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JUNE 2023

Magazine

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D&I IN THE
MORTGAGE
INDUSTRY

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RETHINKING REVERSE
MORTGAGE LENDING

LENDERS TODAY ARE LOOKING AT
REVERSE MORTGAGES AS ANOTHER
LOAN PRODUCT TO ADD TO THEIR
MENU OF OFFERINGS.

NAVIGATING THE WILD,
WILD WEST OF DIGITAL
CLOSING PROVIDERS

MORTGAGE LENDERS ARE MOVING
QUICKLY TO ADOPT DIGITAL CLOSINGS.



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CELEBRATING THE BENEFITS OF HOMEOWNERSHIP

The month of June is being celebrated as “National Homeownership Month” as mandated by President Joe Biden, and *MortgagePoint* is bringing you yet another issue jam-packed with the top industry news, latest products, and tips on how to take your business to the next level.

“I call upon the people of this Nation to safeguard the American Dream by ensuring that everyone has access to an affordable home in a community of their choice,” said President Biden in a press briefing while delivering the proclamation that June is National Homeownership Month.

And as the nation prepares to celebrate homeownership in June, one topic the industry has keyed in on the past few years is that of diversity and inclusion and the promotion of diversity in the housing finance industry. Studies from the U.S. Bureau of Labor Statistics (BLS) found that less than 20% of professionals working in financial services space identify as non-white. In real estate, the percentage of women occupying the space is below the 50%-mark, and both Blacks and Asian Americans account for less than 10% of the industry’s workforce.

In this month’s cover feature by Demetria C. Lester, *MortgagePoint* profiles those driving growth in the nation’s homeownership rate, as they grow and foster their own workforce in all aspects of the housing industry. Advancing racial equality and economic opportunity work is cyclical in nature with the advancement of homeownership.

Groups like the American Mortgage Diversity Council (AMDC) are making great strides in fostering DEI initiatives industrywide, serving as a platform for the collaboration of mortgage industry leaders to advance diversity and inclusion dialogue. A collective like AMDC develops and provides tools and strategies to create an understanding and appreciation of individual differences in thought, experience, race, ethnicity, culture, religion, style, sexual orientation, and gender identity, by moving business practices forward and embracing diversity and inclusion as essential to innovation and optimal business results.

Also this month, Joe Camerieri of Mortgage Cadence discusses how mortgage professionals are adding another tool to their toolkit in his submission, “Rethinking Reverse Mortgage Lending.” Instead of looking at the reverse mortgage lending business as a completely new line of business, Camerieri urges lenders to look at reverse mortgages as another loan product to add to their existing menu.

In “Navigating the Wild, Wild West of Digital Closing Providers,” Aaron Davis of AMD Enterprises sheds some light on the digital revolution in the mortgage marketplace and cautions lenders to proceed at a slow pace in order to adapt to these changing technologies.

Finally, we take look at the recent Legal League Spring Servicer Summit held in Dallas, Texas, a two-day event that included a servicer certification class, an assortment of networking opportunities, and speakers and panel discussions featuring the top minds in the industry, all under one roof. Events like the Legal League’s Summit gather the industry’s top minds for an open exchange of ideas on how to improve upon current industry standards, while serving as a forum for the sharing of new ideas and processes to better the industry.

We offer all of this and much more in this month’s issue of *MortgagePoint* magazine. We appreciate you taking the time to read our publication and for making us your one-stop destination for all the latest in the mortgage finance space.

Sincerely,



David Wharton
Editor-in-Chief



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Rather than viewing the reverse mortgage lending business as a completely new line of business, lenders today are looking at reverse mortgages as another loan product to add to their menu of offerings.

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Mortgage lenders are moving quickly to adopt digital closings, but Aaron Davis of AMD Enterprises and Florida Agency Network explains the challenge to determining an optimal partner.

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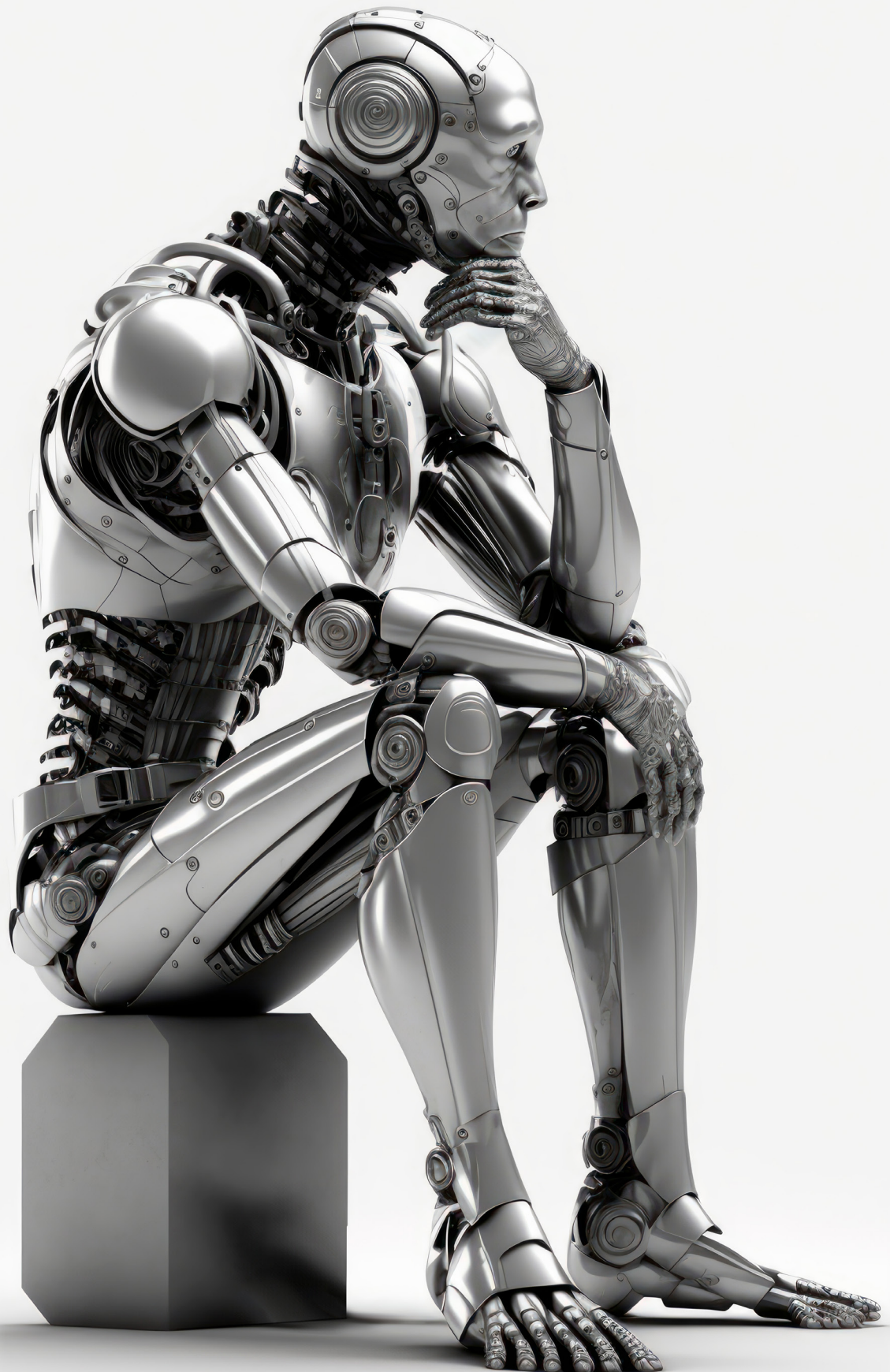
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MOST VALUABLE COMPANY

Consolidated Analytics



AT THE FOREFRONT OF THE TECH REVOLUTION

The following companies are advancing the digital mortgage process, helping chart the course for advancements in the pursuit of an all-digital experience.



ZILLOW OFFERS NEW CHATGPT PLUGIN FOR REAL ESTATE SEARCHES

Zillow has announced the launch of its Zillow ChatGPT plugin, which gives users a new way to discover real estate listings.

Users who enable the plugin feature can use conversational language to ask about specific property listings or share the types of for-sale and rental homes they are interested in, including location, price range, and bedroom and bathroom count. The Zillow plugin then retrieves relevant information from Zillow's database of real estate listings.

"Generative AI is changing the way people search for information. At Zillow, we've been embracing AI and machine learning starting with the Zestimate in 2006, and later, introducing personalized recommendations and natural language search—which means we're well-equipped to help customers search and find homes in this new way," said David Beitel, CTO for Zillow Group. "As the first major residential real estate marketplace to bring advanced, AI-powered search to the home-shopping experience, we understand its immense potential, and we look forward to developing more tech innovations with OpenAI technology in the future."

Zillow launched natural language search queries on its apps and sites in January, and this new ChatGPT plugin is the latest

example of how Zillow is using technology to make it easier for customers to find and get into their next home. AI capabilities show up throughout Zillow's products and services, most recently, in advancements in the neural Zestimate, computer-vision-powered rich media experiences and AI-generated immersive floor plans.

The Zillow ChatGPT plugin is currently in its alpha phase, providing an opportunity for Zillow to refine and enhance the experience based on user interactions. OpenAI, the maker of ChatGPT, has implemented safeguards to minimize inaccuracies and prevent inappropriate responses, but users should keep in mind that at times the experience might not work exactly as expected.

TOTAL EXPERT ANNOUNCES PLATFORM ENHANCEMENTS

Total Expert has announced new capabilities that provide financial institutions with visibility into lead funnels so they can quickly pivot marketing and engagement strategies.

New analytics and reporting functionality provides insightful views of campaign results, loan production, and loan demographic data to support pipeline and lead management. By bringing together loan activity and marketing communications, customer-facing teams can use visuals to more effectively

track leads and centralize data across siloed systems. Real-time results allow users to assess campaign performance—following conversion rates from application volume through to funded loans.

"These features are helping us discover which campaigns and individual emails are most effective and engaging for our audience," said George Chapin, Senior CRM Marketing Manager at CrossCountry Mortgage, LLC. "Plus, we're saving a lot of time by having these metrics right at our fingertips instead of spending hours gathering them ourselves. We expect this to help us make better decisions faster, leading to more engagement and higher success rates in our marketing efforts."

Updates to the Customer Intelligence solution include the new Rate Alert, which lets lenders know when a past customer could benefit from a lower interest rate, uncovering refinancing opportunities as rates drop. Since launching Customer Intelligence in 2022, Total Expert has surfaced insights and automated customer journeys that have led to more than \$9 billion in loan applications; many of these loans stemmed from re-engaged leads and former customers that had fallen through the cracks.

"This market is still unpredictable, and our role is to continue to innovate and support our customers in achieving their pipeline and growth goals," said Bill Parker, CTO of Total Expert. "Our latest release gives our customers powerful tools and visibility into what's working so that they can find more opportunity and drive deals in any market."

EQUIFAX ENHANCES ITS MORTGAGE VERIFICATION PORTFOLIO

Equifax is continuing its commitment to delivering mortgage verification solutions with the launch of Employment Select+, supporting lenders and consumers during the critical stages of the loan closing process.

Leveraging the power of The Work Number database, Employment Select+ is designed to aid originators at closing by providing an instant view into a borrower's most recent 35 days of current and prior employment. This helps lenders satisfy government-sponsored enterprise (GSE) home loan requirements for obtaining a verification of employment within 10 business days of closing.

"In today's uncertain economic environment, it's critical for lenders to have access to timely verification data at each stage of the mortgage process," said Ashley Wood, VP of Mortgage Verification Services at Equifax Workforce Solutions. "By leveraging digital verification solutions such as Employment Select+, lenders are able to develop a more holistic view of an applicant's ability to pay. This can give greater confidence to lenders while helping to remove barriers to homeownership for consumers."

Available to lenders via the web or integrated channels, Employment Select+ returns only the most up-to-date employment data to assist in the loan closing process. Additionally, lenders can now access new versions of the standard mortgage verification solutions with a PDF receipt that provides documentation at order completion, helping them better manage loan costs.

Since pioneering automated verifications more than 25 years ago, Equifax has allowed credentialed lenders to tap into the industry-leading, centralized commercial repository of income and employment information in the United States, with more than 618 million employment records from 2.7 million employers.



OPTIMAL BLUE PPE EXPANDS INVESTOR CONTENT

Optimal Blue, a division of Black Knight, has announced that the Optimal Blue product, pricing, and eligibility engine (PPE) now includes investor content from 54 state-based housing finance agencies (HFAs). HFAs provide affordable homeownership options to low- and moderate-income borrowers by way of down payment and closing cost assistance, as well as reduced mortgage payments. The Optimal Blue PPE's extensive network of HFA content gives lenders using the platform access to more diverse financing options for their consumers.

"We are continuously looking for ways to better support both the needs of clients and

the needs of the American homebuyer," said Kevin McMahon, President of Optimal Blue. "We consider it a privilege to now have 54 state-based HFAs on the Optimal Blue PPE. At the end of the day, lenders want to help homebuyers find the best option for their circumstances, and this is a major step toward connecting more consumers with affordable homeownership."

HFAs provide affordable homeownership options to low- and moderate-income borrowers within the states where they operate; assistance may include down payment and closing cost assistance, as well as reduced mortgage payments.

"We appreciate the wide-reaching exposure the Optimal Blue PPE gives our financing programs," said John Laca, Business Development Supervisor, Idaho Housing & Finance Association. "This allows us to increase our visibility so more lenders and homebuyers can benefit from the unique options available to them through HFAs."

NEW AMERICAN FUNDING AND EASYKNOCK FORM PARTNERSHIP

New American Funding and EasyKnock, a technology-enabled residential sale-leaseback platform, have announced a partnership that will offer programs that provide flexibility to American homeowners.

Through EasyKnock's residential sale-leaseback programs, New American Funding offers solutions that will provide equal opportunity for homeowners to access their home equity through credible and nontraditional means, helping them to stay in their communities and school systems.

Together, New American Funding and EasyKnock are committed to helping customers access the home equity that they have earned and worked hard for, allowing these homeowners to pay off debts, provide for their families, and unlock their financial freedom all while staying in the homes that they know and love. New American Funding has

made its mark as a business that is committed to supporting people of all backgrounds to achieve the dream of homeownership. The company focuses on helping those in underserved communities buy a home and secure their financial future through unique programs and initiatives.

"We've built our business on helping people from all walks of life, and this partnership will allow us to take those efforts to the next level," said Rick Arvielo, CEO and Co-Founder of New American Funding. "Through this partnership, we will expand our reach of people that we can help to remain in their homes and access equity for their financial planning. Working alongside EasyKnock, we hope to set our customers up for the future and establish a foundation for their success so they can work towards their goals."

EasyKnock's residential sale-leaseback programs provide an alternative means of realizing a benefit of homeownership—accessing the accumulated wealth in the home—often denied to homeowners who can't or don't want to take on additional debt. By selling their homes to EasyKnock and staying on as renters, customers convert their equity to cash, remain in their communities, and have the flexibility and control to repurchase the homes on their own timelines.

"Around a quarter of American home-

owners cannot access their own equity in their homes because of strict lending restrictions, and we have teamed up with New American Funding to service these communities," said Jarred Kessler, CEO and Founder of EasyKnock. "Together, our mission is to improve housing stability for our mutual customers, providing them liquidity, flexibility, and control in their finances. We're excited about our alignment in purpose and value, and look forward to seeing what we can do for American families through our conjoined efforts."

BETTER ANNOUNCES FULLY DIGITAL 3-DAY HELOC OFFERING

Better has announced its fully digital home equity line of credit (HELOC), which will allow homeowners to take advantage of their home equity and get access to cash quickly and easily, through a fully online process, going from click to close in as little as three days. Better is currently offering 15- to 30-year HELOCs for primary, secondary, and investment homes—up to 90% of the property value with a max \$500,000 line of credit.

"Better's digital HELOC offerings are a game changer for customers seeking flexibility during a difficult economic climate," said Ryan Jewison, Head of Better HELOC. "In a period of rising mortgage rates when personal loans are more expensive than ever, HELOCs provide consumers an opportunity to raise funds with less headache. We are eager to continue growing our suite of homeownership products and making the mortgage process as seamless as possible."

HELOCs are revolving credit lines that allow homeowners to draw funds backed by their home's collateral to pay for expenses such as home repairs, improvements, and renovations. Better's fully digital HELOC offers several benefits over traditional products including a simple application process that can be completed in less than five minutes, exploring rates through Better's Tinman por-

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—Jarred Kessler, CEO and Founder, EasyKnock



tal, receiving approval in less than 24 hours, and closing in as little as three days.

“Our HELOC product arrives at a critical moment for American homeowners,” Better CEO & Founder Vishal Garg said. “Flexibility is a lifeline in the current climate, and customers deserve products that take the stress out of home improvement. Better HELOC is a massive step in continuing our mission to make homeownership cheaper, faster, and easier for all Americans.”

With Better’s HELOC offerings, consumers can apply fully online in minutes with immediate pre-approval and no unnecessary fees. Better customers will be able to keep their existing mortgage rate and pay interest only on what they withdraw. This is a crucial point of flexibility for homeowners that often have varying home improvement costs and would face higher expenses with more traditional lending models.

REGGORA LAUNCHES APPRAISAL MARKETPLACE

Reggora announced the launch of its appraisal fulfillment solution, The Appraisal Marketplace.

Traditionally, most appraisal orders are sent to an appraiser, or an appraisal management company (AMC), who then sends it to an appraiser based on the appraiser’s general location and performance. Since this rudimentary process relies on incomplete and imperfect information, it doesn’t optimize performance. For example, there could be an appraiser already visiting a neighborhood for an inspection on a given day that would also be able to pick up an extra assignment in that area and get the appraisal done quickly.

However, due to the fragmented approach described above, typically, a lender or AMC wouldn’t know that and would assign the order to a different appraiser who can’t inspect the property until a later date. As a result, turn times, revision rates, and fee escalation rates remain lackluster—despite the industry’s best efforts to improve them.

Reggora’s new solution directly addresses this problem for mortgage lenders. The

Appraisal Marketplace leverages the rich data running through the Reggora Appraisal Management Platform to provide superior appraisal performance. Using this much larger set of accurate, real-time data points to match orders with appraisers, the marketplace significantly improves performance by automatically matching each order with the appraiser that’s truly right for the job. The “Uber-style” algorithm relies on real-time evaluation of appraiser performance at given workloads, anticipated drive routes and proximity scores, due date urgency, subject property complexity scores/appraiser expertise, and much more.

“Within a matter of weeks, we saw a 35% improvement in our turn times. That’s a dramatic improvement, especially in the craze of a refi wave where if we can cycle through them faster, we can bring on more & more business,” said Jim Dell’Anno, VP & Sales Director, North Easton Savings Bank.

The Appraisal Marketplace is an industry first. By using real-time data to fulfill orders intelligently, on top of a modern software platform that streamlines order management, lenders can dramatically reduce the time and expense it takes to get appraisals done.

“Lenders want to provide mortgages in five days or less, but appraisals are still too slow and inconsistent to make that a reality,” said Brian Zitin, CEO and Co-Founder of Reggora. “With The Appraisal Marketplace, we’ve made getting an appraisal done as simple as ordering a ride from Uber. It’s a huge step forward for lenders who want to offer a fast, convenient digital mortgage experience that will keep their borrowers and loan officers happy even in high volume markets.”

NEWREZ EXPANDS ACCESSIBILITY TO AFFORDABLE HOME FINANCING

Newrez LLC has announced that it will offer Freddie Mac BorrowSmart Access, a mortgage program designed to assist first-time homebuyers by helping subsidize their closing costs

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—Brian Zitin, CEO and Co-Founder of Reggora.



PLUNK AND MILESTONES PARTNER ON REMODELING PROJECT OFFERING

Plunk, an AI-powered, real-time analytics platform for residential real estate, and Milestones.ai, a platform dedicated to homeowner management, have partnered to provide AI-driven remodel advice to homeowners.

Milestones has integrated Plunk Remodel Value and Project Recommendations into its Homeowner Management System. Plunk Remodel Value determines the expected value of a home after a full-scale renovation. Project Recommendations categorize renovation projects according to the estimated value they can add to a particular home.

"Milestones has built a unique way for real estate professionals to stay highly engaged with clients across the entire homeownership journey through their Homeowner Management System," said David Bluhm, President and Co-founder of Plunk. "Now clients can easily gain access to real-time valuation and remodel analysis regarding their largest investment."

Continually rising interest rates and an aging housing market



are signaling a growing remodeling market. According to the latest data from the American Community Survey (ACS), the median age of owner-occupied homes is 40 years. Older properties need new amenities such as larger living spaces, modernized kitchens, and home offices. A study by Plunk revealed that \$289 billion in property value (with an average of \$240,000 per home) had yet to be unlocked through home renovations across the 1.1 million Seattle-area homes analyzed. Plunk's real-time home analytics platform—covering more than 104 million homes nationwide—will unlock AI's power to advise homeowners on how to optimize the value of their homes.

"With Plunk, we are able to empower homeowners with data-driven financial guidance to increase the values of their homes over time," commented Dustin Gray, CEO and Founder of Milestones. "Plunk Remodel Value and Project Recommendations provide transparency into the best home improvement projects that can increase a home's value and help clients reach their home's maximum potential worth."

and unlocking the dream of homeownership.

"We're thrilled to work with Freddie Mac to bring BorrowSmart Access to market," said Baron Silverstein, President of Newrez. "Our mission is to expand access to mortgage credit and advance economic opportunities for minorities and low- to moderate-income communities. With BorrowSmart Access, we're delivering on that mission by providing ways to reduce cost in the homebuying process."

BorrowSmart Access is also available through our major lending branch Caliber Home Loans, part of the Newrez Family of Companies.

First-time home buyers will receive \$3,000-plus in closing cost assistance if they meet the following qualifications: 3% minimum down payment (credit may cover part or all of this); complete one-on-one homeownership counseling; and borrower qualifying income must be less than or equal to 140% of the median income in the area.

Borrowers have the ability utilize additional sources of funds from gifts, family, and other approved down payment assistance programs

to gain even more purchasing power.

BorrowSmart Access is available in 10 metropolitan statistical areas nationwide, including: Atlanta-Sandy Springs-Alpharetta, Georgia; Chicago-Naperville-Elgin, Illinois-Indiana-Wisconsin; Detroit-Warren-Dearborn, Michigan; El Paso, Texas; Houston-The Woodlands-Sugar Land, Texas; McAllen-Edinburg-Mission, Texas; Memphis, Tennessee-Mississippi-Arkansas; Miami-Fort Lauderdale-Pompano Beach, Florida; Philadelphia-Camden-Wilmington, Pennsylvania-New Jersey-Delaware-Maryland; and St. Louis, Missouri-Illinois.

"At Newrez, we are committed to being the premier provider of affordable home financing solutions to help all borrowers achieve the dream of homeownership," said Cristian Correa, SVP of National Diversity Lending at Newrez. "Joining forces with Freddie Mac on the BorrowSmart Access pilot is a testament to our mutual commitment to expanding access to credit and supporting underserved communities. We look forward to making a positive impact on the lives of many families across the country."

CUBICASA LAUNCHES PREFERRED PHOTOGRAPHER PROGRAM

CubiCasa has announced the launch of its new nationwide CubiCasa Preferred Photographer Program (CPP), designed to drive special benefits and business referrals to participating real estate photographers. The new program from CubiCasa is designed specifically for photographers and will provide access to cross-promotional support to the hundreds of thousands of real estate agents using CubiCasa every day through their MLS. Additionally, photographers can take advantage of special discounts and priority perks on CubiCasa services and receive early access to new product features. In exchange, photographers in

the CPP Program will agree to provide floor plans on every real estate listing.

“We believe that floor plans are a critical component of real estate marketing, and that every listing should have one,” said Jeff Allen, President of CubiCasa. “With the Preferred Photographer Program, we’re partnering with photographers to make this a reality in the United States. By offering photographers cross-promotional support, discounts, and early access to new features, we hope to create a win-win situation where photographers can grow their businesses and provide more value to their clients.

CubiCasa works with more than 8,500 real estate photography companies and independent photographers across North America to provide its revolutionary floor plan app.

“By including floorplans alongside real estate photography, we can provide a more complete and informative package to potential buyers, ultimately increasing the chances of a successful sale,” said Mike Haymes, owner of Cherokee Drone Real Estate Photography in Atlanta. “Our clients have had nothing but amazing things to say about our new partnership with CubiCasa—it has been a great addition to our services.”

In December 2022, CubiCasa launched its

MLS Partnership Program, which has since grown to include 11 MLS organizations across the United States and Latin America.

FORTA SOLUTIONS LAUNCHES WAREHOUSE LENDING PLATFORM

Forta Solutions has announced the upcoming launch of Agility, a new warehouse lending platform. Designed by warehouse lenders, Agility represents a major leap forward in the industry, offering flexibility, transparency, and efficiency.

Agility was designed and built by fintech provider Forta Solutions, whose co-founders have proven success in launching businesses in warehouse lending and mortgage technology. Forta Solutions Co-Founder and CEO Kathy Hancock previously founded Avlis Partners, LLC. Forta Co-Founder and Chairman Chris Saitta has successfully launched numerous mortgage technology

companies, including Equator, Resitrader, and LauraMac.

“We know firsthand how frustrating and costly it can be dealing with outdated technology and manual processes,” Hancock said. “Technology in the warehouse lending sector has been overdue for some innovation. With Agility, we’ve designed a platform that’s modular-based and simple to integrate, making it fully customizable to our clients’ needs without any added expenses.”

Agility was specifically designed to simplify the workload of mortgage lenders, who frequently staff up at the end of every month to close loans on time. With Agility, lenders can expect a faster, safer path to warehouse liquidity. The platform’s reporting and real-time dashboards empower users to see exactly what they need without having to download data and compile reports manually. Agility includes automated decisioning engines designed to do the heavy lifting for lenders, ensuring funds flow more quickly.

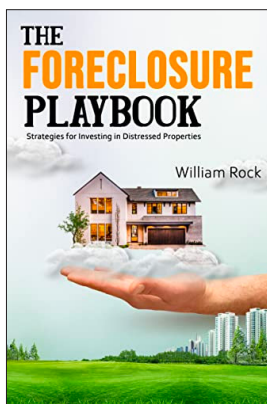
“Agility’s rich integrations enable the platform to seamlessly blend with a client’s internal systems and their third-party vendors’ systems,” Hancock said. “As data comes in, we run rules against it, so lenders only have to look at items that failed—they don’t need to look at everything.”

“Technology in the warehouse lending sector has been overdue for some innovation. With Agility, we’ve designed a platform that’s modular-based and simple to integrate, making it fully customizable to our clients’ needs without any added expenses.”

—Kathy Hancock, Co-Founder and CEO, Forta Solutions



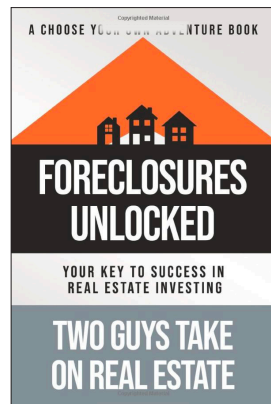
EXPAND YOUR SKILLS, GAIN INSIGHT, AND GET INSPIRED WITH THESE TOP PICKS



The Foreclosure Playbook: Strategies for Investing in Distressed Properties

by WILLIAM ROCK

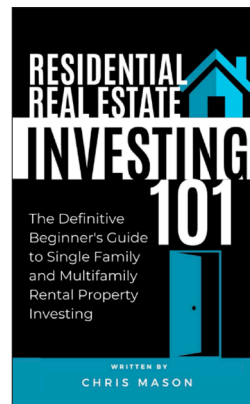
If you want to start investing in distressed properties but don't know how to start, author William Rock has written *The Foreclosure Playbook*, a guidebook for real estate investors to begin their path in foreclosures. Providing a step-by-step approach to identify, analyze, and acquire a distressed property, the author also focuses on minimizing missteps and risks and how to maximize returns. The book also provides valuable insights and strategies to effectively invest in properties that have suffered financial hardships—as well as managing properties, dealing with tenants, finding contractors, and maintaining cash flow.



