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MortgagePoint Magazine

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MARCH 2024

KEEPING HOME OWNERSHIP WITHIN REACH

With the American populace undergoing immense generational changes, *MortgagePoint* examines how the industry can work to provide the bedrock of generational wealth that is responsible homeownership to as many as possible.



IN THIS ISSUE

NAVIGATING HAZARD INSURANCE PROCEEDS: LENDER RIGHTS IN REVERSE MORTGAGE FORECLOSURES

Attorneys Jim Milano and Alyssa Szymczyk discuss the intricate dance between property loss and foreclosure when unforeseen circumstances occur.

HOW BUSINESS OUTCOME AUTOMATION CAN SHIELD LENDERS FROM RISK

Dave Parker of LoanLogics details ways to take advantage of machine learning and other emerging technologies to streamline loan production, loan acquisition and QC processes.

BUILDING THE PERFECT PRODUCT MIX: DON'T FORGET ABOUT RENOVATION

Jim Clapp and Franco Terango of Certainty Home Lending explain how the convergence of several unique factors has set the stage for a home renovation loan spike.

FINDING THE WAY

MortgagePoint sits down with Fannie Mae's Douglas G. Duncan and Mark Palim to discuss the factors that may shift the market in 2024 and beyond.

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WORKING TOWARDS EXPANDING RESPONSIBLE HOMEOWNERSHIP

Welcome to the March 2024 issue of *MortgagePoint*. Can you believe we are already nearly at the end of the first quarter of 2024? Seems like just yesterday that we were turning the page on the calendar from December 31, 2023, to a new year!

Time may continue to fly, but the path to homeownership for many continues to be an elusive trek, a journey filled with obstacles including the three greatest challenges to potential buyers in the current market: affordability, interest rates, and housing inventory.

This month's cover story delves into paths that home buyers can take to get around these obstacles, as we move into other topics impacting homeownership, including diversity and inclusivity, generational disparities, and the changing face of today's home buyer.

In addition to our cover story, the March 2024 issue brings an array of topics relevant to today's mortgage finance experts as they work their way through today's market.

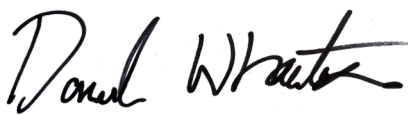
This month, Jim Clapp and Franco Terango of Certainty Home Lending explain how the convergence of a number of factors has set the stage for a spike in home renovation in their submission, "Building the Perfect Product Mix: Don't Forget About Renovation." Unique market conditions have led those in the industry to diversify their offerings, and home renovations in a tight market are growing in popularity.

In the rapidly changing world of technology in the mortgage space, Dave Parker of LoanLogics details ways to take advantage of machine learning and other tech advances to streamline loan production, loan acquisition, and QC processes. In his article "How Business Automation Can Shield Lenders From Risk," Parker explains how implementing automation to balance staff resources can more effectively help navigate your firm through market fluctuation, bringing about transformative growth and increased operational efficiency.

And finally, in "Navigating Hazard Insurance Proceeds: Lender Rights in Reverse Mortgage Foreclosures," Attorneys Jim Milano and Alyssa Szymczyk of the Law Firm of McGlinchey Stafford explain the relationship between property loss and foreclosure when unforeseen circumstances occur. Through examination of several real-life cases, Milano and Szymczyk detail the topic and delve further into the legal aspects of property loss and foreclosure.

In addition to several informative articles, we bring you all of the top industry news, promotions, and new hires from across the mortgage finance space.

Thank you again for choosing *MortgagePoint* as your source for the top industry news and perspectives, and please visit our revamped website, MortgagePoint.com for the latest news as it breaks.



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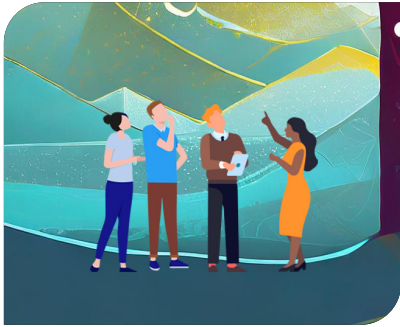
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CONSOLIDATED ANALYTICS EXPANDS ITS ORIGINATION AND SERVICING QC PLATFORM

Consolidated Analytics (CA) has announced the expansion of its loanDNA offering, CA's intelligence-based platform for origination and servicing quality control. The loanDNA platform saves time in bookmarking and data extraction for due diligence; and will help transform lenders' and servicers' quality control processes, ensuring efficiency, accuracy, and compliance in loan origination and mortgage servicing operations.

