volume and significant monthly savings in operating costs.

But this is not about replacing their underwriters. It is about amplifying their capabilities. American Heritage Lending's team now focuses on relationship-building and complex decisions rather than manual calculations.

The Future of Lending Is Now

The true potential of AI in mortgage prequalification is not just speed … it is redefining what is possible through Day Zero Certainty. For lenders ready to break free from operational constraints, the technology exists today to make it happen.

As the mortgage landscape becomes increasingly competitive, those who adopt AI-driven solutions gain a crucial advantage. They are not just keeping pace with the industry; they are defining its future.

The transformation from days to minutes is not simply a nice-to-have efficiency gain, it is becoming the essential standard that separates industry leaders from those who will struggle to compete in tomorrow's mortgage market. MP

MortgagePoint

PRESENTS

Mortgage Lending Excellence Awards

Recognizing the Best in Mortgage lending

2025

MortgagePoint is proud to unveil the recipients of our inaugural *MortgagePoint* Lending Excellence Awards, honoring the standout professionals, organizations, and initiatives that are shaping the future of mortgage lending with integrity, innovation, and impact.

For this year's awards, we called upon the industry to nominate the organizations they believed defined excellence in lending, and our lineup of recipients represents those nominations, narrowed down to a final list in consultation with *MortgagePoint*'s Editorial Advisory Board and editorial team. From expanding access to homeownership and improving borrower experiences to leading with purpose, this year's recipients reflect the best our industry has to offer. In the pages ahead, we invite you to meet the lenders and leaders setting new standards and building a more inclusive, resilient housing market for tomorrow.

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At American Pacific Mortgage (APM), lending excellence is more than a standard—it's a reflection of who we are. We embrace the concept of homeownership with enthusiasm and optimism for housing in America. Every employee at APM takes personal ownership in Creating Experiences That Matter™ for our customers and referral partners. We recognize that every loan represents a family, a home, and a major life decision—and that our participation is both a privilege and a responsibility. Our job is to delight everyone involved in the loan process, from the first conversation to the final closing. With over 465,000 families served and a 4.96 average customer rating across more than 140,000 reviews, we've built our reputation on delivering results. Our loan officers are empowered with flexible loan programs, modern technology, and the autonomy to make fast, informed decisions. As an employee-owned company, we're personally invested in every relationship. Our local teams bring national strength and local service, backed by the resources of more than 300 branches nationwide. We empower our loan officers to operate with transparency, respect, and scrappiness. As an employee-owned company, our success is shared, making our commitment to each client that much more personal. At APM, we are all working towards the same goal—to bring people home.

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Better

Better.com

better.com

Better exemplifies lending excellence through its revolutionary AI Mortgage platform, Tinman™, which has successfully funded over $100 billion in mortgage volume since inception. This powerful technology transforms the traditional lending experience by enabling customers to view rate options instantly, secure pre-approval within minutes, and close loans in as little as three weeks. The company's lending excellence is further highlighted by its groundbreaking "One Day Mortgage" program, launched in January 2023, which allows eligible customers to progress from application to Commitment Letter in just 24 hours—an unprecedented achievement in the mortgage industry. Better's comprehensive lending portfolio demonstrates its commitment to serving diverse customer needs through GSE-conforming mortgage loans, FHA and VA loans, and jumbo mortgage loans. This breadth of offerings ensures solutions for various financial situations and homebuying requirements. The industry has recognized Better's lending excellence through prestigious awards, including Best Online Mortgage Lender by *Forbes* and Best Mortgage Lender for Affordability by *Wall Street Journal* in 2023. Additional accolades include top rankings on LinkedIn's Top Startups List, *Fortune*'s Best Workplaces in New York, CNBC's Disruptor 50, and *Forbes* FinTech 50. By operating successfully across all 50 U.S. states and the United Kingdom, Better has proven its ability to scale its superior lending experience across diverse markets. This extensive reach, combined with technological innovation and industry recognition, firmly establishes Better as a leader demonstrating exceptional lending excellence in the mortgage industry.

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CHASE

Chase Home Lending

chase.com/personal/mortgage

Chase Home Lending's expansive support network, technological capabilities, and wide range of products help it serve customers when, where, and how they want to be served. These attributes make Chase—No. 6 in IMF's Q1 2025 list of Top Mortgage Lenders with $11.2 billion in originations—rise above other large banks and compete in an industry that's dominated by nonbank lenders. The recent ranking follows a 2024 year that saw Chase scale mortgage originations to $41 billion in volume, up from $35 billion in 2023. Here's a breakdown of the value Chase provides to homebuyers in the areas listed above and why it's deserving of this award:

Expansive support network: People like doing business with other people. With nearly 5,000 branches in 48 states and a dedicated team of Home Lending Advisors, we have the people support needed to help customers buying a home across the United States.

Tech/digital capabilities: Meeting customers where they want to be met, whether in-person, on the phone, or digitally, is critical in today's fast-paced environment. Our award-winning Chase MyHome platform is also here to help customers search properties, apply for and obtain a mortgage, manage their Chase mortgage loan, and explore equity insights.

Product range: We offer a wide range of products, from government loans like FHA and VA to conventional and jumbo loans. We've also developed proprietary products and programs like the Chase Homebuyer Grant, the $2,000 VA Purchase Closing Cost benefit, and the 3% down DreaMaker mortgage.

On-time closing: Through December of 2024, Chase closed on time 99% of the time on purchase closing guarantee eligible products.

★★★★★

CITYWIDE HOME MORTGAGE

Citywide Home Mortgage

citywidehm.com

Already an established national brand, Citywide Home Mortgage demonstrated amazing growth in a market buffeted by headwinds in 2024. By leveraging a robust culture, advanced technology and a wide portfolio of products, the lender's footprint expanded to all 50 states and the business realized an over 400% increase in volume year-over-year. Citywide achieved this growth by leaning on a unique branch model designed for collaborative leaders hungry to grow and feel a part of something bigger. A major ingredient for the lender's success is its unique business model. Citywide grants an unusually wide amount of latitude to its partners and allows them to avoid hierarchical bottlenecks in decision-making. The result has been a mortgage lending success story exhibiting substantial growth in spite of rapidly changing market conditions. Behind that growth is VP of Marketing Adrea Reed, who led a full-scale rebrand of the company in under 12 months—redefining Citywide's identity, voice, and digital presence during a period of rapid expansion. Reed implemented high-performing marketing technology, built scalable programs and assets, and introduced a fresh creative strategy that energized both internal teams and external audiences. From reputation management to sales enablement, she brought consistency and clarity to every brand touchpoint. Her work didn't just elevate the way Citywide looks—it transformed how the company shows up, recruits, grows, and connects. As the head of a small but mighty team, Reed has created the infrastructure, strategy, and creative vision to support a national powerhouse brand—and her leadership continues to shape how Citywide thrives in a competitive, fast-moving market.

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CMG Financial

cmgfi.com

At CMG Financial, lending excellence isn't just a goal—it's a commitment we uphold in every client interaction. With more than 30 years of experience in the mortgage industry, CMG has built a reputation for delivering innovative loan solutions backed by personalized service, operational efficiency, and deep industry expertise. Over the years, we've maintained a BBB rating of A and garnered over 3,200 5-star ratings on Zillow. Additionally, CMG is known to attract top industry talent, acting as a proud home to Tech Trendsetters, Women of Influence, 40 Under 40 recipients, Top Originators, Marketing Leaders, and more. Beyond CMG's award-winning recognition and success, we are known for delivering innovative solutions to the industry's foremost problems. Our unique proprietary products include HomeFundIt™, a down payment gifting platform, List & Lock™, a seller's solution to a high-rate environment, and the All in One Loan™, a product designed to save borrowers thousands on interest costs without changing their budgets. Few other lenders are anticipating the problems of tomorrow and supporting originators like CMG. While other lenders have contracted in recent years, CMG has continued to attract top talent and grow. Our dedication to our originators and clients alike is what keeps CMG at the forefront of the industry.

★★★★★

FAIRWAY® INDEPENDENT MORTGAGE CORPORATION

Fairway Independent Mortgage Corporation

fairway.com

At Fairway, customer service is a way of life. Not only are we dedicated to finding great loan products and rates for our customers, but we also offer some of the fastest turn times in the industry, which is showcased by our core value Speed to Respond. Our goal is to act as a trusted adviser, providing highly personalized service and educating clients through every step of the loan process. Beyond that, Fairway is deeply invested in community engagement. We actively participate in local initiatives and support various social causes, demonstrating our commitment to social responsibility and community development. As a company, we have founded two charities. Fairway Cares was created to benefit those who have a critical illness, sustained a physical trauma, or who recently lost a loved one. Thousands of care packages have been sent nationwide to those in need. Through the American Warrior Initiative, we donate service dogs and provide grants to wounded veterans. Fairway employees support these charities through donations of both money and time. We also have the Fairway Foundation, which was formed to aid and support employees in need but has also assisted the community with things such as storm recovery efforts after natural disasters. Fairway has a focus on continuing to develop our employees through weekly live training and professional coaching opportunities. We also offer employee resource groups to help our workforce build connections and create a sense of belonging at work. In summary, Fairway stands out in the industry for our exceptional customer service, experienced but humble teammates, and community involvement.

★ ★ ★ ★ ★

Freedom Mortgage

freedommortgage.com

Freedom Mortgage is one of the largest full-service independent mortgage companies in the U.S. and a top Department of Veterans Affairs (VA) and Federal Housing Administration (FHA) lender. The company's lending practice is focused on fostering homeownership and providing the best customer experience. As an expert lender, Freedom Mortgage's loan officers help diverse borrowers find the best loan option to fit their needs whether it's for a home purchase, rate and term refinance, or cash-out refinance to consolidate debt or generate cash for personal use. Since its founding in 1990, Freedom Mortgage has been focused on providing its customers with the best experience as they obtain their mortgages to become homeowners. To further enhance its customers' experience, Freedom Mortgage offers an online portal and mobile app, enabling customers to easily access their account and self-serve or quickly contact an agent for assistance. Last year, Freedom Mortgage was proud to have serviced the mortgages of 2.5 million homeowners, representing over $625 billion in loans. In 2024, Freedom Mortgage also provided 316,000 borrowers with financing for their homes and helped more than 50,000 customers who were struggling to make their mortgage payments by offering loss mitigation solutions. Earlier this year, Freedom Mortgage was honored with Fannie Mae's Servicer Total Achievement and Rewards™ (STAR™) Performer Award for the ninth straight year. Freedom Mortgage was recognized for excellence in General Servicing and Solution Delivery in 2024 for demonstrating operational effectiveness and measurable results to improve the housing industry. In addition to providing home financing, through Freedom Mortgage's employee engagement and philanthropic program "FreedomCares," the company strives to better the communities in which it operates. Freedom Mortgage's philanthropic efforts focus on supporting veterans and addressing food insecurity. These efforts reflect a broader commitment to community well-being beyond its core lending operations.

★ ★ ★ ★ ★

Guild Mortgage Company

guildmortgage.com

Guild Mortgage Company is a nationally recognized independent mortgage lender founded in 1960, providing residential mortgage products and local in-house origination and servicing. With headquarters in San Diego, Guild has steadily grown through word-of-mouth referrals, strong partnerships, and notably since 2007, strategic acquisitions, which made the company the largest nonbank retail lender in the country. Today, Guild continues to employ a relationship-based loan sourcing strategy to deliver the promise of home in neighborhoods and communities across 49 states and the District of Columbia. Guild's loan professionals have a deep connection to the communities they serve, offering a wide array of local down payment assistance programs and other specialized loan programs in addition to serving as a direct lender for Conventional and Government products. Aspiring homebuyers receive not just a loan, but a pathway to homeownership that results in long-term wealth-building stability. Guild's support lasts long after closing; managing a $93 billion servicing portfolio, the company's servicing department ensures continued rapport throughout the life of the loan. With a mobile app, secure borrow portal, real-time loan status updates, and the ability to connect with the company at their convenience, customers enjoy the ease and efficiency of the latest mortgage technology with the personal touch of a local branch. Guild's 96% customer satisfaction rating, as well as a "#1 Most 5-star reviews" recognition on Zillow are testaments to Guild's customer-focused approach.

★ ★ ★ ★ ★

LoanDepot

loandepot.com

loanDepot has emerged as one of the nation's leading nonbank mortgage lenders since its founding in 2010 by industry innovator and Executive Chairman Anthony Hsieh, helping millions of customers achieve their dreams of homeownership. loanDepot's customer-centric approach and operations span all 50 states, having funded over $275 billion in loans. In its first decade, loanDepot grew to become the nation's fifth largest retail mortgage lender and the second largest nonbank retail originator. Its nationwide team of 6,000-plus members assists more than 27,000 customers each month. Central to loanDepot's success is its proprietary mello® technology platform, which streamlines the mortgage process by securely collecting income, employment, and asset information, facilitating a faster and more straightforward experience for borrowers. loanDepot offers a diverse range of loan products to cater to various borrower needs, including fixed-rate mortgages and home equity lines of credit (HELOCs). loanDepot's origination volume for Q4 2024 was $7.2 billion, an increase of $1.8 billion, or 34% from Q4 2023.

★ ★ ★ ★ ★

Members First Mortgage

memberfirstmortgage.com

Wholly owned by credit unions and built on the philosophy of "People Helping People," Member First Mortgage (MFM) has provided homebuyers with mortgage financing since 2001. MFM works with credit unions throughout the country to offer mortgage services to help credit unions compete with IMBs and Banks. MFM strives to understand the unique goals, needs, and expertise of each individual credit union and develop a plan to help them create or build a mortgage program that impacts their members for the better. As a full-service mortgage lender with an experienced staff, MFM offers expertise in all aspects of mortgage lending, from purchase to refinance. MFM aims to provide successful communication that creates a proactive, efficient environment to anticipate changes within the market, support growth, and better our communities. MFM provides a diverse array of mortgage products, including fixed and adjustable-rate mortgages, FHA, VA, USDA loans, and construction-to-permanent financing, all designed to accommodate various borrower needs, from first-time homebuyers to those building their dream homes. MFM offers a variety of partnership options designed to fit the unique needs of credit unions, including affiliate, wholesale, and correspondent partnerships.

★ ★ ★ ★ ★

phhmortgage.com

phhmortgage.com

PHH Mortgage, a subsidiary of Onity Group Inc., stands as one of the largest servicers of residential mortgages in the United States. With over 35 years of unwavering commitment to innovative mortgage solutions, PHH Mortgage's emphasis on operational excellence, strong focus on customer service and outstanding achievements in helping borrowers achieve homeownership exemplify the qualities celebrated by the *MortgagePoint* Mortgage Lending Excellence Award. PHH excels in providing industry-leading solutions for the entire mortgage lifecycle, including correspondent lending, MSR/Co-Issue, subservicing, commercial servicing, reverse mortgages, and portfolio retention. Their dedication to fostering clients' success in today's complex mortgage marketplace is unwavering. Consistently recognized by both Fannie Mae STAR and Freddie Mac SHARP for servicing excellence for the past four years, the results speak for themselves. In recent months, PHH Mortgage has also introduced several customer-first initiatives, showcasing their commitment to borrower satisfaction and homeownership success. These include the launch of a new customer website, a digital application for borrowers, and an expanded consumer product offering with the addition of a home equity loan product. Moreover, PHH is deeply committed to helping its customers in need of assistance. Over the past two years alone, in partnership with housing counseling agencies, PHH has held more than 80 borrower outreach events in cities across the country. Through Voice of the Customer surveys and prioritizing homeowner feedback, PHH Mortgage has significantly enhanced the borrower experience, aiming to create customers for life.

★ ★ ★ ★ ★

Planet Home Lending

planethomelending.com

Planet Home Lending delivers innovative home loan solutions that create seamless experiences for borrowers. Its extensive product offerings include a proprietary "Buy Now Sell Later" program, One-Time Close new construction and manufactured home loans, nationwide down payment assistance, as well as GSE, agency, and non-QM products. As part of the Planet Family of Companies, Planet Home Lending benefits from the stability provided by the company's servicing, sub-servicing, asset management, and correspondent channels. Planet's award-winning servicing division offers borrowers transparent communication and proactive assistance from closing through payoff, fostering long-term relationships and creating customers for life. Meanwhile, the company's asset management and sub-servicing divisions ensure private client agency and non-agency portfolios receive the same exceptional service and attention. To further optimize both origination and servicing, predictive intelligence, risk modeling, and AI-driven automation are deployed across the Planet ecosystem to enhance portfolio performance, identify refinancing opportunities, ensure efficient task management, and mitigate risk. With a commitment to disciplined execution, cutting-edge technology, and strategic growth, Planet combines operational excellence with high-touch service, financial stability, and a proven track record of success.

★ ★ ★ ★ ★

Plaza Home Mortgage

plazahomemortgage.com

Founded in 2000, Plaza Home Mortgage® has built a reputation for lending excellence through a personalized, clients-first approach, a deep understanding of the needs of the TPO community and a comprehensive range of mortgage solutions. As a privately owned, full-service national lender, Plaza serves its TPO clients through Wholesale, Correspondent, and Reverse Mortgage channels—offering Conventional, Government, Jumbo, Non-QM, Renovation, and Reverse products designed to meet the diverse needs of today's borrowers. Unlike many of its peers, Plaza has no traditional retail channel or retention operations, so it never competes with its clients or solicits their refinance customers. Over the past 25 years, the mortgage industry has experienced tremendous transformation, but Plaza has remained a steady and reliable presence. This year, Plaza is celebrating its 25th anniversary, an accomplishment that underscores its resilience, consistency, and commitment to the clients and communities it serves. At the heart of Plaza's success is its mission: to amaze and delight its clients with unmatched service. This mission guides every interaction and has earned Plaza recognition as a trusted industry leader. Headquartered in San Diego, Plaza maintains a national footprint and is licensed to fund loans in all 50 states. Plaza is known for its broad range of financing options, but excellence at Plaza is about more than products—it's about people. Plaza's experienced sales executives, account executives, underwriters, operations, and support teams are committed to building lasting relationships through knowledgeable guidance, responsive communication, and consistent execution. Plaza is also proud to have a culture rooted in collaboration and long-term growth, many associates have celebrated 10, 15, and even 20 years with the company—a testament to the supportive environment and shared commitment that defines Plaza. At Plaza Home Mortgage, lending excellence means more than closing loans—it means being a dependable partner at every step of the journey.

★ ★ ★ ★ ★

Rocket Mortgage

Rocketmortgage.com

Founded in 1985 by Dan Gilbert, Rocket Mortgage stands as America's largest retail mortgage lender. Headquartered in Detroit, the company revolutionized the mortgage industry by offering a fully digital home loan experience, allowing clients to apply, customize, and manage their mortgages online. Rocket Mortgage has closed more than $1.8 trillion in home loans since 1985 and services more than 2.8 million families' mortgages every month. Rocket Mortgage also offers the ONE+ loan option, which offers homebuyers the ability to put down as little as 1%. Earlier this year, Rocket Companies announced the acquisition of Mr. Cooper Group Inc. in an all-stock transaction for $9.4 billion in equity value. After the acquisition, Rocket's combined servicing book will be worth a reported $2.1 trillion across nearly 10 million clients, or one in every six mortgages in America. Through its philanthropic partner company, the Rocket Community Fund, Rocket has contributed more than $200 million to community organizations and programs. Its team members have also spent more than 1 million hours volunteering. Rocket Mortgage's net client retention rate was 97% over the 12 months that ended on December 31, 2024.