Foreclosures Unlocked: Your Key to Success in Real Estate Investing

by MATTHEW TORTORIELLO
and KEVIN SHIPPEE

In 2008, two nobodies with pocket change and no experience bought a run-down, dilapidated property with one goal: to be their own bosses. Today, authors Matthew Tortoriello and Kevin Shippee own their own multimillion-dollar real estate company and have bought, rehabilitated, and now manage hundreds of SFR properties and have flipped more than 400 other properties. The authors are now paying it forward with their new book which shows readers how to succeed at foreclosure auctions, handle unexpected challenges, deal with cantankerous tenants, and begin the rehab process. This book is for those that want to enter or are new at the foreclosure-buying processes.



Residential Real Estate Investing 101: The Definitive Beginner's Guide to Single-Family and Multifamily Rental Investing

by CHRIS MASON

With 30 years of experience under his belt in both commercial and residential properties, author Chris Mason's goal is to help other entry-level investors accomplish their financial goals. A book that can be referred to again and again, Mason says that a record of nearly 40% of households are renting and we are in a new golden era for SFR investment. This book is for those who want to create passive income by learning how to increase the appreciation rate of your properties, common mistakes to avoid, overcoming obstacles, how to identify productive leads, and common pitfalls in choosing tenants, along with a "bulletproof" strategy for capitalizing on your success.



The Perfect Real Estate Agent Blueprint

by ERIK HATCH
and ROBBY TREFETHREN

If you're trying to find your path as a real estate agent and do not know where to begin, this book written by Erik Hatch and Robby Trefethren is a great start on building your perfect real estate business. Whether you are looking for something small and bespoke or want to shoot for the moon, the authors give you a path to home in on your purpose and find your plan to best serve your clients, build a team, and treat yourself well at the same time. If you're looking to find the most efficient and most effective model on which to build your business, this is the book for you.

» Movers & Shakers

» Government

HUD NAMES MONOCCHIO PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING



Richard J. Monocchio has been sworn in as the U.S. Department of Housing and Urban Development's (HUD) Principal Deputy Assistant Secretary for

Public and Indian Housing (PIH).

"As a life-long public servant, it is my sincere pleasure to return to HUD to serve the Office of Public and Indian Housing," Principal Deputy Assistant Secretary Monocchio said. "I am thrilled to bring my experience to HUD, after serving as a leader in affordable housing for the City of Chicago, as the executive director for public housing and voucher efforts for Cook County, Illinois, and as an advisor in Congress to better the lives of the people HUD serves. Together, we will enhance the quality, affordability, and safety of housing across this country."

Principal Deputy Assistant Secretary Monocchio has dedicated his professional career to public service for more than 30 years, serving the City of Chicago as Buildings Commissioner, Aviation Chief of Staff, and First Deputy Housing Commissioner, and leading the Housing Authority of Cook County as its Executive Director. He has also worked on the federal level, serving in HUD under the Clinton administration and prior, as Senior Advisor to the late U.S. Rep. George E. Sangmeister.

He holds a bachelor's degree in political science from the University of Illinois at Chicago.

» Lenders/Serviceers

CENLAR NAMES MICHAEL BIDDLE CHIEF DATA SCIENTIST



Mortgage loan subservicer Cenlar FSB has announced that **Michael Biddle** has joined the company in the new role of Chief Data

Scientist. Michael will lead Cenlar's just-launched Mortgage Information Factory, an effort that will focus on leveraging the company's data and turning that into actionable information and insight for its own operations, as well as clients and their homeowners.

Biddle brings to Cenlar more than two decades of experience in building and sustaining the highest level of quantitative analysis and research. In his new role with Cenlar, Biddle will be responsible for procuring and gathering data, establishing processes for converting data to effective reporting and instituting artificial intelligence (AI) solutions, in addition to maximizing portfolio performance through deep learning methodologies.

"Michael is an incredibly valuable part of the Cenlar team," Cenlar President and CEO Jim Daras said. "His talent and vision for strategically leveraging data will deliver smart, industry-leading business solutions for our clients, their homeowners and our employees."

Cenlar's Data Science initiative will combine math and statistics, specialized programming, advanced analytics, artificial intelligence, and machine learning with extensive knowledge of mortgage performance and servicing operations to uncover actionable insights. These insights can guide decision making and strategic planning and improve operational performance.

"I look forward to working with the team and identifying, collecting, and assessing data to create cutting-edge analytical solutions to create an improved work experience for Cen-

lar that also delivers the best results for our clients and their homeowners," Biddle said.

JESSICA MANNA TO LEAD GO MORTGAGE'S MARKETING DEPARTMENT



Go Mortgage has appointed **Jessica Manna** as its Chief Marketing Officer, responsible for overseeing all marketing initiatives

and strategies to further promote Go Mortgage's brand and drive business growth.

With more than 20 years of experience in mortgage marketing and branding, Manna brings a wealth of expertise and a proven track record of success to Go Mortgage. She has a deep understanding of the mortgage industry and has led marketing efforts for several renowned financial institutions including top lenders. Most recently, Manna served as President of Digital Strategy and Innovation for Fairway Independent Mortgage Corporation.

"Jessica's strategic mindset, creativity, and passion for marketing make her a valuable addition to the Go Mortgage team," said Michael Isaacs, CEO of Go Mortgage. "Her extensive experience and innovative approach to marketing will be instrumental in elevating our brand awareness and expanding our market share. We are confident that Jessica will play a key role in Go Mortgage's growth and success in the coming years."

Manna's duties will include overseeing Go Mortgage's digital marketing initiatives, brand positioning and messaging, as well as driving customer acquisition efforts. She will also collaborate closely with the company's sales teams to align marketing efforts with business goals and objectives.

"I am excited to join Go Mortgage and contribute to the company's growth," said Manna. "I look forward to working with the talented team at Go Mortgage and leveraging my experience to drive impactful marketing strategies that will further enhance our brand presence."

DOVENMUEHLE WELCOMES BACK MALIK AS SVP OF DEFAULT SERVICING, ADDS PULIKKATHARA TO LEAD SECURITY EFFORTS



Subservicer Dovenmuehle Mortgage has appointed **Ron Malik** as the company's new SVP of Default Servicing, where he will oversee the

company's special servicing initiatives, and maintain a high level of compliance and service satisfaction in all areas of default servicing.

"As the mortgage industry anticipates an increase in delinquencies and foreclosures, servicers and subservicers are doubling down on their special servicing efforts to support homeowners facing hardships," Malik said. "I look forward to leveraging my experience and expertise in special servicing to increase the efficiency of Dovenmuehle's default servicing efforts without compromising customer service."

With 15 years of experience, Malik has focused on special servicing efforts since the beginning of his career. After serving as Dovenmuehle's VP of Loss Mitigation and Collections for nearly a decade, Malik most recently served as SVP of Servicing Administration for Wintrust Mortgage.

Before his first stint with Dovenmuehle, Malik gained extensive and valuable experience in default administration during his time with HSBC Mortgage Services at the height of the subprime mortgage crisis.

"With his experience in special servicing, Ron is the perfect choice to lead the growth of Dovenmuehle's sub-performing and nonperforming servicing support. With his expertise, Ron will also work to decrease costs for our clients while increasing the ways in which Dovenmuehle helps homeowners stay in their homes," Dovenmuehle SVP of Business Development David Allison said. "We are thrilled to welcome Ron back to Dovenmuehle and are confident he will again be instrumental in our special servicing efforts."



Dovenmuehle has also added **Georgeo Pulikkathara** as the company's new Chief Information Security Officer (CISO), responsible for the

information security at Dovenmuehle, protecting data security and privacy, including borrowers' nonpublic personal information (NPI) and ensuring that Dovenmuehle maintains the appropriate internal systems, organization, and information security controls necessary for financial reporting and protecting clients' confidential data.

"With the increasing rise in cyber threats and other threats to data security and privacy, protecting the data our clients have entrusted to Dovenmuehle is our organization's top priority," Pulikkathara said. "I take this responsibility very seriously and look forward to helping Dovenmuehle maintain its reputation for delivering industry-leading mortgage subservicing solutions with a particular emphasis on security and compliance."

Pulikkathara has more than a decade of experience as a cyber and information security executive. Prior to joining Dovenmuehle, he most recently served as the Interim SVP, Head of Cyber Security Operations for Bank of the West, and CISO at DataStax, an artificial intelligence (AI) firm. Pulikkathara has also held cyber and information security

positions at Avanade, Hewlett Packard, and Microsoft. He is also currently a U.S. Army Reserve Lieutenant Colonel and Cyber Operations Officer having served in the Army Reserve for more than 23 years and been awarded the Bronze Star Medal twice for his actions in a combat zone.

"Georgeo's abundant depth of knowledge and experience in cyber and information security makes him the obvious choice for CISO," Dovenmuehle SVP of Software Development George Mynatt said. "He is not only a thought leader in the field, but he also has a proven track record of delivering results and mitigating risk. We expect Georgeo to have an immediate impact on Dovenmuehle and our clients and borrowers."

GREG DALGARNO TAPPED BY EMBRACE HOME LOANS AS SALES MANAGER



Embrace Home Loans has announced that **Greg Dalgarno** has joined the company's Timonium, Maryland, branch as sales manager. Dalgarno

will focus on growing the branch and will specialize in new construction home loans in Maryland and the mid-Atlantic region.

“With the increasing rise in cyber threats and other threats to data security and privacy, protecting the data our clients have entrusted to Dovenmuehle is our organization’s top priority.”

— **Georgeo Pulikkathara**, Chief Information Security Officer, Dovenmuehle



Dalgarno has more than 20 years of mortgage industry experience and has been a top-producing originator and sales manager at Guaranteed Rate and Wells Fargo. He increased overall sales and worked closely with home builders at both companies.

"We are delighted to have Greg join our team," said Jason Will, SVP of Market Growth at Embrace Home Loans. "He has deep roots in the Maryland market, vast experience in new construction lending, and numerous relationships with high production homebuilders. We're confident he will have a tremendous impact helping us grow our builder services division."

Dalgarno plans to expand the lender's share of the new home market by forming partnerships with homebuilders and recruiting loan officers that specialize in new home construction. He will also work with the company's capital markets, operations, and marketing teams to create new products and tools for builders and their customers.

"Greg is an experienced leader known for creating new homeownership opportunities by delivering superior customer service to both borrowers and builders," Timonium Branch Manager Matthew O'Connell said. "We're delighted to welcome him aboard."

ELLEN SKAGGS TO LEAD PRMG'S NEW HECM DIVISION



PRMG has announced the hiring of **Ellen Skaggs** as the firm's new HECM Divisional Manager. Skaggs has 38 years of experience in the mortgage

industry, 16 of which she has specialized in reverse mortgages.

As the new HECM Divisional Manager, Skaggs will oversee the company's Home Equity Conversion Mortgage (HECM) division, which specializes in reverse mortgages.

"With Ellen at the helm of our HECM division, PRMG is well-positioned to help seniors unlock the full potential of their home equity," said Chris Sorensen, SVP, Director of National Retail Production for PRMG.

"We understand the unique financial needs and challenges that seniors face, and we are dedicated to providing them with customized solutions that meet their specific goals and priorities."

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— **Chris Sorensen**, SVP, Director of National Retail Production, PRMG



Skaggs spent eight years running the New American Funding HECM Division. She also holds the esteemed CRMP (Certified Reverse Mortgage Professional) designation. During her tenure at New American, she has helped hundreds of seniors and their families navigate the complexities of reverse mortgages, enabling them to reach their financial goals. Her expertise further extends to FHA, VA, and conventional loans for both purchase and refinance transactions, and she has closed more than 4,500 loans in the mortgage banking industry.

"I am a firm believer in excellent customer service and competitive pricing," Skaggs said. "Today, I focus on helping seniors fund their retirement using a Reverse Mortgage. As past chairwoman of the Orange County chapter of the NAIPC (National Aging-In-Place Council), my passion is educating the public about the benefits of Reverse Mortgage and what they can accomplish."

UNION HOME MORTGAGE NAMES MATT ROBERTS REGIONAL MANAGER



Union Home Mortgage (UHM) has promoted industry veteran **Matt Roberts** to Regional Manager focusing on sales growth across much of the West

Coast, including Alaska, Arizona, Colorado, Idaho, Montana, Nevada, Oregon, Utah, and Washington.

"What attracted me to Union Home Mortgage was its deep focus on growth, while also providing incredible support to originators. It sets the company apart in the mortgage industry," Roberts said. "Our recent expansion in the Pacific Northwest and Alaska shows our appetite for growth and our desire to make the dream of homeownership a reality in the communities we serve."

Matt joined Union Home Mortgage in January 2023 and has nearly 20 years of mortgage industry experience in a variety of producing and leadership roles. Most recently, Matt has gained extensive experience leading growth-oriented teams in Alaska, Arizona, California, Minnesota, Oregon, and Washington.

"We are extremely excited about Matt Roberts joining UHM," said Bryan Wright, VP of National Retail Sales for UHM. "Matt has demonstrated over his career his ability to lead and grow in a manner that is consistent with our DNA. Very proud to have Matt on board and look forward to continuing strong growth in the Pacific Northwest."

CHIP BEVERIDGE JOINS TRUSTAR MORTGAGE AS EVP OF MORTGAGE PRODUCTION



Trustar Mortgage, a subsidiary of Trustar Bank, has named **Chip Beveridge** as EVP of Mortgage Production.

Chip has long been involved in public

service to the mortgage industry by serving a combined 18 years on the Board of Governors of the MBA of Metropolitan Washington and the Board of Directors of the Virginia Mortgage Bankers Association. For decades, Chip has been a very active member on both the Legislative and Education Committees of these organizations. Chip also served as President of the Virginia Mortgage Bankers Association in 2019.

“We are pleased to have Chip leading the Trustar Mortgage team and are excited to continue meeting the needs of the community,” said Shaza Andersen, CEO of Trustar Bank and Trustar Mortgage, LLC.

Highly regarded as a top producing mortgage banker with 40-plus years of mortgage banking sales experience, Chip joins the Trustar Mortgage team from One American Bank, where he led the Mid-Atlantic Region as a Division Manager.

“I could not be more excited to be part of such a great opportunity at Trustar Mortgage,” Beveridge added. “Shaza has put together an amazing team and I am thankful to be a part of it.”

» Service Providers

RADIAN APPOINTS SUMITA PANDIT SVP AND CFO



Radian Group Inc. has named **Sumita Pandit** as its new SVP and CFO, effective immediately. Pandit succeeds J. Franklin Hall in this role, who served as CFO until December of 2022.

Pandit joined Radian in March 2023 as the company's first Chief Growth Officer, working with Radian CEO Rick Thornberry and Radian's executive leadership team to develop and execute the company's long-term growth and innovation plans.

As CFO, Pandit will retain those strategic and business development duties, while assuming responsibility for all Radian financial functions, including financial reporting, financial planning and analysis, enterprise capital planning, investment portfolio management and other treasury activities, investor relations, and tax.

“We are pleased to appoint Sumita as

our new Chief Financial Officer,” Thornberry said. “She brings to the CFO role an exceptional blend of financial markets and investment banking expertise as well as years of experience in strategically growing businesses. In her short time at Radian, Sumita has developed a strong understanding of our businesses and our strategic goals as well as the strength of our capital position including the strategic flexibility it provides to us today and into the future.”

Pandit has more than two decades of experience in investment banking, advising companies across verticals in fintech, including payments, financial software, neo-banks, and insurance technology. She joined Radian after serving more than two years as the COO of a global financial technology company dLocal, where she oversaw client management, marketing, investor relations, and corporate development.

Prior to dLocal, Pandit worked at J.P. Morgan in several Managing Director roles, including as Global Head of FinTech Investment Banking. Before joining J.P. Morgan, Pandit was a VP at Goldman Sachs in their Financial Institutions Group. Pandit earned an MBA from The Wharton School at the University of Pennsylvania, where she was a Palmer Scholar. She is currently a board member at donor management company Pushpay.

“Radian is a proven industry leader with an excellent team and culture, combined with a very strong financial position, and I am honored and excited to serve as its Chief Financial Officer,” Pandit said. “Radian's focus on innovation in the mortgage and real estate services markets positions the company well, and I look forward to helping the company achieve its strategic objectives.”

JONATHAN NAHIL JOINS FORMFREE AS CTO



FormFree has announced that it has brought on **Jonathan Nahil** as CTO. Nahil possesses more than 20 years of experience as a software architect and leader of development teams at renowned technology organizations.

Previously, Nahil worked at Accenture, where he spent more than a decade as Global Head of Architecture for the Mortgage

Cadence suite of enterprise loan origination applications. He has also held senior software leadership positions at publicly traded companies Twilio and Amazon.

“I've helped organizations break the status quo with innovative technologies, and I look forward to helping FormFree do just that with products that enable lenders to support financial inclusion and responsible underwriting,” Nahil said. “I am honored to be a part of FormFree's mission to build the next generation of the consumer lending experience and expand credit to those not served by the current model.”

Immediately before joining FormFree, Nahil was a Software Architect at customer service automation platform Ada. His responsibilities included designing software systems, collaborating with senior leadership on strategic initiatives and providing technical guidance to the product development teams.

“Although we come from different backgrounds and have unique specialties, each member of the FormFree team shares a revolutionary spirit—a spirit I recognized in Jonathan Nahil immediately,” FormFree Founder and CEO Brent Chandler said. “I can't think of a better person to keep our technology on the leading edge of the mortgage industry's alternative credit revolution.”

POLLY APPOINTS CHERYL MESSNER CHIEF CUSTOMER OFFICER



Polly, a provider of innovative mortgage capital markets technology, has appointed industry veteran **Cheryl Messner** as Chief

Customer Officer (CCO).

In her new role as CCO, Messner will spearhead corporate strategies that operationalize and further enhance Polly's unique customer partner experience. Messner will oversee onboarding and implementation, and champion cross-functional initiatives that drive ongoing value and success throughout the customer lifecycle. She will also act as a liaison between client, product development, and technical teams to provide customer insight into high-impact features and new functionality.

“In addition to a unique blend of inter-

personal and technical expertise, Cheryl has innate industry acumen that positions her as an incredible advocate for our customer partners,” said Adam Carmel, Founder and CEO of Polly. “I am certain that her vision and strategy will continue to evolve our customer-first culture and take Polly to the next level, while guaranteeing that our customers remain the central focus of everything we do. I’m thrilled to welcome Cheryl to our team and cannot wait to see what we achieve together.”

Messner joins Polly with more than two decades of mortgage fintech experience. She spent 15 years at Optimal Blue, where she led the design, development, and roadmap strategy for the Optimal Blue PPE during her tenure as Director of Product Management. Before transitioning to product, she held other senior- and executive-level roles in the client services function.

Messner most recently served as EVP of Customer Success and Experience at Sales Boomerang and Mortgage Coach, where she focused on operations, new growth opportunities, and client engagement.

“Polly has revolutionized traditional pricing and loan delivery, and simultaneously established a reputation with their customer partners that is second to none,” Messner added. “I feel incredible momentum from what the team has achieved to date, and I am so excited to lean into an organization that truly hears the voice of the mortgage lender and is committed to exceeding their expectations tenfold.”

MMI APPOINTS BRIAN MCKRAY DIRECTOR OF PRODUCT DEVELOPMENT



Mobility Market Intelligence (MMI), a provider of data intelligence and market insight tools for the mortgage and real estate industries, has

hired **Brian McKay** as Director of Product Development, where he will guide the creation of new system features and functionality to maintain alignment with the company’s vision and mission and ensure customer needs are considered at every stage of product development.

“As we expand our vision for what the

MMI platform can be, we want to stay true to our purpose and make our clients’ partners in MMI’s success. To that, we needed a strong guiding hand on our product development team that could keep everyone on the same page,” MMI Founder and CEO Ben Teerlink said. “Brian has a passion for developing and optimizing technologies to provide the best user experience, and we are incredibly confident in his ability to craft a best-in-class platform that not only makes an impact for MMI clients, but the mortgage industry as a whole.”

McKray comes to MMI from Celebrity Home Loans, where he served as Director of Marketing Optimization, and focused on optimizing marketing platforms, products, and technologies to improve loan originator adoption, utilization, and user experience. Prior to Celebrity Home Loans, McKray was Director of Marketing at Castle & Cooke Mortgage, and spent time as Manager of Marketing Systems and Support, as well as Senior Manager of Marketing at Academy Mortgage Corporation. He has additional marketing experience from his time at Republic Mortgage Home Loans and National City Mortgage.

“Within my marketing roles, I’ve always gravitated towards leveraging technology for marketing purposes, and with that, I feel as if everything has led me to MMI,” McKray said. “I’m thrilled to work with people I’ve known, respected, and interacted with on a variety of levels for so many years. To be part of this dream team that Ben has put together is exhilarating and flattering at the same time.”

VEROS NAMES HEATHER ZELLER HEAD OF MARKETING



Veros Real Estate Solutions has announced hiring of **Heather Zeller** as its new VP of Marketing.

Zeller has more than 25 years of experience in marketing management, product marketing, and corporate strategy in the financial services, real estate, and fintech industries. In her new role with Veros, Zeller will lead the marketing and communications teams to position Veros and sister company Valligent as thought leaders and go-to resources for property valuations, risk man-

agement solutions, and insightful housing industry data, and forecasts.

Before joining Veros, Zeller was the Product Marketing Director at Clear Capital, a real estate valuation and technology solutions provider. She was key in implementing effective B2B go-to-market plans, product positioning, and demand generation strategies that helped drive adoption and generate growth across a vast range of product lines within the real estate property valuation, data analytics, and technology space.

“With her impressive experience and professional expertise in our industry, Heather will truly be an asset to the Veros and Valligent teams,” said Darius Bozorgi, CEO of Veros Software. “Her role is a vital part of the company that will strengthen our position in the market and further solidifies our reputation as a leader in real estate technology solutions.”

» Attorneys

LEN FRANCO JOINS KRISS LAW/ATLANTIC CLOSING & ESCROW



Needham, Massachusetts-based Kriss Law/Atlantic Closing & Escrow has named **Len Franco** as President of its Commercial Services Division,

charged with overseeing the continued growth of the company’s commercial footprint nationwide.

Franco comes to KL/ACE with more than 30 years of experience leading title insurance and real estate information businesses for some of the largest organizations in the industry. Most recently, he served as President of Ascendant National Title’s National Commercial Services Division.

Previously, Franco served as EVP for WFG Commercial Services Division, where he was responsible for overseeing the company’s expansion in the Northeast region. Before that, Franco served in multiple leadership roles with Fidelity National Financial, Stewart, and First American’s National Lenders Advantage Division.

“While Kriss Law/Atlantic Closing & Escrow has long had a national presence,

we believe now is the time to accelerate our growth efforts on the commercial side of the transaction,” KL/ACE Chief Strategy Officer Landon Smith said. “A substantial number of unique opportunities are emerging in any number of markets across the country, and Len’s wide range of relationships with commercial real estate developers, attorneys, and lenders make him the ideal catalyst for new growth. He’s repeatedly proven that he knows how to lead a commercial services group as well as deliver for his clients. We look forward to his leadership in our overall expansion.”

ASURITY NAMES JONAS HOERLER CHIEF REGULATORY COUNSEL



Asurity Technologies has added mortgage regulatory attorney **Jonas Hoerler** to its RegCheck product team as Chief Regulatory Counsel. In

this newly defined role, Hoerler will oversee software implementation of all quantifiable compliance testing and functionality, spearhead the review of legislative and regulatory developments to ensure necessary product updates are made in a timely fashion, and interface with state and federal government agencies, as well as external counsel, as necessary, to secure relevant guidance.

“Adding Jonas to our RegCheck team enhances our ability to monitor and rapidly implement legal and regulatory change within the solution,” said Luke Wimer, COO at Asurity. “In addition, his regulatory experience will enrich the development of the product, further solidifying it as a leading solution which the industry relies on for comprehensive compliance checks against loan level data pulled from any integrated LOS.”

Prior to joining RegCheck, Jonas served as Senior Regulatory Attorney at SitusAMC, where he managed mortgage lending compliance requirements of multiple federal agencies and state jurisdictions, including but not limited to California, New York, Texas, and New Jersey, U.S. Department of Veterans Affairs, Federal Housing Administration, Fannie Mae, and Freddie Mac. He also assist-

ed with client negotiations for major lending institutions, among other responsibilities.

“I am proud to be a part of the RegCheck team and look forward to working closely with Asurity’s deep bench of subject matter experts to further advance the solution,” Hoerler added. “The growth of RegCheck and Asurity’s other compliance products is indicative of the performance and power of these RegTech solutions, as well as the commitment and dedication of the entire Asurity team.”

GARRIS HORN ADDS VETERAN MORTGAGE AND FINTECH PARTNER JOHN LEVONICK



John Levonick has joined Garris Horn LLP, a national law firm serving the financial services industry as Senior Partner. Widely

recognized for his work in the mortgage secondary market and technology industries, Levonick will focus his practice on compliance and transactional matters for businesses in those sectors of the mortgage industry.

“I am thrilled to join such an amazing team of attorneys at Garris Horn LLP,” Levonick said. “The firm already is nationally renowned in the consumer finance and fintech industries for bringing both in-house and large law firm legal experience to its boutique level of service. I look forward to bringing my secondary mortgage market and fintech experience to the firm’s compliance, transactional, and litigation practice areas.”

Levonick comes to Garris Horn having served most recently as the CEO and Co-Founder of a technology-enabled mortgage service firm delivering third-party review and due diligence services. Over the course of his 23-year career, he has worked within the consumer financial services industry in both executive and legal roles. He has worked in the fintech and blockchain practice groups at Am Law 100 law firms, held the role of Chief Legal and Compliance Officer at Accenture Mortgage Cadence, and served in leadership roles with wholly owned subsidiaries of Wipro, Radian, and Fiserv.

“John has worked with the largest players in the mortgage secondary market over his decades long career, including at investment

banks, diligence firms, trade organizations and NRSROs,” Garris Horn LLP Co-Managing Partner Richard Horn said. “He brings a depth and breadth of mortgage business and legal experience that not many attorneys can claim. He is an ideal fit for Garris Horn’s approach of providing large law firm experience with a boutique law firm’s efficiency and service.”

Garris Horn LLP is a virtual, national law firm headquartered in Dallas, Texas, with a nationwide client base. Levonick will be based in Connecticut.

MCCALLA RAYMER LEIBERT PIERCE APPOINT ESG/ CHARITABLE GIVING OFFICER



McCalla Raymer Leibert Pierce, LLP has announced that **Jill Rein**, Senior Partner, has been named ESG & Charitable Giving Officer at the firm.

Rein joined the firm in 2016 as part of a merger with Pierce & Associates, where she began working in 1996. She is based in the firm’s Chicago, Illinois, office.

“I am very excited to take on this new challenge of preparing our firm for the next level in environmental and social governance,” Rein said. “These initiatives are important for our employees, our clients, and our communities, and I look forward to being us leading the charge.”

Rein will work closely with the firm’s owners, management, and diversity partner to align ESG goals firmwide. As the firm has grown into 15 states footprint, with multiple geographic regions, it has become critical to establish a comprehensive program to address its environmental and social impacts and how best to govern for the betterment of the staff and our communities. MRLP strives to meet investor and client requirements, while ensuring that ESG initiatives are a part of the firm’s goals and objectives.

Legal League Spring Servicer Summit

Westin Stonebriar Golf Resort & Spa | May 1-2, 2023 | Frisco, Texas

The Legal League Spring Servicer Summit took place on May 1-2 at the Westin Dallas Stonebriar Golf Resort & Spa for members of the Legal League 100. The two-day event featured a comprehensive servicer certification class, a reception, and a day of speakers and panel discussions for attendees.

The day opened with a keynote from Stanley Middleman, CEO of Freedom Mortgage, before moving into a programming lineup that included topics such as “Attorney Oversight and Compliance—Current and Future Issues in Law Firm Compliance,” “A Kaleidoscope of Foreclosure Perspectives,” “Costly Servicer Pitfalls in the Bankruptcy Arena,” and “Market Update: Inflation, Recession, or What?”