CA's loanDNA platform addresses quality control measures challenges, empowering clients to streamline their QC workflows with less reliance on manual processes to mitigate risks, save time, and money.

Key features of the loanDNA platform include:

- » **360 Degree View:** The platform offers a web-based portal that allows clients to monitor shared portfolios, providing real-time access to the review process and exception handling. loanDNA integrates with most document management solutions, offering comprehensive insights into loan performance, compliance trends, and operational efficiency for a holistic view.
- » **Automated Workflows:** loanDNA simplifies QC operations by automating loan file reviews, sampling, compliance audits, and setup. This workflow automation streamlines operations and reduces the risk of error. Customizable templates and automated alerts ensure precise execution. Critical processes like sampling, loan selection, audit setup, QC audits, rebuttals, and reporting are automated, enhancing efficiency.
- » **Regulatory Compliance:** The platform incorporates built-in compliance checks and updates, helping users

navigate the complex regulatory landscape confidently. From TRID and RESPA to HMDA and beyond, loanDNA ensures that all QC activities adhere to the latest regulatory requirements.

- » **Real-Time Reporting:** loanDNA offers robust reporting capabilities, allowing users to generate customizable reports on demand and track key performance indicators in real time. Whether assessing loan quality, measuring productivity, or evaluating compliance metrics, users can leverage actionable insights to drive continuous improvement.

"Our loanDNA platform offers access to data-driven portfolio intelligence," said Arvin Wijay, CEO at Consolidated Analytics. "With its advanced analytics, automated workflows, and focus on compliance, the platform represents a significant leap forward in quality control technology. We believe that by empowering lenders and servicers with actionable insights and streamlined processes, we can drive greater efficiency, mitigate risks, and ultimately save our clients time and money."

NEWREZ COLLABORATES WITH MICROSOFT ON AI EXPERIENCE

Newrez LLC (Newrez), a national mortgage lending and servicing organization, has announced a partnership with Microsoft leveraging artificial intelligence (AI) to deliver a best-in-class mortgage and homeownership experience for its customers.

The collaboration kicked off in Q4 2023 with a roadmap that includes generative and predictive AI initiatives for customer engagement, operational efficiencies, and real-time customer feedback analysis.

"AI will help us reimagine how we serve our customers and run our business," said Kedar Sathe, CIO at Newrez. "We have access to a tremendous amount of data regarding customer behavior,

products, and markets—we have only begun to scratch the surface on the applications of this technology to fundamentally change the mortgage customer journey. The projects in this initiative empower our customers to engage us at any time and place while allowing Newrez to operate more effectively and efficiently."

Leveraging the power of Microsoft Azure OpenAI Service unlocks exciting possibilities, including:

- » **Reimagining originations and servicing:** AI can analyze customer data and preferences to recommend suitable products, ensuring customers make informed decisions.
- » **24/7 customer support:** AI-powered chatbots and virtual assistants can provide instant assistance to customers anytime, anywhere.
- » **Proactive risk mitigation:** AI can identify potential issues early on and suggest preventive measures, helping customers avoid financial difficulties.

ZILLOW LAUNCHES IMMERSE 3D EXPERIENCE

Zillow has launched Immerse, an interactive way to explore select home listings on Zillow in the App Store for Apple Vision Pro. Zillow Immerse elevates the home tour experience with its virtual walkthroughs and interactive 3D floor plans.

"At Zillow, we're leaders in embracing the latest in technology to help more people get home with speed, confidence and ease," said Josh Weisberg, SVP of Artificial Intelligence for Zillow. "Apple Vision Pro enables Zillow shoppers to fully experience homes as we envisioned when we first introduced Listing Showcase. This advanced spatial technology allows users to explore homes in a way that is the next best thing to being there in person."

Zillow Immerse utilizes the full capabilities of Apple Vision Pro to bring users inside a for-sale home, giving a panoramic 360-degree view of every room, from

Zillow's survey shows that more than half of prospective buyers regret wasting time visiting properties they would have skipped if they had access to the floor plan beforehand.

★★★★★

the ceiling to the floor. Home shoppers can take a virtual walk down hallways and pop their heads into every closet, all while using an AI-generated floor plan as a guide, providing a better understanding of where they are in the home's layout and getting a sense of its flow.