★ ★ ★ ★ ★

VRM Lending LLC

vrmlending.com

VRM Lending LLC distinguishes itself as a leader in the mortgage industry through its unwavering commitment to personalized service, innovative loan solutions, and expanding access to homeownership for diverse communities. As a minority-owned lender, VRM Lending LLC brings a unique, inclusive perspective to mortgage lending, fostering homeownership opportunities for a wide range of borrowers, including first-time homebuyers, veterans, and investors. Their approach is rooted in treating every borrower as an individual, offering tailored guidance through each step of the mortgage process. VRM Lending LLC is focused on building lasting relationships based on trust and transparency. Through programs such as the VA Vendee™ Loan Program, VRM Lending LLC offers innovative solutions to provide affordable financing options for veterans, non-veterans, owner-occupants, and investors. Borrowers have the opportunity to explore VA-owned properties with competitive rates that could help them save time and money. What further distinguishes VRM Lending LLC is its relationship with VRM Mortgage Services, providing borrowers with additional opportunities to consider purchasing bank-owned properties through VRMProperties.com. This connection supports borrowers who are interested in a broader range of real estate opportunities that might otherwise be missed. At VRM Lending LLC, service, innovation, and borrower success drive everything they do. VRM Lending LLC supports borrowers at every stage of their journey to homeownership.

Lending/Originations

HOME INSURANCE PREMIUMS CLIMB IN 2025

Rate Insurance LLC has released its 2025 Home Insurance Trends Report, offering a detailed look into the home insurance market. Drawing from nearly 70,000 active policies across all 50 states and more than 70 carriers, the report highlights premium increases, shifting deductible preferences, and state-specific developments that are driving up costs for homeowners.

"Insurance costs are climbing, but that doesn't mean customers are powerless," said Jeff Wingate, President of Rate Insurance. "This report is designed to demystify what's driving those increases and give homeowners practical ways to keep their policies both affordable and effective—whether adjusting deductibles, bundling coverage, or shopping across carriers."

The report provides a comprehensive analysis of customer data collected over the past six years, painting a clear picture of current cost pressures. In addition to premium trends, the report delves into claims data, identifying areas where coverage is becoming more expensive or difficult to obtain, particularly in disaster-prone states. It also outlines strategies for homeowners to save on premiums without sacrificing essential coverage.

Key Report Findings

- The 2024 home insurance market experienced sharp premium increases. Internal policyholder data comparing January through August 2024 to the same period in 2023, showed a national average annual premium rise to $2,072, a significant 20% increase from $1,723 in 2023. Over the past six years, premiums have increased by 78%, placing persistent financial strain on homeowners.
- The combined ratio for homeowners insurance was estimated at 105.7% in 2024, down from 110.9% in 2023 as noted in AM Best's 2024 Market Segment Report.
- Factoring in personal auto, the personal lines combined ratio improved to 101.2% in 2024, down from 106.7% in 2023, showing a near return to profitability.
- While the personal lines industry's year-over-year improvement in underwriting losses was an important development, homeowners insurance carriers are still operating at a loss. Pricing is expected to remain high and continue to increase until profitability is restored.

Notably, the 2025 report identifies a trend toward higher deductibles, as more homeowners look to offset premium hikes by assuming greater upfront risk. Meanwhile, state-specific variations continue to grow. Factors like increased storm activity, wildfire exposure, and regulatory shifts are contributing to dramatically different experiences for homeowners depending on where they live.

Q1 2025 EXPERIENCES SURGE IN COMMERCIAL LENDING ACTIVITY

According to the Mortgage Bankers Association's (MBA) Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations, originations of commercial and multifamily mortgage loans fell 40% from Q4 2024. They increased 42% from Q1 2025 compared to the same period last year.

"Commercial and multifamily mortgage originations posted a strong rebound in the first three months of the year, increasing 42% compared to year-ago levels," said Reggie Booker, MBA's Associate VP of Commercial Research. "The first quarter of the year is typically the slowest, so this level of activity—particularly the strong gains in office, healthcare, and multifamily lending—signals renewed momentum and growing confidence in key segments of the market."

Q1 2025 Experiences 42% Jump in Originations

Commercial/multifamily loan volumes increased overall due to an increase in originations for office, health care, and multifamily compared to a year ago.

Q1 Key Findings — U.S.

- The dollar volume of office property loans increased by 205%.
- Healthcare property loans increased by 159%.
- Multifamily property loans increased by 39%.
- Hotel property loans increased by 30%.
- Compared to Q4 2024, loan originations for retail properties fell 3%, and those for industrial buildings were down 2%.

"Despite ongoing volatility in interest rates and the broader financial markets, borrowers and lenders are finding opportunities to move new deals forward," Booker said.

The dollar amount of loans provided to depositories rose by 83% annually among all investor categories. The number of loans to life insurance companies increased by 61%, commercial mortgage-backed securities (CMBS) loans increased by 37%, government-sponsored enterprise (GSE) loans (Fannie Mae and Freddie Mac) increased by 20%, and investor-driven lender loans increased by 12%.

Originations in Q1 2025 Much Lower Compared to Q4 2024

In comparison to Q4 2024, the first quarter originations for retail properties fell by 66% on a quarterly basis. The originations of hotel properties decreased by 64%, those of industrial buildings by 43%, multifamily properties by 41%, and those of healthcare facilities by 34%. Overall, compared to Q4 2024, office property originations rose by approximately 44%.

Between Q4 2024 and Q1 2025, the dollar volume of loans for GSEs fell by 51%, loans for investor-driven lenders fell by 49%, life insurance company originations fell by 40%, depositories loans fell by 39%, and CMBS loans fell by 6%.

"2024, and particularly the fourth quarter, was a welcome rebound for the

Commercial/Multifamily Mortgage Bankers Originations Index

	Origination Volume Index (2001 Avg Qtr = 100)				Percent Change,		
	Q1	Q2	Q3	Q4	Year-over-year Q1	Q4-to-Q1	YTD-YTD
TOTAL							
2022	323	370	321	247	72%	-39%	72%
2023	142	175	164	185	-56%	-42%	-56%
2024	143	181	260	339	0%	-23%	0%
2025	203				42%	-40%	42%
CMBS/Conduits							
2022	100	49	31	21	56%	-61%	56%
2023	41	38	30	50	-59%	99%	-59%
2024	79	96	107	114	93%	57%	93%
2025	108				37%	-6%	37%
Depositories							
2022	515	733	684	457	194%	-41%	194%
2023	236	227	183	215	-54%	-48%	-54%
2024	138	167	310	416	-41%	-36%	-41%
2025	254				83%	-39%	83%
Life Insurance Companies							
2022	456	465	292	278	81%	-23%	81%
2023	122	238	282	261	-73%	-56%	-73%
2024	165	264	369	446	35%	-37%	35%
2025	265				61%	-40%	61%
Fannie Mae/Freddie Mac							
2022	483	568	664	693	1%	-39%	1%
2023	414	503	484	490	-14%	-40%	-14%
2024	344	400	621	844	-17%	-30%	-17%
2025	413				20%	-51%	20%
Investor-Driven Lenders							
2022	654	788	611	380	77%	-30%	77%
2023	219	319	278	376	-67%	-42%	-67%
2024	309	372	449	680	41%	-18%	41%
2025	346				12%	-49%	12%

	Origination Volume Index (2001 Avg Qtr = 100)				Percent Change,		
	Q1	Q2	Q3	Q4	Year-over-year Q1	Q4-to-Q1	YTD-YTD
Multifamily							
2022	665	786	696	536	57%	-41%	57%
2023	299	409	345	390	-55%	-44%	-55%
2024	279	354	540	658	-7%	-29%	-7%
2025	388				39%	-41%	39%
Office							
2022	108	123	85	92	30%	-48%	30%
2023	35	41	43	29	-67%	-61%	-67%
2024	28	29	41	59	-21%	-3%	-21%
2025	86				205%	44%	205%
Retail							
2022	72	129	94	60	88%	-32%	88%
2023	67	58	47	89	-8%	12%	-8%
2024	46	54	85	132	-31%	-49%	-31%
2025	45				-3%	-66%	-3%
Industrial							
2022	1,801	1,330	1,254	778	145%	-29%	145%
2023	498	594	809	723	-72%	-36%	-72%
2024	813	1,050	1,271	1,404	63%	12%	63%
2025	794				-2%	-43%	-2%
Hotel							
2022	166	162	236	145	359%	-38%	359%
2023	152	111	113	262	-8%	5%	-8%
2024	164	302	226	585	8%	-37%	8%
2025	213				30%	-64%	30%
Health Care							
2022	103	175	139	92	81%	17%	81%
2023	32	46	33	56	-69%	-65%	-69%
2024	25	68	199	97	-22%	-56%	-22%
2025	64				159%	-34%	159%

industry following a slow pace of origination activity in 2023. The significant, but brief, dip in interest rates in September, followed by a pickup in market sentiment post-election resulted in more business, with origination activity back to 2022 levels," said Mike Fratantoni, MBA's SVP and Chief Economist. "The triple-digit percentage increases in the origination indexes certainly reflect this bounce off a low base. With interest rates moving up again to start 2025, we will have to see how origination activity responds through the first quarter. However, MBA still expects more borrowing and lending in 2025."

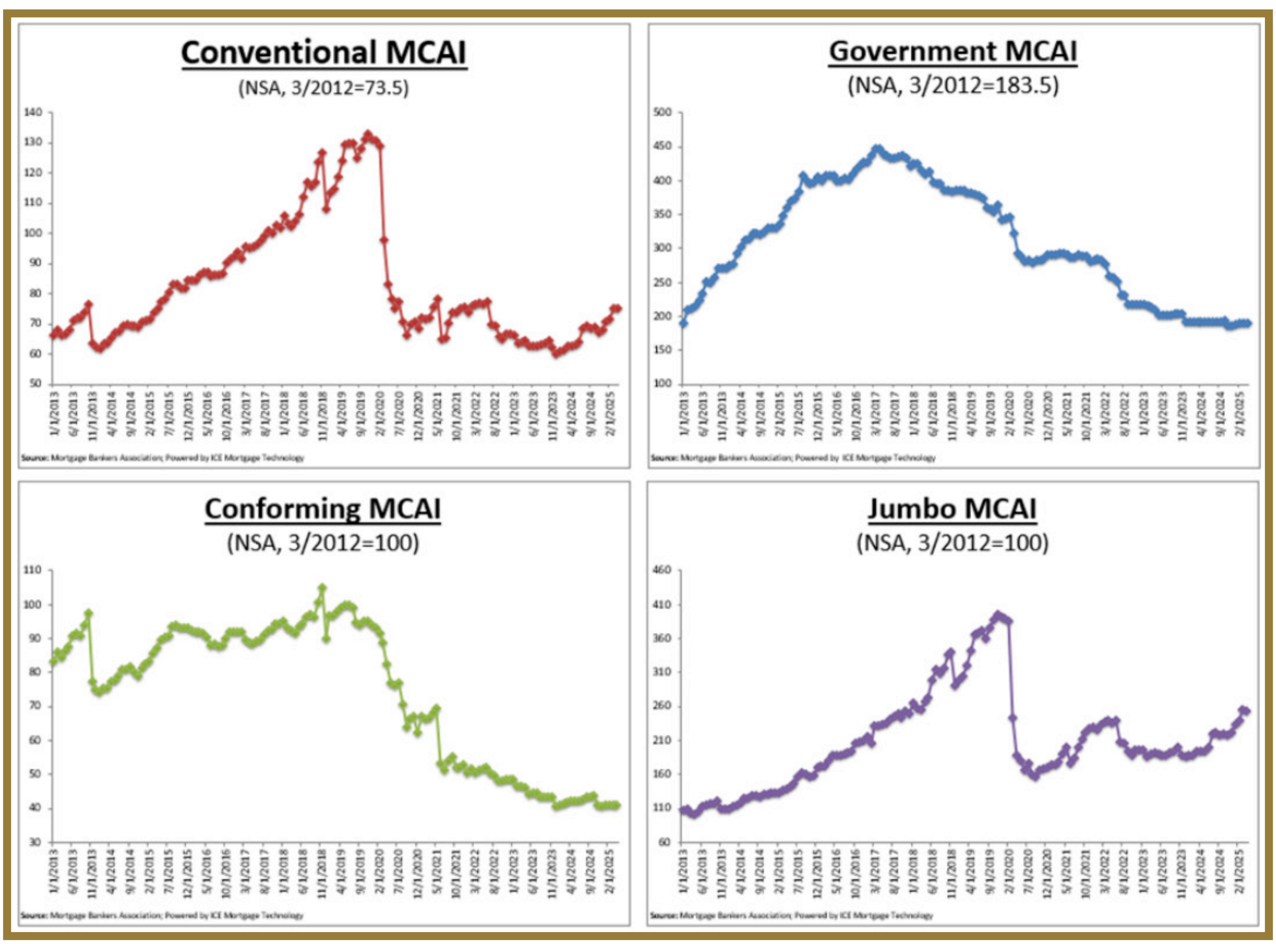
APRIL MORTGAGE CREDIT AVAILABILITY SNAPSHOT

The Mortgage Credit Availability Index (MCAI), a new survey from the Mortgage Bankers Association (MBA) that examines data from ICE Mortgage Technology, showed that mortgage credit availability was stagnant in April. While an increase in the index signifies loosening credit, a decrease in the MCAI suggests tightening lending rules.

"Credit availability was unchanged in April following a sizable increase in March," said Joel Kan, MBA's VP and Deputy Chief Economist. "Overall levels of credit supply remain tight but have generally grown since 2023, as lenders continue to offer cash-out refinance loan programs as well as jumbo and non-QM loans. Lenders remain positioned for potential refinance opportunities as mortgage rates continue to fluctuate."

Key Highlights — MCAI

- In April, the MCAI stayed steady at 102.9.
- In March 2012, the index was benchmarked at 100.
- In contrast, the Government MCAI and Conventional MCAI did not change.
- The Conforming MCAI increased by 0.2%.



- The Jumbo MCAI fell by 0.1% among the Conventional MCAI's component indices.

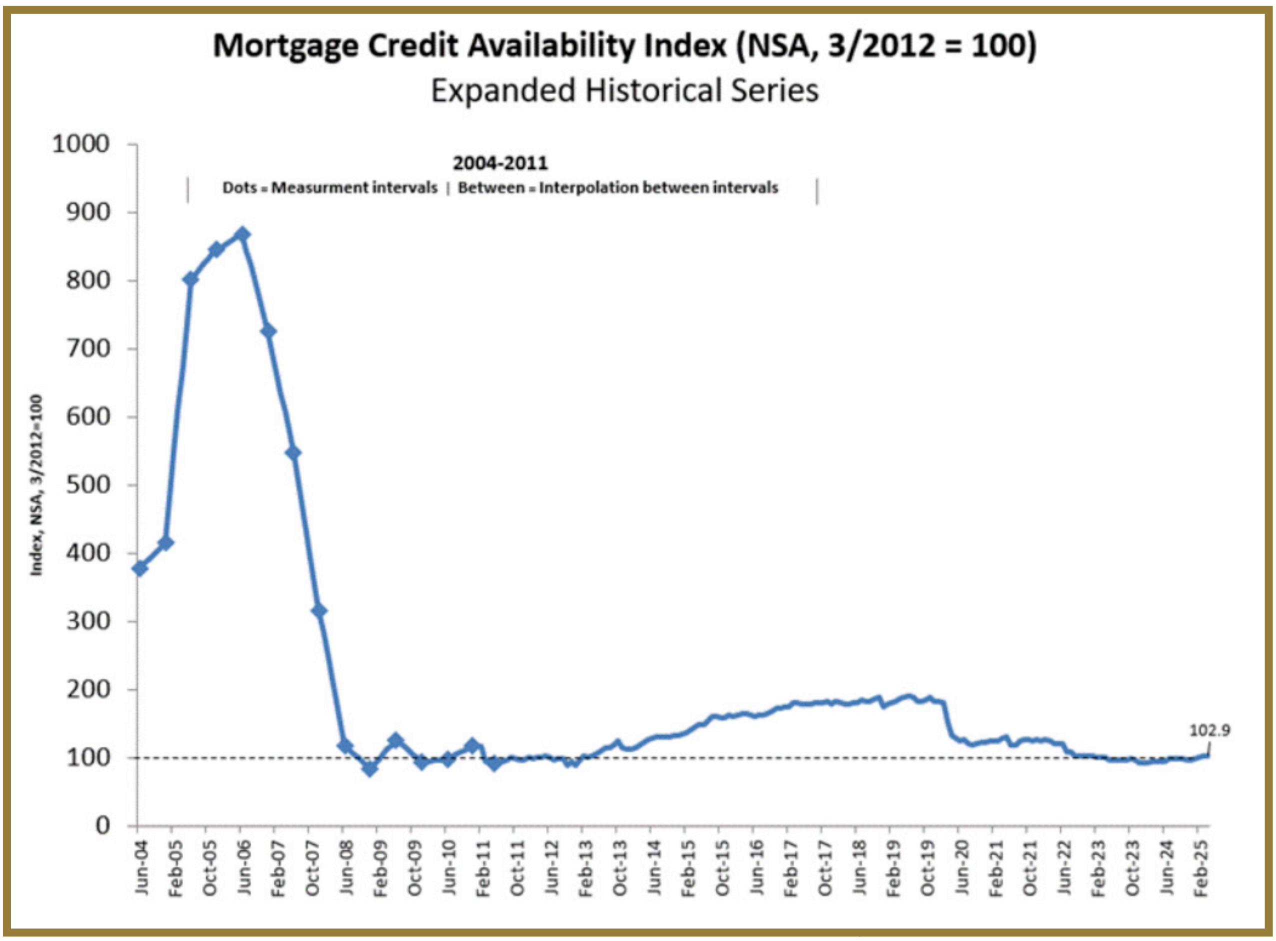
Note: The Conforming and Jumbo indices have the same "base levels" as the Total MCAI (March 2012=100), while the Conventional and Government indices have adjusted "base levels" in March 2012. MBA calibrated the Conventional and Government indices to better represent where each index might fall in March 2012 (the "base period") relative to the Total=100 benchmark.

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

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

Expanded Historical Series Overview

Conventional, Government, Conforming, and Jumbo MCAI are not included in the enlarged historical series of the Total MCAI, which provides perspective on credit availability spanning around 10 years. The purpose of the expanded historical series, which runs from 2004 to 2010, is to give the current series an historical perspective by illustrating how credit availability has changed over the past decade, including the housing crisis and the recession that followed.



Default Servicing

HOUSE PASSES BILL TO ENHANCE VA LOAN FORECLOSURE PREVENTION MEASURES

The House Committee on Veterans' Affairs has announced the passage of HR 1815, the VA Home Loan Program Reform Act, a measure drafted to enhance foreclosure protections for U.S. veterans.

HR 1815 would:

- Establish a Partial Claim Program through which the U.S. Department of Veterans Affairs (VA) would pay lenders to prevent foreclosure on guaranteed loans that are delinquent or in default.
- Temporarily increase the amounts authorized for the Grant and Per Diem Program through which VA awards funding to organizations to provide transitional housing for veterans.

Sponsored by Wisconsin Rep. Derrick Van Orden, the VA Home Loan Program Reform Act would create a partial claim program as part of the VA Home Loan program to allow veterans who have fallen behind on their mortgages to receive federal assistance.