1. Jane Bond, Managing Partner, FL Litigation, McCalla Raymer Leibert Pierce, LLC, and Dean Meyer, Director, Loss Mitigation, Single-Family Servicing Operations Management, Freddie Mac
2. Roy A. Diaz, Shareholder, Diaz Anselmo & Associates, P.A., onstage with Toniqua Green, VP, Corporate Social Responsibility, Mr. Cooper
3. Brooke E. Sanchez, Partner, Managing Bankruptcy Attorney, Kent McPhail & Associates, LLC, and Graham Arceneaux, Managing Attorney, Graham, Arceneaux & Allen
4. Brooke Sanchez, Graham Arceneaux of Graham, Arceneaux, & Allen LLC, Alicia Byrd, Bankruptcy Operations Manager, Flagstar Bank; Michael Daniels, Senior Principal, Bankruptcy, Mr. Cooper; Traci Luckhaupt, VP of Default Servicing, PHH/Ocwen; Brian McGarry, Manager, Single-Family Portfolio Servicing, Fannie Mae
5. David Friedman, Partner, Van Ness Law Firm, PLC
6. The 2023 Legal League Advisory Council (left to right): J. Anthony Van Ness, Founder, Managing Partner, Van Ness Law Firm; Stephen M. Hladik, Partner, Hladik, Onorato & Federman, LLP; Ryan Bourgeois, General Counsel/Compliance Officer, Partner, BDF Law Group; Caren Castle, Senior Mortgage Servicing Attorney, IDEA Law Group PLLC; Jane Bond of McCalla Raymer Leibert Pierce, LLC; Roy Diaz; Kent McPhail, Managing Partner, McPhail Sanchez, LLC; David Demers, Managing Partner, Cooke Demers, LLC; Neil Sherman, Esq., President, Managing Partner Default Operations, Schneiderman & Sherman PC.
7. Brooke Sanchez
8. Stanley Middleman, CEO, Freedom Mortgage, onstage with Stephen Hladik
9. Erica Johnson-Seck, SVP, Default Services, Mr. Cooper
10. Elizabeth M. DeSilva, General Counsel, McCalla Raymer Leibert Pierce, LLC, and Roy Diaz
11. Neil Sherman, Jane Bond; Dean Meyer, Rick Sharga, Founder & CEO, CJ Patrick Company; Nolan Turner, Managing Director, Carrington Holding Company, LLC

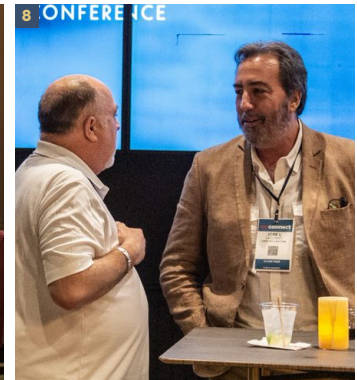


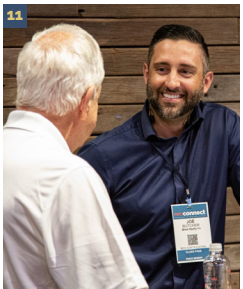
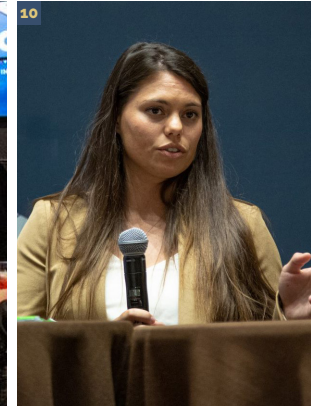


REO Connect

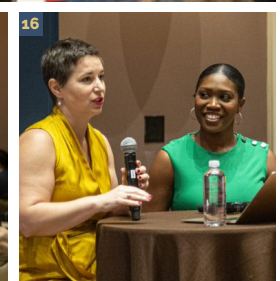
May 16-18 2023 | The Virgin Hotel | Las Vegas

On May 16-18, the Five Star Institute launched a brand-new conference entitled REO Connect. Unfolding at the Virgin Hotels Las Vegas, REO Connect was created to be a hub for industry professionals committed to making the REO process profitable, efficient, and effective at eliminating blight from our neighborhoods. This carefully curated event provided targeted content, niche industry insights, and intimate networking within a relaxed environment designed to support the asset managers, vendors, and agents who specialize in REO.





1. Andy Oliverson—AG Real Estate
2. Tamika Marks—Trademarks & Associates LLC, Sarah Richards—Spring Mountain Realty PLLC
3. Kristie Brewer—Five Star Global, Gina Gallutia—Five Star Global
4. Kelly Jones—eXp Realty—Russell Realty Group, Rafael Dagnesses—Quantum Group—EXP Realty, Jeff Russell—eXp Realty—Russell Realty Group, Robert Weichelt—Weichelt Group eXp Realty
5. Valerie Chartier—LMW Property Management Pros, Lisa Weatherby—LMW Property Management Pros
6. Caslyn Huck—Never Settle Realty & Investment
7. FORCE Advisory Council
8. Jose Lazcano—Lazet and Lord Corp and Norman Robles—Ameris Bank
9. FORCE Reception
10. Tyler Amaya—PEMCO Capital
11. Joe Butcher—Brick Realty Co.
12. Jeff Shumaker—RE/MAX Agility and Jennifer Kuhn—JLK Sales Group brokered by eXp Realty
13. Kimberly McClinton—Signature Realty Services, Rida Sharaf—US Real Estate Services, Inc. and Caslyn Huck—Never Settle Realty & Investment
14. Eric Delgado—MCM Capital, Mark Burch—Temple View Capital, Barry Owens—End to End Solutions, LLC and Joe Peterson—iList
15. Al Spry—Beacon Real Estate & Associates and Andrew Oliverson—AG Real Estate
16. Gina Gallutia—Five Star Global and Yvette Hallman—Pagano Properties
17. Kimberly McClinton—Signature Realty Services, Eddie Blanco—Stratwell Real Estate, Chanan Dozier—Signature Realty Services and Makeda Smith—Savvy Chicks in Real Estate
18. Jim Hastings—Hastings Brokerage, Ltd. and Rande Johnsen—Trustee Corps





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» Industry Update

SAGENT OPENS OPERATIONS IN INDIA

Sagent has announced the opening of its non-U.S. headquarters in Chennai, India, supporting the company's newly incorporated software engineering team resulting from Sagent's 2022 partnership deal with Mr. Cooper.

In 2023, Sagent is selectively adding talent and operations to accelerate its building of cloud-native platforms to power America's complex \$13 trillion mortgage industry.

"Three key Sagent operational milestones this year are hiring Fannie Mae vet Marianne Sullivan as COO, hiring Wells Fargo vet Perry Hilzendeger as EVP of Servicing, and opening our Chennai, India, operation to accelerate our cloud-native mortgage servicing software development," Sagent CEO Dan Sogorka said. "In our landmark 2022 deal with Mr. Cooper, they became a Sagent customer, plus we acquired their highly experienced

mortgage servicing fintech team, many of which are in India. With today's opening of our Chennai location, Sagent now has 520 employees along with hundreds of contractors. We're the only major fintech firm with a global team dedicated to building core, default, and consumer mortgage servicing platforms for top banks and lenders."

Sagent's new 18,367 square-foot non-U.S. headquarters in India opened its doors on May 8 and will host 120-plus Sagent team members.

"Sagent India is a bright team full of relevant, reliable talent, and this team has a relentless commitment to the Sagent vision," said Naren Sundram, SVP, Head of India at Sagent. "We're all moving quickly on Sagent's vision to fundamentally change America's housing ecosystem and deliver positive outcomes for servicers and homeowners."

Sagent Chief Technology Officer Uday Devalla has led Sagent's vision by insisting on team members with experience in both fintech and mortgage servicing.

"Dual mortgage/fintech experience is required to truly innovate in a sector as complex as mortgage servicing," Devalla said.

"Sagent's team now has the most successful servicing operators and best-in-class product engineers/fintech leaders, and our India expansion will help us fulfill our high talent bar."

Sagent powers America's top bank and nonbank lenders to engage, care for, retain, and modernize the homeownership experience for millions of borrowers. Servicers utilize the company's flexible, scalable, and configurable solutions to engage borrowers and earn customer loyalty, lower servicing costs, ensure compliance, and increase the value of servicing rights throughout full market cycles. Sagent is backed by Warburg Pincus, one of the world's leading private equity investors, and powers trillions in outstanding mortgage servicing for its customers.

WFG ACQUIRES WEST COAST LOCAL RETAIL TITLE OPERATIONS FROM DOMA

Doma Holdings, Inc. and Williston Financial Group (WFG), a Portland, Oregon-based provider of title insurance, underwriting, and escrow services, have jointly announced the signing and closing of an agreement for WFG to acquire certain branches of Doma's West Coast local retail title operations. The sale includes multiple retail title locations and operations centers in the Northern and Central California regions.

"This strategic transaction is aligned with our mission-driven go-forward strategy and refined focus on our core underwriting and technology business," said Max Simkoff, Founder and CEO of Doma. "Our West Coast operations are premier locations within their respective real estate communities with a track record of providing excellent customer service. We believe we have found an optimal home for our local team members in the branches we have sold to WFG, and they will continue to thrive under their leadership. I want to thank this team for their hard work and dedication to Doma and our vision over the years."

Since its 2010 founding, WFG's leadership has sought to expand the company's services and market reach, and this acquisition significantly expands WFG's existing market coverage and client base in the vital Northern and Central California regions.

"We are thrilled to extend our California market reach through this acquisition, as it will significantly enhance our ability to serve the needs of our customers in these key growth regions," WFG Chairman and Founder Patrick F. Stone said. "Since day one, our vision for WFG has been to eliminate friction, increase transparency, and deliver a superior experience for our real estate, lender, and title agent customers, as well as for the consumers we all serve. These new members of the WFG team share this vision, and we are extremely eager to join forces with them to enhance the customer experience in some of the nation's strongest housing markets."

This transaction follows Doma's announcement on its Q1 2023 earnings call that it had been conducting a review of its business over the last several months to evaluate the optimal organization structure to successfully deliver on its mission to make homebuying more affordable and to maximize shareholder value. Doma's overall strategy is centered around harnessing the power and benefits of its instant underwriting technology via the efficient and profitable distribution of its core technology by external partners with the end goal of bringing down refinance specific costs for homeowners.

ROCKET MORTGAGE LAUNCHES 1% DOWN HOME LOAN PROGRAM

Rocket Mortgage has introduced ONE+, a new 1% down home loan program that will dramatically increase access to homeownership for millions of low- to moderate-income earning Americans.

With ONE+, a homebuyer is only required to make a down payment of 1% of the purchase price and Rocket Mortgage will

“We talk with people from all walks of life every single day—many of whom are ready to own a home, and could easily make the monthly mortgage payments, but are having trouble saving for a down payment.”

—Bob Walters, CEO, Rocket Mortgage



cover the remaining 2% needed to reach the required threshold for conventional loans. In addition to reducing upfront costs, ONE+ eliminates the monthly mortgage insurance fee for the client—traditionally required if the buyer places less than 20% down on their purchase.

"Rocket Mortgage prides itself on finding innovative solutions and lending programs that help clients achieve their goals in any market cycle. No other lender has a mortgage option that makes affordable homeownership possible for as many Americans as ONE+," said Bob Walters, CEO of Rocket Mortgage. "We talk with people from all walks of life every single day—many of whom are ready to own a home, and could easily make the monthly mortgage payments, but are having trouble saving for a down payment. ONE+ is a response to that feedback and the latest example of Rocket's commitment to creating programs that help make homeownership more attainable."

Designed to help everyday Americans achieve homeownership, ONE+ is available to homebuyers purchasing single-family homes—including manufactured homes—whose income is equal to or less than 80% of their area median income (AMI). With this expansive AMI eligibility, Rocket Mortgage estimates that more than 90 million people can meet the income

requirements for this program—based on publicly available income data.

As an example of the savings possible through ONE+, a homebuyer purchasing a \$250,000 home typically needs a minimum of 3% down, or \$7,500. Now, they will only need a \$2,500 down payment. In addition, ONE+ offers mortgage insurance at no cost to the client, which on a \$242,500 loan, can be as much as \$245 per month. That improves a homeowner's monthly cash flow and can save as much as \$20,500 over the first seven years after closing—the average amount of time mortgage insurance needs to be paid.

This is the third initiative Rocket Mortgage has launched in the last six months with affordability in mind. Other programs such as BorrowSmart Access and Purchase Plus focus on addressing challenges for homebuyers in underserved communities. By offering a \$3,000 credit with BorrowSmart Access and a \$7,500 credit with Purchase Plus, hurdles such as closing costs and down payments are lessened and accessibility is increased.

Homebuyers can apply for ONE+ using Rocket Mortgage's rocketoneplus.com and on the Rocket Mortgage mobile app. They can also apply through one of the thousands of mortgage brokers across the country who partner with the lender through Rocket Pro TPO.

“The word ‘transformational’ is often an exaggeration, but by creating an expansive marketplace for MSR trading, we feel the description is merited.”

—Tom Piercy, Managing Director for IMA



INCENTER MORTGAGE ADVISORS LAUNCHES NEW EMSR EXCHANGE

Incenter Mortgage Advisors (IMA), a provider of mortgage servicing rights (MSR) trading services, has announced its new eMSR Exchange, a marketplace that is helping to change the way MSRs are bought and sold.

The eMSR Exchange expands participation in the MSR market by connecting buyers and sellers of co-issue flow offerings online, with buyer pricing available 24/7. Sellers will sell to the eMSR Exchange, which acts as an in-

termediary to the multiple buyers who provide pricing to it, while buyers will now only deal with the eMSR Exchange as one counterparty.

Now sellers have an additional tool to get the best possible MSR prices and access to a larger group of buyers and their pricing grids. Buyers, in turn, can efficiently acquire the rights to service mortgages that match their ideal characteristics with loan-level precision. The eMSR Exchange removes or reduces their need to set up sellers into their co-issue programs, which can involve diligence, contract negotiations, data set up, relationship management, and more.

“The word ‘transformational’ is often an exaggeration, but by creating an expansive marketplace for MSR trading, we feel the description is merited,” said Tom Piercy, Managing Director for IMA. “By launching the eMSR Exchange now, we are enabling participants to capitalize on a bright spot in the mortgage market.”

The eMSR Exchange is powered by IMA’s eMSR technology which is designed to provide optimum allocation among multiple buyers. Each individual loan is matched with buyers’ pricing grids and “directed” to the most desirable buyer, based on the loan characteristics acquirers are seeking. This also allows buyers to focus their acquisitions on what they really want, as opposed to bidding on the rights to more heterogeneous asset pools.

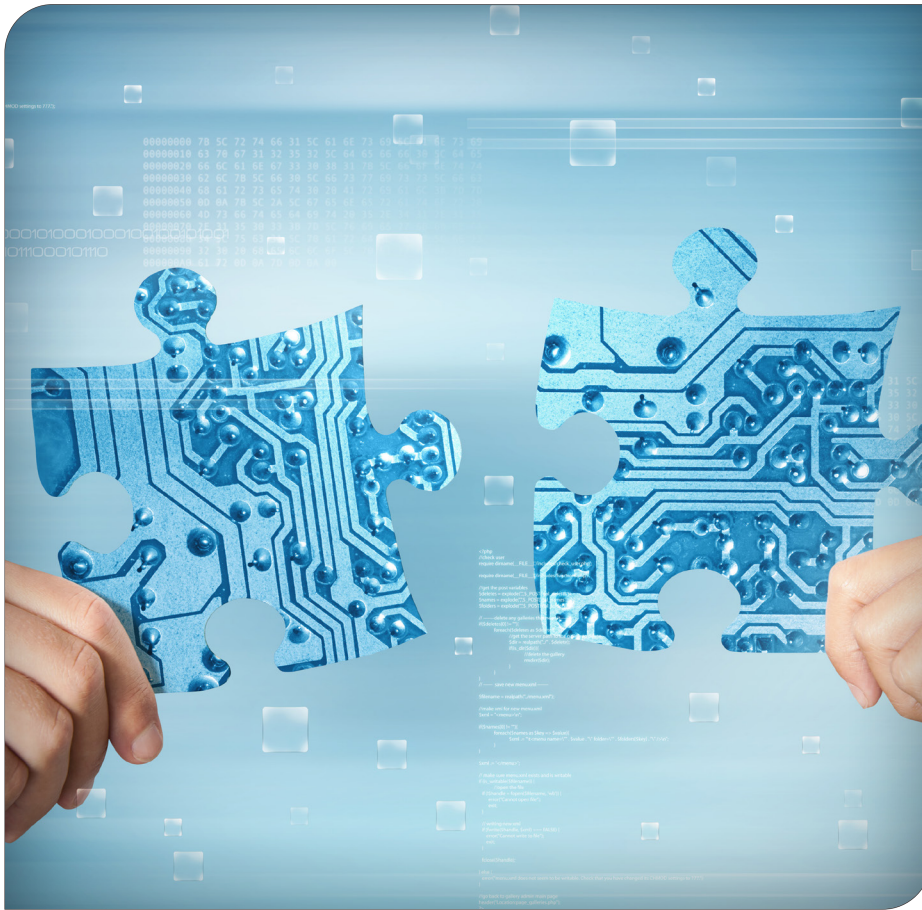
The platform gives all participating sellers access to live pricing from every buyer participating on the eMSR Exchange when markets are open, and archived pricing after hours for quick action when trading resumes. Sellers receive pricing within seconds of uploading their loan-level data files. The eMSR Exchange delivers and displays data in one standard, easy-to-navigate format. The platform serves as participants’ intermediary, aggregating MSRs from the sellers and matching them with buyers.

AMERICAN SAVINGS BANK EXTENDS SAGENT SOFTWARE PARTNERSHIP

Sagent has announced a seven-year partnership extension with American Savings Bank (ASB) to continue powering its mortgage servicing ecosystem.

ASB will continue powering its scale servicing operations with Sagent’s cloud-based LoanServ system of record. For more than two decades, ASB has relied on Sagent’s servicing technology to automate complex, high-volume tasks and workflows, deliver a better customer experience, and adapt in real-time to constantly evolving customer and regulatory requirements.

“American Savings Bank is a market leader because they get how to combine high-touch service with high-tech experiences for their customers and teams. Sagent is honored to help power this industry-best customer experience, and after our long relationship, I feel like we’re just getting started,” said Dan Sogorka, CEO at Sagent. “With the



help of long-time customers like American Savings Bank, Sagent continues to build out our platforms to engage and retain their customers for life. We listen to what they and their borrowers need, then keep building our cloud-based core, default, and consumer platforms to manage every granular detail of their loan servicing business.”

Since 1987, Hawaii-based ASB has served Hawaii’s businesses and communities, providing a full range of financial products and services including business and consumer banking, home loans, and insurance.

“American Savings Bank’s high-touch, high-tech banking is the key to lifting up the communities we serve and making their dreams possible,” said Tony Au, Director of Consumer Loan Operations at ASB. “Sagent’s cloud-native platform combines the best of core banking and mortgage servicing technology that makes things easier for our customers and our team members who serve them. We genuinely appreciate how Sagent helps American Savings Bank offer the most

modern customer experience while adding our special human touch, and how Sagent’s platform depth enables us to manage every little service and compliance detail. This is what sets us apart.”

Sagent recently announced increasing its operations through the opening of its non-U.S. headquarters in Chennai, India, supporting the company’s newly incorporated software engineering team resulting from Sagent’s 2022 partnership deal with Mr. Cooper. Sagent’s new 18,367 square-foot non-U.S. headquarters in India opened its doors on May 8 and will host 120-plus Sagent team members.

“Sagent India is a bright team full of relevant, reliable talent, and this team has a relentless commitment to the Sagent vision,” said Naren Sundram, SVP, Head of India at Sagent. “We’re all moving quickly on Sagent’s vision to fundamentally change America’s housing ecosystem and deliver positive outcomes for servicers and homeowners.”

CBC MORTGAGE AGENCY CELEBRATES 10-YEAR ANNIVERSARY, REBRANDS

CBC Mortgage Agency, a Native American wholly owned and federally chartered housing finance agency, is celebrating its 10-year anniversary by unveiling a dynamic new rebrand for the correspondent investor and its Chenoa Fund Program, which has extended down payment assistance (DPA) to more than 42,000 families.

The Chenoa Fund Program was launched in May 2013 to help families achieve home ownership. Today, it operates in 49 states and territories. Roughly three-quarters of the homebuyers who receive DPA from CBC Mortgage Agency are first-time homebuyers, while around half are minorities.

“Our rebrand represents our renewed commitment to extending housing programs, including providing down payment assistance for those who are most in need of it,” CBC Mortgage Agency President Miki Adams said. “We are proud to support economic stability for homebuying families and their communities, and we look forward to continuing this for many more decades.”

In addition to the rebrand unveiling, CBC Mortgage Agency announced several significant hires and promotions, with women now accounting for 70% of the management team. The recent executive additions include: Pam Cooper CPA CMB as CFO; Alicia Wood as Loan Servicing Director; Cari Zwick, promoted to National Program Director; Kira Gissell promoted to Communications and PR Director; Dianah Hart as Director of Investor Relations and Fulfillment; and Latrese Flowers as Program Management and Compliance Officer.

“Our refreshed brand reflects the evolving and inclusive nature of CBC Mortgage Agency, while the design reflects our commitment to breaking down barriers to homeownership,” Adams said. “As we continue to carry out our mission, I’m looking forward to unveiling some exciting changes and improvements later this year.”

PHH ANNOUNCES NEW SUBSERVICING AGREEMENT WITH FINANCE OF AMERICA REVERSE

PHH Mortgage Corporation, a subsidiary of Ocwen Financial Corporation, has announced that it has entered into a reverse mortgage subservicing agreement with Finance of America Reverse LLC (FAR).

“We are very pleased to enter into this new subservicing relationship with FAR,” said Scott Anderson, EVP and Chief Servicing Officer at PHH. “This agreement is consistent with one of our core business strategies of growing our subservicing portfolio and is a testament to the strength and quality of our servicing platform as a premier subservicer for both forward and reverse mortgages. We look forward to a long-term relationship with FAR and delivering on the expectations that they have for their servicing partners and customers.”

As of Q4 of 2022, the PHH’s total reverse servicing portfolio was approximately \$31 billion in UPB, which included approximately \$23 billion in subservicing UPB. The agreement with FAR provides a meaningful opportunity to grow PHH’s reverse subservicing portfolio, and strengthens its standing as the only organization in the United States that can both originate and subservice reverse mortgages.

VEROS AND VALLIGENT LAUNCH APPRAISER TRAINING PROGRAM

Valligent, an appraisal management company (AMC) recently acquired by Veros Real Estate Solutions, a provider of risk management and collateral valuation services, has announced the launch of the Valligent Appraiser Training Program (VATP) to increase appraiser diversity and offer necessary resources to promote inclusion in the lending industry. The goal of VATP is to not only provide an opportunity for minorities to become experienced professionals in this space, but to also provide the industry an effective solution to address potential appraisal bias.

Through VATP, Veros and Valligent offer an accessible and affordable option to encourage underrepresented groups to enter the appraisal industry.

According to industry statistics, approximately 85% of all property appraisers and assessors are white, 5% are African-American, and 7% Hispanic. Other demographics that dominate the appraising industry are gender and age, with approximately 68% being male with an average age of 50 and over. VATP was created with the goal of changing that—making the appraiser pool more representative of

the buyers and sellers they serve.

VATP partners with lenders who agree to order appraisals from trainees and their supervisors in order to help the trainees complete the 1,500 work experience hours needed to become a residential certified appraiser. Trainees begin with education, then, over the course of nine to 12 months, are supervised by experienced, certified appraisers who direct, oversee, and take full responsibility for the assignment. The Valligent supervisor will be responsible for making sure the trainee has access to the most recent technology tools, resources, and hands-on guidance to successfully complete all the state requirements to become a fully certified appraiser. Trainees also receive pay and benefits during their hands-on training.

“To address the need for diversity in the appraisal industry, we are offering a program that can directly impact minority communities and professionals,” said Jeremy McCarty, Founder and CEO of Valligent. “Support for our program has been encouraging since a number of lenders have expressed interest in sponsoring a trainee.”

This program closely aligns with the Appraiser Diversity Initiative (ADI), in which Veros and Valligent are also involved, working with the National Urban League’s regional Entrepreneurship Centers, the Appraisal Institute, Fannie Mae, and Freddie Mac. The ADI is designed to find diverse candidates and educate them about the appraiser profession. VATP provides a natural next step for any candidates looking to start an appraiser career. Once certified, the appraiser can continue as a Valligent employee, be employed by the sponsoring lender, or

According to industry statistics, approximately 85% of all property appraisers and assessors are white, 5% are African-American, and 7% Hispanic.





establish their own business as an independent fee appraiser.

“We aren’t aware of any existing programs or initiatives like this, so we are excited to set a new standard for the profession,” said Jeff Hogan, VP of Collateral Valuation at Veros Real Estate Solutions. “The goal of the Valligent Appraiser Training Program is to not only provide an opportunity for minorities to become experienced professionals in this space, but to also provide the industry an effective solution to address potential appraisal bias.”

SOFI ANNOUNCES THE ACQUISITION OF WYNDHAM CAPITAL MORTGAGE

SoFi Technologies has acquired Wyndham Capital Mortgage, a fintech mortgage lender in an all-cash transaction. While the transaction is not expected to be material to the company’s 2023 financial outlook, it is expected to be accretive within six months.

The acquisition—which includes the integration of both talent and technology from Wyndham Capital—will allow SoFi to broaden its suite of mortgage products available to members, enhance unit economics, and take ownership of an intelligent and scalable platform that has set the industry standard for a fully digital mortgage experience. This “full stack” approach is also intended to minimize SoFi’s reliance on third-party partners and processes.

“At SoFi, we’re on a mission to help people get their money right and purchasing a home is often one of, if not the, biggest financial decision individuals make in their lives,” said Anthony Noto, CEO of SoFi Technologies. “Several macro- and socioeconomic factors—high inflation and rising mortgage rates, the new world of work, and others—have ushered in a new era across the U.S. real estate market. These changing conditions mean it’s more important than ever that borrowers have a trusted partner they can look to as they go through the process of obtaining a mortgage for a home. Today’s acquisition of Wyndham Capital will not only allow us to scale and keep pace with accelerated growth, but also allow us to foster that growth in a way that brings value to our members through sales and operational efficiencies and helps members get their money right

when it comes to one of life’s most significant financial milestones.”

SoFi’s acquisition of Wyndham Capital enables savings for current and prospective homeowners in both time and money through transparent rates and a seamless application process. Wyndham Capital’s innovation-first approach has enabled it to deliver a fully digital and award-winning experience for borrowers, while also freeing up employees’ time to focus on borrower communication, transparency, and trust.

FAIRWAY ANNOUNCES TRAINING PARTNERSHIP WITH XINNIX

XINNIX, a sales and leadership performance company, has been selected by Fairway and Fairway Ignite to empower their sales professionals and their leaders to further elevate their success.

At a time of increased competition for a smaller pool of customers nationwide, Fairway



“The TLS Buy Before You Sell product eliminates contingencies and enables borrowers to use the equity in their current home as a down payment on their new home, allowing them to move faster and hold on to more of their cash in the process.”

—Brandon Stein, President of The Loan Store.

is committing to additional sales and leadership training from XINNIX for about 1,250 team members—subsidizing 75% of their tuition. The XINNIX system of training, accountability, and coaching has enabled participants from thousands of companies to improve sales productivity by an average of 40%.

“We are thrilled to empower Fairway’s sales professionals and leaders to reach new heights,” said Casey Cunningham, Founder and CEO of XINNIX. “Fairway understands that professional development improves employees’ engagement and are committed to their growth. This translates to a strong and vibrant culture where everyone feels responsible for maximizing their performance.”

XINNIX performance training programs aim to change the way a sales and leadership team thinks—allowing individuals to increase revenue, improve margins, and influence other KPIs.

“We at Fairway are excited to offer this valuable benefit to our sales and leadership team,” Fairway Founder and CEO Steve Jacobson said. “During the current shift in the mortgage market, programs like XINNIX’s inspire and equip our people, providing them a proven process to drive and lead them to unexpected rewards.”