According to Zillow's latest Consumer Housing Trends Report, 74% of prospective buyers agree that 3D tours help them to get a better feel for a home's space than static photos, and 70% wish that more listings had 3D tours available.

One of the key features of Zillow Immerse is the AI-powered interactive floor plan, which helps users better understand the layout and flow of a home. Zillow's survey shows that more than half of prospective buyers regret wasting time visiting properties they would have skipped if they had access to the floor plan beforehand. At the same time, 79% of prospective buyers are more likely to view a listing if it includes a floor plan that appeals to them. Additionally, three out of four prospective buyers recognize the value of a dynamic floor plan, which links each photo to where it was taken in the floor plan, providing the best possible understanding of whether a

particular home is the right fit for their needs.

Zillow Immerse is an experience designed specifically for Apple Vision Pro utilizing Listing Showcase listings. Real estate agents who subscribe to Listing Showcase will now have their listings automatically integrated into the Zillow Immerse app.

Listing Showcase is an elevated listing experience available only on Zillow. Showcase listings feature high-resolution scrolling hero images, room-by-room photo organization, interactive floor plans, and 3D tours.

RISKSPAN AND DOMINIUM ADVISORS ANNOUNCE NEW MARKET DASHBOARD

RiskSpan has partnered with tech-enabled asset manager Dominion Advisors to introduce a new whole loan market color dashboard to RiskSpan's Edge Platform.

This new dashboard combines

loan-level market pricing and trading data with risk analytics for GSE-eligible and non-QM loans. It enables loan investors visibility into where loans are currently trading and insight on how investors can currently achieve excess risk-adjusted yields. The dashboard also provides mortgage investors with visibility into where loans are currently trading.

"Our strategic partnership with RiskSpan is a key component of our residential loan asset management operating platform," said Peter A. Simon, Founder and CEO of Dominion Advisors. "It has enabled us to provide clients with powerful risk analytics and data management capabilities in unprecedented ways."

The dashboard highlights Dominion's proprietary loan investment and allocation approach, which allows investors to evaluate any set of residential loans available for bid. Leveraging RiskSpan's collateral models and risk analytics, Dominion's software helps investors maximize yield or spread subject to investment constraints, such as a risk budget, or management constraints, such as concentration limits.

"The dashboard is a perfect complement to our suite of analytical tools," noted Janet Jozwik, Senior Managing Director and Head of Product for RiskSpan's Edge Platform. "We are excited to be a conduit for delivering this level of market color to our mortgage investor clients."

COLONIAL SAVINGS LAUNCHES SERVICING ECOSYSTEM

Colonial Savings FA, a mortgage servicer with more than 72 years of experience in the mortgage industry, is set to launch a new mortgage servicing ecosystem on March 1.

Colonial will launch a multitude of enhanced, customer-focused servicing solutions, including ICE Mortgage Technology's MSP loan servicing system, and its Servicing Digital and Customer Service tools.

“Colonial continues to be at the forefront of the mortgage servicing industry, integrating industry-leading technology with Colonial’s commitment to excellence and award-winning customer service,” said Dave Motley, President of Colonial Savings FA. “We are thrilled to offer our customers an enhanced mortgage servicing experience made possible by working with ICE Mortgage Technology.”

Colonial will be leveraging multiple, new technology solutions:

- » **MSP:** An end-to-end loan servicing system that supports the entire mortgage servicing life cycle.
- » **Servicing Digital:** Provides homeowners with convenient, interactive access to personalized information about their mortgage and home; they can manage mortgage payments, view escrow and equity information, make informed decisions to plan for lifestyle changes, and more—all from any internet-connected device.
- » **Customer Service:** An all-in-one customer service system that gives Colonial’s team of customer relations professionals the ability to address borrower requests through highly-personalized interaction, improving the customer experience.

LOANCARE ENHANCES ITS SERVICING WEBSITE

U.S. mortgage subservicer LoanCare has announced it has introduced a re-imagined, re-engineered, and re-designed version of the myloancare.com website powered by its proprietary software. The new site provides a path towards a more consumer-centric, tech-driven future through state-of-the-art capabilities designed for quick interactions and intuitive self-service options.