May 1 marked the expiration of the VA's Veterans Affairs Servicing Purchase (VASP) program, a mortgage assistance option that allowed a number of borrowers to obtain an affordable payment when delinquent on their mortgage. Launched May 31, 2024, VASP would offer eligible borrowers a fixed 2.5% interest rate, providing a consistent, affordable payment for the remainder of their loan.

"This program has worked in the past, keeps vets and their families in their homes, and does so at a fraction of the cost of the horrific VASP program," Rep. Van Orden said. "The VA Home Loan Program Reform Act is not just a fix—it is necessary course correction. I thank Chairman Mike Bost for his support on this legislation and helping it get over the finish line for our vets."

On April 23, 2025, the U.S. Department of Veterans Affairs issued Circular 26-25-2, announcing the termination of VASP as of April 30, 2025, at 11:59 p.m. Effective May 1, 2025, the VA no longer accepts VASP submissions, and the VA announced it has rescinded the prescribed steps for considering vets for hardship assistance.

According to NPR, nearly 90,000 VA loans are seriously past due, with 33,000 of those already in the foreclosure process. The National Consumer Law Center (NCLC) reports that as of April 1, there were 75,000 veteran borrowers who had missed three or more payments on their VA-guaranteed mortgage. Among those, the VA reported that 17,000 had been accepted for VASP.

"The Biden administration was dead wrong to risk the future of VA's Home Loan program by creating the VASP program, and the Trump administration was right to put an end to it. I am proud to have worked alongside my friend, Economic Opportunity Chairman Van Orden, our House Republican colleagues, and key stakeholders to create the right safety net for veterans who have fallen behind on their mortgage payments," Rep. Mike Bost said. "Our bill is a fiscally responsible solution to ensure that veterans in financial hardship have access to the tools they need to stay in their homes. I look forward to seeing this commonsense, bipartisan bill passed in the Senate and signed into law by President Trump as soon as possible."

Bob Broeksmit, CMB, President and CEO of the Mortgage Bankers Association (MBA) added, "MBA has been a fierce advocate for distressed veteran homeowners, working with a bipartisan group of lawmakers, Veterans Affairs (VA) staff, and our members to help keep them in their homes since the VA's previous loss mitigation solution was terminated during the pandemic without a replacement.

The need for a permanent partial claim option is urgent. We applaud the passage of this important bill, which gives the VA permanent authority to create a partial claims program that aligns with the loss mitigation options offered to borrowers across other federal housing agencies. We will continue to work with a bipartisan group of senators to get similar legislation passed as soon as possible. Thousands of struggling veteran homeowners risk foreclosure without this swift legislative action and subsequent implementation of a VA partial claim program."

From 2021-2022, the VA had a separate hardship assistance program in which delinquent borrowers could put a past-due balance at the end of the loan. This approach, known as the "partial claim," was similar to one offered by the Federal Housing Administration (FHA). A partial claim allows veteran borrowers to bring their loan current and resume their former payments. The borrower repays the deferred amount to VA when the loan pays off at 0% interest.

SHARE OF 'EQUITY-RICH' HOMES SLIPS AS UNDERWATER RATES RISE

According to the Q1 2025 U.S. Home Equity & Underwater Report published by ATTOM, roughly 46.2% of the nation's mortgaged residential properties were deemed equity-rich in Q1, which means that the total estimated loan balances secured by those properties did not exceed half of their estimated market value.

"Home equity rates are near their highest points in recent years and the dip we've seen early this year in the proportion of equity-rich homes shouldn't cause too much concern," said Rob Barber, CEO of ATTOM. "In each of the two previous years, the first quarter marked the lowest point of the year before the proportion of equity-rich homes shot back up in the second quarter."

After peaking at 49.2% in Q2 of last year, the percentage of equity-rich homes has decreased every quarter since falling from 47.7% in Q4 2024. Still, the rate is about double what it was in Q1 2020 and remains historically high.

In Q1 2025, the percentage of homes that are seriously underwater—that is, whose total estimated balance of loans secured by the property is at least 25% greater than its estimated market value—rose from 2.5% in Q4 2024 to 2.8%.

Increasing & Decreasing Trends in Equity-Rich Homes — U.S.

Most of the nation saw a decline in the percentage of homes with high equity. Between the fourth quarter of 2024 and the first quarter of 2025, the rate decreased in 47 states and the District of Columbia. As a reminder that this decline occurs amid a historically robust housing market, it was still higher in 33 states and Washington, D.C., than it was at the same time last year.

The states with the **largest annual increase** in the proportion of equity-rich homes were:

1. Connecticut (up from 42.2% in Q1 2024 to 48% in Q1 2025)
2. New York (up from 49.1% to 54.1%)
3. New Jersey (up from 47.1% to 52.1%)
4. Rhode Island (up from 55% to 59.8%)
5. Kentucky (up from 28.7% to 33.3%)

Approximately 47 states had a quarterly decline in equity-rich rates, but most states saw annual increases.

The **biggest annual decreases** in equity-rich homes were in:

1. Florida (down from 54.4% in Q1 2024 to 49.3% in Q1 2025)
2. Utah (down from 54% to 50.7%)
3. Arizona (down from 52.9% to 49.8%)
4. Washington (down from 54.2% to 51.3%)
5. Colorado (down from 48.4% to 45.8%

Underwater Mortgages Pose Challenges for U.S. Homeowners

Since early 2023, the percentage of mortgaged homes deemed substantially

"Home equity rates are near their highest points in recent years and the dip we've seen early this year in the proportion of equity-rich homes shouldn't cause too much concern."

—**Rob Barber**, CEO of ATTOM

underwater has stayed constant at 2 to 3% nationally. The rate in Q1 2025 is less than half of the rate in Q1 2020 (6.6%), at 2.8 percent of residences.

Only 25 states and D.C. witnessed an increase in their underwater rates compared to the same period last year, even though the percentage of seriously underwater properties rose every quarter in 48 states and D.C.

The **biggest YoY increases** in seriously underwater rates were in:

1. Kansas (up from 2.9% in Q1 2024 to 4.7% in Q1 2025)
2. Utah (up from 2.1% to 2.6%)
3. South Carolina (up from 3.3% to 3.8%)
4. Nebraska (up from 3.7% to 4.1%)
5. South Dakota (up from 3% to 3.4%)

The states with the **largest YoY drops** in seriously underwater rates were:

1. Wyoming (down from 8.8% in Q1 2024 to 2.5% in Q1 2025)
2. West Virginia (down from 5.4% to 4.2%)
3. Kentucky (down from 8.3% to 7.3%)
4. Louisiana (down from 11.3% to 10.5%)
5. Oklahoma (down from 6.1% to 5.5%)

Which Regions Boast the Highest Equity-Rich Homeowner Rates?

In Q1 2025, the Northeast had six of the 10 states with the largest percentage of mortgaged properties deemed equity-rich, with the remaining four states in the West.

The states with the **highest equity-rich rates** were:

1. Vermont (85.8%)
2. New Hampshire (60.5%)
3. Rhode Island (59.8%)
4. Montana (59.4%)
5. Maine (58.9%)

The states with the **lowest equity-rich rates** were:

1. Louisiana (20.3%)
2. Maryland (31.4%)
3. Illinois (31.5%)
4. Alaska (31.7%)
5. North Dakota (31.9%)

Equity-Rich ZIPs & Counties Lead the Way

Thirteen of the fifteen counties with the highest equity-rich rates were in Michigan, Wisconsin, or Vermont, out of the 1,751 counties with at least 2,500 mortgaged properties in Q1 2025.

Chittenden County, VT (91.3%), Marquette County, MI (89.8%), Benzie County, MI (88.7%), Portage County, WI (88.6%), and Manistee County, MI (88%), had the highest equity rich rates.

The South had the lowest percentages of equity-rich properties; Louisiana accounted for nine of the 15 counties with the lowest percentage of equity-rich homes. Vernon, LA (6.3%), Iberville County, LA (8.3%), Long County, GA (9.8%), Ascension County, LA (9.9%), and Acadia County, LA (10.9%), had the lowest percentages.

The largest percentage of seriously underwater properties is found in the Midwest and South.

The South and Midwest accounted for 18 of the 20 states with the largest proportion of properties that were seriously submerged. Louisiana (10.5%), Kentucky (7.3%), Mississippi (6.6%), Arkansas (5.8%), and Iowa (5.7%) had the highest percentages of residences that were seriously underwater.

Vermont (0.7%), Rhode Island (1%), New Hampshire (1.1%), Massachusetts (1.2%), and Hawaii (1.3%) had the lowest percentage of homes that were substantially underwater.

Of the 9,144 ZIP codes with at least 2,000 mortgaged homes in Q1 2025, 3,418 (37%) had more than half of all mortgaged properties classified as equity-rich. Overall, California accounted for over half of the 50 ZIP codes with the greatest percentages of equity-rich properties.

The ZIP codes with the **highest equity-rich rates** were:

1. 49855 in Marquette, MI (91.66%)
2. 92657 in Newport Coast, CA (85.75%)
3. 57702 in Rapid City, SD (85.64%)
4. 94024 in Los Altos, CA (84.80%)
5. 92620 in Irvine, CA (84.51%)

Of the 9,144 metro areas with at least 2,000 homes in Q1 2025, 218 (2.4%) had more than a tenth of homes substantially underwater.

The ZIP codes with the **largest shares of seriously underwater homes** were:

1. 41501 in Pikeville, KY (31.1%)
2. 70805 in Baton Rouge, LA (31%)
3. 19132 in Philadelphia (30%)
4. 71446 in Leesville, LA (27.64%)
5. 60649 in Chicago (26.24%)

In 99 of the 110 major markets, the percentage of residences with high equity fell quarter over quarter (90%). It dropped in 56 of those 110 markets (51%) from the same period last year. In conclusion, many Americans with underwater mortgages may be forced into foreclosure in 2025.

Q1 BANKRUPTCY ACTIVITY SNAPSHOT

The first quarter of 2025 saw a moderate increase in the total number of bankruptcy filings, according to data gathered by G2 Risk Solutions (G2RS), which handles the majority of U.S. bankruptcy cases by offering bankruptcy management services to creditors and lenders. In the latter two quarters of 2024, bankruptcy filings leveled out and then declined, despite a general trend of rising filings since 2022. Filings are up 0.7% in Q1 2025 compared to Q4 2024.

Data from Q1 2025 showed 125,421 filings, compared to 116,285 in the same period in 2024. Forecast filings for 2025 as a whole are expected to reach 501,000, up 1.38% from 2024 totals.

Q1 Year-over-year Data — Regional (U.S.)

Top States with Highest & Lowest YoY Bankruptcy Growth (by volume and percentage):


DEBT

Mountain Region

- **Montana** (+15.6%) led with the high percentage growth and **New Mexico** (+23) had largest volume growth.

North Central (East)

- **Michigan** (9.5%) led in both percentage growth and had the largest increase iin volume growth (+450).

North Central (West)

- **Iowa** (+6.6%) led in percentage growth and had the largest volume growth (+52).

Northeast Region

- **Vermont** (+32.65%) led with the highest percentage growth and New Jersey (+160) had the largest volume growth.

Pacific

- **Oregon** (+31.68%) and (+467) led in both highest percentage growth and largest volume growth.

South (East)

- **South Carolina** (+10.1%) had the highest percentage increase and Tennessee (+326) had the largest volume growth.

South (West)

- **Alabama** (+2.47%) led in both the highest percentage growth and largest volume growth (+117).

Southeast Sees the Highest Levels of Bankruptcy Filing Growth

From Q4 2024 to Q1 2025, the Southeast region saw the highest number of bankruptcy filings nationwide when comparing quarter-over-quarter (QoQ) changes. The District of Columbia, Florida, Georgia, Kentucky, Maryland, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia are all located in the southeast. Tennessee (+326) saw the most volume gain in the region, while South Carolina (+10.1%) had the highest percentage increase.

"During the last few quarters, we have seen significant fluctuations in bankruptcy patterns across different regions in the country, but the increase in filings during the first quarter points to a likely rise in bankruptcy activity for the remainder of 2025," said Ryan Sanders, who leads Relationship Management with U.S. financial institutions for G2RS Bankruptcy Intelligence Solutions. "However, overall filings still remain below pre-pandemic levels, and we anticipate it will take additional time before those benchmarks are surpassed."

The country's Mountain area saw the most percentage increase in bankruptcy filings when comparing the first quarter of 2025 to Q1 2024 across the board. Filings from this region, which includes Arizona, Colorado, Idaho, Montana, New Mexico, Utah, and Wyoming, have increased by 15.81% since Q1 2024. The two states with the most filings were Montana and New Mexico.

Region	Q1 (2025)	Q1 (2024)	Growth	YoY% Growth
Mountain	7,177	6,197	980	15.81%
North Central (East)	23,689	22,284	1,405	6.30%
North Central (West)	6,974	6,562	412	6.28%
Northeast	14,187	13,292	895	6.73%
Pacific	17,799	15,916	1,883	11.83%
South (East)	34,259	32,045	2,214	6.91%
South (West)	19,951	18,661	1,290	6.91%
Puerto Rico	1,385	1,328	57	4.29%
Total	125,421	116,285	9,136	7.9%

Region	Q1 (2025)	Q4 (2024)	Growth by filings:	Previous quarter growth
Mountain	7,177	7,667	(490)	-6.39%
North Central (East)	23,689	23,588	101	0.43%
North Central (West)	6,974	7,284	(301)	-4.26%
Northeast	14,187	13,821	366	2.65%
Pacific	17,799	17,407	392	2.25%
South (East)	34,259	32,969	1,290	3.91%
South (West)	19,951	20,317	(366)	-1.80%
Puerto Rico	1,385	1,552	(167)	-10.76%

CFPB TO CANCEL PANDEMIC-ERA MORTGAGE SERVICING RULE

The Consumer Financial Protection Bureau (CFPB) is retracting a pandemic-era Mortgage Servicing Final Rule. Set for publication in the Federal Register, Docket No. CFPB-2025-0014, the interim final rule (IFR) rescinds the final rule "Protections for Borrowers Affected by the COVID-19 Emergency Under the Real Estate Settlement Procedures Act (RESPA), Regulation X."

In June 2021, the CFPB issued a rule to amend Regulation X to assist mortgage borrowers impacted by COVID-19. The rule established temporarily procedural safeguards to help ensure that bor-

> "The labor market is relatively healthy, which is helping mortgage performance remain strong. However, compared to one year ago, there are fewer borrowers current on their mortgages. Also, more borrowers in loan workouts—particularly those with FHA loans—are having difficulty staying current."
>
> —**Matt Layton**, SVP of Consumer Analytics, LegalShield

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rowers have a meaningful opportunity to be reviewed for loss mitigation before the servicer can make the first notice or filing required for foreclosure on certain mortgages. In addition, the rule would temporarily permit mortgage servicers to offer certain loan modifications made available to borrowers experiencing a COVID-19-related hardship based on the evaluation of an incomplete application.

The CFPB's "Protections for Borrowers Affected by the COVID-19 Emergency Under the Real Estate Settlement Procedures Act (RESPA), Regulation X; Rescission" will be posted in the Federal Register and is set for publication in the Federal Register on May 16, 2025. It would become effective 60 days after publication, and comments from the public will be accepted 30 days after publication.

President Joe Biden formally put an end to the COVID-19 national emergency when he signed a bipartisan congressional resolution to bring it to a close after three years on April 10, 2023—just weeks before it was set to expire. The national emergency allowed the government to respond to the virus and support the country's economic, health, and welfare systems.

"The Bureau finds that it has good cause to remove, without prior notice and comment, language relating to the COVID-19 pandemic added by the 2021 COVID RESPA Rule, as prior notice and comment is unnecessary," states the new rule. "Both the temporary additional early intervention live contact requirements and the temporary special COVID-19 loss mitigation procedural safeguards have been sunset by their own terms, and the COVID-19 Public Health Emergency expired on May 11, 2023."

FORECLOSURE ACTIVITY CONTINUES ITS 'GRADUAL CLIMB'

According to ATTOM's U.S. Foreclosure Market Report for April, a total of 36,033 U.S. properties reported foreclosure filings—default notices, scheduled auctions, or bank repossessions—up 0.4% from the prior month, and up 13.9% from a year ago.

"April's foreclosure activity continued its gradual climb, with both starts and completions up annually," said Rob Barber, CEO at ATTOM. "While volumes remain below historical norms, the year-over-year increases may suggest that some homeowners are beginning to feel the effects of persistent economic pressures."

For the study, ATTOM counted the total number of properties with at least one foreclosure filing entered into the ATTOM Data Warehouse during April. Data was collected from more than 3,000 counties nationwide, and those counties account for more than 99% of the U.S. population. ATTOM's report incorporates documents filed in all three phases of foreclosure: Default—Notice of Default (NOD) and Lis Pendens (LIS); Auction—Notice of Trustee Sale and Notice of Foreclosure Sale (NTS and NFS); and Real Estate-Owned, or REO properties (that have been foreclosed on and repurchased by a bank).

Foreclosure Completions Rise

ATTOM found that lenders repossessed 3,580 U.S. properties through completed foreclosures (REOs) in April 2025, down 2.9% from last month, but up 23.3% from a year ago, marking the second month of REO numbers increasing annually.

Counter to the national trend states that had at least 50 or more REOs and that saw the greatest annual decline in April 2025 included:

- South Carolina (down 45.9%)
- Maryland (down 42.5%)
- Ohio (down 22.4%)
- New York (down 17.3%)
- New Jersey (down 11.5%)

Among the 225 metropolitan statistical areas with a population of at least 200,000, that saw the greatest number of REOs included:

- Chicago (220 REOs)

- Atlanta (213 REOs)
- New York (143 REOs)
- Houston (114 REOs)
- Philadelphia (86 REOs)

Where Were Foreclosure Rates the Highest?