THE LOAN STORE LAUNCHES NEW OFFERING FOR WHOLESALE LOAN ORIGINATORS

The Loan Store (TLS) has announced a new Buy Before You Sell product, equipping wholesale loan originators with a greater ability to support their borrowers and real estate partners in a competitive purchase market.

The product, which TLS is making available to its mortgage broker and non-delegated correspondent partners via a partnership with HomeLight, improves a homebuyer’s ability to secure their desired home quickly and confidently—without the contingency of selling their existing home first.

“We’re pushing wholesale loan originators even more to the forefront with this Buy Before You Sell product, giving them a tool that makes it much easier for homebuyers to secure the home they want in this hypercompetitive pur-

chase market,” said Brandon Stein, President of The Loan Store. “The TLS Buy Before You Sell product eliminates contingencies and enables borrowers to use the equity in their current home as a down payment on their new home, allowing them to move faster and hold on to more of their cash in the process.”

Interested homebuyers receives an assessment on their existing home. Upon approval, the borrower receives a guaranteed offer price from HomeLight. The homebuyer then shops for a new home, utilizing either a traditional pre-approval or an all-cash offer approval. The homebuyer can submit competitive offers that are not contingent on the sale of their existing home—and can start the process before their existing home is even listed. The buyer then goes under contract on the new home once an offer is accepted. The homebuyer closes on their new home, with the ability to tap into the equity of their existing home for the down payment. Finally, the homebuyer sells their existing home, listing the home within 10 days of closing on the new home, and receives full proceeds. If the old home does not go under contract within 90 days of the closing on the new home, HomeLight will purchase it at the guaranteed offer price.

KIAVI EXPANDS INTO DSCR LOANS

Kiavi, one of the nation's largest lenders to real estate investors, has expanded its rental property financing product to now include condominiums. This product expansion enables Kiavi to help real estate investors with rental units in multitenant buildings and townhomes secure reliable, timely, and competitively priced capital to grow their rental property portfolios.

"We are thrilled to be expanding our rental financing offerings to include units in high rises, townhomes, and other multiunit buildings," said Stephanie Casper, Chief Revenue Officer for Kiavi. "Market dynamics such as increasing demand for rental units and urbanization point to an opportunity for real estate investors to scale their businesses by investing in rental condominium properties."

With this expansion, Kiavi's DSCR rental loans finance single-family houses, planned unit developments (PUDs), two- to four-unit properties, and now units in multitenant buildings and townhomes with a homeowners association. Real estate investors are increasingly financing their rental properties

with Kiavi because of the lender's competitive rates, clear and transparent pricing, no hard credit pulls, easy-to-use technology, and low-document process.

With more than \$13 billion in funded loans, Kiavi is one of the nation's largest private lenders to residential real estate investors (REIs). Kiavi harnesses the power of data and technology to offer REIs a simpler, more reliable, and faster way to access the capital they need to scale their businesses. Formerly known as LendingHome, Kiavi is committed to helping its customers revitalize the approximately \$25 trillion worth of aged U.S. housing stock to provide move-in ready homes and rental housing for millions of Americans across the country.

NATIONAL MI INTEGRATES WITH VESTA LOS

National Mortgage Insurance Corporation (National MI), a subsidiary of NMI Holdings, Inc., is now integrated with Vesta, a loan origination system (LOS) provider and software-as-a-service (SaaS) company. The integration enables

lenders to obtain price quotes and order National MI's real-time, risk-based mortgage insurance through its Rate GPS tool instantly without having to leave the Vesta LOS platform.

National MI's API platform enables lenders and LOS providers to quickly and seamlessly retrieve accurate mortgage insurance (MI) quotes through Rate GPS.

"We are delighted to partner with Vesta to make ordering MI through our Rate GPS tool as easy as possible for lenders," said Norm Fitzgerald, Chief Sales Officer with National MI. "We are thrilled to add Vesta, a leading SaaS company building next-generation LOS technology, to our list of integration partners."

Using open, cloud-based APIs, Vesta's LOS empowers lenders of all sizes to build customizable workflows and rules around their mortgage processes without using developer resources.

"We are excited to offer National MI's Rate GPS through Vesta's LOS," Vesta CEO Mike Yu said. "This partnership is just another example of our ongoing effort to provide digital solutions that significantly simplify and streamline the mortgage origination process for lenders and their borrower customers."

INTRODUCING

MortgagePoint Magazine

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



BETTER TOGETHER: THE IMPORTANCE OF A DIVERSE AND INCLUSIVE WORKFORCE

Experts discuss the importance of D&I strategies in the workforce, in business, and throughout the mortgage industry, highlighting the strategies utilized to promote equity in the U.S. housing system for renters and homeowners nationwide.

By **DEMETRIA C. LESTER**

The mortgage industry sits at the intersection of two important aspects of diversity & inclusion (D&I) or diversity, equity, and inclusion (DEI). On the one hand, the industry is working to broaden and diversify its workforce, with the benefits of D&I being spotlighted by organizations such as Five Star's American Mortgage Diversity Council. Second, and perhaps even more important, the mortgage industry, at its core, is designed to work towards the expansion and sustainability of the American Dream of homeownership, with many mortgage professionals working to help extend that Dream to segments of the American population who have been historically underrepresented in both homeownership and the system of generational wealth it supports.

For this month's edition of *MortgagePoint*, we chatted with several industry experts to discuss the importance of DEI/D&I within the mortgage industry, the headwinds this sector is currently facing amid a challenging economy, and how some of our interviewed experts are working with Five Star's American Mortgage Diversity Council to champion these important topics and build a brighter, more diverse future for the American system of homeownership.



DEMETRIA C. LESTER is a reporter for *MortgagePoint* magazine with more than eight years of writing experience. She has served as content coordinator and copy editor for the *Los Angeles Daily News* and the *Orange County Register*, in addition to 11 other Southern California publications. A former editor-in-chief at Northlake College and staff writer at her alma mater, the University of Texas at Arlington, she has covered events such as the Byron Nelson and Pac-12 Conferences, progressing into her freelance work with the *Dallas Wings* and *D Magazine*. Currently located in Dallas, Texas, Lester is an avid jazz lover and likes to read. She can be reached at demetria.lester@thefivestar.com.

For this month's cover feature, we are excited to share insights from representatives of Bank of America, Fannie Mae, Brace, and Arrive Home. Together, they discuss how DEI/D&I can translate to business success and how the future of mortgage will continue—and must continue—to evolve to incorporate more diversity both within and without.

Q: Within the D&I space, what initiatives have you been focused on in 2023?



Sharifa A. Anderson, SVP and Chief Diversity and Inclusion Officer, Fannie Mae: At Fannie Mae, diversity and inclusion (D&I) are deeply

embedded into everything we do, and we remain committed to creating measurable, positive D&I outcomes for our workforce, business, industry, and nation. Through our Office of Minority and Women Inclusion (OWMI), we're not only focused on promoting access internally through workforce opportunities, but we're also focused on serving populations historically underserved by the housing finance system and removing barriers to homeownership and rental housing. We recognize that our efforts to progress economic inclusion are even more important in the current economic environment.



AJ Barkley, Head of Neighborhood and Community Lending, Bank of America: We continue to drive and expand



I believe we as an industry will be better poised to withstand the headwinds if the housing industry's workforce better reflects the diversity of the nation and the homebuyers and renters we serve.

—Sharifa A. Anderson, SVP and Chief Diversity and Inclusion Officer, Fannie Mae

our Community Homeownership Commitment, through which we offer up to \$17,500 in down payment and closing cost grants across the Bank of America footprint. We're also working with strategic multicultural trade and nonprofit partners to drive awareness of Bank of America offerings to create awareness for potential homebuyers who never envisioned homeownership as a possibility.



Tai Christensen, Director, Chief Diversity and Public Relations Officer, Arrive Home; Chair, American Mortgage Diversity

Council: At Arrive Home, we are continuing to focus on expanding homeownership to minority, underserved communities. The racial homeownership gap will not completely close in 2023, but we are committed to doing everything we can to help begin to bridge this gap by creating more sustainable minority homeowners through our down payment assistance and special purpose credit programs.



Jose Morin, VP of Servicing, Brace; Council Member, American Mortgage Diversity Council: Brace is ensuring

that our products and services are designed to be inclusive and accessible to all borrowers, regardless of their background or identity.

Q: What headwinds have you seen surrounding D&I/DEI's commitment and implementation within the mortgage industry?

Anderson: We've made a concerted effort to not only advance D&I within our company but to promote diversity in the housing industry. As economic and housing conditions continue to evolve, I believe we as an industry will be better poised to withstand the headwinds if the housing industry's workforce better reflects the diversity of the nation and the homebuyers and renters we serve.

Barkley: Critical to our work is to build awareness of programs we offer to support diverse community homeownership as well as to the hiring and recruiting of diverse talent to

ensure strong representation in our workforce. We are working shoulder-to-shoulder with local partners and community members to ensure we are building trust and delivering on commitments.

Christensen: Diversity and inclusion has been a longstanding issue within the mortgage industry. Since 2020, much has been done to highlight DEI efforts and shed light on initiatives, such as the Black Homeownership Collaborative, that aim to increase the number of black and brown homeowners. Having said that, the mortgage industry still faces headwinds that hinder progress. There is a lack of diverse individuals represented in top leadership positions across our industry. Many studies have shown that having diverse leaders and team members not only increases bottom-line revenue but also increases employee retention and recruitment of new employees. Increasing diversity in our industry will require a commitment to implementing meaningful and sustained changes in hiring practices, company culture, and leadership that are committed to creating balanced change.

The ROI of DEI: What's New With the American Mortgage Diversity Council



Originally, the American Mortgage Diversity Council (AMDC) was designed to be an organization that affected change from the top down, gathering the most influential companies together and using their combined forces to implement diversity, equity, and inclusion (DEI) across the mortgage industry.

Over the years, we've gotten feedback from individuals who want to be a part of that change but don't work for those major companies.

We've also heard from many individuals within the DEI movement that the No. 1 metric that their companies request is the ROI of D&I.

To address these needs, we've expanded AMDC beyond being just the American Mortgage Diversity Council. We've added the American Mortgage Diversity Community, which is an individual-level membership. Last year, we launched the American Mortgage Diversity Certification. Together these form AMDC—cubed.

The individual member receives access to the certification and most benefits, including the ability to serve on the Advisory Council and on AMDC committees.

The certification focuses on three areas of DEI: the internal initiatives; external initiatives such as capturing more market share by reaching diverse groups and speaking to them in a more intentional

way; and the "why" of DEI—the authentic reasons behind the movement and how to live them out within your work and personal life. The first certification class was hosted at the 2022 Five Star Conference in Dallas, Texas.

This year, we are focusing on incorporating AMDC into the other realms of the Five Star Institute—our Legal League and FORCE membership groups, our webinars, panels, and more. Instead of being a separate entity, AMDC's work is now woven into every aspect of the Five Star Institute. While cutbacks are requiring many companies to reduce resources for DEI, we want to use our influence to fill that gap and provide the information and community that will foster DEI throughout the mortgage industry.

Some new initiatives include AMD Community Conversations and AMD Certification OnDemand. Starting in June, we will be inviting members of AMDC to a virtual conversation, occurring monthly, that will provide an opportunity for discussion, sharing of best practices, and a community of support. In July, we will be launching the AMD Certification OnDemand, allowing members to take the certification even if they do not have time to join the in-person course at this year's Five Star Conference.

Morin: One of the main challenges for borrowers from underrepresented groups in the mortgage industry is a lack of access to financial resources, which can impact their ability to purchase or restructure their current loans. This can be due to systemic barriers such as discriminatory lending practices, as well as a lack of awareness or support for alternative financing options. As it relates to people in the industry, when underrepresented individuals can secure a job within the mortgage industry, they may face barriers to advancement due to unequal promotion opportunities or lack of representation in leadership roles. In my opinion, this is due to a lack of mentorship or professional development opportunities. Some individuals from underrepresented groups may not be aware of the career opportunities available in the mortgage industry, or they may not have access to the resources needed to pursue these opportunities. This industry awareness leads to a lack of diversity, as well as a missed opportunity to bring in new talent. Finally, some individuals and organizations may be resistant to change, which can make it difficult to implement DEI initiatives. This

can be due to a lack of understanding of the benefits of diversity, fear of change, or a belief that the status quo is sufficient.

Q: What does your internal D&I/ DEI strategy look like, and how are you working to implement it? What have you learned from past initiatives in this area, and how did that change your strategy?

Anderson: D&I is embedded in the way we think about internal and external initiatives, strategies, and business decisions and is constantly evolving and improving. Our D&I Strategic Plan requires significant collaboration and leadership support to accomplish our goals—including our Management Committee and Board of Directors. Leadership is critical to setting the tone for D&I priorities, with a firm focus on measurement, transparency, and accountability.

Fannie Mae employees deeply care about D&I and want to be part of and understand our strategies, processes, and solutions, which is why we prioritize buy-in and engagement at all levels of the company. These efforts are supported by our officer-level Diversity Advisory

Council, which includes representatives across the company who provide ongoing feedback and support for the alignment and execution of our D&I Strategic Plan.

In many ways, the COVID-19 pandemic brought to the forefront how important it is for companies to create an inclusive culture and a feeling of belonging to fully support their workforce. As a result, we've focused on empathy and psychological safety, which are critical to employee retention, engagement, inclusion, and high-performing teams. From a workforce perspective, we are incorporating a D&I lens into all stages of our talent lifecycle, including talent attraction, performance management, and succession planning. We are proud of the diversity across our Management Committee, the highest-level management committee at Fannie Mae.

Barkley: Advancing racial equality and economic opportunity is fundamental to how we run our company, support our teammates, and deliver for our clients. It spans the company, including our \$15 billion commitment to helping 60,000 individuals and families purchase an affordable home and providing 100,000 women entrepreneurs



Meet Jose Morin, VP, Servicing, Brace

Jose Morin is a seasoned mortgage servicing professional currently serving as VP of Servicing at Brace. In this capacity, he plays a pivotal role in supporting the Product Discovery team by improving

their understanding of the mortgage servicing ecosystem, ideating innovative solutions to address its pain points, and ensuring the delivery of high-quality features that conform to all necessary regulations.

Committed to diversity, equity, and inclusion, Morin has a proven track record of promoting a workplace culture that values and respects individual differences. Before joining Brace, he demonstrated his expertise in leading multiple mortgage default teams during the Great Recession, growth in businesses, and the COVID-19 pandemic while working at two of the industry's largest banks/subservicers. His professional background includes a diverse range of experience, including loss mitigation, default contact center operations, default reporting, foreclosure, and bankruptcy.

Throughout his career, Morin has been passionate about building human-driven processes and leveraging cutting-edge technology solutions to optimize performance and exceed industry expectations. He understands the importance of creating an inclusive workplace that values diversity and empowers all employees to contribute to the organization's success.

Why He Is Committed to DEI and AMDC

As a second-generation Latino, I understand the importance of

promoting diversity, equity, and inclusion in the mortgage servicing industry. A diverse workforce that is inclusive of all races, genders, and backgrounds can drive innovation, promote better decision-making, and ultimately lead to improved business outcomes. Additionally, promoting equity and inclusion can help address historical disparities in the industry and ensure that all borrowers are treated fairly and given equal access to mortgage products and services.

Joining the AMDC is an excellent way for me to demonstrate this commitment and actively work towards creating a more diverse and inclusive industry. AMDC provides a platform for mortgage industry professionals to share best practices, network, and collaborate on initiatives aimed at promoting diversity, equity, and inclusion. By joining AMDC, I and other mortgage servicing professionals can help lead the way toward a more equitable and inclusive industry for all.



Meet Toniqua Green, VP, Corporate Social Responsibility, Mr. Cooper

Toniqua Green serves as VP of Corporate Social Responsibility for Mr. Cooper Group, overseeing Diversity Equity & Inclusion, Community Outreach & Environmental, Social, and Governance (ESG) matters.

As the leader of Corporate Social Responsibility, she has oversight of community partnerships, outreach efforts, and government sponsored initiatives. She has been with Mr. Cooper for 16 years and began her career in the call center. She has worked in collections, loss mitigation, foreclosure, and compliance before pivoting to

with the opportunity to gain business acumen through the Bank of America Institute for Women's Entrepreneurship at Cornell. Core to our client-driven approach is delivering products and services that meet the diverse needs of our clients and supporting our communities and the issues affecting them.

Christensen: Arrive Home was just founded in late 2022, so I am actively working on building our company's DEI and ERG programs. We are focusing on working with diverse talent that can bring a new depth of knowledge and life experience to our teams. We are also committed to increasing homeownership within black and brown communities and have partnered with the National Association of Hispanic Real Estate Professionals (NAHREP) to work together to educate these communities about down payment assistance and special purpose credit programs.

Morin: Brace starts with promoting and supporting diversity and inclusion within its workforce and has taken the following steps to develop its strategy. Ongoing assessment

of the current state of diversity within the organization. This includes collecting data on the demographic makeup of the workforce, identifying areas where diversity is lacking, and understanding the challenges that underrepresented groups face within the organization and recruitment. As it relates to awareness, Brace includes specific strategies for recruiting and retaining diverse talent, promoting inclusivity and belonging, and providing support for underrepresented groups. These include providing team-building events to build cultural and minority awareness.

The executive team supports the engagement team's initiatives, which involve a range of activities, such as hosting D&I training sessions for employees, implementing more inclusive hiring practices, providing mentorship and sponsorship opportunities for underrepresented groups, and creating employee resource groups. Finally, Brace communicates its commitment to diversity and inclusion, both internally and externally, by celebrating the contributions of employees from diverse backgrounds and participating in important industry groups (i.e., the American Mortgage Diversity Council).

Q: How has your DEI/D&I approach positively influenced your business strategy?

Anderson: Fannie Mae employees are dedicated to advancing D&I, both within our company and throughout the housing industry. They are motivated by our mission to advance equitable and sustainable access to homeownership and quality, affordable rental housing for millions of people across America. Our employees are working on complex policies, programs, and solutions to advance systemic racial equity within the housing and mortgage markets.

Through our growing Lender Diversity Council (LDC), comprised of minority-owned lenders, we are focused on providing tools, training, and other resources that enable growth and resiliency. We are also focused on leveraging and supporting Special Purpose Credit Programs (SPCPs) as a tool to expand homeownership and the availability of down payment assistance. In 2022, Fannie Mae launched SPCPs in majority-Black census tracts in Atlanta, Baltimore, Chicago, Detroit, Memphis, and Philadelphia. We are excited to leverage our position in the marketplace to partner with others and drive meaningful change.

Corporate Social Responsibility, where she uncovered her passion.

In her current role, she assists borrowers experiencing financial hardship "to keep the dream of homeownership alive" by partnering with government and community partners on Mortgage Assistance Programs. She holds an M.Ed. from the University of Phoenix in curriculum design and instruction.

Why She Is Committed to DEI and AMDC

I love that AMDC is helping our industry enhance, embrace, and educate people on Diversity, Equity, and Inclusion. I am so passionate about DEI because I know we are truly better together. I am honored to be a part of both Mr. Cooper and AMDC-DEI journeys.



Meet Victoria Garcia DeLuca, VP, Marketplace Diversity Strategy

Victoria Garcia DeLuca is Guild's first VP of Marketplace Diversity Strategy, leading the company's long-term initiatives promoting minority homeownership and sustaining diversity, equity,

and inclusion in lending. Her responsibilities include recruiting and retaining minority loan officers, developing new products for minority markets, and serving as a liaison with Government-Sponsored Enterprises such as Fannie Mae and Freddie Mac. She leads Guild's participation in the National Association of Hispanic Real Estate Professionals (NAHREP) and the National Association of Minority Mortgage Bankers of America. She also serves on NAHREP's Corporate Board of Governors and represents Guild with the Mortgage Bankers Association's "Home for All Pledge," the industry's

long-term commitment to addressing racial inequities in housing.

A Chicago native of Mexican and Honduran descent, DeLuca is bilingual, speaking both English and Spanish. She has almost 20 years of experience in the mortgage industry, creating programs for underserved markets in the Midwest and South. She previously served as SVP of Federal Savings Bank, where she led a team supporting homeownership within Hispanic and Black communities. She was also a Sales Manager with Wintrust Mortgage and a Sales Manager and Diverse Segment Specialist with Wells Fargo.

Why She Is Committed to DEI and AMDC

As someone who is committed to creating a more equitable and inclusive society, I strongly believe that Diversity, Equity, and Inclusion is not just nice to have but is a critical component of any successful organization. In the context of the American mortgage industry, DEI is especially important because it impacts the ability of individuals and families to access safe and affordable housing.

I am committed to the American Mortgage Diversity Council because I believe that this organization has the potential to drive meaningful change in the industry. By bringing together leaders from across the industry to share best practices, advocate for policy changes, and promote diversity and inclusion, the council has the potential to make a real impact on the lives of people across the country.

Ultimately, my commitment to DEI and AMDC is rooted in my belief that we can and must do better. By working together and prioritizing diversity, equity, and inclusion, we can create a more just and equitable society where everyone has the opportunity to thrive.

Barkley: We're focused on connecting people to good jobs, ensuring access to adequate healthcare and capital to grow their small businesses, and providing a solid base of affordable housing. These are the goals of our long-standing commitment designed to build on and accelerate the work we've been doing for many years.

Christensen: Working with minority real estate groups like NAHREP has allowed us to have trusted resources to work with in outreach to minority communities. Black and brown Americans have experienced much financial trauma, and turning this tide must begin with education. By partnering with trusted trade associations to provide education in our communities of color, we are beginning to see a slow increase in the amount of sustainable new Black and brown homeowners. And while this is very exciting, the time is now to ramp up our educational efforts in these communities and continue the work of decreasing the racial homeownership gap.

Morin: Brace's DEI strategy and commitment to diversity have furthered our efforts to build a team that can deliver a product that provides equitable access and support for all borrowers.

Q: With the industry facing lower origination volumes, recessionary factors, and concerns about economic impacts on already vulnerable communities, how are you working to maintain a commitment to D&I?

Anderson: D&I is foundational to our work to ensure vulnerable communities have access to sustainable homeownership opportunities and quality rental housing, especially for those disproportionately impacted by the long-term effects of the COVID-19 pandemic, environmental factors, rising interest rates and rents, and housing affordability concerns, including the lack of affordable housing supply. Our commitment has remained steady as we create opportunities for more people to buy, refinance, or rent a home.

We are focused on increasing access to financial and housing education and counseling to empower more people to both achieve and maintain housing stability. We're also working to reduce bias, improve accuracy, and reduce costs through valuation modernization. From renting to buying a first home, to moving in and maintaining the property, our efforts

are designed to support consumers no matter where they are in their housing journey and to continue supporting the housing and mortgage markets as the economic landscape continues to evolve. We will accomplish these goals by continuing to partner with diverse lenders, suppliers, and business partners who share in Fannie Mae's D&I commitment.

We've never been more focused and committed to advancing diversity and inclusion in all our business and activities. Our D&I Strategic Plan and Equitable Housing Finance Plan are three-year plans that are updated annually, but our commitment to advancing equity and creating lasting change is longstanding.

Barkley: We plan to continue our commitment to providing mortgage solutions to the communities we serve. We strive to hire teams to represent the communities we serve and currently employ diverse teams throughout the country.

Morin: Despite the industry facing lower origination volumes and recessionary factors, it is still important for mortgage industry organizations to maintain a commitment to DEI. Brace continues to prioritize DEI efforts by making education and training available, being transparent in hiring and promotion practices, providing support to underrepresented groups, and collaborating with industry partners/associations.

Q: How is the retreat in originations and refi volume impacting the DEI space?

Morin: The decline in originations and refi volume will have an impact on the DEI space in a few ways. We're already seeing a reduction in technology investment and budget allocation across the board. This means organizations will likely reduce budgets for DEI initiatives. This can impact the ability of organizations to invest in DEI education, training, and support programs for underrepresented groups. Organizations will also prioritize other areas of their business to remain profitable. This can result in a slowdown in the recruitment and promotion of diverse talent and a potential loss of momentum in DEI efforts. As it relates to talent, there currently is increased competition for the available opportunities. This will make it more challenging for underrepresented groups to secure jobs and advance within the mortgage industry. **MP**



Despite the industry facing lower origination volumes and recessionary factors, it is still important for mortgage industry organizations to maintain a commitment to DEI.”

— Jose Morin, VP of Servicing, Brace; Council Member, American Mortgage Diversity Council

RETHINKING REVERSE MORTGAGE LENDING

Rather than viewing the reverse mortgage lending business as a completely new line of business, lenders today are looking at reverse mortgages as another loan product to add to their menu of offerings.

By **JOE CAMERIERI**

As the real estate market continues to cool, lenders are working harder to find new borrowers. Competition is heating up, and every loan the lender wins is getting more expensive because they're having to expend more time, effort, and marketing budget to win that business.

Some lenders, however, are looking at the mortgage business in a slightly different way, and it's making a big difference in their ability to compete. A subtle shift in approach to their existing businesses is yielding unexpectedly good results.

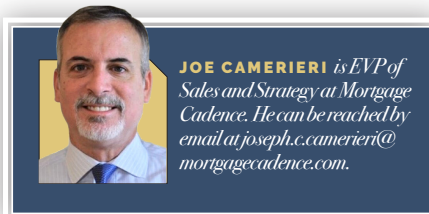
Instead of looking at the reverse mortgage lending business as a completely new line of business, these lenders are just looking at reverse mortgages as another loan product to add to their existing menu.

Instead of building an entirely new business with its own infrastructure, staff, and siloes, these lenders are just making reverse mortgages available to their loan officers to sell. It's a better strategy in a down market.

There are reasons this thinking is revolutionary, and why most lenders have not looked at the business this way, but it can bring big benefits to the lenders who can.

Thinking About Reverse as a Product, Not a Business?

In the early days of reverse mortgage lending, there was confusion as to the rules, both on the part of the lender community



and consumers. This led to the rise of specialized lending firms that sold only these products. As a result, their technology was also specialized.

In the beginning, everyone thought of reverse mortgage lending as an entirely different business, rather like auto lending or small business financing. Because compliance was just coming into focus, this made some sense from a risk management perspective.

Today, reverse mortgage loans are a mature product set with easy-to-understand compliance rules that any lender can learn and apply to their institution. Borrowers are also more aware of these products, how they can be used during retirement, and the risks and rewards for doing so.

We have been advising lenders for some time now to diversify their product set and, in fact, we see more lenders originating broader menus lately. Going with a broad strategy with a larger menu of loan products that can serve more borrowers is better than focusing on a particular set of products when volumes are down, and the costs are high for attracting new customers.

In addition, settlement services providers that previously may have focused solely on either the forward or reverse lending market are now broadening their services to cover any mortgage-related product. This is making it easier for lenders who have not offered reverse mortgages in the past to do so without going to the trouble of seeking out a new set of partners.

Given all of this, why aren't more lenders thinking about reverse mortgages as a product and not a separate business?

Traditional Hurdles That Kept Forward From Reverse

The first significant hurdle that kept forward lenders from moving into the reverse mortgage market was compliance. It took some time for the rules to come fully into focus, and for the specific actions taken by reverse mortgage lenders to make it past regulators. No one wanted to become the first reverse mortgage lender to suffer regulation by enforcement for a new mortgage product.

The second hurdle largely grew out of the first. Because reverse was treated as a separate business, technology for reverse lending was developed for that specific process. Unless a forward lender wanted to invest in an entirely new tech stack, it became very difficult to get into the reverse business.

That new LOS would have to include all the compliance infrastructure to keep the lender safe as it ventured into the new line of



Today's leading LOSs can originate reverse mortgages as easily as they can forward mortgage loans, all on a single stack with a common database to make regulatory reporting and data governance simple. It's a game-changer.

business. One mistake could put the lender's other businesses at risk.

We're talking about a massive investment on the tech side, and that's before you wire up all the new partners, including a source of compliant documentation. It's a heavy lift.

There are only a dozen or so lenders in the country large enough to ramp up a de novo reverse business quickly enough to generate a return on an investment like that.