“Our vision to make the mortgage journey straightforward for homeowners to navigate and lenders to manage continues to fuel our innovation,” said Dave Worrall, President of LoanCare. “This proprietary mortgage management platform was built with analytical insight, authoritative market research, and client collaboration. It is the latest demonstration of LoanCare’s commitment to providing an exceptional digital experience for our clients and homeowners.”

Website highlights include the ability to communicate with homeowners through their preferred method—text,

email, or phone—and language, English or Spanish. The platform’s technology provides a modernized experience enabling homeowners to self-serve on the go with advanced tools and support information. The refreshed design provides an at-a-glance loan overview through a visual dashboard with quick access to payment details, documents, and popular resources.

For LoanCare clients, the new website provides a more comprehensive line of sight into the customer’s experience through the Homeowner View feature located within their portal, LoanCare Client Connect. The new website also offers extended retention opportunities through LoanCare ABM, an account-based marketing platform for clients to promote offers, programs, and content relevant to a particular homeowner.

“By leveraging robust data inputs in the development of next-gen tools like our new homeowner website, we continue to advance LoanCare services to a place where tech prowess and exceptional user experiences converge,” Worrall said.

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STEWART VALUATION INTELLIGENCE PARTNERS WITH RESTB.AI ON APPRAISAL OFFERING

Stewart Valuation Intelligence (SVI) is teaming up with Restb.ai to bring its AI and computer vision technology to SVI's VALIDITY, the company's family of inspection applications, optimized for iOS and Android.

Restb.ai, real estate's AI-powered computer vision solutions provider, will initially integrate its advanced generative AI and computer vision software solutions into SVI VALIDITY Pro, utilizing its latest technology to improve property valuation quality. SVI services a partner network with more than 37,000 active appraisers, brokers, and agents in the field.

"By embedding Generative AI and computer vision directly into VALIDITY, we are not just innovating; we are raising the bar for the entire industry," said Aaron Fowler, President of Stewart Valuation Intelligence. "Generative AI and computer vision will significantly improve consistency in the valuation process, ultimately enhancing the overall valuation. This technology delivers a game-changing approach, ensuring that consistency in valuations is not an ideal but table stakes."

Last summer, Fannie Mae announced it would use "image recognition" to detect incorrect quality and condition ratings. With SVI incorporating Restb.ai image recognition into their data collection process, VALIDITY Pro will expand the reach of Restb.ai's GSE-compliant image validation solution.

"SVI's reputation as an early adopter of transformative technologies is well-earned," said Nathan Brannen, Chief Product Officer at Restb.ai. "Their deployment of cutting-edge solutions has consistently elevated industry efficiency. Our shared vision for leading innovation and commitment to appraisal modernization is not just about keeping pace but about setting the pace. Integrating AI into the VALIDITY exemplifies our mutual dedication to advancing the future of valuation."

ACES QUALITY MANAGEMENT RELEASES NEW QC AND COMPLIANCE PROGRAM

ACES Quality Management (ACES), a provider of enterprise quality management and control software for the financial services industry, has announced its newest product offering, ACES Call Monitoring Audit Pack. The Call Monitoring Audit Pack enables lenders and servicers to establish an additional layer of protection quickly and seamlessly within their QC program. ACES Call Monitoring Audit Pack includes custom data fields, ACES managed questionnaires and custom reports configurable to the individual organizations' business needs.

"With the rise in higher escrow charges from insurance and property taxes, we expect banks and mortgage servicers will see an uptick in consumer calls, thus creating a clear need for a call monitoring tool as part of their overall quality control program," ACES CEO Trevor Gauthier said. "With so many guidelines to adhere to, a robust Call Monitoring program is critical to identifying where improvements are needed to protect your organization from regulatory and reputational risk."

While ACES users have always been able to perform call monitoring audits by leveraging ACES' customization capabilities, the new ACES Call Monitoring Audit Pack gives customers a starting point to quickly and easily leverage the pre-built features.

As part of the ACES technology ecosystem, ACES Call Monitoring Audit Pack comes pre-built with the necessary data fields, requirements, and reporting functions to make auditing seamless and will allow servicers to:

- » Improve service quality and enhance the customer experience;
- » Identify agent skill gaps as input for coaching and training needs;
- » Increase productivity; and

- » Ensure regulatory compliance to avoid high penalty fines.