Nationwide, one in every 3,950 housing units had a foreclosure filing in April 2025. States with the worst foreclosure rates included:

- South Carolina (one in every 2,311 housing units with a foreclosure filing)
- Illinois (one in every 2,405 housing units)
- Florida (one in every 2,526 housing units)
- Delaware (one in every 2,617 housing units)
- Nevada (one in every 2,944 housing units)

Metropolitan statistical areas (MSAs) with a population greater than 200,000 reporting the worst foreclosure rates in April 2025 included:

- Warner Robins, Georgia (one in every 1,512 housing units with a foreclosure filing)
- Killeen-Temple, Texas (one in every 1,590 housing units)
- Chico, California (one in every 1,720 housing units)
- Ocala, Florida (one in every 1,731 housing units)
- Palm Bay-Melbourne-Titusville, Florida (one in every 1,753 housing units)

In MSAs with a population greater than one million, those with the worst foreclosure rates in April 2025 were found in:

- Cleveland (one in every 1,964 housing units)
- Chicago (one in every 2,076 housing units)
- Riverside, California (one in every 2,106 housing units)
- Houston (one in every 2,147 housing units)
- San Antonio (one in every 2,326 housing units)

Foreclosure Starts Increase Both Monthly & Annually

Lenders began the foreclosure process on 25,265 U.S. properties in April 2025, up 0.8% from last month and up 16.1% from a year ago. States that had the greatest number of foreclosures starts in April included:

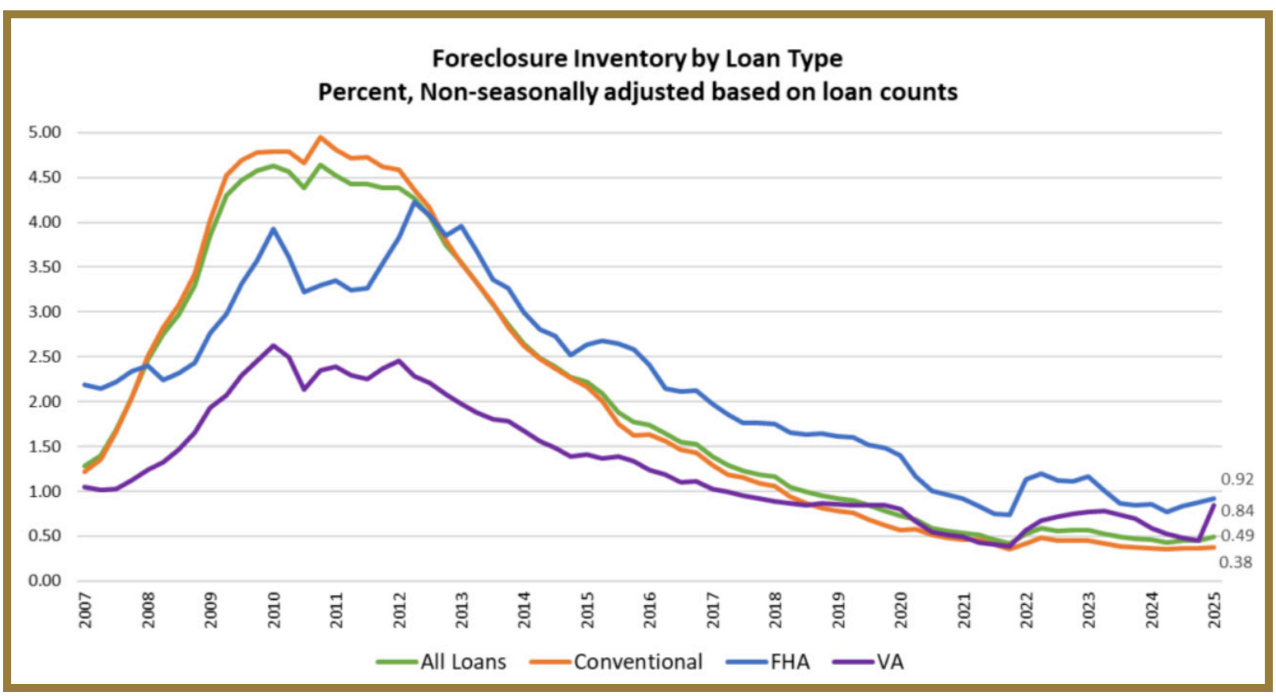
- Texas (3,280 foreclosure starts)
- Florida (2,810 foreclosure starts)
- California (2,501 foreclosure starts)
- Illinois (1,313 foreclosure starts)
- Ohio (1,135 foreclosure starts)

Tracking MSAs with a population of at least 200,000, those with the greatest number of foreclosure starts in April included:

- Houston (1,202 foreclosure starts)
- Chicago (1,139 foreclosure starts)
- New York (1,099 foreclosure starts)
- Miami (739 foreclosure starts)
- Atlanta (665 foreclosure starts)

Factors Contributing to the Uptick

According to the Bureau of Labor Statistics (BLS), real average hourly earnings for all employees were unchanged from March to April, stemming from an increase of 0.2% in average hourly



earnings, combined with an increase of 0.2% in the Consumer Price Index for All Urban Consumers (CPI-U). Real average weekly earnings decreased 0.1% over the month due to no change in real average hourly earnings, combined with no change in the average workweek.

The BLS also reported that total nonfarm payroll employment increased by 177,000 in April, with the nation's unemployment rate was unchanged at 4.2%, as employment continuing to trend upward in healthcare, transportation and warehousing, financial activities, and social assistance, as federal government employment declined.

That unemployment stat may soon shift as the Trump administration's March 13 deadline to cut federal workforces has passed and job cuts loom in nearly every government department. Government Executive reports that many agencies have already begun sending out reduction-in-force (RIF) notices or have outlined employee exit options. Nearly 25,000 probationary employees have lost their jobs to date.

The Consumer Financial Protection Bureau (CFPB), for example, issued RIF notices for approximately 1,500 personnel, roughly 88% of its workforce on April 17, while announcing 50% cuts to its inspection operations of financial services companies. Employees were told they would be locked out by 6 p.m. on April 18 and would be separated from federal service by June 16, barring qualifications for other available positions. A federal judge on April 18 temporarily paused the RIFs at CFPB.

And while federal layoffs may be a small blip on the overall employment radar, these layoffs could potentially impact the housing market moving forward through 2025 and beyond. As more lose their jobs and are forced to move and vacate their homes, foreclosure expectations could ramp up and gain momentum.

"Quite a few people in D.C. are selling their homes because they're losing their jobs," said Redfin Premier Real Estate Agent Mary Bazargan of recent D.C. area governmental layoffs. "Many of those people are planning to leave the area because the cost of living is high, and they want a new job that allows them to work remotely and be closer to family. I recently worked with a buyer who bid on a home, offered more money than any other buyer, and waived all contingencies. Still, the seller ended up going with an all-cash offer because all of the layoff news made them nervous about accepting offers from financed buyers."

Q1 FORECLOSURE VOLUME, DELINQUENCIES TREND UPWARD

According to the Mortgage Bankers Association's (MBA) National Delinquency Survey, at the end of Q1 2025, the delinquency rate for mortgage loans on residential properties with one to four units rose to a seasonally adjusted rate of 4.04% of all outstanding loans.

The delinquency rate increased by 10 basis points from a year ago and by six basis points from Q4 2024. In Q1, the percentage of loans on which foreclosure actions were initiated increased by 5 basis points to 0.20%.

"There were mixed results for mortgage performance in Q1 2025 compared to the end of 2024. Delinquencies on conventional loans increased slightly, while mortgage delinquencies on FHA and VA loans declined," said Marina Walsh, CMB, MBA's VP of Industry Analysis. "Foreclosure inventories increased across all three loan types, and particularly for VA loans."

MBA's Q1 2025 National Delinquency Survey — U.S. Highlights

- For all outstanding loans, the seasonally adjusted mortgage delinquency rate rose in comparison to the previous quarter. The 30-day delinquency rate rose 11 basis points to 2.14%, the 60-day delinquency rate dropped 3 basis points to 0.73%, and the 90-day

> "There were mixed results for mortgage performance in Q1 2025 compared to the end of 2024. Delinquencies on conventional loans increased slightly, while mortgage delinquencies on FHA and VA loans declined."
>
> —**Marina Walsh, CMB,**
> VP of Industry Analysis, MBA

delinquent bucket dropped 2 basis points to 1.17%.

- Compared to the previous quarter, the overall seasonally adjusted delinquency rate for conventional loans rose by 8 basis points to 2.70%. Seasonally adjusted delinquency rates fell 41 basis points to 10.62% for the FHA and 7 basis points to 4.63% for the VA.
- Overall mortgage delinquencies for all outstanding loans rose year over year (YoY). Compared to the prior year, the delinquency rate rose 8 basis points for conventional loans, jumped 23 basis points for FHA loans, and fell 3 basis points for VA loans.
- Loans that are at least one payment past late are included in the delinquency rate; however, loans that are in the foreclosure process are not. At the conclusion of Q1, the percentage of loans in the foreclosure process was 0.49%, which was 3 basis points higher than a year ago and 4 basis points higher than in Q4 2024.
- The percentage of loans that are 90 days or more past due or in the foreclosure process, known as the non-seasonally adjusted seriously delinquent rate, was 1.63%. It rose 19 basis points from the previous year and dropped 5 basis points from the previous quarter.
- Compared to the prior quarter, the seriously delinquent rate dropped 3 basis points for conventional loans, 14 basis points for FHA loans, and 7 basis points for VA loans. The seriously delinquent rate went up 5 basis points for conventional loans, 80 basis points for FHA loans, and 50 basis points for VA loans over the previous year.

Walsh pointed out that in order to give the Veterans Affairs Servicing Purchase (VASP) Program time to be implemented, a voluntary VA foreclosure moratorium was in place through the end of 2024. Since then, that program has ceased without a congressionally approved successor loss mitigation option. If the economy deteriorates and there are no choices for debt workouts, the foreclosure rate may rise much more.

"The percentage of VA loans in the foreclosure process rose to 0.84%, the highest level since the fourth quarter of 2019," Walsh said. "The increase from the previous quarter marks the largest quarterly change recorded for the VA foreclosure inventory rate since the inception of MBA's survey in 1979."

The top five states with the largest YoY year increases in their overall delinquency rate were:

1. Florida (46 basis points)
2. South Carolina (26 basis points)
3. Georgia (25 basis points)
4. Delaware (25 basis points)
5. Wyoming (24 basis points)

"Despite certain segments of borrowers having difficulty making their mortgage payments, the overall national delinquency and foreclosure rates remain below historical averages for now," Walsh said.

CONSUMER CONCERNS PERSIST AS BANKRUPTCY FILINGS INCREASE

According to data from Epiq AACER, there were 30,961 individual Chapter 7 applications in April 2025, which was an estimated 16% increase over the 26,781 submissions in April 2024.

"The 9% increase in total bankruptcy filings in April 2025, particularly the 16% surge in individual Chapter 7 filings, reflects the mounting financial strain on households, elevated prices, and higher borrowing costs," said Michael Hunter, VP of Epiq AACER. "While commercial filings have softened, the uptick in small business Subchapter V elections signals persistent distress among smaller businesses navigating an uncertain economic landscape."

Per the recent report, the overall number of individual bankruptcy filings rose from 43,030 in April 2024 to 47,323 in April 2025—an estimated 10% rise. Compared to the 16,175 individual Chapter 13 applications in April of last year, there were 16,246 individual Chapter 13 filings in April of 2025.

"April 2025's data underscores a continued rise in individual bankruptcies, with 47,323 filings driven by economic pressures like inflation and geopolitical uncertainties," Hunter said. "Although commercial Chapter 11 filings declined, the 4% growth in subchapter V filings highlights the ongoing challenges for small businesses seeking relief, pointing to a broader need for accessible restructuring options."

Key Highlights:

- In April 2025, there were 49,588 bankruptcy filings overall, which was 9% more than the 45,615 filings in April 2024.
- In contrast, the overall number of commercial files in April decreased by 12% to 2,265 from 2,585 in the prior year.
- In April 2025, the number of commercial Chapter 11 bankruptcy filings dropped by 20%, from 542 in April 2024 to 434 in April 2025.
- However, the number of small business registrations recorded as subchapter V elections under Chapter 11 rose from 210 in April 2024 to 218 in April 2025—a 4% increase.

"While filings still remain below pre-pandemic levels, elevated prices, higher borrowing costs, and uncertain geopolitical events compound the economic challenges faced by families and businesses," said Amy Quackenboss, Executive Director for ABI. "We look forward to providing Congress with the research, information, and statistics to reestablish higher debt thresholds for financially distressed small businesses and consumers to access the fresh start of bankruptcy."

Government

HOUSING MARKET PREPARES FOR TAX POLICY SHAKE-UP

The U.S. House of Representatives narrowly passed a tax reform measure, the One Big Beautiful Bill Act, by a vote of 215-214, legislation that will impact the real estate sector and affect household finances. Key aspects of the One Big Beautiful Bill Act of importance to the real estate and housing industries that will strengthen housing affordability, investment, and generational wealth include:

- Enhancements to the Low-Income Housing Tax Credit (LIHTC)
- Mortgage Interest Deduction (MID)
- Estate tax certainty
- Renewed Opportunity Zone incentives
- The creation of tax-advantaged child investment accounts that can be used for qualified expenses of the beneficiary such as first-time home purchases

Mortgage Bankers Association (MBA) President and CEO Bob Broeksmit, CMB, said, "MBA is pleased that this bill includes numerous tax provisions that will help to increase real estate investment in communities and improve the financial outcomes of homeowners, renters, and our members' businesses."

Expansion of the LIHTC

The One Big Beautiful Bill Act includes changes to the LIHTC, impacting both the 9% and 4% LIHTCs. It also addresses tax-exempt entities, including private foundations and universities, and makes changes to employee compensation limits for tax-exempt organizations. For 9% LIHTC, the bill restores the 9% LIHTC to its 2021 level for the years 2026-2029 and increases the allocation by 12.5%. The bill also lowers the bond-financing threshold for projects financed by bonds issued after 2025, but before 2030 to 25%, according to a report from CliftonLarsonAllen.

Impact of the MID

The bill preserves and makes permanent the Mortgage Interest Deduction (MID) at its current level. This means the bill intends to keep the deduction with the 2017 Tax Cuts and Jobs Act (TCJA)'s limitations. The TCJA was one of the biggest tax overhauls in decades, and many of the provisions of the One Big Beautiful Bill Act that pertain to individuals are set to expire after 2025. According to the law firm Duane Morris, a significant portion of the current reconciliation bill focuses on extending or making permanent these provisions to preserve the existing framework for individuals, pass-through entities, and estates beyond 2025.

There had been concern the MID might be reduced or eliminated as a budget offset from the bill.

The National Association of Realtors (NAR) has expressed its support for this aspect of the measure, viewing it as a crucial benefit for homeowners and supporting housing market stability. In a recent national survey commissioned by NAR, Americans expressed strong support for retaining provisions in the 2017 Tax Cuts and Jobs Act critical to the real estate economy and homeownership. The survey found that 76% of voters are aware of efforts to extend the Tax Cuts and Jobs Act. Among those familiar with the law, support grows significantly when specific provisions are highlighted, as 86% back lower income tax rates for individuals and married couples, 83% support a new 20% deduction for independent contractors and small businesses earning under $400,000, and 80% favor tax incentives aimed at spurring investment in underserved communities.

Estate Tax Certainty

One Big Beautiful Bill will make permanent the doubled estate and gift tax exemption, currently at $13.99 million per person in 2025, and increase it to $15 million. This calculation was indexed for inflation, beginning in 2026. The estate and gift tax exemption provision would provide certainty for estates and families, ensuring that they can pass down assets to future generations without the threat of a fluctuating exemption amount. One Big Beautiful Bill also includes other tax provisions, such as permanent extensions of business tax benefits and increased standard deductions for individuals.

"We appreciate House leaders for taking this important step with a bill that supports hardworking families and strengthens the real estate economy. With lower tax rates, SALT [State and Local Tax] relief, and new incentives for small businesses and community development, this proposal brings real benefits to everyday Americans," said Shannon McGahn, NAR's EVP and Chief Advocacy Officer.

Opportunity Zone Incentives

The One Big Beautiful Bill Act proposes a renewed Qualified Opportunity Zone (QOZ) program starting January 1, 2027, and ending December 31, 2033.

An Opportunity Zone is a designation and investment program created by the Tax Cuts and Jobs Act of 2017 allowing for certain investments in lower-income areas to have tax advantages. Their purpose is to spur economic growth and job creation in low-income communities while providing tax benefits to investors.

The One Big Beautiful Bill Act includes modified eligibility requirements, focusing on rural areas and narrowing the definition of low-income communities by narrowing the threshold for census tract eligibility. Tax incentives, such as deferred capital gains taxation, will be available for investments made in QOZs during this period. A significant portion of new QOZ designations, at least 33% (or all eligible rural areas if less than 33%), must be in entirely rural communities.

In a recent report from ATTOM, 3,558 opportunity zones around the United States with sufficient data were analyzed (meaning they had at least five home sales in Q1 2025) and found that median single-family home and condominium prices increased from Q4 2024 to Q1 2025 in 48% of Opportunity Zones nationwide.

"Home-value patterns inside Opportunity Zones remain pretty much in lockstep with the rest of the country, just as we've seen ever since we started looking at this niche of the market. From one to another, those very local markets remain volatile, with troubling signs in the very lowest-priced areas. But the big picture shows remarkable, and mostly positive, consistency," said Rob Barber, CEO of ATTOM.

> **"Provisions supporting homeownership, including those related to mortgage interest and capital gains exclusions, help provide certainty for buyers, sellers, and lenders alike—strengthening the entire housing ecosystem."**
>
> —**Diane Tomb**, CEO, American Land Title Association

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The Creation of Tax-Advantaged Child Investment Accounts

President Trump's 2017 tax cuts temporarily boosted the maximum child tax credit to $2,000 from $1,000, a move set to expire after 2025 without action from Congress. The One Big Beautiful Bill Act would make the $2,000 credit permanent and raise the cap to $2,500 from 2025 through 2028. After 2028, the credit's highest value would revert to $2,000, and be indexed for inflation. The child tax credit supports U.S. families and could help with housing affordability.

"Provisions supporting homeownership, including those related to mortgage interest and capital gains exclusions, help provide certainty for buyers, sellers, and lenders alike—strengthening the entire housing ecosystem," said American Land Title Association (ALTA) CEO Diane Tomb. "We urge the Senate to build on this momentum and protect the real estate and housing incentives that help Americans build wealth, promote generational stability, and drive our economy forward."

CFPB STAFFERS WARN OF CONSEQUENCES AS TRUMP EYES BUREAU OVERHAUL

> **"The administration's actions, if allowed to occur, would not just be unconstitutional—they would also be disastrous."**
>
> —**Rob Barber**, CEO of ATTOM

According to news outlet The Guardian, staffers at the Consumer Financial Protection Bureau (CFPB) feel that Americans who fall victim to financial crimes will have "nowhere to turn" if the Trump administration stays its course and continues staffing cuts at the Bureau.

A Government Executive recently reported that the Bureau issued Reductions in Force (RIFs) for roughly 1,500 of its personnel—impacting roughly 88% of its workforce. In addition to the RIFs, the Bureau reportedly slashed 50% of those responsible for inspection operations of the nation's financial services companies.

The Guardian found an attorney at the Bureau who commented under anonymity, "The agency that Congress created after the last financial crisis to help prevent another financial crisis is currently completely handcuffed from working. And we are on the verge of another major financial crisis, so it's terrifying. The one thing we were created to do we can't do—at a time when we're most needed."

Staving Off Mass Layoffs

Reps. Maxine Waters and Hakeem Jeffries, along with Sens. Chuck Schumer and Elizabeth Warren, led 233 current and former Members of Congress, including the entire Senate Democratic caucus, in filing an amicus brief in defense of the CFPB remaining open and operational. This group includes former Rep. Barney Frank and former Sen. Chris Dodd, the lead architects of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which established the Bureau in the aftermath of the 2008 financial crisis.

While the Trump administration and Elon Musk's Department of Government Efficiency (DOGE) have made several attempts to eliminate the CFPB without Congressional approval, the amicus brief led by Reps. Waters and Jeffries makes it clear that the sole authority to do so lies with Congress, as Congress created the agency.

"The administration's actions, if allowed to occur, would not just be unconstitutional—they would also be disastrous. As the Supreme Court has explained, eliminating the CFPB would 'trigger a major regulatory disruption and would leave appreciable damage to Congress's work in the consumer-finance arena," wrote the lawmakers in the brief. "...Without the CFPB, for example, consumers would have nowhere to turn for timely assistance from the federal government for help confronting unfair practices in the financial services industry. See 12 U.S.C. § 5493(b)(3)(A) (mandating the creation of a unit to give that assistance). Without the CFPB, consumers would not have access to the vital educational information published by the Bureau on consumer financial products and services. See, e.g., 15 U.S.C. §§ 1646(a), (b) (requiring such reports). And without the CFPB, banks and nonbanks' legal violations would go uninvestigated and federal consumer protection laws would be underenforced."