Finally, new compliance requirements and a new loan origination system naturally gave rise to a new breed of mortgage professional. The best of these professionals are expensive to recruit, which means the lender would have to start with less experienced personnel, which is always risky.

In the past, there were plenty of reasons why lenders backed away from reverse mortgage lending, but those days are now behind us.

Why Every Lender Should Consider Reverse Mortgages

Mortgage lending is a numbers game. The more volume a lender can capture on its existing infrastructure, the lower their overall cost per loan and the higher their profitability. When volumes fall, lenders will begin to look for new ways to leverage their existing tech stack and staff to originate more business.

In the past, this was difficult as origination platforms were designed to meet the specific needs of the majority of lenders, which has traditionally been forward mortgage lenders. Today's next-generation digital lending platforms are not architected in the same way.

Today's leading LOSs can originate reverse mortgages as easily as they can forward mortgage loans, all on a single stack with a common database to make regulatory reporting and data governance simple. It's a game-changer.

Lenders that are already using a modern LOS for forward lending can now easily expand their operations into reverse lending without having to make a major investment in what amounts to an entirely new business just to offer a new product.

Providing a mortgage product to meet the needs of every consumer segment instead of just a subset maximizes the lender's ability to compete effectively in the current market. It's a better strategy in the current market and many lenders can implement this strategy on

their existing loan origination technology.

The economics of reverse mortgage lending may not be quite as favorable today as they were when rates were lower and older homeowners could pull more equity out of their homes, but they still make sense for a wide range of consumers.

And, thanks to demographics, there are more reverse mortgage borrowers than ever. Data collected by the U.S. Census Bureau suggests that there will be more than 80 million Americans 65 or older by 2040.

In a market like the one we are living through now, lenders must take business where they can find it, especially if they already have technology that can originate the products. This makes even more sense when you consider that there are more experienced people looking for work now than there have been in years.

Continuing to think about reverse mortgage lending as a separate business doesn't make sense in an environment where the hurdles to reverse lending have been removed and the need for additional volume has never been greater.

Thinking about these products as just another product that you can sell into the market opens you up to more volume, additional revenue and connections to older Americans who very likely have children they can refer to the lender for their next loan. It's a simple mind shift that could pay very high dividends. **MP**



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NAVIGATING THE WILD, WILD WEST OF DIGITAL CLOSING PROVIDERS

Mortgage lenders are moving quickly to adopt digital closings, but Aaron Davis of AMD Enterprises and Florida Agency Network explains the challenge to determining an optimal partner.

By AARON DAVIS

It took longer than expected to gain traction, but there is little doubt that digital closings are on the way to becoming the preferred form of settlement for the majority of mortgage lenders.

Although many felt the pandemic-fueled boost to the remote online notarization (RON) element of digital closings would drive an even faster adoption rate, a combination of barriers, regulatory and market driven, has moderately tempered expectations of a rapid, full adoption. That being said, at a time when mortgage businesses are seeking improved cost efficiencies across the board, the digital closing has become a priority.

The Numbers Don't Lie

There are a number of convincing reasons for lenders to make the leap to some level of digital closing.

A recent Notarize survey, conducted through MarketWise Advisors, indicated that lenders can save up to \$444 per loan, and title agents up to \$100 per loan utilizing RON. So, it is no surprise to learn that an increasing number of mortgage lenders are making digital closings a priority in their expenditures, in spite of unfavorable market conditions. In fact, 87% of those surveyed by Notarize indicated that they believe eClosings may help close more loans with the same or fewer staff. A SimpleNexus survey conducted through Celent in 2022 reported that one in seven lenders perform some sort of eClosing, and that



in the next year, 41% of those surveyed plan to implement digital eClosing technology.

The time savings are also undeniable. A MarketWise survey reported that lenders using a hybrid eClosing processing realized a 99-minute reduction per loan. Lenders utilizing a full eClosing, including online notarization, saved an average of 157 minutes per transaction. Overall, the same lenders indicated that digital closings had saved them up to seven days in the processing and funding cycle, as well as decreasing their cost per loan by a total of \$174.

It is clear to see that mortgage lenders have gotten the message ... there is a stronger movement toward some level of digital closings. However, not everyone evolves at the same pace during periods of rapid adoption of new technology. In many ways, it's still the wild, wild West out there when it comes to

determining which potential RON and eClosing partners can get the job done well, which can do a satisfactory job, and who out there have no business at all promoting themselves as digital closing or RON partners.

The Next Big Challenge for Lenders

Because digital closings don't have a tremendously lengthy history in terms of actual performance, lenders need to be thorough in their vetting process. There is no service provider who can claim to have been doing RON or digital closings for 30 years, for example. If anything, more than a few title and closing firms will claim an expertise in services they simply outsource or partner to produce. When it comes to closings and other settlement services, that's usually a reliable path. But there isn't nearly the number of digital closing technology providers or electronic notarization platforms available that there are for more established, traditional services. The lender needs to be aware of this, and the vetting process should be a comprehensive one.

It starts with the title agency. Title agents already understand that digital closings and RONs are the wave of the future, and that future begins now. Some have already invested a great deal of time and effort to understand the nuances of RON and the digital closing, and have performed a substantial number of digital transactions. It's also all-too-easy for an owner who may be scrambling for new lines of revenue, to quickly onboard a RON



Many times, the digital capabilities they claim are superficial at best. Beware of these “fake-it-til-you-make-it” providers.

provider or make a splash about a new digital-friendly lending partner. Many times, the digital capabilities they claim are superficial at best. Beware of these “fake-it-til-you-make-it” providers. How many RONs or eClosing transactions have they performed in the market you are seeking to serve? How many on their staff have extensive training and experience managing digital closings? If they claim to provide RON services, do they only provide a notarial experience, or a comprehensive closing service? The difference could impact the customer experience and the cost/time savings a lender otherwise hoped to achieve by adopting digital closings.

Lenders also need to go beyond the title or closing firm they are considering to spearhead their digital closing experience. Even the most experienced title agents need to rely on third- or fourth-party providers for their technology or other elements of a typical digital closing process.

So, who are those partners? How many digital closings or RON transactions have they performed? What kind of technology is being used? Is the lender’s client data secure while in the hands of those fourth-party providers, and what types of protocols do they employ to ensure data security?


The Vetting and Selection Process

These questions should also be asked of the closing or title business to which a lender assigns its digital closings. Do they understand the current regulatory and legal landscape in the markets where the digital closings will be performed? This is critical, as the rules are currently changing at an accelerated pace. What, if anything, are they doing to keep abreast of that regulatory landscape?

The partner’s technology also needs to align with a lender’s own workflow processes and platforms for the digital closing partnership in order to succeed. How does a potential partner’s process fit with the lender’s LOS or post-closing process? More importantly, does the potential digital closing provider use technology or have a plan to remain “future proof?” The standard for digital closings today is only likely to rise and evolve—and quickly. Just as a lender seeks to avoid investing in an LOS that will be obsolete three or four years after the investment is made, a digital closing partner that is planning to stay on top of change is a much more attractive option.

Finally, keep in mind that the digital closing field is still in its infancy. As such, there are various pricing models in play. Whether the service or technology is billed per file, via subscription, installation fee or the like, be sure of who will be billing you, when they will be billing you, and exactly how much they will be billing you. You may see invoices from the provider, program, or platform (or all of them). Don’t allow yourself to be surprised—it will impact your ROI if you don’t account for it in the first place.

The digital revolution within the mortgage industry is quickly moving from LOS and POS technologies to digital closings. The fact that lenders continue to invest in closing technologies and relationships in spite of a down market can attest to that. Service providers in the closing space are also racing to meet this increased need, but lenders need to do their due diligence to ensure that they are not partnering with someone who has cut corners to get there. **MP**



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HOW REAL-TIME POLICYMAKING DRIVES MORTGAGE INNOVATION

By DAN SOGORKA

Remember April 2020? I do. I was one month into my Sagent CEO role. It was all pandemic panic and parabolic unemployment charts as lockdowns kept people at home. Unemployment spiked from 3.5% to 14.8%, and a crucial bright spot was the CARES Act—which ultimately helped 7.8 million people keep their homes. Sagent's mortgage modernization reset began in that down cycle, just as real-time policymaking concurrently reset how innovation must work across all cycles.

Make no mistake: that real-time chaos wasn't a one-off, it's the state of play—whether it's today's inflation fight and bank crisis or tomorrow's recession. So, let's look at what it means to power \$13 trillion in outstanding U.S. mortgage balances in this truly real-time era.

Real-Time Compliance Is the Root of Innovation

You'll note I said “real-time policymaking” above. Some call it pandemic policymaking. Others call it emergency policymaking.

But we should all call it real-time policymaking.

That's what's required for regulators to maintain stability in today's markets, and if the pandemic only partially convinced you, this year's bank panic should finish the job.

Bank runs used to take weeks or months, now we know they take hours.



During the 2020 pandemic and 2023 bank crisis, real-time policymaking brought order to chaos and prevented systemic breakdowns.

This year, policymaking didn't (and shouldn't) stop people from moving their money. But it did prevent far worse outcomes as the United States racked up three of the four biggest bank failures ever.

State regulators, the Fed, Treasury, and especially the FDIC engaged real-time to find help for, then ultimately seize and quickly sell First Republic, Silicon Valley Bank, and Signature Bank to stem contagion.

In 2020, U.S. public safety lockdowns began March 15, and the CARES Act was signed into law by March 27.

Why does this kind of real-time policy-

making set the tone for how innovation must work? Because servicer compliance—as well as performing for customers and investors—is only as good as software that can handle real-time policy changes.

When CARES forbearances and other hardship relief became effective, Sagent customers were ready on day one because they weren't coding for each compliance nuance CARES homeowner hardship relief enabled—they were configuring for it in real time.

This meant being able to offer forbearances, payment deferrals/partial claims, and extended-term modifications to struggling homeowners immediately—and not missing a beat on current and long-tail compliance.

Using Real-Time Policymaking to Speed Innovation

CARES policy being made in real-time wasn't a one-off, it's now the state of play. This is a good thing because faster policy drives faster innovation.

Effective July 2023, FHFA has doubled down on CARES payment deferrals.

Are Sagent servicing customers ready? Of course. But they also ask questions like, “Yeah, but how do I handle customer and investor needs—and compliance—if FHFA's newly expanded deferral policy is reversed again suddenly after November 2024?”

This is what I meant by “long-tail compliance” above.

It's not about one change like FHFA just



made. It's about keeping servicers ready for constant, real-time changes, and how each change impacts customer, investor, and compliance processes both today and tomorrow.

On a related note, we're also now exploring huge policy challenges like how HUD and servicers can solve for FHA borrower hardships if the inflation fight leads to recession (more below).

This is a hot topic because Ginnie Mae pool rules make HUD hardship solutions more limited than FHFA solutions.

I love questions and explorations like this because it forces us to speed innovation to meet ALL eventualities in a real-time policy era across ALL regulators, GSEs, and investors. And the faster markets get each year, the more real-time policymaking is the norm.

Inflation and Recession Impact on Policy and Innovation

To see how the market might impact homeowners, servicers, and policy later in 2023, consider these MBA stats:

- » Of all IMB-serviced loans in forbearance, 59% are Ginnie Mae loans, up from 43% in July 2020
- » Of all depository-serviced loans in forbearance, 38% are Ginnie Mae loans, up from 30% in July 2020

This implies hardships are growing on FHA loans, and they could grow further if the Fed's inflation fight leads to recession.

Inflation has dropped as the Fed hiked rates 10 times in the last 14 months.

CPI is down to 4.9% from a June 2022 peak of 8.9%, and Core PCE is down to 4.6% from a September 2022 peak of 5.2%.

But the Fed's 2% target is way off, and the rate hikes haven't fully hit the economy yet.

If it's a hard landing, FHA borrower strain must be addressed, and, as noted above, servicers, regulators, and fintech firms like Sagent are exploring solutions now.

This level of coordination in our ecosystem says a lot about how far we've come.

Regulators understand the value of modern fintech.

And fintech innovation leaders like Sagent remain synced with regulators to enable servicers to meet any and all market challenges.

Other fintech firms short on innovation, market, or policy expertise get terrified by each market and policy "emergency."

But, as we've said, it's not emergency policymaking.

It's time to embrace real-time policymaking and its role in driving innovation.

Sagent is proud to forge this path with and for our ecosystem. **MP**

It's time to embrace real-time policymaking and its role in driving innovation.



IT'S OFFICIAL: TMS' SUBSERVICING OPERATIONS SUCCESSFULLY TRANSITIONED INTO SERVBANK, BECOMING ONE OF THE NATION'S FEW BANK SUBSERVICERS

With its best-in-class customer experience, leading technology, and proven track record of continuous growth, TMS has redefined subservicing for the past eight years. Now reinforced by its 400,000 customers, 70+ clients, and commitment to continue setting the standard in the industry, earlier this year, TMS announced that the subservicing operations would be transitioning to its new home—Servbank.

We are proud to announce that the transition has been successfully completed. With this transition, Servbank has become one of only a handful of bank subservicing

firms in the country. The great people, great tech, and best-in-class experience delivered to customers and clients is now bolstered with the surety, strength, and dependability of a depository institution. This gives clients a rare, safe, and complete partner solution for the industry.

Servbank provides a pioneering servicing portal, giving unparalleled visibility and up-to-the-minute loan-level data, presented through intuitive dashboards and more than 100 reports. Clients can access predictive, current, and historical data, allowing for complete oversight and precise risk management, allowing them to learn from the past, adapt

in the present, and plan for the future—all in one platform.

With the success of the bank transition complete, Servbank looks forward to leading innovation and continuing to set the standard in subservicing. With the surety and commitment of a depository institution now married with best-in-class experience, Servbank's position as the pioneer in providing new and profitable opportunities for its clients will ensure continued growth long into the future.

To learn more about why Servbank is the right partner to help your business grow, visit servbank.com.



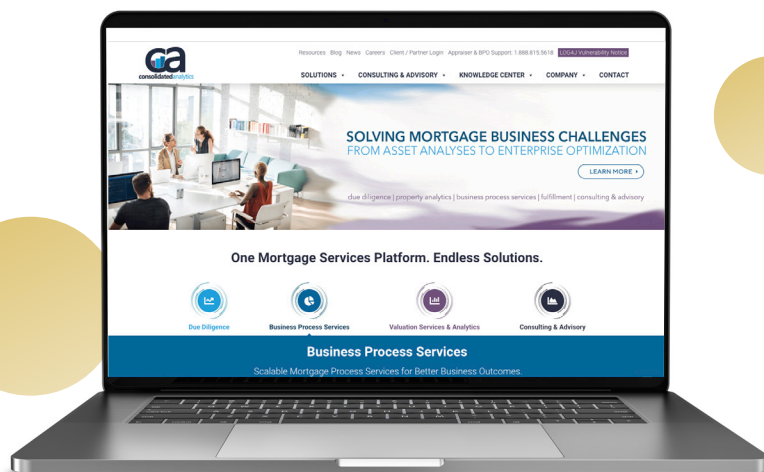
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Company Executives

Arvin Wijay
 CEO

Brian Gehl
 President

Rudy Zabran
 CRO

Dana Gross
 CAO

Michael Chew
 President, Asset Management

No. of Team Members: **185**
 Locations: **Santa Ana, CA & Plano, TX**

Awards/Accolades:

RMBS Third-Party Review (TPR) firm
 Approved by all major ratings agencies:
 S&P, KBRA, Fitch, Morningstar, DBRS
 2019, 2020, 2021 Inc 5000 fastest-growing private company

Q: What qualities make you a "Most Valuable Company" within the industry?

Consolidated Analytics (CA) has evolved from providing residential property valuations to complete mortgage lifecycle solutions. Today, CAs' extensive offering delivers value to its clients from the asset to the enterprise. As an REO Asset Management provider, CA possesses extensive knowledge, experience, and expertise in managing distressed real estate assets. This knowledge includes understanding the complexities of property preservation and maintenance, valuation, market analysis, and legal requirements. As an innovative technology company, CA can harness data from several sources, enhancing efficiency and effectiveness in managing REO assets. These sources include third-party platforms to manage the assets, data analytics tools providing market insights, and automation to streamline the process. Over CA's 15-plus years in the REO Asset Management space, a strong network of relationships has been forged with key industry professionals, including real estate agents, preservation vendors, real estate investors, and contractors.

Q: How do you nurture and recruit new talent? What are your internal opportunities for advancement?

Consolidated Analytics centers growth efforts around the mission to help clients

perform, thrive, and transform. CA's RISE culture inspires our team to "Reach, Innovate, and Succeed with Excellence." CA provides comprehensive benefits, opportunities for cross-training and development and mentoring, and a sense of community to interact and explore new ideas to create solutions. When our employees grow, we all grow. CA provides excellent growth opportunities by offering clear career progression paths, and within the organization it is crucial for attracting ambitious and motivated professionals and retaining valuable top talent. As the REO Asset Management business has changed over the past years, cross-functional training and reassignment of responsibilities have strengthened CA's core REO Asset Management team.

Q: How do you utilize tech to remain at the forefront of your industry?

In addition, to providing REO asset management, valuation, and due diligence services, CA provides tech-centric solutions from digital transformation, process automation, road mapping, and system selection, optimization, and implementation. CA blends mortgage industry system and loan workflow expertise with emerging trends, exceptional process design, project management, regulatory knowledge, and learning and development. We continually upgrade our REO asset management and AI tools and develop new ways to streamline and save our clients time and money.

Q: How do you nurture a commitment to diversity and inclusion within the company?

Nurturing a commitment to diversity and inclusion within a company involves creating an inclusive culture, implementing supportive policies, and promoting diversity at all levels. Diversity is important to CA. Different perspectives help create more comprehensive, balanced solutions. Unique



backgrounds and lifestyles keep our teams engaged and learning about each other. CA encourages our employees to share and celebrate their life experiences, and in turn, it helps foster a more inclusive workplace that encourages out-of-the-box thinking.

Q: Why should industry professionals consider a career working with your company?

We hire industry experts based on their experience and knowledge, the ability to bring outside-the-box thinking, and the willingness to embrace emerging trends such as automation, AI, and advanced analytics. We hire changemakers who go to great lengths to make client experiences exceptional. Our leadership and management teams are hired for their knowledge, experience, talent, grit, and passion for modernizing processes for the company and its clients. Their day-to-day work reflects our core values and remains thoughtful, credible, accountable, and innovative.

Q: How do you manage changes in workload volume and staffing bandwidth as the industry evolves?

Managing changes in workload volume and staffing bandwidth in the evolving REO asset management industry requires a proactive and flexible approach. The mortgage industry can be volatile, and REO asset management is no exception, so CA must remain nimble to help clients stay competitive. We flex with demand. REO asset management faced lower volumes during the past three years due to moratoriums and high asset demands. Yet, areas in the REO lifecycle require additional attention and coverage. Cross-training, agile resource allocation, and skill development have allowed the CA team to handle these changes with minimal staffing or process disruption. When we see a significant increase in volume, we add recruiters from our bench and jump in with our partner agencies to meet the demand. CA's recruiting campaigns encompass long- and short-term goals to cover our bench and recruit in-the-moment positions for clients.

Q: What other aspects of your company would you like to spotlight?

At Consolidated Analytics, our eyes are always on the future and emerging trends in the real estate and mortgage servicing markets. A key development area will focus on technologies that provide cost-effective value-add to the servicing, origination, valuation, and capital markets products and services we deploy. Our tech-centric focus includes addressing the accessibility of data and information related to loan quality and the lifecycle of the assets. By deploying RPA, AI, and OCR, we continue leveraging technology to create operational efficiency and internal effectiveness for our clients.

INTRODUCING

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



Expert Insights

Kenon Chen, EVP, Strategy and Growth, Clear Capital

With more than 25 years of product development and technology experience under his belt, Kenon Chen is an industry-recognized leader in real estate and fintech. Chen's creativity and passion for people-focused solutions allow him to work towards a simple goal: making real estate better for homeowners, homebuyers, and industry professionals alike.

Chen's start in technology-enabled solutions began in 1997, when he honed his skills in several technology firms across San Francisco. After his foray into the mortgage space, Chen discovered his passion for creating progressive technology solutions that exceed industry needs and allow for simpler, fairer, more efficient real estate transactions.

As EVP of Strategy and Growth, Chen sits at the intersection of Clear Capital's executive, product, marketing, and sales teams—guiding growth and ensuring consistent, long-term value for customers and partners. Since joining Clear Capital in 2003, he has been instrumental to the company's product strategy and vision, and has developed and brought to market some of the company's solutions such as ClearProp and ClearCollateral Review.

Chen recently spoke with MortgagePoint to discuss the PAVE Action Plan, appraisals, and eliminating appraisal bias.

Q: For those who may not be familiar with the PAVE (Property Appraisal and Valuation Equity) Action Plan, can you give us a quick rundown of the intent of the program?

So, the Pave Task Force was formed by the White House. It is an interagency task force on property appraisal and evaluation equity. It's composed of 13 different federal agencies and offices that are working together to advance appraisal, equity, and valuation equity. The PAVE action plan really came out of this



collaboration between these 13 agencies.

The goal is to make specific commitments and setup a roadmap of actions that they believe would advance the cause of equity, reduce bias in the process, create more diversity within the appraiser workforce, empower consumers that might have experienced discrimination, and set up better solutions and better data to make appraisal and evaluation processes more effective.

Q: What are the most common forms of appraisal bias? How does this affect people of color?

I tend to put these into three different, larger categories. Unconscious bias, which is a person that might have preconceived bias—unconscious bias, by the very definition, is unaware of how their biases might be impacting the way that they approach a particular situation. Most commonly, those are things where someone who works in a profession like appraisal goes through training and gains expertise on how to be aware of their own unconscious biases and how to approach something in an unbiased manner. Appraisers, by their standards, have been set up to take an unbiased approach when it comes to creating an opinion of value on a property.

Then there's more explicit bias, which is when someone knowingly allows their biases to influence how they approach a particular situation. Those bad actors are working

against what their profession demands of them and what they know they're being asked to do.

The third category is systemic bias—the results of larger-scale bias decisions that perhaps were made historically. This includes things like historic redlining, government policies, and local policies that were put in place with specific biases built into them, such as racial bias built into the covenants of certain neighborhoods, built into the planning process.

Q: Can bias sway appraisal values higher and lower, or is it just typically seen that an appraisal will be lowered?

When we talk about appraisal and evaluation, what we want is accuracy—a value that's consistent, one that's fair. So, it shouldn't be biased either direction—overinflated or overvalued—and it shouldn't be undervalued. Both can have negative impacts on the homebuyer or the homeowner. And both of those situations can reduce the amount of sustainability in homeownership, because we all want to see homeownership as a gateway to wealth-building and generational positive impact. As such, overvaluing can cause damage as well. If someone is in a position where their home is not actually worth what they thought, they could end up in a situation where they can't use that home as collateral.

Q: In the past year since the plan was announced, what has Clear Capital changed to reduce appraisal bias?

They just recently celebrated the one-year anniversary of the action plan. The announcement of the task force was in June 2021, and then they produced the action plan last year. Clear Capital has been very much engaged with the PAVE taskforce since it was formed; we've been involved with sitting in on listening sessions and working with agencies directly. We've been a member of certain trade organizations that have also been very active, such as Real Estate Valuation Advocacy Association (RIVA). We've been partnering with Fannie Mae and Freddie Mac for over four years now, leading the charge to modernize the appraisal process. We've been participating in numerous test-and-learns to demonstrate that it's possible to use technology to have a more standardized way of approaching gathering data at the property and digitizing the process so that so there's greater transparency, visibility, and objectivity and the way that that every home is valued, and the way that every home is assessed in terms of its characteristics, using more science than art when it comes to understanding the gross living area of a home. We have developed technology in partnership with the GSEs that allows anyone to walk your home with their mobile phone, scan the property, and generate an ANSI-compliant floor plan and measurement of what the square footage is of that home.

Prior to that, it could differ by area of the country or how individual appraisers are applying their practice; some round to the nearest inch and some round to the nearest half foot. There are a number of different ways that that's been done, so we found that starting with the basics and adding consistency to the process makes it harder for bias to remain a part of the equation.

Q: What approaches can appraisers take to eliminate bias?

First of all, we certainly believe that the vast majority of appraisers take their profession very seriously, and they take the goal of being unbiased very seriously. The work we're doing with appraisal modernization is about bringing practices into the

“Most people have mobile technology in their pocket every day, which means that we've democratized access to the tools available to consumers and homeowners.”



modern era using the tools that we have at our disposal now to create more standards in the process to create better guardrails and tools. We're trying to ensure that every home is approached the same way and with the advancement of mobile technology and standardized datasets.

The Uniform Appraisal Dataset redesigned by Fannie and Freddie is one more way to reduce the amount of commentary that's within the form and increase the number of objective data points that are used to support the value. This is about using what's at our disposal right now to take the appraisal profession forward and provide better tools, better guardrails, and better transparency: to move technology and appraisals forward.

Q: What else can be done to eliminate appraisal bias that is not already being done?

On May 15, Fannie Mae's Value Acceptance + Property Data Program became available to all of their lenders. Freddie Mac, with their Ace + PDR program, is also moving in the same direction, which is to have a standard way that, when someone visits the property and they're collecting data to be considered in the appraisal process of the

valuation process, that it's done the same way every time, in every house, regardless of the occupants and regardless of the community that that property is in.

Q: Has technology helped speed along these processes overall?

Absolutely. During the pandemic, we did see an acceleration of the use of technology because we couldn't send people into homes for safety's sake and for social distancing. Capture technology helps anyone use technology to digitize the home and then bring that to someone at their desk instead of someone having to physically enter the house. We saw more use of virtual tours and 3D scans, even in the real estate listing process. It caused more data to now be available online in a standardized way, which is only a good thing for all the other stakeholders involved, including the homebuyer.

I think mobile technology has overwhelmingly helped reduce the risk of bias for two reasons.

One is thinking about what this is replacing. Mobile technology is replacing what today is the use of either a clipboard or some other manual process that relies on humans to be consistent all over the country. Since humans are trained locally, it's very difficult to ensure that humans are applying their principles the same way all across the country, because they are all independent. Mobile technology lets you roll out a nationwide standard that can be available to everyone; regardless of who's holding the mobile technology, it can guide them through different things the same way. That's huge.

Number two, most people have mobile technology in their pocket every day, which means that we've democratized access to the tools available to consumers and homeowners. If you choose to scan your home, you know what the gross living area is, you know exactly what's considered above-ground or below-ground, as well as whether it's going to factor into the valuation or not.

That's powerful information that same way as giving consumers access to their credit scores. Having access to your credit score gives you power and understanding of how you should approach any sort of financial decision. Having access to your home data in a digitized format gives you the ability to approach the process a bit differently and be empowered. **MP**



» Lending/Originations

MONTHLY MORTGAGE PAYMENTS HIT RECORD HIGH IN APRIL

The median U.S. home-sale price fell 2.7% during the four weeks ending May 14, representing the smallest decline in over a month, according to a new report from Redfin. New data shows prices are dropping in fewer metros nationwide as mortgage rates continue to rise. That's because there's so little inventory hitting the market, leaving homeowners handcuffed to their houses by low rates.

Monthly mortgage payments hit a record high due to still-high prices and elevated mortgage rates. On a local level, home prices are declining in 28 of the 50 most populous U.S. metros, down from a high of 32 metros at the end of April. That's a reflection of a mismatch between demand and supply propping up prices. Pending home sales are also down 15% from a year earlier, but that's much smaller than the 24% decline in new listings.

Today's elevated mortgage rates continue to discourage homeowners from selling;

nearly all of them have a mortgage rate below 6%, while the average 30-year rate was 6.39%. The lack of new listings has drained inventory, with the total number of homes for sale dropping over the past two months, going against typical seasonal trends.

The share of homes selling that are doing so within two weeks (48%) is also bucking seasonal trends, illustrating urgency from buyers who don't have much to choose from. That share has steadily increased over the last two months, while it typically falls this time of year.

"High mortgage rates continue to dictate the housing market. Although a lot of homebuyers have acclimated to rates in the 6% range and many are finding ways to lower their monthly payments, like using a 2-1 buy-down, high rates are handcuffing potential sellers," Redfin Deputy Chief Economist Taylor Marr said. "It's hard to imagine a flood of new listings until rates come down at least into the 5s. For those who are selling now, the silver lining of giving up a low rate is that hardly anyone else is doing the same thing. That means buyers, who are hungry for new listings, will bite—and they don't have much power to negotiate the price down."