"Given all the economic and environmental change in recent years, servicers have felt the brunt of it all. From COVID-19 to natural disasters, they have been on the frontlines of borrower communications," Gauthier said. "As regulators turn their attention to call monitoring to ensure consumer protection, at a minimum, servicers need to take action through QC tech to show regulators they are utilizing their resources effectively."

LOANLOGICS AND BASECAP ANALYTICS PARTNER ON DATA ACCURACY

LoanLogics and BaseCap Analytics have announced a strategic partnership aimed at transforming data transparency and accuracy throughout the mortgage industry.

Leveraging an open ecosystem approach, the companies have integrated BaseCap's advanced rules engine for automated data validation and transformation and LoanLogics' mortgage-specialized document processing through automated document recognition (ADR) and automated data extraction (ADE) technologies. Together, the technologies empower mortgage lenders and servicers to have greater access to their data while ensuring higher data quality for use in downstream systems and applications.

"Our partnership with BaseCap Analytics marks a significant milestone in our quest to raise the bar on quality and improve the efficiency of loan commerce," said Dave Parker, CEO of LoanLogics. "Together, we'll be able to forge a pathway toward enhanced data quality and efficiency that lenders and servicers need to navigate the evolving mortgage landscape more effectively."

The partnership emerged from the companies' shared mission to improve the quality of loan file data and increase the effectiveness of mortgage processes. LoanLogics' machine learning



(ML)-powered technologies and services automate loan quality management processes, validate compliance and optimize human capital requirements for lenders, servicers, insurers, and investors. BaseCap's validation technology helps businesses overcome their data management and regulatory reporting challenges by rapidly identifying data inconsistencies, paving the way for swift resolutions and improved accountability and accuracy.

"This partnership signifies a major step forward in the financial services industry's ability to tackle data-related challenges. From our inception, our mission has been to help businesses make better decisions by improving the data they rely on," said Steve Smith, CEO of BaseCap Analytics. "Being able to partner with LoanLogics, a leader in the mortgage space continues to help us drive that mission forward in a meaningful way."

BETTER HOME & FINANCE POWERS VETERAN HOMEBUYING EXPERIENCE

Better Home & Finance Holding Company has launched Better Mortgage VA Loans, a fully digital VA loan program available to eligible U.S. veterans, servicemembers, National Guard and Reserve members, and in some cases, veterans' spouses are able to qualify in all 50 states.

The new offering allows qualified veterans to secure a home loan for up to 100% of their purchase price with no down payment requirement, improving the homeownership experience for individuals who served their country. With

Better Mortgage, Veterans can leverage a fully digital platform to achieve their homeownership dreams faster and easier than the traditional mortgage process.

"Better has brought the traditional mortgage into the digital era, launching our 1 Day Mortgage Product and funding over \$100 billion of fully digital mortgages. With Better's VA Loans, we are opening the door for even more hard-working Americans who have served their country to achieve the American Dream of homeownership," said Vishal Garg, Founder & CEO of Better.

Better's VA loan will have no minimum down payment requirement for qualified borrowers. Veterans can use a Better VA Loan to purchase a primary residence and will allow them to borrow up to 100% of the purchase price (dependent on available eligibility and borrower qualification). VA Loans are fully underwritten to the investor criteria set forth by Better's investors and the VA.

XACTUS ANNOUNCES APPRAISAL FIREWALLX

Xactus has announced that Appraisal FirewallX has met the requirements and is capable of fulfilling Fannie Mae property data collection orders. It is connecting mortgage lenders with vetted and trained property data collectors to deliver the value acceptance + property data and hybrid appraisal solutions. The company also supports Freddie Mac's ACE + PDR initiative.

"At Xactus, we are focused on advancing the modern mortgage and prepared for the future of appraisals," said Shelley Leonard, President of Xactus. "We believe that Fannie Mae's value acceptance + property data initiative as well as Freddie Mac's ACE + PDR program will produce a better, more streamlined process for lenders and consumers."

Fannie Mae's appraisal modernization program is part of its ongoing efforts to modernize the mortgage industry. Upon submitting a subject property to Desktop Underwriter, the lender will



receive a notification indicating the product for which the property qualifies.

Xactus Appraisal FirewallX valuation solutions can assist with the following:

- » Value acceptance + property data: This new process extends an appraisal waiver as long as property data is gathered by a vetted and trained third party and a floor plan is delivered to Desktop Underwriter.
- » Hybrid appraisals: This new process requires a vetted and trained third party to inspect the property and gather data, including a floor plan, and deliver it to a licensed appraiser for a desktop appraisal.