Leadership in Flux

Since February, Russ Vought has served as Interim Director of the Bureau. In mid-February, the Trump administration nominated Jonathan McKernan, most recently a Director on the Board of the Federal Deposit Insurance Corporation (FDIC), as the next Director of the CFPB. McKernan was awaiting Senate confirmation to lead the Bureau when the Trump administration shifted gears and nominated McKernan to serve as Undersecretary of Domestic Finance at the U.S. Department of the Treasury. President Trump reportedly will withdraw McKernan's nomination as CFPB Director instead of his nomination to the Treasury Department. Vought's term as Interim CFPB Director has a cap of 210 days. An anonymous Bureau attorney told The Guardian, "I think the goal is to try and close the agency before Vought's time is up as Acting Director, which is why they keep pressing so hard to try to be allowed to [terminate] everybody immediately."

Seeking a Shift in Policies

The *Wall Street Journal* recently reported a letter was sent to CFPB staffers from Bureau Chief Legal Officer Mark Paoletta outlining how the agency will channel its focus on "tangible harm to consumers" through a reallocation of resources from enforcement and supervision activities executed by states.

"The Bureau will focus its enforcement and supervision resources on pressing threats to consumers, particularly service members and their families, and veterans," said Paoletta in the memo. "To focus on tangible harms to consumers, the Bureau will shift resources away from enforcement and supervision that can be done by states. All prior enforcement and supervision priority documents are hereby rescinded."

The memo notes that the Bureau will turn its attention to mortgage fraud as its "highest priority," followed by Fair Credit Reporting Act (FCRA)/Regulation V data furnishing violations; Fair Debt Collection Practices Act (FDCPA)/Regulation F violations relating to consumer contracts/debts; various fraudulent overcharges, fees, etc.; and the protection of consumer info resulting in actual loss to consumers.

While listing what will take enforcement precedence moving forward, the Bureau announced that it will deprioritize the following:

- Loans for "justice-involved" individuals (criminals)
- Medical debt
- Peer-to-peer platforms and lending
- Student loans
- Remittances
- Consumer data
- Digital payments

In shifting its supervisory efforts back to depository institutions, Paoletta noted that in 2012, 70% of the CFPB's supervision focused on banks and depository institutions, and 30% on nonbanks. In his memo, he noted that those figures have reversed course, as more than 60% of CFPB's supervision is focused on nonbanks and less than 40% on banks and depository institutions.

The attorney who spoke anonymously to The Guardian about the CFPB's shift in direction added, "To some extent, I think it's a show to say they're doing something. All it does is create confusion. They think they are being super business-friendly, but everything they've done so far is actually not at all helpful to most of the businesses we regulate. We're not doing enforcement, and we're not doing any examination against some of the worst of the worst. We want to stop the harm before it happens because that's better for everyone. The kinds of questions that get asked, it's clear they don't know what we do, and they don't care."

FED TO ADOPT NEW FRAMEWORK TO SETTING MONETARY POLICY

The Federal Reserve Board hosted the Second Thomas Laubach Research Conference in May, a key component of the Federal Reserve's review of its monetary policy strategy, tools, and communication.

Opening Remarks were presented by Jerome H. Powell, Chair, Board of Governors of the Federal Reserve System, who discussed how the Federal Open Market Committee (FOMC) will begin to analyze its framework and the methods it uses to set interest rate policy and communicate it to the public, marking the first time the Fed will do so since 2020.

"We will reconsider aspects of our strategic framework in light of the experience of the last five years," said Powell in his opening remarks. "We will also consider possible enhancements to the Committee's [FOMC] policy communication tools regarding forecast uncertainty."

The Fed will closely examine the lessons of the 2021 inflation surge and the path that global interests took after this surge in crafting its new framework.

"We provide our monetary policy framework in a document entitled the Statement on Longer-Run Goals and Monetary Policy Strategy, which we refer to as the consensus statement, the language in the opening paragraph, which has never changed, articulates our commitment to fulfilling our Congressional mandate and explains clearly what we're doing and why that clarity reduces uncertainty, improves the effectiveness of our policy and enhances transparency and accountability," Powell explained.

The Fed's current monetary policy framework was crafted in an environment of low inflation and interest rates bordering the zero percent range. Under these conditions, the Fed keyed in more on the risk of being unable to stimulate the job market than on how to respond to inflationary concerns.

Fed Sets the Monetary Tone

As per the *Statement on Longer-Run Goals and Monetary Policy Strategy*, monetary policy plays a significant role in stabilizing the economy in response to economic and financial disturbances. The FOMC's means of adjusting the stance of monetary policy is through changes in the target range for the federal funds rate, and the Committee judges that the level of the federal funds rate consistent with maximum employment and price stability over the longer run has declined relative to its historical average. Therefore, the federal funds rate is likely to be constrained by its effective lower bound more frequently than in the past. Owing in part to the proximity of interest rates to the effective lower bound, the FOMC judges that downward risks to employment and inflation have increased.

"The structure of the economy evolves over time, and monetary policymakers, strategies, tools, and communications need to evolve with it," Powell said. "The challenges presented by the Great Depression differ from those of the Great Inflation and the Great Moderation, which in turn, differ from the ones we face today. A framework should be robust to a broad range of conditions but also needs to be updated periodically as the economy and our understanding of it evolve."

FOMC Structure and Presidential Powers

The President does not have direct control over the Federal Reserve's policy decisions but does have some influence. The President can nominate and appoint members of the Federal Reserve Board of Governors, including the chair, which can influence the overall direction of the Fed, and can also voice their opinions about monetary policy.

The President selects one member of the Board of Governors to serve as Chair of the board, who also serves as the FOMC (Federal Open Market Committee) Chair. The FOMC, which makes the actual monetary policy decisions, is made up of all seven governors and five of the 12 regional Federal Reserve Bank Presidents. While the chair has one vote like the other governors, the structure is designed to prevent one individual, including the president, from dictating decisions and policies.

"From 2012-2018, the FOMC voted at each January meeting to reaffirm the consensus statement in most years without substantive changes," explained Powell of the Fed's new stance on framework changes. "In 2019, we changed that practice, conducting our first ever public review, and said that we would repeat such reviews at roughly a five-year interval. There's nothing magic about a five-year pace. We believe that frequency is appropriate to reassess structural features of the economy and to engage with the public, practitioners, and academics on the performance of our framework."

HOUSE COMMITTEE PASSES FEDERAL LAND SALE MEASURE

The House Natural Resources Committee has passed its directives for a Budget Reconciliation Bill, which includes $18.5 billion in savings. In addition, Reps. Mark Amodei and Celeste Maloy have introduced the Land Disposal Amendment as part of the Committee's markup. The provision pertains to the disposal of federal lands in Nevada and Utah. The vote passed by a 26-17 margin, with one Democrat joining the Republicans.

Reconciliation is a process that allows the President's agenda to move forward without being blocked by a Senate filibuster. It began with both the House and Senate passing an identical budget blueprint that provided clear directives for committees to identify areas for saving and investment. Congressional committees have been working to turn those directives into actionable legislation within their respective jurisdictions. All proposed legislation must meet deficit-reducing or revenue-related targets. The end goal is to compile all legislation passed through committees and bring it onto the chamber floors for voting in one big bill.

"This week, the House Natural Resources Committee advanced our portion of the Budget Reconciliation Bill, delivering on the Administration's commitment to curb reckless spending, steward taxpayer dollars responsibly, and identify smart investments," Rep. Amodei said. "Our contributions will generate a total of $18.5 billion in savings, well beyond our $1 billion target."

The Land Disposal Amendment next heads to the U.S. House of Representatives for a full vote.

The Land Disposal Amendment aims to reduce federal control of vast public areas, including large plots of land in Utah and Nevada, where federal holdings dominate the landscape. In addition, the measure seeks to also increase the production of fossil fuels. A portion of the land earmarked for sale is centered on the construction of affordable housing on U.S. Forest Service and Bureau of Land Management on large plots of land outside Las Vegas and Reno, Nevada, as well as the southwestern Utah region.

"In addition to these historic savings, my Nevada-centric lands amendment was included in the package," Rep. Amodei added. "The reality is most of my colleagues don't fully grasp the unique challenges Nevada faces as a state that is 80% federally owned. For years, folks from my district, and even across district lines, have voiced serious concerns about how these vast stretches of public land could threaten Nevada's economic momentum and competitiveness if we run out of usable acreage."

Key Bill Breakdown

Specific provisions of the Land Disposal Amendment include:

- Reinstating quarterly onshore oil and gas lease sales (projected to generate $12 billion in revenue).

- Mandating at least 30 lease sales in the Gulf of America over the next 15 years and six in the Cook Inlet (projected to generate billions of dollars in new revenue).
- Returning to reasonable oil and natural gas royalty rates.
- Requiring geothermal lease sales (projected to generate $23 million in new revenue).
- Resuming leasing for energy production in the National Petroleum Reserve in Alaska and the Arctic National Wildlife Refuge (projected to generate $1 billion in new revenue and savings).
- Resuming coal leasing on federal lands.
- Increasing timber sales on federal lands and requiring long-term timber contracts.
- Rescinding various wasteful slush funds established under the Biden administration in agencies such as the National Oceanic and Atmospheric Administration, the National Park Service, and the Bureau of Land Management.
- Investing in water infrastructure in the West.

Providing funding to celebrate America's 250th anniversary, including establishing the National Garden of American Heroes.

"Today, committee Republicans took decisive action and advanced our portion of the one big, beautiful reconciliation bill. We're generating more than $18.5 billion in new revenue and savings for the American people by unleashing the United States' abundant natural resources," added Rep. Bruce Westerman, Chairman of the House Committee on Natural Resources. "These budgetary measures will deliver on President Trump's agenda to make our nation energy-dominant today and into the future. I'd like to thank all of our committee members for their tireless work on this legislation, and I look forward to supporting it through the legislative process."

HOW THE FEDERAL HOME LOAN BANKS ARE SUPPORTING AFFORDABLE HOUSING

The Federal Home Loan Bank of Atlanta (FHLBank Atlanta) has released its Impact and Affordable Housing Advisory Council (AHAC) Report, detailing the organization's highest year of funding to date for affordable housing and community development. The Impact and Affordable Housing Advisory Council (AHAC) Report also outlines the widespread reach of FHLBank Atlanta's lending products for member institutions and the community investment programs positively impacting its district in 2024.

"We are proud of our work to provide nearly 800 financial institutions with access to funding to support local lending for small businesses, mortgages, and community development projects," said Kirk Malmberg, President and CEO of FHLBank Atlanta. "Additionally, each year we work with members to ensure we offer affordable housing grant programs that address current needs. For 2024, this resulted in the introduction of Workforce Housing Plus+, a new initiative to provide downpayment assistance to a broader population of borrowers challenged by the rising cost of homes and high interest rates."

The report found that the FHLBank Atlanta contributed a record $120 million in grants for affordable housing and community development in 2024, in addition to:

- $55 million distributed through the Affordable Housing Program (AHP) General Fund, supporting 66 projects that will create or rehabilitate more than 4,200 affordable housing units
- $40 million distributed through the AHP Homeownership Set-aside Program, providing homeownership grants to more than 3,000 households for downpayment, closing cost, and home rehabilitation assistance
- $20 million distributed through the Workforce Housing Plus+ program, providing downpayment and closing cost assistance to more than 1,300 households
- $5.9 million in total allocated to 21 organizations addressing heirs' property issues to help more than 5,000 families protect their assets and build generational wealth
- $1 billion in Community Investment Program advances to support housing and economic development
- $250,000 donated to the American Red Cross for recovery efforts following Hurricane Helene
- 48 forums attended to promote financial literacy and homeownership knowledge sharing across the FHLBank Atlanta district

"FHLBank Atlanta continues to remain a reliable source of lending for members, allowing us to deliver on our purpose of earning trust, building relationships, and bettering lives," said Tomeka Strickland, SVP and Director of Community Investment Services of FHLBank Atlanta. "The record amount of grant funding we distributed last year is a direct reflection of our collaboration with members and commitment to our communities, and we look forward to strengthening these partnerships in 2025 to continue investing in the neighborhoods our members serve."

FHLBank Chicago Issues $50M-Plus in New Grants

In other FHLBank news, the Federal Home Loan Bank of Chicago (FHLBank Chicago) has opened its application period for its 2025 Affordable Housing Program (AHP) General Fund. With $52 million available and up to $2 million per project, the program continues to advance the development and preservation of affordable housing throughout Illinois and Wisconsin.

> "These grants make a meaningful difference—enabling critical updates like roof repairs, system replacements, and other improvements that help preserve the homes people rely on."

—**Kayla Aaron**, Regional Retail Loan Manager, First Mid

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AHP grants subsidize the acquisition, new construction, or rehabilitation of rental or owner-occupied housing. Delivered in partnership with FHLBank Chicago financial institution members, these forgivable grants help to address ongoing housing supply challenges by expanding access to quality affordable housing in many communities.

"The AHP General Fund continues to be an impactful resource for addressing critical housing needs and strengthening communities," said Katie Naftzger, SVP and Community Investment Officer, FHLBank Chicago. "We're proud to partner with our members to deliver funding that helps create and preserve affordable housing, expanding opportunities for residents and communities alike."

Since 2017, FHLBank Chicago member, First Mid Bank & Trust (First Mid), has helped secure more than $3 million in AHP funds in partnership with Coles County Regional Planning and Coles County Habitat for Humanity. These funds support essential home repairs and new home construction across rural central Illinois, ensuring that individuals and families in eight counties have access to safe and affordable housing.

"These grants make a meaningful difference—enabling critical updates like roof repairs, system replacements, and other improvements that help preserve the homes people rely on," said Kayla Aaron, Regional Retail Loan Manager at First Mid. "They strengthen the housing stock and help maintain the fabric of our communities."

BIPARTISAN MEASURE SEEKS TO EXPAND AFFORDABLE RURAL HOUSING

Sens. Catherine Cortez Masto, Tina Smith, and Mike Rounds have introduced bipartisan legislation to improve federal rural housing programs and strengthen the supply of affordable housing in rural America, the Rural Housing Service Reform Act. The Act expands housing opportunities by offering loans, grants, and rental assistance to rural communities across the country.

"Working families in the Silver State should have access to secure, affordable housing no matter where they live," Sen. Cortez Masto said. "This bipartisan legislation would provide vital resources to improve access to affordable housing in our rural communities, from Elko to Ely."

Rural parts of the United Sstates saw only a 1.7% increase in the number of housing units between 2010 and 2020, with almost half of states seeing a decrease in the number of rural units. At the same time, homelessness in rural counties is currently increasing.

The Rural Housing Service Reform Act would improve and build upon several U.S. Department of Agriculture (USDA) rural housing programs. Specifically, the Act would:

- Fix a longstanding problem for properties, known as Sec. 515 properties, that were financed by the USDA decades ago and now have maturing mortgages, by making it easier for nonprofits to acquire those properties and by decoupling rental assistance so that assistance does not disappear when those mortgages mature.
- Make permanent a USDA pilot program to make mortgage loans available in Native communities by partnering with local Community Development Financial Institutions (CDFI), lenders designed to provide financing and support to underserved communities.
- Bring the USDA's outdated way of measuring incomes in line with the U.S. Department of Housing and Urban Development's practices.
- Modernize the USDA's foreclosure process to cut red tape, better protect homeowners, and ensure USDA-owned properties remain affordable.
- Update the rules for the home repair loan program to make it less burdensome to get smaller loans.

- Require the USDA to speed up their loan approval process.
- Improve IT so that the USDA can process loans more quickly and with less staff time wasted on paperwork or manual data entry.

The Rural Housing Service Reform Act has been endorsed by the National Rural Housing Coalition, Local Initiatives Support Corporation, Housing Assistance Council, Enterprise Community Partners, Mortgage Bankers Association, Council of State Community Development Agencies, Habitat for Humanity International, National Housing Law Project, AARP, Council for Affordable and Rural Housing, Bipartisan Policy Center Action, and the National Association of Counties.

"The Rural Housing Service Reform Act is a testament to commonsense, bipartisan collaboration in Congress," said David Lipsetz, President and CEO of the Housing Assistance Council. "This important legislation would modernize USDA's flagship single-family housing programs, provide new tools to help preserve their critical stock of rural multifamily properties, ensure that USA single-family loans are reaching Indian Country, and allow for sorely needed technology and staffing modernization at USDA. We are so appreciative for the leadership of Sens. Smith and Rounds on these issues and we applaud the deep commitment that all of the bill's co-sponsors have shown to preserving and improving rural housing programs at USDA."

HUD ASSISTS VIRGINIA RESIDENTS IMPACTED BY WINTER STORMS

U.S. Department of Housing & Urban Development (HUD) Secretary Scott Turner has announced the availability of federal disaster assistance to the Commonwealth of Virginia to supplement recovery efforts in the areas impacted by severe winter storms and flooding from February 10-18, 2025. President Trump issued a Major Disaster Declaration on April 4, 2025, for the Commonwealth of Virginia.

"HUD is here to support Virginians as they rebuild their homes, communities, and businesses following the severe winter storms and flooding," HUD Secretary Turner said. "Disaster response is a foundational part of our mission-minded approach to serving American communities as they work to rebuild."

Effective immediately HUD is:

- **Providing financial flexibility:** A 90-day moratorium is issued on foreclosures of mortgages insured by the Federal Housing Administration (FHA). There is also a 90-day extension granted automatically for Home Equity Conversion Mortgages (HECMs). The moratorium and extension are effective as of the President's disaster declaration date.
- **Making mortgage insurance available:** When homes are destroyed or damaged to an extent that required reconstruction or complete replacement, HUD's Section 203(h) program provides FHA insurance to disaster victims. Borrowers from participating in FHA-approved lenders are eligible for 100% financing including closing costs.
- **Making financing available for both mortgage and home rehabilitation:** HUD's Section 203(k) loan program enables individuals to finance the purchase or refinance of a house, along with its repair, through a single mortgage. Homeowners can also finance the rehabilitation of their existing homes if damaged.
- **Sharing information on housing providers and HUD programs:** Information will be shared with FEMA and the State on housing providers that may have available units in the impacted counties, including

Public Housing Agencies (PHAs) and multifamily owners. HUD will also connect FEMA and the state to subject matter experts to provide information on HUD programs and providers.

- **Providing flexibility to Community Planning and Development Grantees:** Recipients of Community Development Block Grant (CDBG) Program, Housing Opportunities for Persons With AIDS/HIV (HOPWA) Program, Continuum of Care (CoC) Program, Emergency Solutions Grants (ESG) Program, HOME Investment Partnerships Program, and Housing Trust Fund (HTF) Program funds can apply for needed administrative flexibility in response to Presidentially Declared Major Disaster for Virginia (DR-4863-VA).
- **Providing flexibility to Public Housing Agencies:** Public Housing Agencies can apply for needed waivers and flexibility for disaster relief and recovery. The Department also released PIH Notice 2021-34, which advises the public of HUD's expedited process for waivers and flexibility from HUD regulatory and administrative requirements for various Public Housing and Voucher Programs. As a reminder, to be eligible to receive a disaster waiver, the PHA must be located in an active Presidentially declared Major Disaster Declaration area and submitted within four months of an MDD.
- **Ensuring HUD-approved housing counseling agencies are ready to assist:** HUD-approved housing counseling agencies have counselors available to assist those impacted by natural disasters to determine assistance needs and available resources.
- **Assisting with housing discrimination:** HUD's Office of Fair Housing and Equal Opportunity is available to assist people who believe they have experienced housing discrimination.