Leading indicators of homebuying activity:

» For the week ending May 18, the average 30-year fixed mortgage rate was 6.39%, up

- slightly from 6.35% the week before and back to the same level as two weeks before. The daily average was 6.7% on May 17.
- » Mortgage-purchase applications during the week ending May 12 decreased 5% from a week earlier, seasonally adjusted. Purchase applications were down 26% from a year earlier.
- » The seasonally adjusted Redfin Homebuyer Demand Index—a measure of requests for home tours and other homebuying services from Redfin agents—was down 2% from a week earlier during the week ending May 14, though the decline was largely due to Mother's Day falling on this past Sunday. It was down 3% from a year earlier.
- » Google searches for "homes for sale" were little changed from a month earlier during the week ending May 13 and down about 16% from a year earlier.
- » Touring activity as of May 13 was up 20% from the start of the year, compared with an 8% increase at the same time last year, according to home tour technology company ShowingTime.

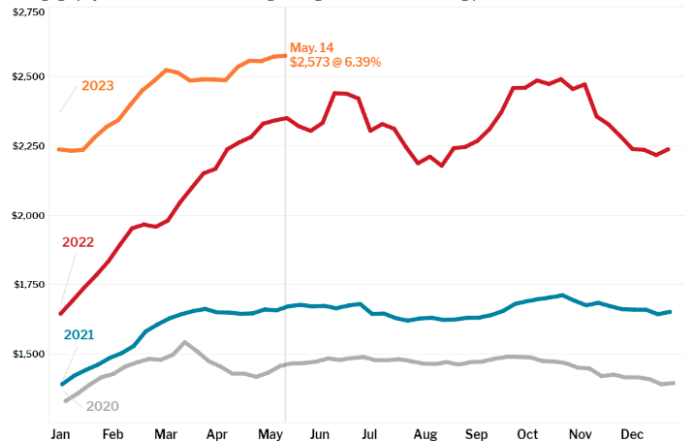
Newly built homes could help alleviate the inventory shortage even if rates remain elevated, and there are signs more may be coming. U.S. homebuilder confidence rose for the fifth straight month in May, hitting its highest level in nearly a year, and permits for single-family homes rose to a seven-month high in April.

Housing-market trends are playing out differently in different parts of the country, but agents in most metros are reporting that demand is outpacing supply. In Boise, Idaho, which had one of the hottest markets in the country during the pandemic, Redfin Premier agent Shauna Pendleton says today's buyers are having a hard time finding homes because homeowners are sitting on 3% mortgage rates and aren't moving unless they're leaving the state.

"I'm practically begging potential sellers to list, especially those in the more affordable price point because those are the homes buyers are hungry for," Pendleton said. "Every listing I've had since January priced at under \$400,000 has had multiple offers within a few days on the market. I listed a home at the end of April at \$399,900, and we ended up with four offers by the fourth day; it ended up going for \$10,000 over list price. I even

Homebuyer Housing Payments +9.5% Year Over Year

Mortgage payment on the 4-week rolling average of the median asking price

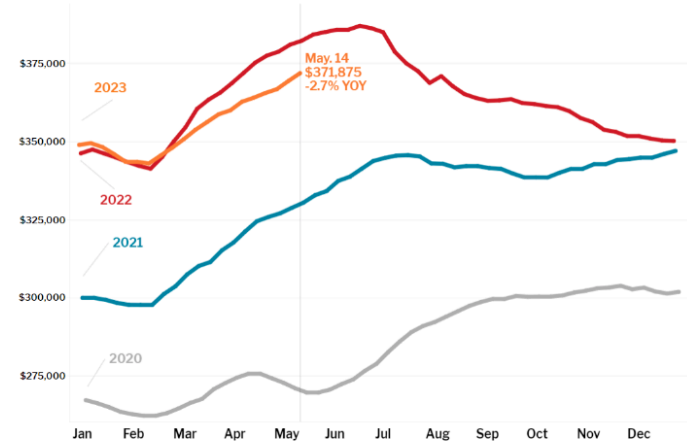


Source: Redfin analysis of MLS data, Freddie Mac Primary Mortgage Market Survey

REDFIN

Median Sale Price -2.7% Year Over Year

4-week rolling average of the median sale price of homes sold



Source: Redfin analysis of MLS data

REDFIN

listed one at \$650,000 that got multiple offers and went pending in under 48 hours.”

In Fort Lauderdale, Florida, home prices are up 9% year over year, more than anywhere else in the United States except Milwaukee. Redfin team manager Andrea Duke said Fort Lauderdale prices are holding up well because South Florida is a popular destination. “There’s almost always demand for this area because people move here for the weather, and a lot of them pay in cash,” Duke said. “If a home is priced well and it’s in great shape, the seller will get multiple offers. But the market isn’t quite as hot as it was last year; most buyers are still including contingencies in their offers.”

Key housing market takeaways for 400+ U.S. metro areas:

- » The median home sale price was \$371,875, down 2.7% from a year earlier, the smallest decline in a month. Prices are up about 7% from the start of the year, a typical seasonal increase.
- » Home-sale prices declined in 28 metros, with the biggest drops in Austin, Texas (-17.8% YoY), Oakland, California (-16.3%), San Francisco (-13.1%), Las Vegas (-11.4%), and San Jose, California (-9.6%). Those are the biggest declines since at least 2015 for Oakland and Las Vegas.
- » Sale prices increased most in Milwaukee (9.2%), Fort Lauderdale, Florida (9%), New Brunswick, New Jersey (6.4%), Indianapolis (4.9%), and Newark, New Jersey (4.4%).
- » The median asking price of newly listed homes was \$398,429, down 0.3% from a

year earlier. Although it’s small, that’s the first time asking prices have posted an annual decline since May 2020.

- » The monthly mortgage payment on the median-asking-price home hit a record high of \$2,573 at a 6.39% mortgage rate, the current weekly average. That’s up 9.5% (\$224) from a year earlier.
- » Pending home sales were down 14.6% year over year, the smallest decline in two months. That doesn’t necessarily mean pending sales are improving; instead, it reflects buyers backing off last spring as mortgage rates rose.
- » Pending home sales fell in all metros Redfin analyzed. They declined most in Seattle (-33.4%), San Diego (-31.2%), Portland, (-28.9%), Sacramento (-27.9%), and Milwaukee (-27.3%).
- » New listings of homes for sale fell 24.3% year over year, the second-biggest decline since May 2020 (the biggest was during the four weeks ending April 9, which included the Easter holiday).
- » New listings declined in all metros. They fell most in Seattle (-42.9% YoY), San Diego (-41.2%), Oakland (-41.1%), Las Vegas (-40.8%), and Anaheim (-39.3%).
- » Active listings (the number of homes listed for sale at any point during the period) were up 1.8% from a year earlier, the smallest increase since last June. Active listings fell slightly (-0.4%) from a month earlier; typically, they post month-over-month increases at this time of year.
- » Months of supply—a measure of the balance between supply and demand, cal-

culated by the number of months it would take for the current inventory to sell at the current sales pace—was 2.7 months, up from two months a year earlier. Four to five months of supply is considered balanced, with a lower number indicating seller’s market conditions.

- » 48.4% of homes that went under contract had an accepted offer within the first two weeks on the market, down just slightly from 50% a year earlier and up from 46% a month earlier. Typically, we see month-over-month declines at this time of year; in all but two of the last eight years, this metric peaked in March.
- » Homes that sold were on the market for a median of 31 days, the shortest span since September. That’s up from a record low of 18 days a year earlier.
- » 32.9% of homes sold above their final list price. That’s the highest share since September but is down from 54% a year earlier.
- » On average, 5.1% of homes for sale each week had a price drop, up from 3.4% a year earlier.
- » The average sale-to-list price ratio, which measures how close homes are selling to their final asking prices, was 99.5%. That’s the highest level since September but is down from 102.6% a year earlier.

With such scarce inventory hitting the market, homeowners remain handcuffed to their houses by low rates as mortgage rates continue to rise, making homeownership difficult for many Americans.

INDEPENDENT MORTGAGE BANK ORIGINATION PROFITS TAKE Q1 HIT

The Mortgage Bankers Association (MBA) has reported that independent mortgage banks (IMBs) and mortgage subsidiaries of chartered banks reported a net loss of \$1,972 on each loan they originated in Q1 of 2023, an improvement from the reported loss of \$2,812 per loan in Q4 of 2022.

“A net production loss of 68 basis points in the first quarter of the year is an improvement over the record 99-basis-point loss reported in the fourth quarter of 2022,” said Marina B. Walsh, CMB, MBA’s VP of Industry Analysis. “Conditions continue to be challenging for the industry, with now four consecutive quarters of production losses and nine consecutive quarters of volume declines.”

In terms of profitability, Walsh noted that including both the production and servicing business lines, 32% of companies were profitable in Q1 of 2023, up from 25% in Q4 of 2022. The average production volume was \$398 million per company in Q1, down from \$436 million per company in Q4. The volume by count per company averaged 1,264 loans in Q1, down from 1,395 loans in Q4.

“One silver lining from the first quarter is that production revenues improved by 40 basis points,” Walsh added. “However, costs continued to escalate with the further drop in volume and reached more than \$13,000 per loan despite substantial personnel reductions.”

Additional findings of the MBA’s Q1 2023 Quarterly Mortgage Bankers Performance Report include:

- » Total production revenue (fee income, net secondary marketing income, and warehouse spread) increased to 358 basis points in Q1, up from 317 bps in Q4. On a per-loan basis, production revenues increased to \$11,199 per loan in Q1, up from \$9,637 per loan in Q4.
- » The purchase share of total originations, by dollar volume, remained unchanged at a study high of 88% in Q1. For the

mortgage industry as a whole, the MBA estimates the purchase share was at 80% in Q1 of 2023.

- » The average loan balance for first mortgages increased to \$329,159 in Q1, up from \$322,225 in Q4.
- » Total loan production expenses—commissions, compensation, occupancy, equipment, and other production expenses and corporate allocations—increased to a study-high of \$13,171 per loan in Q1, up from \$12,450 per loan in Q4 of 2022. From Q3 of 2008 to Q1 2023, loan production expenses have averaged \$7,172 per loan.
- » The average number of production employees per company declined from 413 production employees in Q4 of 2022 to 374 production employees in Q1 of 2023 (on a repeater company basis).
- » Servicing net financial income for Q1 (without annualizing) was \$54 per loan, up from \$37 per loan quarter over quarter. Servicing operating income, which excludes MSR amortization, gains/loss in the valuation of servicing rights net of hedging gains/losses, and gains/losses on the bulk sale of MSRs, was \$102 per loan in the first quarter, down slightly from \$104 per loan in the Q4.
- » Including all business lines (both production and servicing), 32% of the firms in the study posted pre-tax net financial profits in Q1, up from 25% in Q4.

AFFORDABLE SUBURBS NEAR RED-HOT HOUSING MARKETS HEIGHTEN HOME-OWNERSHIP OPPORTUNITIES

While living in the city has many perks, the opportunity to become a homeowner is not one of them for many renters and homebuyers nationwide, according to a new market study from Point2.

The prices of homes for sale in cities like San Francisco, Los Angeles, and New York

are famously unaffordable. In fact, owning a home in these powerhouse cities is becoming an impossible dream for many, if not most, Americans.

As interest rates continue their climb, dwindling inventory is making all aspiring homebuyers feel like unwilling participants in a game of musical chairs, forcing many home seekers to simply give up on their dreams of homeownership.

Key findings include:

- » The top 20 largest, highest-priced U.S. cities are prohibitive for most aspiring homebuyers: The median home price in Irvine, California; San Francisco; and San Jose is well above \$1 million, while medians in Los Angeles; New York, New York; Boston; and Washington, D.C., are far above \$500,000.
- » However, 603 of the 777 suburbs within a 30-mile driving distance of these red-hot markets have prices per square foot of living space below the main city’s median.
- » In fact, in 11 suburbs, the price per square foot is 60% to 65% lower than in the city, while 67 suburbs have median prices 50% to 59% lower than in the city.
- » The East Coast absolutely dominates when it comes to affordable suburbs: 95 of the top 100 most affordable suburbs are in New York; Washington, D.C.; Boston; and Miami.
- » The suburbs that are more expensive than the main city are really expensive: In 18 suburbs, the price per square foot of living space is 109% to a dizzying 385% higher than in the city.

Given how expensive some of these urban hubs are, any renter and potential homebuyer wouldn’t be foolish for thinking they need to move to another state to find something more affordable. However, new data shows that may not be the case. With more spacious homes and sprawling backyards, the suburb quickly became the answer to the growing needs for space during the pandemic.

Could it also be the answer to today’s homebuyers’ prayers for affordable housing?

According to Point2’s latest analysis, the answer is yes: The price per square foot of living space is lower in 603 of the 777 suburbs orbiting America’s 20 most expensive cities, with some suburbs boasting prices per square foot up to 65% lower compared to the main city. Data shows homebuyers willing



“Given how expensive some of these urban hubs are, any renter and potential homebuyer wouldn’t be foolish for thinking they need to move to another state to find something more affordable.”



to extend their home search to a 30-mile distance around their city of choice have a much better chance of finding the right home.

The most expensive cities are on the East and West coasts, but East Coast residents have many more affordable suburbs to choose from.

Looking at the biggest percentage differences between prices in the main cities and those in the corresponding suburbs, it’s obvious that East Coast homebuyers are faring better: With only a few exceptions, the first 100 suburbs that have the most significant price difference compared to the main city are all on the East Coast.

Compared to Miami or New York City, the price per square foot of living space in Medley, Florida; Emerson, New Jersey; Lodi, New Jersey; or Mount Vernon, New York, is 65% and 62% lower than the price in the city.

In fact, there are 11 suburbs where one square foot of space is significantly cheaper than in the city:

Medley, Florida; Emerson, New Jersey; Lodi, New Jersey; Mount Vernon, New York; Huntingtown, Maryland; Waldorf, Maryland; Moonachie, New Jersey; Boulevard Park, Washington; Lawrence, Massachusetts; Passaic, New Jersey; and Paterson, New Jersey, all have prices per square foot between 60% and 65% lower than the median price per square foot in their respective cities.

But, while it’s true that the majority of suburbs (603) flaunt home prices lower than

in the city, other suburbs give these expensive urban hubs a run for their money.

For example, in Sullivan’s Island, a suburb near Charleston, South Carolina, the price per square foot is \$1,400, 385% higher than the median price in the city, which is below \$300.

This may have been the biggest price difference of all the suburbs included in our analysis, but 17 more suburbs are absolute kryptonite for the average homebuyer, as prices here are between 100% and 212% higher than in the city.

In Salt Lake City, 100% of suburbs within 30 miles are more affordable than the core City

New York City and Washington, D.C., are close behind, with 98% and 97%, respectively, of their suburbs having much more affordable prices per square foot of space. In some of the most desirable cities in the nation, the outlook is grim. Inflation and higher costs of living are affecting everyone, but the current financial conditions are simply bludgeoning home seekers.

However, suburbs may still provide the silver lining that all aspiring homebuyers are looking for. Given their extended freedom to move and relocate in this brand new era of remote work, home seekers could expand their search radius, so they can really start looking and stop compromising.

The place where homebuyers can do that most freely is Salt Lake City, where all

the suburbs close to Utah’s capital have more affordable home prices than the main city.

The median home price in Salt Lake is \$540,000, while the median price per square foot is \$345. Depending on how much space they want and need, buyers might have to dish out a lot of money. Fortunately, they have plenty of other options: With prices per square foot ranging between \$192 and \$295, all the suburbs that are closest to Salt Lake City are more affordable.

Moving to the East Coast, New York City, and Washington, D.C., come in second and third, respectively. Here, an impressive 98% and 97% of all the suburbs within a 30-mile driving distance are more affordable. Specifically, in New York, 85 of the 87 nearby suburbs are (far) more affordable than the city, with only Rye, New York, and Hoboken, New Jersey, being 12% and 36% more expensive than the city.

The same goes for Washington, D.C.: In 76 suburbs, the price per square foot of living space is much lower than in the city. That said, Bethesda, Maryland, and Chevy Chase, Maryland are the only two exceptions: Buyers in the capital are paying around \$500 per square foot, whereas home seekers focusing on these two suburbs are looking at medians of \$510 and \$542, respectively.

Rounding out the top five list of cities with the most affordable suburbs are Boston and Honolulu. Buyers looking for homes in Lawrence, Massachusetts, could pay 60% (or \$387) less for each square foot of space compared to the city. Meanwhile, in Hawaii, it’s the buyers willing to move to Wahiawa who will feel the biggest difference: The median price per square foot here is 36% (or \$265) lower than in the main city.

At the other end of the spectrum, San Jose, California, and Charleston, South Carolina, have the fewest affordable suburbs. Only 32% and 41% of all their suburbs cater to the needs of cash-strapped buyers.

Likewise, in San Francisco, Oakland, and Sacramento, the shares of affordable suburbs within a 30 miles driving distance is slightly higher, but just barely: A little more than half of the more easily reachable suburbs here have lower prices per square foot than homes for sale in the main city.

This side of the ranking is dominated by expensive cities on the West Coast, while the most expensive markets on the East Coast have many more affordable nearby suburbs.





»» Default Servicing

ONE IN 80 U.S. HOMES REPORTED VACANT IN Q2

ATTOM's Q2 2023 Vacant Property and Zombie Foreclosure Report has found that 1.3 million (1,285,633) residential properties in the U.S. remain vacant—a total that represents 1.3%, or one in 79 homes, across the nation.

In order to determine the number of zombie foreclosures nationwide, ATTOM analyzes publicly recorded real estate data—including foreclosure, equity, and owner-occupancy status—matched against monthly updated vacancy data. The Q2 2023 Vacant Property and Zombie Foreclosure Report reveals that 311,508 residential properties in the United States were in the process of foreclosure in Q2 of 2023, up 4.3% from Q1 of 2023, and up 20.2% from Q2 of 2022. Among those pre-foreclosure properties, 8,752 sit vacant as zombie foreclosures (pre-foreclosure properties abandoned by owners) in Q2 of 2023. That figure is up 7.5% from the prior quarter, and up 15.6% from a year ago. The count of zombie properties has grown in each of the last five quarters, dating back to early in 2022.

However, the number of zombie foreclosures remains historically low, with little impact on the nation's total stock of 101.3 million residential properties.

"Zombie foreclosures keep inching up as lenders pursue more delinquent homeowners in courts around the country. All indications are that the number of zombie properties will keep going up slowly, given that foreclosures are up," said Rob Barber, CEO of ATTOM. "But abandoned properties are still nothing more than a dot on the radar screen among the majority of neighborhoods. We are still a long way from the fallout after the Great Recession of the late 2000s, when this was a very real issue in many areas around the U.S."

Among the 8,752 residential properties facing possible foreclosure have been vacated by their owners nationwide in Q2 of 2023, that total is up from 8,141 in Q1 of 2023, and from 7,569 in Q2 of 2022. The number of zombie properties has grown quarterly in 29 states, and annually in 36.

While most neighborhoods around the United States have little or no zombie foreclosures, the biggest increases from Q1 of 2023 to Q2 of 2023 in states with at least 50 zombie properties were found in:

- » Texas (zombie properties up 47%, from 114 to 168)
- » Ohio (zombie properties up 26%, from 846 to 1,070)

- » Oklahoma (zombie properties up 22%, from 142 to 173)
- » Georgia (zombie properties up 22%, from 78 to 95)
- » Iowa (zombie properties up 21%, from 227 to 274)

The only quarterly decreases among states with at least 50 zombie foreclosures were found in:

- » Michigan (zombie properties down 20%, from 74 to 59)
- » South Carolina (zombie properties down 2%, from 154 to 151)
- » Pennsylvania (zombie properties down 1%, from 404 to 401)
- » New York (zombie properties down less than 1%, from 2,006 to 2,000).

The Empire State of New York continues to have the highest ratio of zombie homes to all residential properties at one in every 2,140 homes; followed by Ohio at one in 3,615 homes; Iowa at one in 4,480 homes; Illinois at one in 4,687 homes; and Florida at one in 5,926 homes.

ATTOM reports that the vacancy rate for residential properties in the U.S. has remained the same in Q2 of 2023 after dropping in the prior three quarters—currently at 1.27% (one in 79 properties), the same as in Q1 of 2023, but still down from 1.31% recorded in Q2 of last year (one in 76).

States reporting the largest annual drops in the overall vacancy rate are:

- » Tennessee (down from 1.55% of all homes in Q2 of 2022 to 1.02% in Q2 of 2023)
- » Michigan (down from 2.14% to 1.88%)
- » Georgia (down from 1.61% to 1.39%)
- » Minnesota (down from 0.95% to 0.73%)
- » New Jersey (down from 0.53% to 0.36%)

Among the 166 metropolitan statistical areas in the United States with at least 100,000 residential properties and at least 100 properties facing possible foreclosure in Q2 of 2023, the highest zombie foreclosure rates were found in:

- » Wichita, Kansas, where 13.1% of properties in the foreclosure process were vacant
- » Cedar Rapids, Iowa, where 11.3% of properties in the foreclosure process were vacant
- » Peoria, Illinois, where 9.7% of properties in the foreclosure process were vacant
- » Toledo, Ohio, where 8.8% of properties in the foreclosure process were vacant

“Zombie foreclosures keep inching up as lenders pursue more delinquent homeowners in courts around the country. All indications are that the number of zombie properties will keep going up slowly, given that foreclosures are up.”

—Rob Barber, CEO, ATTOM



» Youngstown, Ohio, where 7.4% of properties in the foreclosure process were vacant
The highest zombie-foreclosure rates in major metro areas with at least 500,000 residential properties and at least 100 homes facing foreclosure in Q2 of 2023 were found in:

- » Cleveland, Ohio, where 7.1% of homes in the foreclosure process were vacant
- » Indianapolis, Indiana, where 6.5% of homes in the foreclosure process were vacant
- » St. Louis, Missouri, where 5.8% of homes in the foreclosure process were vacant
- » Baltimore, Maryland, where 5.7% of homes in the foreclosure process were vacant
- » Pittsburgh, Pennsylvania, where 5.4% of homes in the foreclosure process were vacant

Among the 23.6 million investor-owned homes throughout the United States in Q2 of 2023, approximately 843,000 are vacant, or 3.6%. The highest levels of vacant investor-owned homes were found in:

- » Indiana, where 6.9% were vacant
 - » Alabama, where 6.1% were vacant
 - » Oklahoma, where 6% were vacant
 - » Ohio, where 5.9% were vacant
 - » Illinois, where 5.8% were vacant
- Among the roughly 14,900 foreclosed, bank-owned homes in the United States during Q2 of 2023, 14.5% were vacant. In states with at least 50 bank-owned homes, the largest vacancy rates were found in:

- » Iowa, where 27.8% were vacant
- » Ohio, where 24.8% were vacant
- » New Mexico, where 22.9% were vacant
- » Indiana, where 22.8% were vacant
- » New York, where 20.8 were vacant

The highest zombie-foreclosure rates in U.S. counties with at least 500 properties in the foreclosure process during Q2 of 2023 were found in:

- » Peoria County, Illinois, where 11.7% were zombie foreclosures
- » Broome County (Binghamton), New York, where 11.6% were zombie foreclosures

» Baltimore County, Maryland, where 11.2% were zombie foreclosures

» Lake County, Illinois (outside Chicago), where 9.9% were zombie foreclosures

» Marion County (Indianapolis), Indiana, where 8.5% were zombie foreclosures

Among ZIP codes with at least 1,000 residential properties, 44 of the 50 with the largest portions of overall homes in zombie status were found in New York, Ohio, and Illinois, as well as seven in Cleveland, Ohio. The biggest ratios were found in the following ZIP codes:

- » 10993 in Rockland County (West Haverstraw), New York (one in 191 homes)
- » 44112 in Cleveland, Ohio (one in 213)
- » 13754 in Broome County (Deposit), New York (one in 239)
- » 44108 in Cleveland, Ohio (one in 255)
- » 73554 in Greer County (Mangum), Oklahoma (one in 259)

POST-FORBEARANCE WORKOUT PERFORMANCE SUFFERS IN APRIL

The Mortgage Bankers Association's (MBA) monthly Loan Monitoring Survey found that the total number of loans now in forbearance decreased by four basis points from 0.55% of servicers' portfolio volume in the prior month to 0.51% as of April 30, 2023.

According to the MBA's estimate, 255,000 homeowners remain in forbearance plans, and mortgage servicers have provided forbearance options to approximately 7.8 million borrowers since April 2020.

In April 2023, the share of Fannie Mae and Freddie Mac (GSE) loans in forbearance decreased two basis points from 0.26% to 0.24%. Ginnie Mae loans in forbearance decreased seven basis points from 1.18% to 1.11% and the forbearance share for portfolio loans and private-label securities (PLS) decreased seven basis points from 0.68% to 0.61%.

“While the number of loans in forbearance continues to dwindle, there was some

deterioration in the performance of post-forbearance workouts,” said Marina B. Walsh, CMB, MBA’s VP of Industry Analysis. “About three out of four borrowers are remaining current on their post-forbearance workouts, but this is down from the average of four out of five borrowers that was relatively consistent in 2022 and into 2023.”

By stage, 34.4% of total loans in forbearance were in the initial forbearance plan stage, while 53.2% were in a forbearance extension. The remaining 12.4% were forbearance reentries, including reentries with extensions.

Total loans serviced that were current (not delinquent or in foreclosure) as a percent of servicing portfolio volume (#) decreased to 95.89% in April 2023 from 96.35% in March 2023 (on a non-seasonally adjusted basis).

“Overall servicing portfolios remain healthy, and some of the worsening monthly performance can be attributed to seasonal factors such as tax refunds that pushed up the March results and then normalized in April,” Walsh said. “MBA’s forecast calls for an economic slowdown and an increase in unemployment later this year and into 2024, which will impact loan performance.”

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

- » 29.6% resulted in a loan deferral/partial claim.
- » 18.0% represented borrowers who continued to make their monthly payments during their forbearance period.
- » 17.7% represented borrowers who did not make all of their monthly payments and

exited forbearance without a loss mitigation plan in place yet.

- » 16.1% resulted in a loan modification or trial loan modification.
- » 10.9% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
- » 6.5% resulted in loans paid off through either a refinance or by selling the home.
- » The remaining 1.2% resulted in repayment plans, short sales, deed-in-lieu or other reasons.

Total completed loan workouts from 2020 and onward (repayment plans, loan deferrals/partial claims, loan modifications) that were current as a percent of total completed workouts decreased to 74.39% in April from 76.70% the previous month.

Nationwide, the five states reporting the highest share of loans that were current as a percent of servicing portfolio include Washington, Colorado, Idaho, Oregon, and California. The five states reporting the lowest share of loans that were current as a percent of servicing portfolio include Louisiana, Mississippi, New York, Indiana, and Alabama.

The Bureau of Labor Statistics (BLS) reports that total nonfarm payroll employment rose by 253,000 in April, and the unemployment rate changed little at 3.4%. Employment continued to trend up in professional and business services, healthcare, leisure and hospitality, and social assistance. Both the unemployment rate, at 3.4%, and the number of unemployed persons, at 5.7 million, changed little in April, as the unemployment rate has ranged from 3.4% to 3.7% since March 2022. Among the major worker

“MBA’s forecast calls for an economic slowdown and an increase in unemployment later this year and into 2024, which will impact loan performance.”