Xactus has more than 6,500 clients ranging from the largest bank and nonbank mortgage originators to credit unions and mortgage brokers. With eight operation centers across the United States, Xactus collaborates with its clients to digitally integrate a 360-degree approach to verification across their workflows.

BLUE SAGE LAUNCHES DIGITAL SERVICING PLATFORM

Blue Sage Solutions, a provider of cloud-based lending technology, has announced the launch of the Blue Sage Digital Servicing Platform (DSP), enabling lenders to utilize a fully integrated platform covering the entire mortgage lifecycle. The initial version of the system includes all necessary functions to perform interim servicing, with full-scale servicing functionality to follow.

The Blue Sage Digital Servicing Platform utilizes API-based technology that merges loan origination and servicing functions seamlessly and is fully compliant. The platform is not only for users of the Blue Sage Digital Lending platform, the company's end-to-end, cloud-based loan origination system. All lenders, regardless of their current LOS, can use it to effortlessly automate closed

loan transfers, process individual and batch payments, onboard loans, collect payments, and more.

The Digital Servicing Platform modernizes servicing operations, reduces costs, and enhances borrower retention. Utilizing the same trusted technology and architecture as all Blue Sage offerings, the platform offers a modern, user-friendly system accessible via any browser enabling an optimized borrower and lender experience.

The full servicing version of the Blue Sage Digital Servicing Platform will include expanded functionality such as investor reporting and default management, providing lenders and servicers with a continually evolving platform capable of adapting to their growing needs and industry demands.

"We are thrilled to introduce a truly innovative, digital, cloud-built servicing platform that we expect will transform mortgage servicing operations as we know it," said Carmine Cacciavillani, Founder and Chairman of Blue Sage Solutions. "This groundbreaking achievement personifies our commit-

ment to driving innovation and efficiency—not only within the loan production process, but throughout the entire mortgage lifecycle.”

GLOBAL DMS LAUNCHES EVO-BPO FOR SERVICERS AND REO ASSET MANAGERS

Global DMS, a provider of cloud-based valuation management software, has announced the launch of EVO-BPO. This latest version of its platform designed specifically for servicers, REO assets management companies and AMCs that require an efficient workflow to automate the management and fulfillment of Broker Price Opinions (BPOs), Comparative Market Analyzes (CMAs), inspections and alternative valuation products.

EVO-BPO provides a centralized hub for ordering, assigning, tracking, and reviewing BPOs, CMAs and inspections. The platform automates the entire process to reduce cycle times, increase productivity, enforce compliance and improve data accuracy. EVO-BPO's configurable workflow and built-in business rules ensure BPOs and CMAs are assigned to properly licensed and certified brokers based on location, property type, and client requirements. All orders, broker assignments, status updates, and completed reports are tracked through a fully auditable workflow and reporting engine.

“Servicers and REO managers require solutions that can handle high volume and automate traditionally manual processes to gain speed and efficiency,” said Vladimir Bien-Aime, CEO of Global DMS. “EVO-BPO is designed specifically for these clients providing an end-to-end BPO, CMA and inspection management platform with unparalleled workflow automation and compliance oversight.”

EVO-BPO provides interactive dashboards with key performance indicators (KPIs), audit trails, and robust reporting for complete transparency into valuation orders, timelines, exceptions,

“Servicers and REO managers require solutions that can handle high volume and automate traditionally manual processes to gain speed and efficiency.”

—Vladimir Bien-Aime, CEO, Global DMS

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and more. The completely configurable cloud-based solution boasts a plethora of features including programmable assignment logic, drag-n-drop photos, digital signatures, and an integrated national MLS with instant comp drop feature. The platform integrates directly with popular servicing systems and can also accept and return data via the EVO Open API. EVO-BPO helps servicers and REO asset managers reduce costs, shorten cycle times, and improve quality control so they can focus on value-added tasks.