More than 450,000 people lost power due to an ice storm, heavy rain, and flooding that severely impacted southwest Virginia in mid-February. Just days later, crews were dispatched to other parts of the state ahead of record-breaking snow.

"I am grateful to President Trump and the entire Administration for approving federal disaster assistance for the Commonwealth of Virginia. These resources aid recovery efforts in the areas of Southwest Virginia affected by Hurricane Helene last fall along with the severe flooding brought on by February's winter storms," Virginia Gov. Glenn Youngkin said. "Thank you to Secretary Turner and his team for their strong partnership supporting Virginians adversely impacted by these storms."

Rep. Morgan Griffith added, "Parts of Southwest Virginia faced intense flooding during a wave of February winter storms. The resulting damage to businesses and homes impacted many people in Southwest Virginia who were in the middle of recovering from Hurricane Helene. Secretary Turner's announcement to extend natural disaster aid and financial flexibility resources to Southwest Virginia will help our communities access vital recovery services."

OMB SUBMITS PRESIDENT'S BUDGET, CALLING FOR NEARLY $33B IN HUD REDUCTIONS

The Office of Management and Budget (OMB) has sent President Trump's FY 2026 Discretionary Budget Request to Congress. In a letter to Sen. Susan Collins, Chair of the Committee on Appropriations for the United States Senate, OMB Director Russell T. Vought writes, "The recommended funding levels result from a rigorous, line-by-line review of FY 2025 spending, which was found to be laden with spending contrary to the needs of ordinary working Americans and tilted toward funding

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>
> —Virginia Gov. **Glenn Youngkin**

niche non-governmental organizations and institutions of higher education committed to radical gender and climate ideologies antithetical to the American way of life."

Among the cuts, reductions, and consolidations found in the review is a reduction of nearly $33 billion in funds to the U.S. Department of Housing and Urban Development (HUD), nearly $27 billion in State Rental Assistance Block Grants alone.

According to the budget, "The Budget empowers states by transforming the current federal dysfunctional rental assistance programs into a state-based formula grant which would allow states to design their own rental assistance programs based on their unique needs and preferences. The Budget would also newly institute a two-year cap on rental assistance for able-bodied adults and would ensure a majority of rental assistance funding through States would go to the elderly and disabled. A state-based formula program would also lead to significant terminations of federal regulations. In combination with efforts related to opening up federal lands, this model would incentivize states and the private sector to provide affordable housing. This proposal would encourage states to provide funding to share in the responsibility to ensure that similar levels of recipients can benefit from the block grant."

The budget mentions the recently established partnership between HUD and the U.S. Department of the Interior (DOI) on a Joint Task Force on Federal Land for Housing to identify underutilized federal lands suitable for residential development, streamlining land transfer processes, and promoting policies that increase the availability of affordable housing.

"President Trump's proposed 2026 housing budget will drive up homelessness and force apartment owners and operators out of business," commented David M. Dworkin, President and CEO of the National Housing Conference (NHC). "The budget proposal cuts nearly 44% from the Department of Housing and Urban Development—gutting critical housing and homelessness programs and eliminating highly successful and bipartisan programs like HOME and Family Self-Sufficiency. Further, the budget calls for the elimination of NeighborWorks America—a highly effective organization that serves the housing needs of communities throughout the United States, especially in underserved rural areas in red states. These proposed reductions would have a devastating impact on millions of Americans, particularly the most vulnerable among us, and would directly lead to increased homelessness across the country and the bankruptcy of many private businesses that own and operate affordable housing."

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—**David M. Dworkin**, President and CEO, National Housing Conference

Among HUD's Major Cutbacks

National Housing Law Project (NHLP) Executive Director Shamus Roller released the following statement in response to the FY 2026 Budget: "All Americans, across race, place, and party, value the freedom to make a good living, care for our families, and live in a stable home. President Trump's proposed budget cuts life-saving programs that keep poor and working people housed, fed, and healthy. This comes on top of three months of unlawful attacks by Trump and Elon Musk on the basic infrastructure of our government. Congress must do its job, ignore Trump's budget proposal, and return to governing. That starts with a fully funded budget that protects us all from harm and prevents evictions of the most vulnerable families. Our country's budget must serve all of us and not just the billionaires."

In addition to slashing HUD's State Rental Assistance Block Grant program, the FY 2026 Discretionary Budget Request focuses on several major HUD programs:

- 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 formula 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 approximately $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.

"President Trump's bold budget proposes a reimagining of how the federal government addresses affordable housing and community development," said HUD Secretary Scott Turner of the FY 2026 Discretionary Budget. "It rightfully provides states and localities greater flexibility while thoughtfully consolidating, streamlining, and simplifying existing programs to serve the American people at the highest standard. It creates the opportunity for greater partnership and collaboration across levels of government by requiring states and localities to have skin in the game and carefully consider how their policies hinder or advance goals of self-sufficiency and economic prosperity. Importantly, it furthers our mission-minded approach at HUD of taking inventory of our programs and processes to address the size and scope of the federal government, which has become too bloated and bureaucratic to efficiently function. I look forward to continuing budgetary conversations in the months ahead as we get our fiscal house in order and maximize HUD's budget for the rural, tribal, and urban communities we are called to serve."

Market Trends

OPPORTUNITY ZONES: Q1 PRICE TRENDS ON THE UPSWING

In its Q1 2025 report, ATTOM examined eligible low-income Opportunity Zones that Congress had designated for economic revitalization under the 2017 Tax Cuts and Jobs Act. In this analysis, ATTOM examined 3,558 U.S. zones that had at least five home sales in Q1 2025 and had enough data to evaluate.

According to the study, some 48% of Opportunity Zones nationwide with sufficient data to measure saw an increase in median single-family house and condo prices between Q4 2024 and Q1 2025. This occurred as the median price throughout the country stayed constant. During an era when the average national price increased by 8%, medians increased annually in 59% of Opportunity Zones.

"Home-value patterns inside Opportunity Zones remain pretty much in lockstep with the rest of the country, just as we've seen ever since we started looking at this niche of the market. From one to another, those very local markets remain volatile, with troubling signs in the very lowest-priced areas. But the big picture shows remarkable, and mostly positive, consistency," said Rob Barber, CEO of ATTOM. "This likely reflects the ongoing short supply of homes for sale across the country and rising prices, which pushes marginal buyers to roll the dice on locations with varying levels of economic distress."

U.S. Highlights — Q1 2025 Report

- In over half of the Opportunity Zones examined, median prices increased by more than 10% each year as the U.S. housing market boom entered its 14th year.
- In 1,491 (48%) of the Opportunity Zones with enough data to examine, median prices for single-family homes and condos rose from Q4 2024 to Q1 2025, while remaining unchanged or declining in 52% of the Opportunity Zones.
- In 1,762 (59%) of those zones, medians, which are measured annually, stayed higher from the first quarter of 2024 to the same period this year. The research includes 3,558 Opportunity Zones, of which 3,120 had sufficient data to produce useful median-price comparisons between Q1 2024 and Q1 2025, and 3,004 had sufficient data to compare Q1 2024 with Q1 2025.
- The quarterly and annual trends in Opportunity Zones were consistent with trends elsewhere: median prices increased by 48 and 59%, respectively, in the same percentage of census tracts outside of Opportunity Zones.
- In 42% of Opportunity Zones, average values increased by more than 10% per year, while in 37% of areas outside the zones, this was not the case.
- In just 47% of Opportunity Zones, where homes typically sold for less than $125,000 in Q1 2025, median prices increased annually, which is a persistent warning sign of problems.
- Larger shares of the Opportunity Zone tracts with the lowest prices were still found in the Midwest in the first quarter of 2025. The Midwest had the highest median home values (61%), followed by the Northeast (42%), the South (39%), and the West (6%).

Home Value Trends & Economic Patters — U.S.

A long-term pattern of property values within Opportunity Zones closely following broader national price fluctuations for at least the previous four years was extended by those trends in and around low-income communities where the federal government provides tax benefits to encourage "economic rebirth." That has persisted whether there have been modest, moderate, or significant advances in the housing market.

> "Home sales have been at 75% of normal or pre-pandemic activity for the past three years, even with seven million jobs added to the economy."

—**Lawrence Yun**, Chief Economist at NAR.

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The first-quarter patterns were mixed, with typical values rising significantly more frequently in higher-priced zones than in the absolute lowest-priced neighborhoods, even while prices in most Opportunity Zone regions continued to grow year over year. The U.S. housing market's very bottom continued to exhibit more notable weakness, indicating that those regions are benefiting the least from growing property values and may be more at risk if the overall market upswing pauses.

However, the most recent trends indicate that, in comparison to other markets across the country, some of the most troubled areas are exhibiting economic strength—or at least limited deterioration. Throughout Q1 2025, Opportunity Zones continued to experience even higher price trends than the national average by a number of significant metrics.

In all 50 states, the District of Columbia, and U.S. territories, census tracts in or next to low-income communities that satisfy specific requirements for redevelopment are designated as Opportunity Zones under the Tax Act legislation. According to the U.S. Census Bureau, census tracts are regions having 1,200–8,000 inhabitants, with an average of roughly 4,000.

Among states that had at least 25 Opportunity Zones with enough data to analyze during Q1 2025, the largest portions of zones where median prices increased annually were in:

1. Indiana (medians up from Q1 2024 to Q1 2025 in 75% of zones)
2. New York (72%)
3. Missouri (70%)
4. Colorado (69%)
5. New Jersey (65%)

States where prices were up annually in the smallest portion of zones included:

1. Nevada (median prices up in 44% of zones)
2. Washington (49%)
3. Florida (49%)
4. Iowa (52%)
5. Tennessee (52%)

In the first quarter of 2025, 1,097 (31%) of the 3,558 zones in the report had median prices below $150,000. That represented a decrease from 5 years ago, when 57% of zones had adequate data, and from 34% a year earlier. In the first quarter of this year, the medians for another 556 zones (16%) ranged from $150,000 to $199,999. Some 20% of Opportunity Zones had median values in Q1 2025 that were higher than the national median of $355,000, while 24% had median values ranging from $200,000 to $299,999.

"The home-buyer money flowing into these communities shows enduring potential for them to turn around, providing solid foundations for investors looking to use the Opportunity Zone incentives," Barber said.

In the early months of 2025, average property values in large areas of Opportunity Zones remained significantly lower than those in the majority of the country, despite differing degrees of economic hardship. In 80% of the zones with sufficient data, the median first-quarter prices were less than the median of $355,000 in the United States That was roughly the same amount as it has been since 2020. Additionally, in nearly half of the zones, median prices stayed below $200,000.

Significant price volatility persisted within Opportunity Zones as well, with median prices in almost three-quarters of those areas either declining or rising by at least 5% between late 2023 and early 2024. Once more, that probably represented the low volume of sales in numerous zones.

Overall, however, the most recent Opportunity Zone trends still closely followed the national home price trajectory in the first several months of 2025.

EXISTING-HOME SALES SLOW AMID WEAKENED BUYER DEMAND

According to the National Association of Realtors (NAR), existing-home sales decreased in April. The Midwest had growth in sales, the South saw no change, and the Northeast and West saw declines. Three regions saw a fall in sales year over year (YoY), while the Northeast saw no change.

"Home sales have been at 75% of normal or pre-pandemic activity for the past three years, even with seven million jobs added to the economy," said Lawrence Yun, Chief Economist at NAR. "Pent-up housing demand continues to grow, though not realized. Any meaningful decline in mortgage rates will help release this demand."

U.S. Highlights — Existing-Home Sales

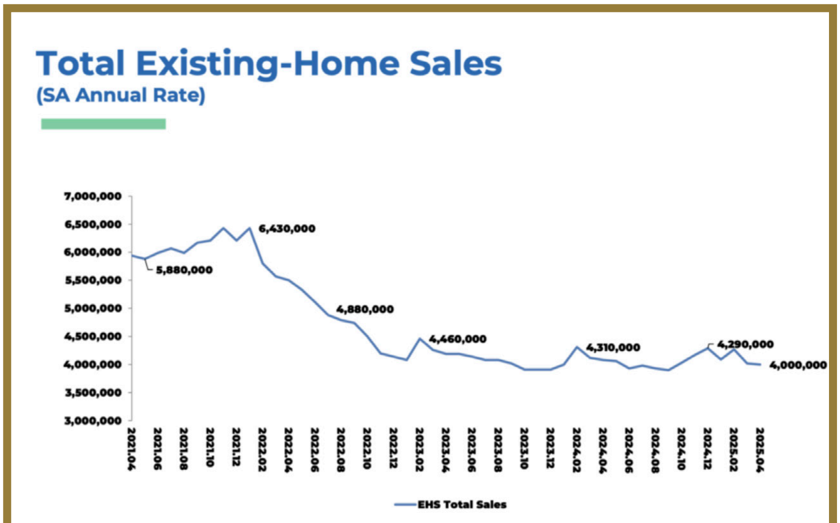
- Completed transactions involving single-family homes, townhomes, condominiums, and cooperatives make up the total existing-home sales, which decreased by 0.5% from March to a seasonally adjusted annual rate of 4.00 million in April. Sales fell 2.0% YoY (from 4.08 million in April 2024).
- At the end of April, there were 1.45 million units in total housing inventory, increasing 9% from March and 20.8% from 1.2 million units a year earlier. The amount of unsold inventory has increased from 4.0 months in March and 3.5 months in April 2024 to 4.4 months at the current sales pace.
- All property types combined saw a median existing-home price of $414,000 in April, up 1.8% from $46,600 a year earlier. While the South and West saw price declines, the Northeast and Midwest saw price hikes.

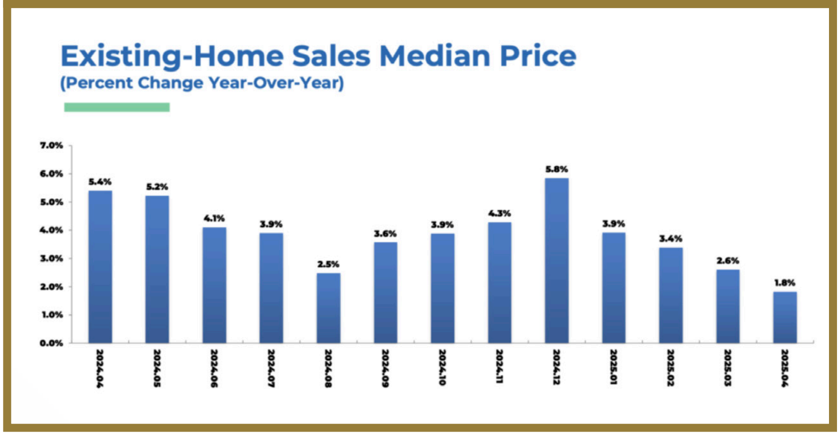
"At the macro level, we are still in a mild seller's market," Yun said. "But with the highest inventory levels in nearly five years, consumers are in a better situation to negotiate for better deals."

Danielle Hale, Chief Economist at Realtor.com, offered her expert insight on NAR's Existing Home Sales Report.

"Existing home sales registered a 4.00 million annual sales pace in April 2025, trailing 0.5% behind sales last month and 2.0% less than one year ago," Hale said. "Pending home sales revived in March, but remained lower than one year ago, a trend that continued in the April Realtor.com pending data. Home price growth continued, but moderated further, rising just 1.8% from a year ago. The typical asking price has remained roughly flat as the market sees a growing number of homes for sale. Potential sellers who overreach on price may have to adjust lower in order to attract a buyer in a market where months supply rose to 4.4 months range signaling more balance, in line with our forecast predictions for 2025."

She added: "It's also worth noting that regional variation is more pronounced in today's housing market. Home prices rose in the Northeast (+6.3%) and Midwest (+3.6%) even as they declined mildly in the South (-0.1%) and West (-0.2%). Research from Realtor.com has shown that the housing supply shortage is most acute in the Northeast and Midwest. These April home sales likely went under contract in March and early April, when mortgage rates held in a very narrow range between 6.6% and 6.7%. Even before the big trade announcement on April 2, consumers had reported concerns about the outlook for personal financial situations and job security, which may have undermined their confidence in making a large purchase, such as a home. In addition, fluctuating stock prices in the wake of April 2 may have





reduced some home shoppers' down payment and closing funds."

Even while customers' fears about the recession increased in Q1, the majority of respondents to a study conducted by Realtor.com shoppers stated that it would not influence their decision to purchase a property.

"Among those who reported that it would affect their home buying decision, the dominant sentiment was that a recession would be an accelerant to buyers," Hale said. "Roughly half as many said that they would be less likely to buy (15.8%) as more likely to buy a home (29.8%). Home shoppers remain optimistic amid a growing number of homes for sale, but opportunities vary by region and price point."

Despite not being realized by many that pent-up housing demand is still rising, this demand will be released with the aid of any significant drop in mortgage rates.

"While there have been modest improvements in affordability, collaborative research from NAR and Realtor.com shows that gains have not been evenly spread across the income spectrum, with middle- and upper-middle income shoppers seeing improvement while the lowest income home shoppers see less affordability," Hale said. "Looking ahead, mortgage rates—a key determinant of affordability—seem likely to remain in a range where they are more likely to dampen than bolster home sales in the near term."

Note: The Existing-Home Sales data measures sales and prices of existing single-family homes for the nation overall, and gives breakdowns for the West, Midwest, South, and Northeast regions of the country. These figures include condos and co-ops, in addition to single-family homes.

HOW WILL CLIMATE RISK IMPACT THE RACIAL WEALTH GAP?

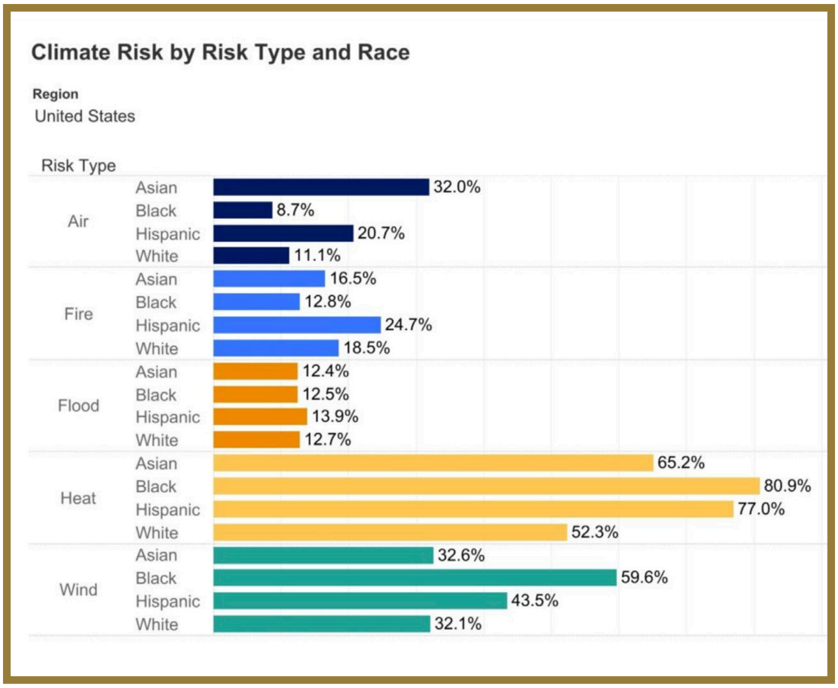
Not all homeowners in the United States are equally in danger from the increasing frequency and severity of weather-related natural disasters. Black and Hispanic homeowners are disproportionately in danger from significant climate hazards including wind, wildfire, and excessive heat, according to a recent Zillow report.