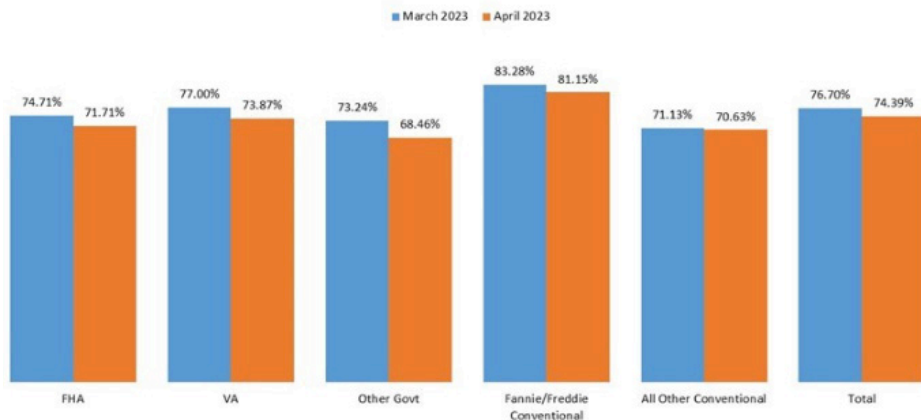
—Marina B. Walsh, CMB, VP of Industry Analysis, MBA



groups, the unemployment rates for adult men (3.3%), adult women (3.1%), teenagers (9.2%), whites (3.1%), Blacks (4.7%), Asians (2.8%), and Hispanics (4.4%) showed little or no change in April.

“A strong job market will boost earnings and household spending capacity, which is good for the housing market and broader economy,” Realtor.com Chief Economist Danielle Hale added. “However, a too-strong market means the Fed has to tighten further, dampening that good news and running a higher risk of over-tightening. Today’s report falls a bit above expectations, and may undermine some of the early-week confidence that a pause in rate hikes is ahead. Fortunately, we have nearly another 6 weeks to go before the next Fed meeting in which we’ll see several more readings on the economy, inflation, and the job market. For home shoppers, this could mean somewhat higher mortgage rates ahead. But perhaps more importantly for home buyers and sellers, the labor market continues to support income-earning and consumer confidence, two necessary ingredients for home sales to occur.”

Post-Forbearance Workouts: % Current by Product Type







» Government

FHFA RESCINDS GSE UPFRONT FEES BASED ON DTI RATIOS

The Federal Housing Finance Agency (FHFA) has announced that it has rescinded the upfront fees based on borrowers' DTI ratios for loans acquired by Fannie Mae and Freddie Mac (GSEs). FHFA announced in March it would delay implementation in order to engage with industry stakeholders and better understand their concerns.

"I appreciate the feedback FHFA has received from the mortgage industry and other market participants about the challenges of implementing the DTI ratio-based fee," FHFA Director Sandra L. Thompson said. "To continue this valuable dialogue, FHFA will provide additional transparency on the process for setting the Enterprises' single-family guarantee fees and will request public input on this issue."

Consistent with the Enterprise Regulatory Capital Framework finalized in 2020, appropriately capitalizing each GSE is critical to ensuring that they are well-positioned to meet their mandate of providing liquidity and stability to the secondary mortgage market and supporting access to affordable

mortgage credit throughout the nation.

"We have strongly opposed FHFA's planned debt-to-income loan level pricing adjustment since it was announced in January and have led advocacy efforts calling for its removal," Mortgage Bankers Association (MBA) President and CEO Robert D. Broeksmit, CMB, said. "The proposed fee was unworkable for lenders and would have confused borrowers and undermined the customer experience. We are pleased that FHFA engaged with industry stakeholders, recognized the negative impacts of the fee, and decided to rescind its implementation."

The FHFA adopted a final rule that establishes risk-based and leverage capital requirements for the GSEs. The final rule also makes conforming amendments to definitions in FHFA's regulations governing assessments and minimum capital and removes the Office of Federal Housing Enterprise Oversight's (OFHEO) regulation on capital for the Enterprises.

"MBA urges FHFA to continue its engagement to improve clarity and transparency regarding the GSEs' pricing framework," Broeksmit added. "We will continue our work with the agency, the GSEs, lawmakers, and the Biden administration on policies and actions that lower costs and advance sustainable access to homeownership while protecting taxpayers."

National Association of Realtors (NAR) President Kenny Parcell added, "Likewise, the FHFA's decision to release a request for information on the other changes is a great example of good governance. NAR has worked with the FHFA to shape the LLPAs since their inception in 2008. We look forward to a thoughtful and deliberate process for the public, industry, and the regulators to clarify misconceptions and to arrive at the best policy for home buyers and the market. NAR previously wrote the FHFA urging it to require factors such as higher credit scores or larger down payments to offset this risk in lieu of higher fees that would only raise the borrower's risk of default. The FHFA also announced that it will conduct a request for information on other new fees, such as those imposed on borrowers with higher credit scores and moderate down payments."

CFPB ISSUES PROTECTIONS FOR HOMEOWNERS SEEKING CLEAN ENERGY FINANCING

The Consumer Financial Protection Bureau (CFPB) proposed a rule to implement a Congressional mandate to establish consumer protections for residential Property Assessed Clean Energy (PACE) loans.

PACE loans, secured by a property tax lien on the borrower's home, are often promoted as a way to finance clean energy improvements such as solar panels. The proposed rule would require lenders to assess a borrower's ability to repay a PACE loan and would provide a framework for how these loans will be treated under the Truth-in-Lending Act (TILA).

In addition to the proposed rule, the CFPB also published a report on residential PACE loans, which found that the loans cause an increase in borrowers falling behind on their mortgage payments, along with other negative credit outcomes.

"When unscrupulous companies bait



homeowners into unaffordable loans with exaggerated promises of energy bill savings, this can lead to serious financial distress,” CFPB Director Rohit Chopra said. “We are proposing new rules that would require sensible safeguards on these clean energy loans.”

If finalized, the CFPB’s proposed rule would require PACE creditors and PACE companies to consider a consumer’s ability to repay when issuing a new PACE loan, and it would amend Regulation Z to address how TILA applies to PACE transactions. Among other amendments, the proposed rule would adjust disclosure requirements to better fit PACE loans and to help consumers understand the loans’ impact on their property tax payments.

PACE loans finance home improvements for borrowers, who pay back the loans through increased property tax payments over time. Eligible upgrades can include energy and water efficiency projects or projects to prepare homes for natural disasters. From 2014-2020, a majority of PACE loans were for home improvements for natural disaster preparedness. The obligation of paying the loan back through higher property tax payments remains with the property even if the borrower sells the property. Although PACE lending is authorized by local governments, private companies typically administer the programs, which can include marketing of the loans, managing originations, and making the lending decisions.

In October 2022, the FTC and State of California sued one of these private PACE administrators, Ygrene Energy Fund Inc., to force it to stop deceptive, coercive, and fraudulent sales practices.

“Ygrene Energy Fund took advantage of hardworking California families, jeopardizing their most valuable asset in the process,” California Attorney General Rob Bonta said. “This settlement holds Ygrene accountable for their misconduct and establishes guardrails to protect property owners from future deception. PACE financing was meant to help families make important home improvements, but the dishonesty of companies like Ygrene has left some homeowners at risk of losing their homes. Before signing a PACE contract, I urge all to familiarize themselves with this program and take the time to understand what it is and, most importantly, what it isn’t.”

A court order required Ygrene to stop its deceptive practices, and meaningfully

“When unscrupulous companies bait homeowners into unaffordable loans with exaggerated promises of energy bill savings, this can lead to serious financial distress.”

—Rohit Chopra, Director, CFPB



oversee the contractors who have served as its salesforce. As part of the settlement, Ygrene was required to dedicate \$3 million to provide relief to certain consumers whose homes are subject to the company’s liens.

The CFPB’s new proposed rule comes five years after President Trump signed the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018, which directed the CFPB to prescribe ability-to-repay rules for PACE financing and to apply the civil liability provisions of TILA for violations.

The CFPB’s report on the PACE loans highlights the impact these loans have on borrowers’ credit outcomes. The report focused on California and Florida as these are the two states where almost all PACE loan activity has occurred to date.

Some of the risks to consumers identified in the report include:

- » Higher property taxes: PACE loans increased a homeowner’s property taxes by about \$2,700 per year on average—an increase of about 88%.
- » Higher interest rates: The average PACE loan had a 7.6% interest rate, which is much higher than average interest rates for home purchase or home equity loans.
- » Increased mortgage delinquencies: In the

two years following PACE loan origination, the mortgage delinquency rate for PACE loan borrowers with a preexisting mortgage increased by 2.5 percentage points.

- » Increased credit card balances: Consumers without a preexisting mortgage increased their credit card balances in response to acquiring a PACE loan, perhaps accumulating credit card debt in order to make the PACE loan payments.

PACE borrowers were more likely to reside in census tracts with higher percentages of Black and Hispanic residents relative to the average for their states. Reforms and regulation of PACE loans in California appear to have substantially reduced the volume of delinquencies compared to the trend in Florida over the same period.

The CFPB is taking action to implement statutes and activate authorities enacted by Congress. Recent actions include:

The CFPB recently met a court deadline to finalize rules implementing a required small business lending data collection provision under Section 1071 of the Consumer Financial Protection Act.

The CFPB has also started a rulemaking process on personal financial data rights, using a dormant authority under Section



1033 of the Consumer Financial Protection Act that will accelerate the shift to “open banking” in the United States.

In June 2022, the CFPB finalized a rule implementing the Debt Bondage Repair Act to mitigate financial consequences for survivors of human trafficking.

In February 2022, the CFPB published its outline of a proposal to implement a 2010 law to prevent algorithmic bias in home valuations and is working closely with other agencies to issue the proposed rule.

HUD AWARDS MORE THAN \$22M TO EXPAND ACCESS TO AFFORDABLE HOUSING

The U.S. Department of Housing and Urban Development (HUD) announced the award of \$12 million in grants to support nonprofit, self-help housing organizations that enable homeownership opportunities for hard-working, low-income families and individuals. Funded through HUD’s Self-Help Homeownership Opportunity Program (SHOP), the grants awarded May 11, along with the labor contributed by homebuyers and numerous volunteers, will significantly lower the cost of homeownership.

Additionally, HUD awarded \$10 million

in Rural Capacity Building (RCB) grants. The RCB program enhances the capacity and ability of rural housing development organizations, Community Development Corporations (CDCs), Community Housing Development Organizations (CHDOs), rural local governments, and Indian tribes to carry out affordable housing and community development activities in rural areas for the benefit of low- and moderate-income families and persons.

“Today, we are investing in homeownership and expanding access to affordable housing to rural communities,” HUD Secretary Marcia L. Fudge said. “The SHOP program provides a unique pathway for first-time homeowners and underserved groups to buy a home. At HUD, we care about rural America and these capacity building grants are further evidence of our commitment.”

Organizations who receive RCB and SHOP funding partner with local beneficiaries and affiliates to help people and communities throughout the country by increasing access and availability to affordable homes. HUD Deputy Secretary Adrienne Todman announced the awards in Russellville, Arkansas, where she stood alongside a future SHOP homeowner and a local organization who benefited from Rural Capacity Building grants to help make this happen.

“The Biden-Harris administration is committed to helping Americans who live in rural communities get access to quality affordable housing, to rent and to own,” HUD Deputy Secretary Adrienne Todman said. “Through these grants, HUD and our partners will build and repair homes and create housing solutions that match the unique needs of rural neighborhoods.”

HUD’s Self-Help Homeownership Opportunity Program (SHOP)

The SHOP program provides federal grants on a competitive basis to national and regional nonprofit organizations and consortia that have experience in administering self-help homeownership housing programs. The SHOP grants must be used to purchase land and make necessary infrastructure improvements, which together may not exceed an average SHOP investment of \$15,000 per dwelling unit. Leveraged funds must be used for the construction or rehabilitation of these homeownership units. Many of the SHOP homebuyers are first-time homeowners and come from underserved groups.

Since 1996, when Congress first appropriated SHOP funds, the SHOP program has provided more than \$396 million in federal grants that, together with significant leveraged funds and numerous volunteer hours, are transforming lives and neighborhoods through the production of over 28,500 units of affordable, homeownership housing.

Homebuyers will contribute significant sweat equity toward the development of their units and/or the units of other homebuyers participating in the local self-help housing programs. These sweat equity contributions reduce the purchase price of the SHOP units and make these units affordable for low-income homebuyers. A minimum of 100 sweat equity hours is required from a household of two or more persons.

A minimum of 50 sweat equity hours is required from a household of one person. Community participation consisting of volunteer labor contributions is also required. Sweat equity and volunteer labor may include, but are not limited to, landscaping, foundation work, painting, carpentry, trim work, drywall, roofing, and siding for the housing. Reasonable accommodation must be made for persons with disabilities.

HUD’s Rural Capacity Building (RCB)

The RCB enhances the capacity and ability of local governments, Indian tribes, housing development organizations, rural CDCs, and rural CHDOs, to carry out community development and affordable housing activities that benefit low- and moderate-income families and persons in rural areas.

State	Recipient	Amount
WA	Community Frameworks	\$3,500,000
GA	Habitat for Humanity International, Inc.	\$2,057,772
DC	Housing Assistance Council	\$4,000,000
CO	Community Resources and Housing Development Corporation	\$2,942,228
TOTAL		\$12,500,000

HUD, NAHB UNVEIL INNOVATIVE HOUSING SHOWCASE

U.S. Department of Housing and Urban Development (HUD) and the National Association of Home Builders (NAHB) announced new details regarding the Innovative Housing Showcase, including the first round of exhibitors. The Showcase will be an open-to-the-public event on the National Mall to raise awareness of innovative and affordable housing designs and technologies that have the potential to increase housing supply, lower the cost of construction, increase energy efficiency and resilience, and reduce housing expenses for owners and renters. Policymakers, housing industry representatives, media, and the general public are invited to attend.

“Innovation in housing is a crucial component of our work to increase housing supply and lower costs for American families. The Innovative Housing Showcase will display cutting edge designs from across the building industry—from affordability to resiliency and energy efficiency,” HUD Secretary Marcia L. Fudge said. “I encourage everyone to join us on the National Mall this June to experience the future of housing.”

The showcase will feature dozens of exhibits, including full-sized, enterable prototype homes, displaying accessible innovative building technologies that address affordability, resilience, and the future of housing. This will be the third iteration of the Showcase on the National Mall.

“The National Association of Home Builders is honored to once again to co-host this incredible event with the Department of Housing and Urban Development,” said Alicia Huey, Chairman of the NAHB Board. “In an industry that is often seen as slow to innovate, this is a key opportunity to show that home builders are an active part of the solution to the housing affordability crisis.”

The Showcase exhibitors will offer a range of housing innovations from construction methods to software.

“HUD and its Office of Policy Develop-

ment and Research (PD&R) have supported innovation in housing and building technologies since the beginning, and these investments have contributed to changes in building codes, improvements in industry practice, and most importantly, lower housing costs for American families,” said Solomon Greene, Principal Deputy Assistant Secretary for Policy Development and Research. “The Showcase continues that tradition, featuring the latest technologies and designs that can help meet the nation’s

growing housing affordability and climate resilience needs.”

To complement the Showcase, HUD will live stream several technical sessions on June 8th and June 9th from the National Building Museum. On June 8th, HUD is collaborating with the U.S. Department of Energy and EMerge Alliance to offer a morning and afternoon broadcast. On June 9th, HUD is collaborating with the International Code Council for an afternoon broadcast.

The exhibitors that have been selected to present so far include:

Exhibitor Name	City, State
ARIS Hydronics	Milwaukie, OR
Azure Printed Homes	Culver City, CA
Boxabl	Las Vegas, NV
Cavco	Phoenix, AZ
Connect Homes	Los Angeles, CA
Cypress CDC	Brooklyn, NY
Demizine Technology	Vancouver, BC Canada
EcoSmart Stud	Bloomington, MN
EMerge Alliance	Alexandria, VA
Hierromat Development	Fort Lauderdale, FL
J L. Filbey & Sons Capital Partners	Palm Beach, FL
Kit Switch	Los Angeles, CA
Module	Pittsburgh, PA
Mr Hemp House	Indianapolis, IN
NanoArchitech	Gilroy, CA
National Ready Mixed Concrete Association	Alexandria, VA
PathHouse	Portland, OR
ProforMap	Walnut Creek, CA
ReMo Homes	Los Angeles, CA
Steel and Spark	Phoenix, AZ
Structural Building Components Association	Irving, TX
TimberAge	Durango, CO
Triodetic	Syracuse, NY
UMH	Freehold Township, NJ
WheelPad	Wilmington, VT

FHA PROPOSES NEW MORTGAGE PAYMENT REDUCTIONS

The Federal Housing Administration (FHA) is seeking feedback on a new proposal for a home retention option to help struggling homeowners meet their mortgage obligations. The new option, the Payment Supplement Partial Claim, would allow mortgage servicers to use the FHA Partial Claim both to bring a borrower's mortgage current and to provide temporary reductions to their monthly mortgage payments for up to five years.

The rapid and steep interest rate increases of the past year have limited the effectiveness of some of FHA's existing loss mitigation options in assisting borrowers. Just last week, Freddie Mac reported the 30-year, fixed-rate mortgage (FRM) hitting an average of 6.57%, amid ongoing financial volatility.

"Many homeowners continue to experience hardships due to health or financial difficulties that occurred during the pandemic, and these challenges have been exacerbated for these and other borrowers by current economic uncertainties," said Assistant Secretary for Housing and Federal Housing Commissioner Julia Gordon. "When we saw that our existing loan modifications were no longer providing adequate payment relief, our team painstakingly explored every possible alternative to provide relief in the current rate environment, resulting in this innovative proposal."

FHA's loan modification option, which has historically reduced borrowers' monthly payments to levels they can afford, is no longer as effective as it once was because borrowers are forced to modify at market rates that may be higher than their current rates.

The Payment Supplement Partial Claim will allow homeowners experiencing a hardship who are unable to obtain a significant payment reduction with other loss mitigation options to keep their existing interest rate, and reduce their monthly payment temporarily using funds from the FHA Partial Claim, which is a subordinate zero interest lien. The homeowners then pay FHA back when they sell their home or refinance.

According to HUD, since the start of the COVID-19 pandemic, mortgagees have provided in excess of 1.3 million COVID-19 loss mitigation actions to borrowers. On January 30, 2023, HUD extended and expanded its COVID-19 Loss Mitigation Options.

To facilitate FHA's review and analysis of feedback, interested stakeholders are encouraged to thoroughly review the content of the Draft ML and use the Feedback Response Worksheet to provide feedback through June 30, 2023:

- » View the Draft ML, Payment Supplement Partial Claim.
- » Download the Feedback Response Worksheet and add any feedback to it.
- » Email the completed worksheet to sf-feedback@hud.gov with the subject line: "Feedback for Draft ML Payment Supplement Partial Claim."

FITCH PLACES GSES ON 'RATING WATCH NEGATIVE'

Fitch Ratings has placed Fannie Mae's and Freddie Mac's 'AAA' Long-term Issuer Default Ratings (IDRs), 'F1+' Short-term IDRs, Government Support Ratings (GSRs) and debt ratings on Rating Watch Negative (RWN). These rating actions follow Fitch's placement of the United States' 'AAA' Long-term Foreign and Local Currency IDRs on RWN on May 24, 2023.

As the government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac benefit from implicit government support. Fannie Mae's and Freddie Mac's Long-Term IDRs and GSRs are directly linked to the U.S. sovereign's Long-Term IDRs, based on Fitch's view of the U.S. government's direct financial support of the two housing GSEs.

The placement of the housing GSEs' ratings on RWN reflects the uncertainty surrounding the resolution of the RWN on the U.S. It is also unclear at this time what level of support the housing GSEs can expect if the U.S. rating were to drop to 'Restricted Default (RD)'. The rating linkages are further detailed in Fitch's report "GSE Rating Linkage to the U.S. Sovereign."

If Fitch were to downgrade the U.S. sovereign to 'RD' due to debt ceiling challenges, it would not necessarily lead to an immediate downgrade of the housing GSEs' ratings to 'RD', provided the housing GSEs continued to perform on their respective obligations. Fitch notes that the repayment of the GSEs' obligations stems primarily from cash flows from operations, as opposed to direct reliance on the federal government.

The housing GSEs continue to benefit from meaningful financial support from the U.S. government. Fitch aligns the GSEs' ratings to the U.S. rating due to their mission critical function to the U.S. housing finance system and the U.S. Treasury's Senior Preferred Stock Purchase Agreement (SPSPA). Fitch believes Fannie Mae and Freddie Mac continue to execute on their mission to provide liquidity, stability, and affordability to the housing finance industry. Under the SPSPA, the U.S. Treasury is required to inject funds, up to the dollar amounts of the terms of the agreement into Fannie Mae and Freddie Mac to maintain positive net worth, so that each firm can avoid being considered technically insolvent by their conservator, the Federal Housing Finance Agency (FHFA). On March 31, 2023, Fannie Mae's net worth stood at \$64 billion, and Freddie Mac's stood at \$39.1 billion. The current amended version of the SPSPA allows the GSEs to retain capital until they each meet minimum capital levels that would be required prior to exiting government control.

The Treasury and FHFA have the ability to amend the SPSPAs bilaterally, and following a Supreme Court decision in 2021, leadership at both the Treasury and FHFA serve at the President's will. In particular, changes to the SPSPAs that negatively affected the GSEs' ability to raise capital organically could strengthen the government's control over the GSEs by cutting off their ability to grow capital, which could create challenges for future administrations to release the GSEs from conservatorship.

Fitch recently placed the U.S. "AAA" on RWN, signaling that it could downgrade U.S. debt if lawmakers did not agree on a bill that would have raised the Treasury's debt limit.

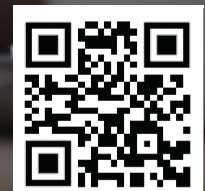
In the future, if Fitch views government support as reduced, particularly through housing finance reform efforts, the ratings of the GSEs could be delinked from the



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“Our earnings enabled us to transfer more than \$250 million to Housing and Urban Development’s Housing Trust Fund and Treasury’s Capital Magnet Fund, to benefit lower-income borrowers and renters.”

— Michael DeVito, CEO, Freddie Mac



sovereign and downgraded. Fitch believes this risk is well outside of the current rating horizon, and meaningful GSE reform is not likely for the foreseeable future.

The GSEs could be removed from RWN if the U.S. sovereign rating is removed from RWN.

Both Fannie Mae and Freddie Mac recently issued their earnings report for Q1 of 2023, with both GSEs showing quarter-over-quarter gains amid a volatile housing marketplace. Fannie Mae reported \$3.8 billion in net income for Q1 of 2023, with net worth reaching \$64 billion as of March 31, 2023. Fannie Mae reported its net income increased \$2.3 billion in Q1 compared to Q4 of 2022, driven by a \$3.2 billion decrease in provision for credit losses.

“We delivered strong first quarter results in a volatile market and remain committed to being a source of stability for the housing finance system throughout all economic cycles,” said Priscilla Almodovar, CEO of Fannie Mae. “We are able to do so because of the changes we’ve made to improve the resilience of our business, our focus on risk management, and strong liquidity. This allows us to continue to facilitate affordable, equitable, and sustainable access to homeownership and rental housing.”

Freddie Mac reported a net income of \$2 billion in Q1 of 2023, yet a 47% year-over-year drop in the quarter, primarily driven by lower net revenues and a credit reserve build in the current period. Net revenues were \$4.8 billion, down 17% year-over-year, as higher

net interest income was offset by a decline in non-interest income. Net interest income was \$4.5 billion, up 10% year-over-year, primarily driven by mortgage portfolio growth, higher average portfolio guarantee fee rates, and higher investments net interest income due to higher interest rates. These increases were partially offset by a decline in deferred fee income due to slower prepayments as a result of higher mortgage interest rates. Non-interest income was \$0.3 billion, down 81% year-over-year, primarily driven by a decline in net investment gains in Single-Family from elevated levels in the prior year period.

“We had a solid quarter, earning \$2 billion with no significant impact to our earnings or balance sheet from the recent banking industry disruption,” said Michael DeVito, Freddie Mac CEO during the GSEs’ earnings call. “Our earnings enabled us to transfer more than \$250 million to Housing and Urban Development’s Housing Trust Fund and Treasury’s Capital Magnet Fund, to benefit lower-income borrowers and renters. Solid earnings also increased our net worth by more than \$2 billion to \$39.1 billion. Our performance during the quarter was partly the result of steps we’ve taken these past 15 years to focus on the safety and soundness of our enterprise, particularly with respect to credit risk. That’s enabled us to serve our mission and be a stabilizing force during the recent banking crisis and the pandemic before that. It’s also enabled us to be there for families when natural disasters struck across the country.”

PAVE TASK FORCE TAKES NEW ACTIONS TO ADDRESS APPRAISAL BIAS

The Interagency Task Force on Property Appraisal and Valuation Equity (PAVE), co-chaired by U.S. Department of Housing and Urban Development (HUD) Secretary Marcia L. Fudge and White House Domestic Policy Advisor Neera Tanden, have announced a set of actions to deliver on the PAVE Action Plan, and ensure that every American who buys a home has the same opportunities to build generational wealth through homeownership.

The actions by the Biden Administration are announced two years since the President announced the formation of PAVE—on the centennial of the Tulsa Race Massacre.

“Owning a home provides a path to the American dream. Yet, that dream has been deferred for Black and Brown people, as we have consistently had our homes undervalued,” said HUD Secretary Fudge. “Having your home undervalued is bigger than just a number on a page. It can be the difference between getting a loan and not—between having enough money for retirement or not. Through the President’s PAVE Task Force, the Biden-Harris Administration is taking bold action to address appraisal bias—and renewing our commitment to doing everything in our power to root it out, once and for all.”

Actions by the Biden Administration include:

- » **Preventing algorithmic bias in home valuation:** Six agencies are issuing a proposed rule regarding automated valuation models (AVMs). The proposed rule, subject to a 60-day public comment period, would establish quality control standards to help ensure that AVMs are accurately and fairly assessing home values. Under the proposal, the agencies would require institutions that engage in covered transactions to adopt policies, practices, procedures, and control systems to ensure that AVMs adhere to quality control standards designed

to ensure the credibility and integrity of valuations. The proposed standards are designed to ensure a high level of confidence in the estimates produced by AVMs; help protect against the manipulation of data; seek to avoid conflicts of interest; require random sample testing and reviews; and promote compliance with applicable non-discrimination laws.

- » **Empowering consumers to take action against appraisal bias:** Reconsiderations of value (ROV) provide an opportunity to challenge potentially inaccurate appraisal valuations when obtaining or refinancing a mortgage. Agencies are taking actions to promote industry-wide consistency for ROV processes and increase consumers' knowledge about the option to pursue an ROV.
- » **Breaking down barriers to entry into the appraisal profession:** The PAVE Task Force is publishing a dashboard that shows which states impose education, examination, and experience requirements to become an appraiser that are more stringent than the federal minimum requirements and is call-

ing on states to make appropriate changes to reduce unnecessary barriers to entry to the appraiser profession. The Appraisal Subcommittee (ASC) will continue to provide ongoing assistance to states interested in reducing barriers to entry. Today's announcement builds on ongoing efforts by the PAVE Task Force to create a more representative and well-trained appraiser workforce. Earlier this year, the PAVE Task Force issued a letter to the Appraisal Foundation (TAF) urging it to find meaningful solutions to the experience, education, and examination requirements that exceed most industry standards and are not linked to evidence showing how they produce better, more accurate appraisals.

Homeownership remains a driver of the nation's wealth gap, with wide racial and ethnic disparities in homeownership rates and the financial return associated with owning a home. Today, the median white family holds eight times the wealth of the average Black family, and five times the wealth of the average Latino family.

The Task Force membership is comprised of the following federal agencies and officials:

- » Secretary of Housing and Urban Development (co-chair)
- » White House Domestic Policy Advisor (co-chair)
- » Department of Justice Secretary of Agriculture
- » Secretary of Labor
- » Secretary of Veterans Affairs
- » Comptroller of the Currency (OCC)
- » Chairman of the Board of Governors of the Federal Reserve (FRB)
- » Chairman of the Federal Deposit Insurance Corporation (FDIC)
- » Chairman of the National Credit Union Administration (NCUA)
- » Director of the Federal Housing Finance Agency (FHFA)
- » Director of the Consumer Financial Protection Bureau (CFPB)
- » Executive Director of the Appraisal Subcommittee (ASC)



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» Market Trends

U.S. HOMEOWNERSHIP RATE DROPS TO 53-YEAR LOW

The U.S. Census Bureau has released its 2020 Census Demographic Profile and Demographic and Housing Characteristics File (DHC), a data set from the 2020 Census that adds more detail to the nation's population count and basic demographic and housing statistics previously released for the purposes of congressional apportionment and legislative redistricting.