An analysis of First Street data on Zillow for-sale listings shows that Hispanic homeowners are more likely than white homeowners to possess homes in significant danger of wildfire. Extreme wind is more likely to pose a serious risk to Black homeowners. Because these regions typically have fewer financial options, the racial wealth gap may be a contributing factor.

Key Highlights — U.S.

- Compared to white homeowners, Hispanic homeowners are more likely to own homes that are in high danger of wildfire.
- Extreme wind is more likely to affect Black households.
- Communities of color are disproportionately affected by growing homeownership costs in high-risk areas.
- The racial wealth gap may grow as a result of these growing expenses, which may restrict homeowners of color's ability to accumulate wealth.

"The disproportionate burden of climate risk on homeowners of color threatens to deepen financial inequality," said Kara Ng, Senior Economist at Zillow.



"Climate risk is driving up homeownership costs due to rising insurance premiums and potential repair or rebuilding expenses after disasters. These added financial pressures can make it harder for families to build and maintain wealth through homeownership."

Flood Risk is "Fairly Balanced" Across U.S. Racial Groups

Between an estimated 12% and 14% of white, Black, Hispanic, and Asian American households own homes that are at high risk of flooding.

Local statistics, however, may present a different picture. Some 95% of Asian American homeowners, 92% of Black homeowners, and 86% of Hispanic homeowners in the New Orleans metro area are at significant danger of flooding. In New Orleans, only 76% of white homeowners are in the same danger.

The contrary is frequently true in Florida, where a higher percentage of white homeowners live in major flood-prone areas like Miami, Tampa, and Jacksonville. Due to the unfortunate racial income gap, white homebuyers are more likely than Black or Hispanic buyers to be able to afford these usually more expensive residences.

Extreme heat and poor air quality are two further ways that climate risk impacts dwellings' livability in addition to physical risks. Minority groups are also disproportionately affected by these conditions: Compared to 52% of homes owned by white people, roughly 81% of homes owned by Black people and some 77% of homes owned by Hispanic people are at significant risk from heat. Poor air quality is a disproportionate problem for Asian American households. Major air-quality concern is present in 32% of Asian American households' dwellings, which is almost three times higher than the proportion for white households (11%).

Zillow's research clarifies how long-standing housing disparities are being exacerbated by climate risk. Homeowners in high-risk areas face increasing expenditures due to higher insurance premiums, a higher likelihood of repairs, and higher energy bills as natural catastrophes become more frequent and intense. Opportunities to accumulate wealth may be restricted by the unequal distribution of these costs.

While looking through Zillow listings, homebuyers can examine climate risk information. With risk scores and interactive maps, the search map and for-sale ads provide information on five major risks: flood, wildfire, wind, heat, and air quality. This data makes it easier for homebuyers and sellers to assess long-term aspects of homeownership, like costs, safety, and resiliency.

Consumers Face Financial Stress as Climate Risk Adds to Challenges

By increasing expenses, decreasing housing supply, and making it more difficult to obtain insurance, the growing impact of climate threats is exacerbating the housing affordability issue. This puts additional pressure on the housing market by straining budgets for both

Climate Risk Type	WhiteHome-owners: Share of Homes at Major Risk	Black Home-owners: Share of Homes at Major Risk	Hispanic Home-owners: Share of Homes at Major Risk	Asian American Homeowners: Share of Homes at Major Risk
Extreme heat	52 %	81 %	77 %	65 %
Extreme wind	32 %	60 %	43 %	33 %
Wildfire	18 %	13 %	25 %	16 %
Flood	13 %	13 %	14 %	12 %
Air quality	11 %	9 %	21 %	32 %

first-time and existing homeowners and preventing many from moving.

This study shows that historically underprivileged ethnic groups are disproportionately affected by climate risk, which could worsen racial wealth and income disparities.

In addition to being more vulnerable to the effects of climate change, minority groups are also less likely to obtain homeowners insurance, which can aid in their recovery in the event of a disaster. One in 13 American homes do not have insurance, and individuals of color are the most likely to do so: some 22% of Native American homeowners, 14% of Hispanic homeowners, and 11% of Black homeowners do not have insurance, according to the Consumer Federation of America. In comparison, only 5% of Asian American and Pacific Islander homes and 6% of white homeowners do not have insurance.

Rising premiums raise the likelihood of mortgage delinquency for homeowners who do carry insurance. Black and Hispanic communities are likely to be more financially impacted by the increased cost of insurance given the current financial gaps. After being affected by the disaster, communities of color had a 31-point drop in credit scores, while majority-white communities saw a 4-point reduction, according to the Urban Institute.

A 2025 Zillow analysis found that homes with extreme risk of fire and flood are less likely to sell, or even go pending, and those that do sell are more likely to sell for less than the original list price, making racial groups that face higher climate risk more vulnerable to loss of wealth from home equity. This is another effect that can affect owners of homes facing climate risk: they are less likely to realize the full potential of their home equity when they sell.

Overall, and unfortunately, homeowners of color continue to be more vulnerable to significant climate dangers and the associated escalating expenses.

STUDY: AFFORDABILITY WORSENS AS PRICES OUTPACE BUYER INCOMES

According to a recent study conducted by Clever Real Estate, the average home can be purchased affordably in just two of the 50 major U.S. metro areas—Pittsburgh and Detroit—for the local median salary. Moreover, Iowa is the only state in the nation with statewide affordability.

To identify regions where total housing expenses surpass 28% of the typical household's gross income—a widely recognized benchmark for housing affordability—Clever examined the 50 largest metro areas in the United States along with each of the 50 states.

Across the country, the typical homebuyer would require a median family income of $123,226 to purchase the median-priced home in the United States, which is $438,000, with a 20% down payment, a 6.65% mortgage rate, and typical costs for property taxes and home insurance. However, the median household income is only $77,719, which is a startling $45,507 disparity. For the average household to afford the median home, the price would have to drop by more than $160,000, to $276,247.

Affordability, Income & Prices — National

Home prices continue to be the most important determinant of housing affordability, but disparities in insurance and property tax costs are becoming more significant, resulting in large disparities in the required income between states with comparable home values.

Detroit, one of just two affordable metro areas, has a household income of only $72,574, but the typical price of a home sold there is only $195,000, which is less than half of the $438,000 national average. The median income of the residents is $12,100 higher than what is required to buy a typical property. Likewise, although Pittsburgh's median income of $72,532 is about average, the cost of homes there is only $250,000.

Top five **most affordable cities** for median-income earners:

1. Detroit
2. Pittsburgh
3. Philadelphia
4. Cleveland
5. Cincinnati

"Golden State" Buyers Won't Find Affordability in These Cities

California is home to the four least expensive cities in the study: San Diego, San Francisco, Los Angeles, and San Jose.

Even with a 20% down payment, average households in those four Califor-

Top five **most affordable** cities for median-income earners:

Rank	Metro area	Median household income	Median home sales price (April 2025)	Income needed with 20% down	Income needed with 0% down
	U.S.	$77,719	$438,000	$123,226	$147,602
1	Detroit	$72,574	$195,000	$60,474	$71,326
2	Pittsburgh	$72,532	$250,000	$71,217	$85,130
3	Philadelphia	$86,867	$290,000	$87,731	$103,870
4	Cleveland	$67,586	$235,000	$69,150	$82,229
5	Cincinnati	$77,844	$294,000	$80,336	$96,698

The top five **least affordable** cities for median-income earners:

Rank	Metro area	Median household income	Median home sales price (April 2025)	Income needed with 20% down	Income needed with 0% down
	U.S.	$77,719	$438,000	$123,226	$147,602
1	San Jose, CA	$153,202	$1,700,000	$458,297	$552,904
2	San Francisco	$127,792	$127,792	$1,550,000	$415,871
3	Los Angeles	$91,960	$905,000	$241,149	$291,514
4	San Diego	$103,674	$920,000	$246,134	$297,333
5	New York	$95,220	$765,000	$233,455	$276,029

nia metro areas fall more than $100,000 short of the median income needed to purchase the median-priced property in the area. This is true even though the median income in each city is far higher than the national average. However, this glaring unaffordability is caused by even higher property prices.

The top five **least affordable** cities for median-income earners:

1. San Jose,
2. San Francisco
3. Los Angeles
4. San Diego
5. New York

In other words, to purchase a typical property in the metro (with a 20% down payment), each of the lowest-income California cities required more than twice the local median income, with San Francisco requiring 325% and San Diego 237%.

Americans Falling Short of Income Needed to Purchase

The places individuals call home across the United States are as distinct and varied as the people who live there, from the busy streets of America's largest cities to the most comfortable and desirable rural communities. The salaries of American homeowners are also rising. However, the median income in places like Massachusetts ($99,858) is more than double that of the typical income earned in Mississippi ($54,203).

But the median household only earns $77,719 a year, which is a staggering $45,507. To achieve the needed income level, the average American earners in this household would require a raise of about 59%.

It's important to keep in mind that the median household income in the United States accounts for multiple earners; the actual median personal income in the United States is slightly more than $42,000. A person or household making that much money and making a 20% down payment could only buy a property that costs between $145,000 and $160,000, which is difficult to locate in almost every medium-sized and large housing market these days.

Local incomes tend to significantly influence housing costs, with higher-income neighborhoods generally having more expensive homes and the other way around. However, for median-income earners, purchasing a conventional home can be a relative steal in some regions of the nation, but in others, these average-income households are far from realizing their dream of homeownership.

Home prices continue to be the primary driver of housing affordability, but persistent gaps in insurance and property tax costs are becoming more significant, resulting in large disparities in the required income between states with comparable home values.

U.S. HOME PRICES DECLINE FOR FIRST TIME SINCE 2022

Seasonally adjusted, U.S. home prices fell just 0.1% in April, marking the first monthly drop since September 2022. On an annual basis, home prices have increased 4.1%, which was less than the 4.9% growth in March. Since July 2023, that is the lowest annual price growth recorded, according to new Redfin data.

The Redfin Home Price Index (RHPI) only reported a month-over-month fall in April; the other two months—August and September of 2022—followed a string of sharp increases in interest rates. Overall, and as prices remain elevated, the April decrease (-0.05%, rounded to -0.1%) is significantly slight compared to recent years.

The RHPI, which computes seasonally adjusted changes in single-family home prices using the repeat-sales pricing approach, calculates how much a home sold for over a specific period and how much it has changed in value since the last time it sold.

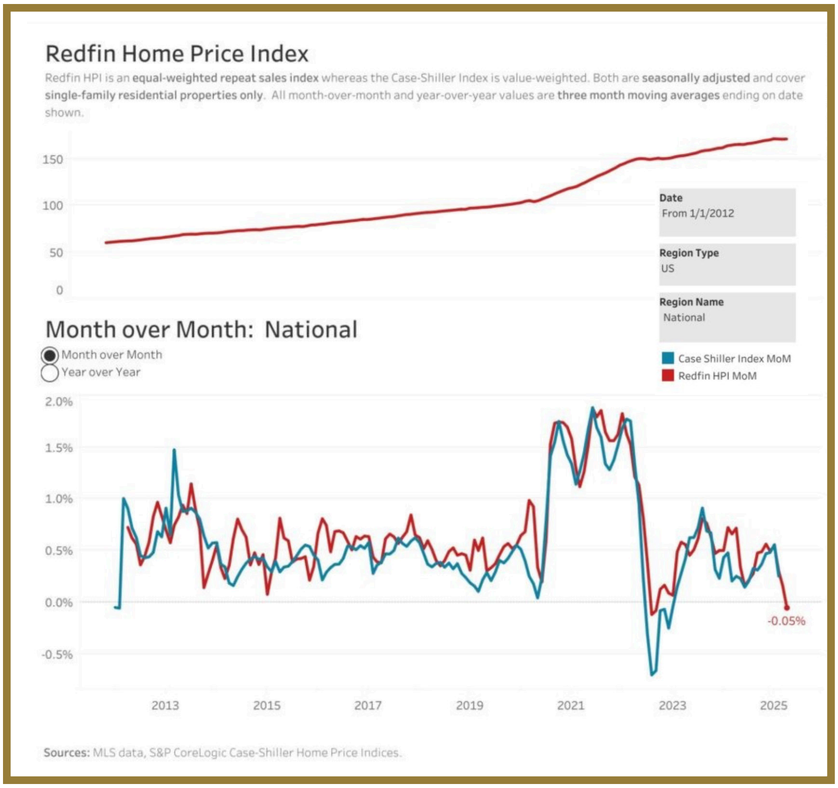
From a metro-level standpoint, prices decreased month over month (MoM) in 25 of the 50 most populated metro regions in April on a seasonally adjusted basis, underscoring the general slowdown.

The top five metros with the **biggest declines** were:

6. Charlotte, NC (-1%)
7. Virginia Beach, VA (-1%)
8. Miami (-0.7%)
9. Los Angeles (-0.64%)
10. Portland, OR (-0.61%)

The top five metros where prices **ticked up most** included:

1. Nassau County, NY (1.8% MoM)
2. Warren, MI (1.3%)
3. New York (1.2%)
4. San Francisco (1.03%)
5. Chicago (0.91%)



Note: RHPI data is subject to modification.

Buyers Desire Homes but Choosing to "Wait and See" What the Market Will Offer

Industry expert and Redfin Senior Economist Sheharyar Bokhari suggests that there are two main reasons why home values are virtually unchanged. Firstly, homebuyer demand remains much lower than it has been.

With the effects of U.S. tariff policy and a possible recession significantly influencing their decision to make large purchases, buyers are taking on a "wait-and-see" stance. In April, pending home sales decreased 3.5% month over month on a seasonally adjusted basis as more buyers stayed away from the market.

Secondly, despite weakening demand, U.S. housing supply remains elevated. Due mostly to the fact that homes just aren't selling, the overall number of properties listed for sale is at its highest level in five years. As a result, home sellers are making concessions at nearly all-time highs to draw in more buyers.

"Home prices are flat, and that's good news for buyers after years of rapid increases," Bokhari said. "But even with prices softening, affordability remains a major hurdle. Elevated mortgage rates and high prices mean that many buyers are stretching their budgets to make a purchase."

Further, Mark Fleming, Chief Economist at First American, suggests prospective homebuyers still possess optimism as price appreciation moderates.

First American also released its April 2025 Home Price Index (HPI) report, tracking home price changes less than four weeks behind real-time at the national, state, and metropolitan (Core-Based Statistical Area) levels and including metro price tiers that segment sale transactions into starter, mid, and luxury tiers.

"House prices nationally reached another record high in April, but the annual growth rate has slowed to its lowest level since 2012, underscoring the ongoing rebalancing in the market," said Mark Fleming, chief economist at First American. "Persistently high mortgage rates have tempered demand, while increased inventory has boosted supply, dragging house price appreciation down. This normalization follows the unsustainable price growth seen during the pandemic. Although affordability remains a challenge, slower price appreciation is encouraging for potential home buyers as it lets their income-growth driven house purchasing power increase."

First American reported that as of February 2020, home prices have increased nationwide by 57.2% from their pre-pandemic levels. Home price growth for February 2024–March 2025 that was published in the HPI last month was

First American Data & Analytics' National Non-Seasonally Adjusted (NSA) HPI

Metric	Change in HPI
March 2025-April 2025 (MoM)	+0.4%
April 2024-April 2025 (YoY)	+2.0%

Core-Based Statistical Areas (CBSAs) Ranked by Greatest Year-Over-Year Increases in Starter Tier HPI

CBSA	Change in Starter Tier HPI	Change in Mid-Tier HPI	Change in Luxury Tier HPI
Pittsburgh	+7.6%	+2.5%	+4.0%
Baltimore	+5.7%	+3.3%	+3.3%
St. Louis	+4.9%	+0.9%	+0.4%
Cambridge, MA	+4.7%	+5.0%	+1.3%
Warren, MI	+3.3%	+2.2%	+3.3%

> "Confidence in the economy has clearly taken a hit amid ongoing headlines around trade, tariffs, and rate uncertainty"
>
> —**Danielle Hale**, Chief Economist at Realtor.com

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revised by 0.2 percentage points, from +0.5% to +0.7%.

"The markets with the strongest growth in the starter home price tier are predominantly located in the Northeast or Midwest," Fleming said. "These markets include Pittsburgh, Baltimore, and St. Louis, markets that are attractive to potential first-time home buyers due to their relative affordability. However, homebuilding has also lagged in these markets, leading to high demand relative to limited supply, fueling strong house price appreciation."

COULD A RECESSION TRIGGER A HOUSING MARKET REVIVAL?

With many on edge financially due to the state of the nation's economy, a new poll from Realtor.com has found that U.S. homebuyers are bracing for a potential recession, but is there a silver lining?

The survey found that 63.4% of those polled expect a recession within the next 12 months, marking one of the highest levels of concern since 2019, and nearly 30% indicated that a recession would make them somewhat more likely to purchase a home. This is nearly twice as large as the share who report they'd be less likely to buy a home in a recession (15.8%).

"Confidence in the economy has clearly taken a hit amid ongoing headlines around trade, tariffs, and rate uncertainty," said Danielle Hale, Chief Economist at Realtor.com. "But while concerns are definitely present, some buyers anticipate that a downturn can bring opportunity. Well-prepared buyers who have been waiting on the sidelines are likely motivated by personal and lifestyle needs like growing families, new jobs, or retirements and these considerations can outweigh short-term economic uncertainties."

Opportunity Via Recession

And while recessionary fears have heightened, 29.8% of potential homebuyers remain motivated and indicate they could be more likely to buy in a downturn—with the potential for lower mortgage rates and less competition amid an economic slowdown as key motivators. Of those polled, 54.4% claim a recession would have no impact on their decision to purchase a home—a sign that many will be driven more by life circumstances than macroeconomic shifts. Only 15.8% of respondents reported they would be less likely to buy in a recession, reinforcing the idea that the housing market may see continued resilience despite instability in the economic climate.

Overcoming Borrower Challenges

While there is a silver lining for many buyers, another aspect of the market brings challenges. Limited housing inventory continues to be the biggest roadblock for buyers, with 44.3% citing a lack of homes that meet their needs as a major concern. While listing activity has improved compared to last year, total active inventory remains 16.3% below historical norms, limiting choice and dampening momentum.

Household budget constraints were reported as a major issue for 36% of surveyed homebuyers, an issue that could intensify in the coming months if interest rates remain elevated, and the impact of tariffs begins to unfold. Credit-related challenges are also growing, as 13.5% of buyers cited poor credit scores as a barrier, while 8.2% struggled with poor credit scores as lenders tighten their standards and student loan changes impact credit health, the financing landscape may become more difficult for some buyers to navigate.

The bidding wars of recent years appear to be subsiding, as 7.7% of surveyed buyers identified overbidding as a top concern in Q1 2025, down from 10.4% a year ago. This trend aligns with increased time on the market, a moderate rise in listings, and more stable pricing; all of which point to a slower, less stressful home search experience. For buyers able to act amid the uncertainty, today's conditions may offer more negotiating power, more choice, and less pressure than in recent years.

In analyzing the data, Realtor.com's economics team conducted a randomized survey of site visitors to listing detail pages on the site, the Site Visitors Survey. Respondents were asked about the reasons they're visiting the site, how they have been engaged with the housing market, and how they feel that current market conditions are affecting their behavior. The survey was first launched in Q4 2019, and this report focuses on results reported by shoppers in Q1 2025.

RENTER AFFORDABILITY IMPROVES AS THEY ADHERE TO '30% RULE'

Following significant increases during the pandemic, rentals are becoming more affordable nationwide. Renters making the average household income used 23.4% of their income to lease a typical for-rent home, a decrease from 24.7% in April 2024, according to new data from the Realtor.com April Rent Report. Only five of the top 50 U.S. metros have a rent share greater than 30% in relation to the median household income, though this varies by metro.

The median asking rent nationwide in April was $1,699, up $5 from the previous month but still $60 below its peak in August 2022.

"One approach to measuring rental affordability is the 30% rule of thumb that says a household should spend no more than 30% of its gross income on housing costs. Using this measure, the typical for-rent home is affordable in most major U.S. metros for renters earning the typical household income," said Danielle Hale, Chief Economist at Realtor.com. "Even in unaffordable markets, we saw improvement in April. Generally small but steady rent declines have chipped away at rental costs for nearly 3 years, and income growth has boosted household buying power. While this is good news, rent prices are still roughly 20% above pre-pandemic levels, and consumers have expressed concerns about their job security and financial situation in recent surveys."

In Which U.S. Markets Can Renters Find More Affordability?

The median rent for a typical apartment with 0–2 bedrooms was only 55.6% of the estimated maximum affordable rent in April, making Oklahoma City the most affordable rental market. Additionally, big increases in affordability were shown in Western metro areas this year, such as San Diego, Denver, and Phoenix, after notable improvements were seen in Southern markets like Miami and Tampa, FL, the previous year.

Rental Markets With a Rental Burden Above 30% of Income (0-2 Bedrooms)–April 2025

Rank	Metros	April 2025 Median Rent	April 2025 Rent Share of Income	Percentage Point Changes (April 2025 vs. 2024)	Maximum Affordable Rent at Current HH Income	April 2025 Rent vs. Max Affordable Rent (Ratio)
1	Miami-Fort Lauderdale-West Palm Beach, FL	$2,345	37.9 %	-3.1 ppt	$1,857	1.26
2	New York-Newark-Jersey City, NY-NJ	$2,936	37.1 %	-0.2 ppt	$2,374	1.24
3	Los Angeles-Long Beach-Anaheim, CA	$2,712	35.6 %	-1.9 ppt	$2,285	1.19
4	Boston-Cambridge-Newton, MA-NH	$2,968	32.6 %	-0.4 ppt	$2,732	1.09
5	San Diego-Chula Vista-Carlsbad, CA	$2,669	31.1 %	-3.9 ppt	$2,577	1.04

Top 5 Most Affordable Rental Markets (0-2 Bedrooms)–April 2025

Rank	Metros	April 2025 Median Rent	April 2025 Rent Share of Income	Maximum Affordable Rent at Current HH Income	April 2025 Rent vs. Max Affordable Rent (Ratio)
1	Oklahoma City, OK	$994	16.7 %	$1,788	0.56
2	Austin-Round Rock-San Marcos, TX	$1,470	17.2 %	$2,560	0.57
3	Columbus, Ohio	$1,210	18.0 %	$2,012	0.60
4	Raleigh-Cary, NC	$1,489	18.2 %	$2,453	0.61
5	Minneapolis-St. Paul-Bloomington, MN-WI	$1,497	18.5 %	$2,421	0.62

Rental Markets With the Most Improved Affordability (0-2 Bedrooms)–April 2025

Rank	Metros	April 2025 Median Rent	April 2025 Rent Share of Income	April 2024 Rent Share of Income	Percentage Point Changes (April 2025 vs. 2024)
1	San Diego-Chula Vista-Carlsbad, CA	$2,669	31.1 %	35.0 %	-3.9 ppt
2	Denver-Aurora-Centennial, CO	$1,771	19.9 %	23.2 %	-3.3 ppt
3	Jacksonville, FL	$1,512	22.2 %	25.3 %	-3.1 ppt
4	Miami-Fort Lauderdale-West Palm Beach, FL	$2,345	37.9 %	41.0 %	-3.1 ppt
5	Birmingham, AL	$1,173	19.6 %	22.2 %	-2.6 ppt
6	Phoenix-Mesa-Chandler, AZ	$1,495	20.5 %	22.8 %	-2.3 ppt

In April, the popular Miami metro was the rental market with the lowest prices. The estimated maximum feasible rent for a household with the median income was 1.3 times lower than the median rent for a typical Miami apartment with 0–2 bedrooms. Major coastal and Southern California metropolises, such as New York, Los Angeles, Boston, and San Diego, followed. Even though it is the most expensive, all five of these metros' rent-to-income ratios have decreased from the same period last year, indicating a little improvement in affordability across these pricey regions.

Although rents in April were $293 (20.8%) higher than they were prior to the pandemic in 2019, this increase is consistent with the rise in consumer prices over the same six-year period. Compared to the 54% increase in the median price-per-square-foot of for-sale property listings during the same period, this rent increase is much smaller. One of the main recent drivers of a rising price level should be lessened in the months to come as a result of the relative stability of rents.

The median asking rent in the 50 major metropolitan areas was $1,699, which was $60 less than the peak set in August 2022 and a $5 increase from the previous month. It was down $29 or 1.7% from the previous year. April saw a seasonal uptick in rent prices, which is typical of the spring and summer months.

The pace of rental rises is being slowed by a continuous infusion of new multifamily apartments, which is relieving pressure on prices. In Q1 of this year, the national rental vacancy rate rose to 7.1%, the highest level since the third quarter of 2018. This spring's rental market is more favorable due to the increased vacancy rate.

AFFORDABILITY GAP WEIGHS ON U.S. CONSUMERS

The National Association of Realtors (NAR) and Realtor.com 2025 Housing Affordability & Supply report shows that the nation's housing affordability gap still exists, with households making $75,000 annually only able to afford 21.2% of home listings as of March 2025, up slightly from 20.8% the year before and the largest gain of any income group.

The paper examines the present U.S. housing market's scarcity of reasonably priced homes for a range of income levels. By analyzing what homebuyers at different income levels can afford based on normal loan criteria, it offers a real-time, income-specific snapshot of housing affordability.

Although this growth represents progress, the nationwide inventory of for-sale homes rose by about 20% in March 2025 compared to the same month the previous year.

"The housing market is at a turning point," said Nadia Evangelou, NAR Senior Economist and Director of Real Estate Research. "More homes are hitting the market, and it's encouraging to see the greatest housing-supply gains among middle-income home buyers."

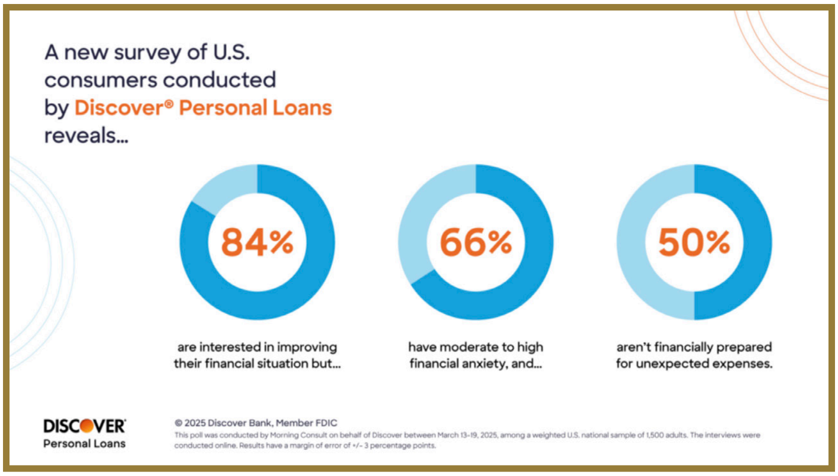
Breaking Down the In's & Out's

Although the accessibility of home listings improved slightly for households making $75,000 annually between March 2025 (21.2%) and March 2024 (20.8%), the biggest increase of any income group, they still have less than half of the affordable home accessibility that they had prior to the pandemic, when nearly 49% of listings were accessible. These homebuyers would require access to 48.1% of listings in a balanced housing market when listings are in line with what households at different income levels can afford. The market requires around 416,000 more listings priced at or below $255,000 in order to hit that level.

Only 8.7% of homes listed today are within the reach of a household making $50,000 per year, compared to 9.4% a year ago. In a balanced housing market, one in three listings should be within the means of these low-income households, which make up one in three households. A maximum price of $170,000 and roughly 367,000 postings are essential for balance.

Higher-income households, on the other hand, have almost complete access to the housing market. At least 80% of the homes listed are within the reach of homebuyers with incomes of $250,000 or more.

“Shoppers see more homes for sale today than one year ago, and encouragingly, many of these homes have been added at moderate income price points,” said Danielle Hale, Chief Economist at Realtor.com. “But as this report shows, we still don’t have an abundance of homes that are affordable to low- and moderate-income households, and the progress that we’ve seen is not happening everywhere. It’s been concentrated in the Midwest and the South.”



CONSUMERS REVEAL FINANCIAL STRESSORS AMID RISING COSTS & DEBTS

According to a recent nationwide poll by Discover Personal Loans, some 84% of Americans want to improve their financial status, yet 41% are not sure how to handle their finances appropriately. In the upcoming year, 20% of Americans anticipate their financial status to worsen, while 41% of them think it will remain the same or improve (38%).

Americans anticipate inflation will increase their costs in many key categories in 2025:

- “In which categories do you think you’ll spend the most money on in 2025? Please select up to 5.” Survey respondents chose up to five top spending categories from among 14 categories presented as answer options.
- Subset: “Compared to the last 12 months, how much more or less do you anticipate your top spending categories will cost over the next 12 months?” Data shown in the table represents the percentage of Americans who believe their costs will increase over the next 12 months, from among those who chose the respective spending category as among their top 5 for spending the most money in 2025.

“I’m inspired that Americans are motivated to seek a brighter financial future, and that many are making or searching for a game plan to achieve their financial goals,” said Dan Nickele, VP of Discover Personal Loans. “American consumers also told us they anticipate costs to rise in categories like groceries and healthcare. Weathering the storm requires a strong financial foundation which can include taking actions like creating a budget, contributing to an emergency fund, and exploring opportunities to refinance high-interest debt.”

Spending category	% of Americans that expect the category to be among their top 5, for spending the most money in 2025*	% of Americans that believe their costs will increase ǂ	% of Americans that believe their costs will increase dramatically or significantly (6% to more than 10%) ǂ
Groceries	70%	67%	45%
Housing	49%	54%	30%
Healthcare/ Medical Expenses	30%	67%	39%
Debt repayment	29%	50%	27%
Transportation	26%	53%	29%

American Consumers Prepare for Inflation & Financial Debt

There was disagreement among poll participants over the general direction they thought the U.S. economy was heading in when asked to consider the current state of the economy: 15% say neither, 31% think we’re going in the right way, and 48% say we’re going in the wrong direction. Given that 86% of Americans are concerned about their financial status to some extent and that two-thirds (66%) feel high or moderate worry, economic uncertainty may be influencing financial stress.

Over the previous five years, financial stress has stayed high.

In addition—and unfortunately—approximately 44% of Americans claim to be in debt at the moment. Of those debtors:

- 84% say inflation makes managing personal debt challenging.
- 83% say a budget is a helpful tool for managing personal debt, but only 44% say they created a budget for 2025.
- 77% say paying off personal debt is expensive.

Many Americans feel unprepared financially for a number of situations, such as:

Circumstance	Do not feel financially prepared to handle
An economic downturn or recession	55%
A family crisis (e.g., illness, death, legal issues)	54%
An unexpected expense over $2,500	53%
Retirement	50%
Job loss or reduction in income	49%
Taking on caregiver expenses	49%
A major home improvement project or purchase	49%
At least one of the circumstances above	77%

- 70% are not financially prepared for unexpected expenses over $2,500.
- 58% feel they will never get out of debt.
- 52% lose sleep over personal debt.
- 48% aren't confident they'll get their debt paid off within the next year.
- 48% say their personal debt is unmanageable—including credit card debt (70%), medical debt (38%), and money owed to family/friends (25%).
- 33% report a significant amount of debt.
- 37% avoid looking at the amount of money in their bank account.

How Are Americans Handling Economic Conditions?

The survey also found some unfortunate news: half of all Americans lack the financial stability to handle unforeseen expenses.

Nearly half of Americans in 2025 claim that daily expenses (45%) and inflation (49%) are factors in their financial hardship. Due to the current status of the economy (38%), personal debt (29%), unforeseen expenses (28%), housing costs (27%), and household income (25%), at least 25% of Americans suffer from financial worry.

According to the survey, 27% of Americans believe they could be contributing more to their current emergency fund, while half of Americans do not have one. Additionally, half of Americans claim that they are generally unprepared financially for unforeseen costs.

"At Discover, our goal is to help customers find smart solutions to achieve their financial goals. For some people, especially those with high-interest debt, a personal loan may be a helpful tool to reduce the cost of their interest and accelerate the elimination of debt," Nickele said. "Research is important when making big financial decisions, especially with some of the negative perceptions out there around personal loans. I encourage consumers who could benefit from a personal loan to look for lenders that offer competitive interest rates, no fees, flexible repayment terms, and fast funding. If you already have a relationship with a credit card company or bank that you trust, that's a good place to start personal loan research."

In 2025, some 45% of Americans make financial resolutions or goals. Of these, 81% claim to have made at least some improvement, with 38% being satisfied with it and 43% believing they could have done better. Creating and adhering to a budget (36%), cutting back on discretionary spending (31%), investing (35%), adding to an emergency fund (26%), diversifying sources of income (25%), and paying off or consolidating high-interest debt (24%), are among the top actions taken by the 38% of Americans who are satisfied with their progress.

MEASURING THE IMPACT OF THE NAR SETTLEMENT ON AGENT COMMISSIONS

In March 2024, the National Association of Realtors (NAR) agreed to a $418 million settlement to resolve multiple suits with sellers who claimed NAR was driving up the price of commissions.

NAR's settlement accomplished two goals: it released most NAR members and many industry stakeholders from liability in these instances, and it ensured that cooperative compensation remains an option for customers when purchasing or selling a house.

In the settlement, NAR also obtained a mechanism enabling practically all brokerage organizations with a residential transaction volume of more than $2 billion in 2022, as well as MLSs that are not completely controlled by Realtor's associations, to acquire releases efficiently if they so desire.

A new report from Redfin finds that the average buyer's agent commission was 2.4% for homes sold in Q1 2025, up slightly from 2.37% reported in Q4 2024, and 2.36% in Q3 2024—when the new NAR commissions rules went into effect—but down slightly from 2.43% in Q1 2024, when the new rules were announced.

Bottom line ... buyer's agent commissions haven't changed much since new real estate commission rules went into effect in the United States on August 17.

What a Difference a Year Makes?

For the report, Redfin analyzed data on buyer's agent commissions for closed home sales. The analysis uses national, aggregated sales data from Redfin agents' listings, deals referred by Redfin.com to partner agents, and deals where buyers used Redfin-owned Bay Equity Home Loans. When the commission's data are broken down by price tier, a different trend emerges. Buyer's agents were reportedly earning a slightly smaller commission percentage for luxury homes than before the NAR settlement, and a slightly bigger percentage for more affordable homes.

For homes that sold for $1 million or more in Q1, the average buyer's agent commission was 2.17%. That's unchanged from the prior quarter, but down from 2.22% in Q3 of 2024 when the new rules took effect, and down from 2.30% a year earlier.

For homes that sold in the $500,000-$999,999 range, the average buyer's agent commission was 2.29%—up from 2.26% in the prior quarter and 2.27% in Q3 of 2024, but down from 2.34% a year earlier.

For homes that sold for less than $500,000, the average buyer's agent commission was 2.49%—up from 2.46% in the prior quarter, 2.42% in Q3 of 2024, and 2.48% a year earlier.

Commissions were lower for high-priced homes because agents have more room to reduce their fees yet still earn a healthy paycheck.

★ ★ ★ ★ ★

"... if we enter a seller's market similar to that of 2021 and 2022—with rampant bidding wars—sellers may be inclined to offer low or no commission to the buyer's agent, forcing buyers to bridge the gap. And if that happens, first-time buyers will be hit hardest because many of them can already barely afford to buy a home."

—**Chaley McVay**, Redfin Premier Agent in Portland, Oregon

Most Sellers Are Still Paying Buyer's Agent Commissions

Redfin agents report that most sellers are still choosing to pay the buyer's agent commission, though there are some exceptions. Commission rates had started to fall gradually in the decade prior to the NAR settlement. But in dollar terms, buyer's agents earn more money because home prices have risen significantly. Agents in some markets are reporting a shift in commissions, while agents in others are reporting that it's business as usual.

"Most sellers are choosing to pay a 2.5% or 3% commission to the buyer's agent, but I am seeing an increase in the number of sellers offering 2%," said Stephanie Kastner, a Redfin Premier Agent in Seattle.

Chaley McVay, a Redfin Premier Agent in Portland, Oregon, said she has not seen much of a change since the new rules went into effect.

"Sellers don't seem to have any issue paying a buyer's agent commission," McVay said. "But if we enter a seller's market similar to that of 2021 and 2022—with rampant bidding wars—sellers may be inclined to offer low or no commission to the buyer's agent, forcing buyers to bridge the gap. And if that happens, first-time buyers will be hit hardest because many of them can already barely afford to buy a home."

Recent Buyers Not Negotiating Agent Commissions

Nearly two in five (37.4%) people who sold a home in the last year negotiated or tried to negotiate the commission paid to their agent, according to a Redfin-commissioned survey conducted by Ipsos in March-April 2025.

Most recent sellers (45.9%) did not try to negotiate. Buyers were less likely to negotiate, probably because they often are not the ones paying their agent. Nearly one-quarter (27.2%) of those who bought a home in the last year negotiated or tried to negotiate the commission paid to their agent, the survey found, while 47.8% did not try to negotiate.

"putting the pieces back together"

Scott Turner, Secretary of the U.S. Department of Housing and Urban Development (HUD), announced that HUD is extending foreclosure relief to hurricane victims to assist with recovery following back-to-back hurricanes this past fall.

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"summer surge in bankruptcy"

Matt Layton, LegalShield SVP of Consumer Analytics, discussed how the potential of a summer spike in bankruptcy filings becomes quite real when Americans combine record debt, mounting delinquencies, and ongoing financial stress with price pressures brought on by tariff uncertainties.

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"more ways to qualify buyers"

Rob Chrane, Founder and CEO of Down Payment Resource (DPR), explained how manufactured and multifamily dwellings are becoming included in more programs, creating additional avenues for affordability and reliable revenue, and, in such a challenging market, giving lenders additional options for qualifying buyers and completing loan closings.

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"stronger than last year"

Joel Kan, MBA's VP and Deputy Chief Economist, talked about how, over the course of the month, homebuyer interest was bolstered by the expanding supply of recently constructed, move-in-ready homes, which caused the index to surpass its levels from the previous year. Despite a minor drop in March, the estimate of seasonally adjusted new home sales was still higher than the pace of sales the previous year.

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"odds of a recession are higher"

Redfin Economics Lead **Chen Zhao** described how consumers are tightening their belts due to their legitimate concerns about job security and the possibility of having to pay more for daily costs. However, there are a few possible bright spots for homebuyers: the decline in demand may result in stable or even declining home prices, and there's a chance that mortgage rates will reduce over the next months.