Of the 126.8 million occupied housing units reported in 2020, 80.1 million (63.1%) were owner-occupied, representing the nation's homeownership rate. The 2020 rate was the lowest reported since 1970, having decreased by two percentage points since 2010, when it was 65.1%. In 2020, 46.8 million (36.9%) of the occupied housing units nationwide were renter-occupied, and renter-occupied units increased 14.8% from 40.7 million in 2010 to 46.8 million in 2020.

The growth of renter-occupied units outpaced the growth of owner-occupied units, as it also did between 2000 and 2010.

"These statistics belong to the American people. Thank you for your participation in the census and encouraging your friends, neighbors, and community to respond. We're giving these data back to you now to understand and benefit your community," Census Bureau Director Robert L. Santos said. "The 2020 Census data will serve as an important baseline for years to come for our annual surveys and population estimates and in the community planning and funding decisions taking place around the nation."

The newly released 2020 Census data products go beyond the data already available on the total population, the voting-age (age 18 and older) population, race, Hispanic origin, and housing occupancy. This release contains more detailed age groups, the first data available on sex from the 2020 Census, information on families and households, and more detail on housing. They also show the intersection of many of these topics by race and Hispanic origin.

Only five states experienced an increase in their homeownership rate between 2010 and 2020, with Hawaii seeing the largest

percentage-point increase (1.2%), followed by Alaska (0.8%), Idaho (0.5%), South Carolina (0.4%), and Wyoming (0.1%). West Virginia and Maine reported the highest homeownership rates in 2020 at 72.6% and 71.1%, respectively, while the District of Columbia reported a lower homeownership rate (38.3%) than all 50 states.

Among the top 10 metropolitan and micropolitan statistical areas with the highest homeownership rates, three were in Florida, and three were in Michigan. The Florida areas with the highest homeownership rates were The Villages (88.3%), Homosassa Springs (82.1%), and Punta Gorda (81.3%). Michigan's high homeownership areas included Holland (82.5%), Iron Mountain (79.6%), and Traverse City (79.3%).

By race, homeownership rates were highest among white (70.5%) householders followed by Asian (58.5%) householders, and Multiracial (54.2%) householders. Native Hawaiian and Other Pacific Islander householders reported the lowest homeownership rate (39.6%) in 2020.

Nationally, the homeowner vacancy rate—defined as the proportion of the homeowner housing inventory as vacant for sale—in 2020 was 1.5%, a decrease of 0.9 percentage points from 2010, when the rate was 2.4%. All but three states experienced a decline in their homeowner vacancy rates. Nevada (-3.7%), Arizona (-2.2%), Idaho (-1.9%), Georgia (-1.8%), and Florida (-1.8%) had the largest percentage-point decreases.

In 2020, the national rental vacancy rate fell to 7.4%, down from 9.2% in 2010. Of the metropolitan and micropolitan statistical areas with the 10 largest household populations, Houston-The Woodlands-Sugar Land, Texas, region had the highest rental vacancy rate at 10.4% and was the only one with a rate greater than 10.0% in 2020.

There were a reported 4.4 million U.S. vacant units in 2020 classified as "vacant—for seasonal, recreational, or occasional use," down from 4.6 million in 2010. As in 2010, Florida was still the leader among states in the number of these units. The 667,000 homes in Florida accounted for 15.3% of the nation's seasonal, recreational, or occasional use units in 2020. Florida was followed by California (295,000), New York (248,000), Michigan (243,000), and Texas (192,000).

The 2020 Census also provided data on U.S. households, defined as all the people

living in a housing unit, including people living alone, or in families (two or more people living together related by birth, marriage, or adoption), including:

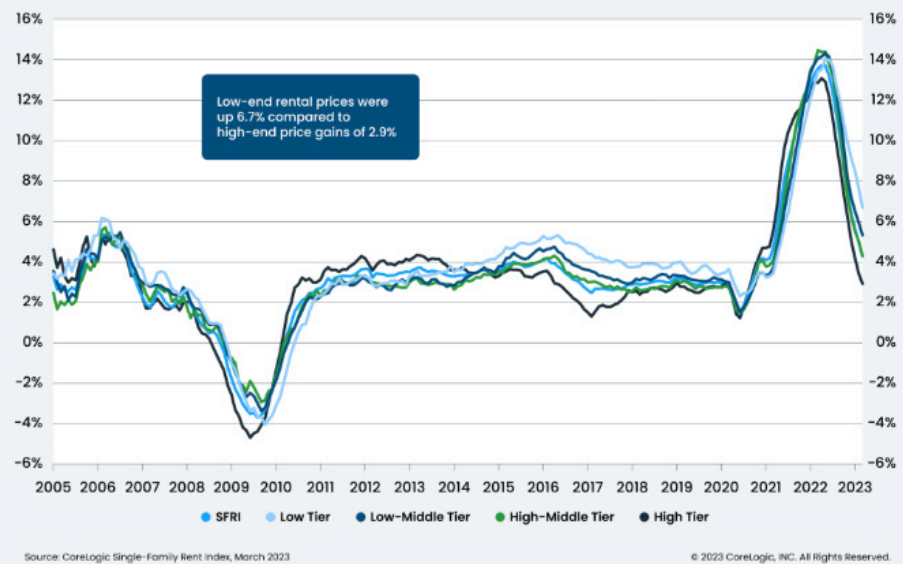
- » Over one-quarter (27.6%) of occupied U.S. households consisted of one person living alone, up from 7.7% in 1940.
- » 7.2% of family households were multigenerational.
- » 6.1 million or 8.4% of children under age 18 lived in their grandparents' home, up from 5.8 million (7.9%) in 2010.
- » Over half (53.2%) of U.S. households were coupled households, those in which the householder has a spouse or partner living with them.
- » Same-sex couples made up 1.7% of coupled households.
- » The majority (89.1%) of the 323.2 million people living in U.S. households were either the householder, their spouse or partner, or their children.
- » Family households accounted for about two-thirds of all U.S. households, as they did in 2010.
- » The majority (71%) of family households were married couples.
- » There were 126.8 million households, up 8.7% from 116.7 million in 2010.

Also taken into account and broken down in the 2020 Census was information on the population in group quarters—defined as places where people live or stay in a group living arrangement that is owned or managed by organizations providing housing or services for the residents. They include places such as college residence halls, group homes, military barracks, emergency and transitional shelters, and correctional facilities.

Group quarters population data available in the DHC include:

- » Tables by sex and broad age categories (under 18 years, 18 to 64 years, 65 years and over) down to the census block.
- » Tables by race and Hispanic origin down to the census tract.
- » Tables by sex and age for some specific group quarters types down to the census tract.
- » Tables by sex and five-year age categories for major group quarters types such as college/university student housing and military quarters down to the county.

Figure 1: National Single-Family Rent Index Year-Over-Year Percent Change By Price Tier



SFR GROWTH DIPPED TO 4.3% IN MARCH

CoreLogic has released its latest Single-Family Rent Index (SFRI), which analyzes single-family rent price changes nationally and across major metropolitan areas.

Annual single-family rent growth dipped to 4.3% in March, marking nearly a year of decelerating gains. All tracked metros posted lower rent growth than in March 2022. Las Vegas and Phoenix saw rents decline year over year, mirroring trends observed in CoreLogic's most recent home price data. Charlotte, North Carolina, topped the list for the highest rent growth in March, but the 7.7% increase for this metro was well below that of the 25-to-41% gains recorded for top metros in March 2022.

United States year-over-year single-family rent growth by four price tiers

And while overall U.S. rent growth remains slightly elevated above pre-pandemic rates, higher-priced property gains are normalizing. In March, year-over-year rental cost growth slowed in all four price tiers that CoreLogic tracks, but the lowest tier posted

the highest growth, suggesting that a lack of affordability continues to pressure tenants' budgets amid a scarce inventory of lower-cost rentals. Furthermore, while rent growth slowed to its lowest rate since February 2021, single-family rents continued to increase, and the cumulative gain since February 2020 has totaled 23.2%.

"Single-family rent price gains continued to slow year over year in March, with growth at about one-third of the rate as observed one year earlier," said Molly Boesel, Principal Economist at CoreLogic. "The slowdown is more pronounced in the higher-priced tier, where growth is now about the same as it was before the pandemic. However, gains in the lower tier are still twice the pre-pandemic rate, with all tracked metro areas posting increases at that price level."

March year-over-year rent changes in 20 select U.S. metros

To gain a detailed view of single-family rental prices across different market segments, CoreLogic examines four tiers of rental prices and two property-type tiers. National single-family rent growth across those tiers, and the year-over-year changes, were as follows:

- » **Lower-priced** (75% or less than the regional median): up 6.7%, down from 13.4% in March 2022.

- » **Lower-middle priced** (75% to 100% of the regional median): up 5.3%, down from 14.1% in March 2022.
- » **Higher-middle priced** (100% to 125% of the regional median): up 4.3%, down from 14.5% in March 2022.
- » **Higher-priced** (125% or more than the regional median): up 2.9%, down from 12.9% in March 2022.
- » **Attached versus detached:** Attached single-family rental prices grew by 5% year over year in March, compared with the 3.2% increase for detached rentals.

Charlotte, North Carolina, posted the highest year-over-year increase in single-family rents in March 2023, at 7.7%. Orlando, Florida, and St. Louis registered the next highest annual gains, a respective 6.6% and 6.4%. Las Vegas and Phoenix saw annual rent price declines, both at -0.2%.

MI INDUSTRY SUPPORTS \$400B-PLUS IN ORIGINATIONS IN 2022

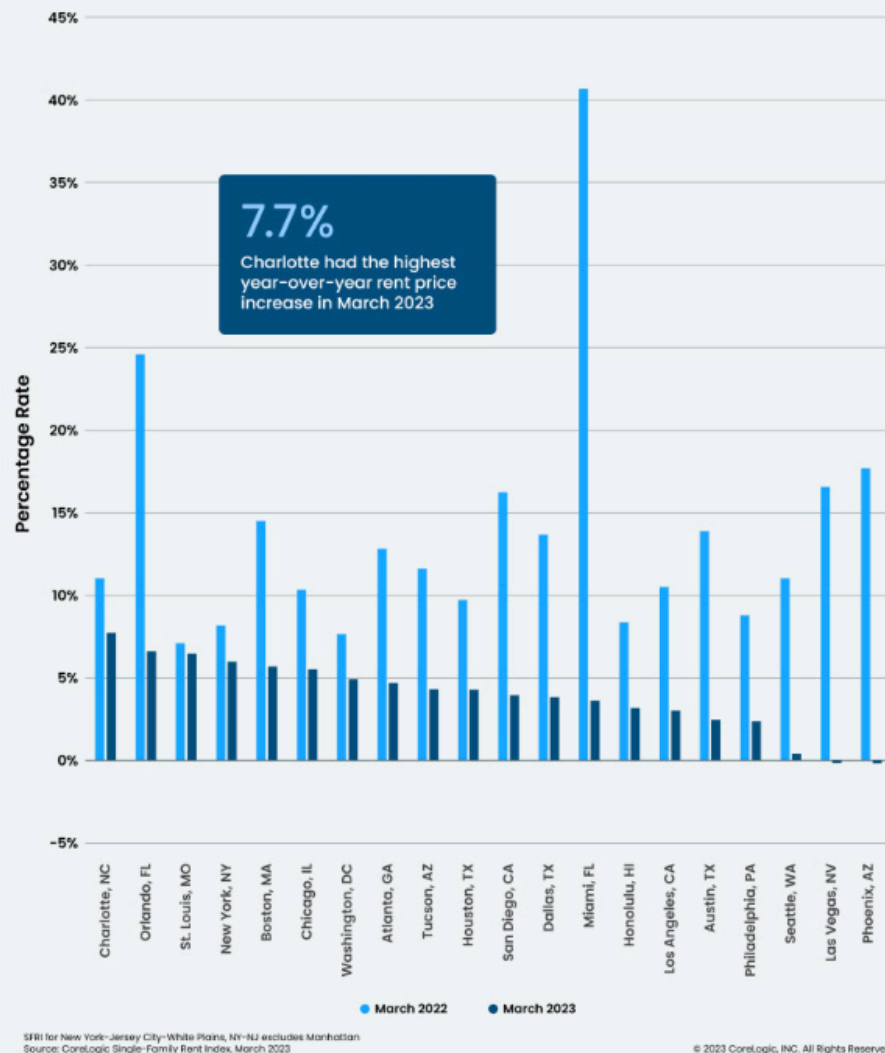
The year 2022 was another banner year for the mortgage market, as reported by the U.S. Mortgage Insurers (USMI), as the industry supported nearly \$402 billion in mortgage originations, 97% of which was for home purchases.

Of those mortgages, approximately one million borrowers benefited from the numerous low (or no) down payment programs offered by Fannie Mae and Freddie Mac (the GSEs). Approximately 97% of these mortgages were new purchases and first-time homebuyers represented nearly 62% of purchasers with private mortgage insurers.

All-in-all, this brought the market up to \$1.5 trillion in outstanding mortgages with current private mortgage insurance by the end of 2022, underscoring the industry's critical role in serving as the first layer of protection against credit risk in the GSE-backed conventional mortgage market.

"At a time when affordability is a paramount issue, conventional loans backed by private MI continued to make the dream of

Figure 2: Single-Family Rent Index Year-Over-Year Percent Change in 20 Markets



homeownership a reality for 1 million first-time, low- to moderate-income and minority borrowers," said Seth Appleton, President of USMI. "The fact that the majority of borrowers with private MI were first-time buyers underscores the great benefits they receive from the availability of low down payment mortgages backed by private capital."

Low- to moderate-income borrowers also benefited from these programs; nearly 35% of those that purchased or refinanced a mortgage with private insurance had incomes below \$75,000 with an average loan amount of \$341,716 according to the GSEs combined data. According to USMI, the insurance industry has enabled approximately 38 mil-

lion people to access affordable, low down payment mortgages in its 66-year history.

"The MI industry has continued to be a source of financial strength in the markets, providing uninterrupted access to mortgage credit without any special interventions or actions during the sudden heightened stress we have been witnessing in other sectors of financial services," USMI Chairman Adolfo Marzol said. "The same was true during the extraordinary financial stress that hit during the onset of COVID-19. MI remained available and affordable at all times."

Marzol continued, "these transactions have proven to be a durable and cost-effective source of support for the private MI indus-

try. And the ability to use MI-linked note transactions to procure reinsurance through the capital markets has been invaluable, increasing the capacity of our industry to serve borrowers in need of low down payment financing.”

At the end of 2022, the private MI industry held nearly \$11 billion of eligible assets in excess of the GSEs’ Private Mortgage Insurer Eligibility Requirements (PMIERS) capital requirements, which represented a 172% sufficiency ratio. This furthered the private MI industry’s ability to support lenders and borrowers over the past year.

RANKING THE NATION'S AREAS MOST VULNERABLE TO NATURAL DISASTERS

CoreLogic has announced the results of its riskiest places to live for natural disasters study. With exposure to hurricanes and inland floods Plaquemines Parish, Louisiana, emerged as the riskiest place for property owners due to damages from natural disasters. Areas on or near the U.S. Gulf Coast are particularly vulnerable to potential catastrophe damages, both currently and in the future.

CoreLogic’s Climate Risk Analytics:

Composite Risk Score (CRA Composite Risk Score) identifies U.S. areas that are currently at risk and stress-tests natural disaster risks over the next 30 years across various future climate scenarios. These scenarios include a base where conditions do not change; a progressively worsening climate is noted as “Scenario 8.5,” RCP (Representative Concentration Pathways) and is an example of what could happen in the future. The RCP 8.5 projections in this report include climate-related risks to residential properties, assuming that carbon-dioxide emissions continue to rise throughout the 21st Century.

For the report, CoreLogic analyzed the impact that environmental risks had on 154 million properties across the United States and was built on the company’s data that details the physical characteristics of those homes, including construction year, first-floor height, number of stories, and square footage.

CoreLogic analyzes natural perils and applies the company’s analytics to its extensive property data to provide deep insights into natural hazards, climate risks and the resulting impacts on the property landscape. As a result, the top 10 places most at risk for property damage from natural disasters in 2023 are:

- » Plaquemines, Louisiana (Primary Risks: Hurricane, Inland Flood)
- » Jefferson, Louisiana (Primary Risks: Hurricane, Inland Flood)
- » Monroe, Florida (Primary Risk: Hurricane)
- » McMullen, Texas (Primary Risk: Inland Flood)

- » Orleans, Louisiana (Primary Risk: Hurricane)
- » Lincoln, West Virginia (Primary Risk: Inland Flood)
- » Camas, Idaho (Primary Risk: Wildfire)
- » Van Buren, Iowa (Primary Risk: Inland Flood)
- » Crockett, Texas (Primary Risk: Inland Flood)
- » Carter, Missouri (Primary Risk: Inland Flood)

In examining progressively worsening climate conditions, the riskiest places analyzed by CoreLogic in 2050 do not change drastically:

- » Plaquemines, Louisiana (Primary Risk: Hurricane)
- » Jefferson, Louisiana (Primary Risk: Hurricane)
- » Monroe, Florida (Primary Risk: Hurricane)
- » Orleans, Louisiana (Primary Risk: Hurricane)
- » Camas, Idaho (Primary Risk: Wildfire)
- » Saint Bernard, Louisiana (Primary Risk: Hurricane)
- » McMullen, Texas (Primary Risk: Inland Flood)
- » Cameron, Louisiana (Primary Risk: Hurricane)
- » Hancock, Mississippi (Primary Risk: Hurricane)
- » Lincoln, West Virginia (Primary Risk: Inland Flood)

TOP 10 PLACES MOST AT RISK FOR PROPERTY DAMAGE FROM NATURAL DISASTERS 2023



TOP 10 RISKIEST PLACES WITH WORSENING CLIMATE CONDITIONS 2023



INVESTOR HOME PURCHASES FELL A RECORD 49% YOY IN Q1

As elevated interest rates, declining rents and housing values ate into potential profits for many, new data revealed real estate investors purchased 48.6% fewer homes in Q1 of 2023 than they did a year earlier, according to the latest market report from Redfin. That's the largest annual decline on record, and outpaced the 40.7% drop in overall home purchases in the 40 major metros analyzed.

Investor purchases fell 15.9% on a quarter-over-quarter basis, comparable with the 14.7% quarterly drop in overall home purchases.

"While investors have pumped the brakes on home purchases, they're still scooping up a bigger share of homes than they were before the pandemic, which can create challenges for individual buyers at a time when there are so few homes for sale," said Redfin Senior Economist Sheharyar Bokhari. "Investors have gravitated toward more affordable properties due to still-high housing costs and rising mortgage rates, which has left first-time homebuyers with fewer starter homes to choose from."

Investors bought up a large number of homes during the pandemic because record-low mortgage rates and skyrocketing housing demand created opportunities for strong returns. Now they're pulling back in response to the rise in interest rates, which is causing housing values to continue falling in much of the U.S. as homebuyer demand falters. While many investors purchase homes with cash, they're still impacted by high interest rates because they often take out non-mortgage loans to cover renovations and other expenses.

"It's been about eight months since one of my listings sold to an investor," said Jacksonville, Florida Redfin Premier real estate agent Heather Kruayai. "I rarely get offers from investors these days, and when I do, it's a lowball offer on a house that's been sitting for a while. Some smaller companies and mom-and-pop investors are still active

in the market, but the big corporations aren't buying anymore."

Borrowing costs climbed even higher in May, meaning investors may pull back from the housing market further in Q2. Investor home purchases typically rise on a quarter-over-quarter basis in the spring, but they may fall flat or decline when second-quarter data comes in.

For investors who are landlords, slowing rent growth is also making it harder to reap profits. Meanwhile, investors who are in the business of flipping homes are finding it more challenging to make money because they're increasingly likely to resell homes at a loss due to declining home prices. Roughly one of every seven homes (13.5%) sold by an investor in March sold for less than the investor bought it for, just shy of the seven-year high set in February. The share was even higher—20.8%—for home flippers.

Investor home purchases in Q1 of 2022 were near their record high, which is another reason the year-over-year decline in 2023 was so substantial. Investors bought 41,181 homes in the metros tracked by Redfin in Q1 of 2023, down from 80,128 a year earlier, which wasn't far from the record high of 95,124 in Q3 of 2021.

Overall, investors bought \$27.5 billion worth of homes in the metros tracked by

Redfin in Q1, down 46.3% from \$51.2 billion one year earlier and down 12.4% from \$31.4 billion one quarter earlier. The typical home investors purchased cost \$427,901, which means little changed from the prior quarter and a year earlier.

Investors bought 18% of homes purchased in Q1

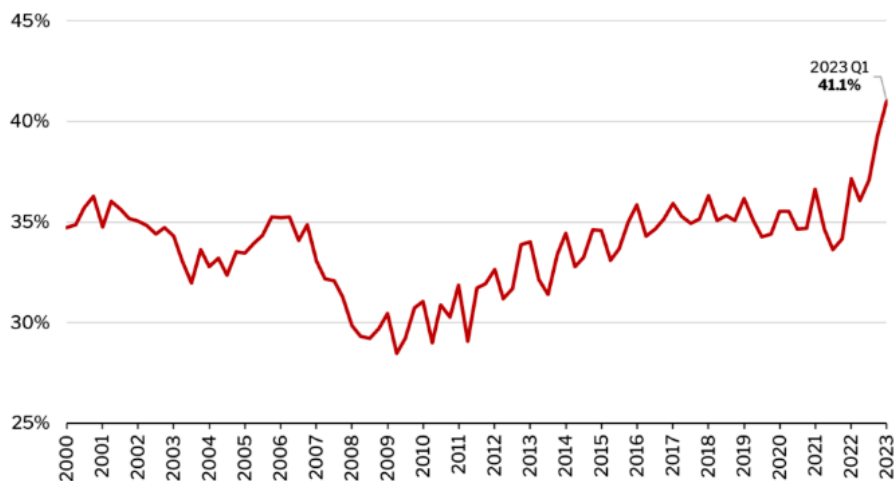
While investors are purchasing fewer homes than they were before the pandemic, their market share remains relatively high; they bought 17.6% of homes purchased in the metros tracked by Redfin in Q1. That's down from a peak of 20.4% a year earlier but higher than any quarter on record prior to the pandemic.

Investor market share is likely above pre-pandemic levels in part because so many individual homebuyers have been priced out of the market, Bokhari said. For it to come down substantially, investors would need to pull back much more than regular buyers; right now, both groups are retreating rapidly from the market.

Investors lost most market share in Charlotte, Atlanta, and Phoenix

Investors lost market share in 17 of the 40 metros Redfin analyzed. Many of those are places where investor purchases dropped

2 in 5 Homes Bought by Investors Are Starter Homes Homes with 1,400 or fewer square feet as share of investor purchases



Source: Redfin analysis of county records

REDFIN

significantly. In Charlotte, investors bought 18.4% of homes purchased in Q1, down 14.1 percentage points from 32.5% a year earlier. That's the largest percentage-point drop among the metros in this analysis. Next came Atlanta (-14 ppts), Phoenix (-11.1 ppts), Jacksonville (-10.7 ppts), and Nashville (-9.3 ppts).

Investors gained the most market share in Baltimore, where they bought 21.6% of homes purchased, up from 17% a year earlier (4.6 ppts). Next came Nassau County (4.3 ppts), New York (4 ppts), Providence (3.4 ppts), and Seattle (2.8 ppts).

Overall, investors had the highest market share in Miami, where they bought 30% of homes purchased in the first quarter. Rounding out the top five are Cleveland (24%), Anaheim, CA (22.6%) Detroit (22%), and Jacksonville (22%).

Investors had the lowest market share in Warren, MI (10.6%), Montgomery County, PA (10.6%), Washington, D.C. (10.6%), Minneapolis (11.1%), and Portland, OR (11.5%).

Low-priced homes made up increasing share of investor purchases

Low-priced homes made up nearly half (48.7%) of investor purchases in Q1, the highest share in two years. Meanwhile, mid-priced homes represented about one-quarter (23.6%) of investor purchases, the lowest share in two years. High-priced homes made up 27.7%, little changed from the prior several quarters.

Investors bought 24.9% of all low-priced homes that were purchased in the metros tracked by Redfin in Q1, comparable with the 25.3% record high set a year earlier. Meanwhile, they bought 12.5% of mid-priced homes that were purchased, the lowest share in two years, and 15.3% of high-priced homes.

The investors who are still in the market have gravitated toward more affordable properties due to still-high home prices and elevated interest rates. A record 41.1% of investor purchases in Q1 were starter homes—homes with 1,400 or fewer square feet—up from 37.2% a year earlier.

UNEXPECTED EXPENSES COULD ADD THOUSANDS TO MONTHLY MORTGAGE PAYMENTS

Paying your mortgage is not the only expense homeowners face, there are many “hidden” expenses that homeowners encounter, and those expenses add up quickly, no matter how minor they may be.

According to a new analysis by Zillow and Thumbtack, utility bills, property taxes, insurance and essential home maintenance can add up to \$14,155 a year for the average U.S. homeowner. That's an additional \$1,180 per month on top of a typical mortgage payment.

And that figure is not static; annual hidden costs range from \$9,886 in Las Vegas to \$22,791 in San Francisco. First-time home buyers facing affordability challenges in today's market need to understand and budget for these less obvious expenses when calculating how much home they can afford.

Specifically, the two companies looked at three unavoidable expenses for single-family homeowners: property taxes, homeowners insurance, and utility payments. These three expenses averaged \$7,742 annually, on a national basis. New Yorkers pay the highest property taxes, topping \$9,000 per year, while utilities cost the most in Hartford, Connecticut,

averaging \$4,443 a year. Costs for homeowners' insurance vary based on home value, so homeowners in the most affordable metro areas, such as Pittsburgh and Cleveland, have the added benefit of lower insurance bills.

Additionally, the analysis also included 17 essential home maintenance projects as cited by Thumbtack, which was derived from a list of millions of home improvement projects completed across the country. These improvements cost homeowners an average of \$6,413 annually. The average cost of upkeep is highest in Los Angeles and Chicago, totaling \$8,639 and \$7,722 respectively. Meanwhile, homeowners in Las Vegas can expect to pay just \$3,467 per year to maintain their homes.

“Just like you would visit a mechanic for regular tune-ups to help keep your car in good condition and avoid big bills, your home needs the same routine maintenance to ensure that everything is running smoothly,” said David Steckel, Thumbtack's home expert. “Staying on top of annual home maintenance will not only increase the value of your home, but will also help prevent emergency repairs that can wreck a homeowner's budget.”

“Understanding all the costs that come with homeownership can not only impact a buyer's budget, but the type of home they shop for, too,” said Zillow home trends expert Amanda Pendleton. “While a big backyard or a larger home may be appealing, it's important to consider how much maintaining those spaces could cost. Buyers may want to consider affordable alternatives to single-family homes, or spend more upfront on a new-construction home that could need less maintenance in the near term.”



FINAL THOUGHTS

This month's Final Thoughts quotes examine shifts within the housing market, ranging from home prices and inventory shortages to the ripples of the recent negotiations over raising the government debt ceiling prior to that deadline.

“affordability eroded further”

Edward Seiler, MBA's Associate VP, Housing Economics, and Executive Director, Research Institute for Housing America, reports that both the typical borrower monthly payment and median purchase amount are rising due to higher rates and home prices.



“surging”

Redfin Economics Research Lead **Chen Zhao** describes the pace at which mortgage rates have been increasing as the U.S. government navigated the June debt ceiling deadline.



“continue to muddle”

Realtor.com Chief Economist **Danielle Hale** explains how pending home sales data highlights the ongoing inventory challenges within the existing home market.



“pandemic-fueled shift”

Redfin Deputy Chief Economist **Taylor Marr** details the home-price dynamics between popular metros, despite the national pullback in homebuying.



“stark regional differences”

Craig J. Lazzara, Managing Director at S&P DJI discusses the modest increases in home prices seen a month ago that accelerated in March.

BUILT TO LAST

Years

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