NATIONAL MI INTEGRATES WITH MORTGAGE CADENCE

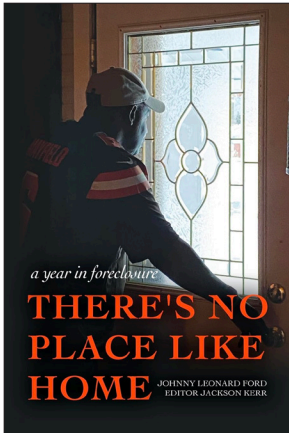
National Mortgage Insurance Corporation (National MI), a subsidiary of NMI Holdings Inc., has integrated with the Loan Fulfillment Center (LFC) loan origination system (LOS) platform by Mortgage Cadence, a subsidiary of Accenture. The integration enables lender clients of both companies to access price quotes and secure real-time, risk-based mortgage insurance (MI) through National MI's Rate GPS tool

without leaving the LFC platform.

The integration with LFC, an out-of-the-box, cloud-based digital retail LOS capable of handling mortgage processes from application to closing and delivery, expands National MI's partnership with Mortgage Cadence. In 2022, National MI will be integrated with the Mortgage Cadence Platform, the company's cloud-based digital LOS. Both integrations were made possible by National MI's state-of-the-art API platform.

“We are delighted to broaden our relationship with Mortgage Cadence,” said Norm Fitzgerald, Chief Sales Officer at National MI. “Our goal is to make it as simple as possible for lenders to order private mortgage insurance and help more borrowers achieve their homeownership dreams. This integration provides improved access and ease of use to customers using LFC, enabling them to view our rates instantly.”

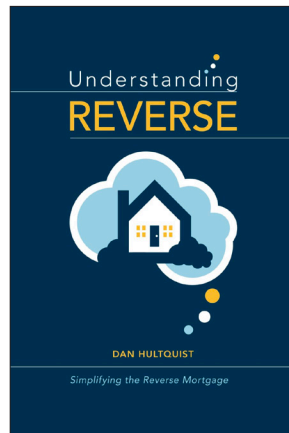
Jim Rosen, EVP of Services at Mortgage Cadence, added, “We are excited to announce the successful integration of National MI services with our 23.1 release on the LFC platform. Having National MI as an option for our clients demonstrates our commitment to providing competitive mortgage insurance solutions to our customers, and their borrowers.”



There's No Place Like Home: A Year in Foreclosure

by JOHNNY LEONARD FORD

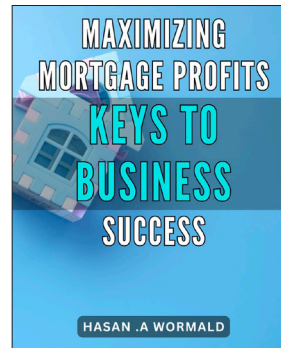
Author Johnny Leonard Ford is a champion in encouraging and empowering people of all walks of life. His latest book, *There's No Place Like Home*, follows the story of Johnny, a man faced with devastating unemployment while simultaneously living through a recession. Just like Johnny, many people were faced with hard decisions between 2008-2016. Some decisions were made on their own, and others were made for them. Driven by courage, faith, and a relentless drive to keep his home out of foreclosure, this book is an encouraging and inspiring read for when life seems too hard to handle.



Understanding Reverse: Simplifying the Reverse Mortgage

by DAN HULTQUIST

Author Dan Hultquist, a reverse mortgage industry educator, writer, and advocate, has a passion for helping others understand the concepts and benefits of reverse mortgages and their strategic use in retirement years. His newest book answers the question, "what is a reverse mortgage" and explains how they can be more than a loan program for those who are "house rich but cash poor." This book answers these and other related questions in a user-friendly way and is a comprehensive educational tool on the concept of reverse mortgages. A book for baby boomers, retirees, heirs, financial planners, counselors, brokers, mortgage professionals, estate planners, and, of course, homeowners who need guidance on how to grow comfortably older in their own homes.



Maximizing Mortgage Profits: Keys to Business Success: Unlocking the Secrets to Boost Your Mortgage Business Revenue and Achieve Abundant Profitability

by HASAN A. WORMALD

If you're looking to succeed in the mortgage industry and truly maximize your profits, author Hasan A. Wormald has the book for you. In this book, you'll learn the strategies, tips, and techniques that successful mortgage professionals use to drive profits up and grow your business. Through practical, real-world examples, you will learn how to bring a strong foundation for your mortgage business, market your services effectively, and streamline operations to save time and money. This book is a must-read for anyone who wants to thrive in the competitive world of mortgage lending. Whether you're a seasoned professional, or a complete newbie, this book has the tools for you to succeed.



The Forbidden Guide to Mortgages: SECRETS The Experts Don't Tell You

by ROXANA BRANNAN

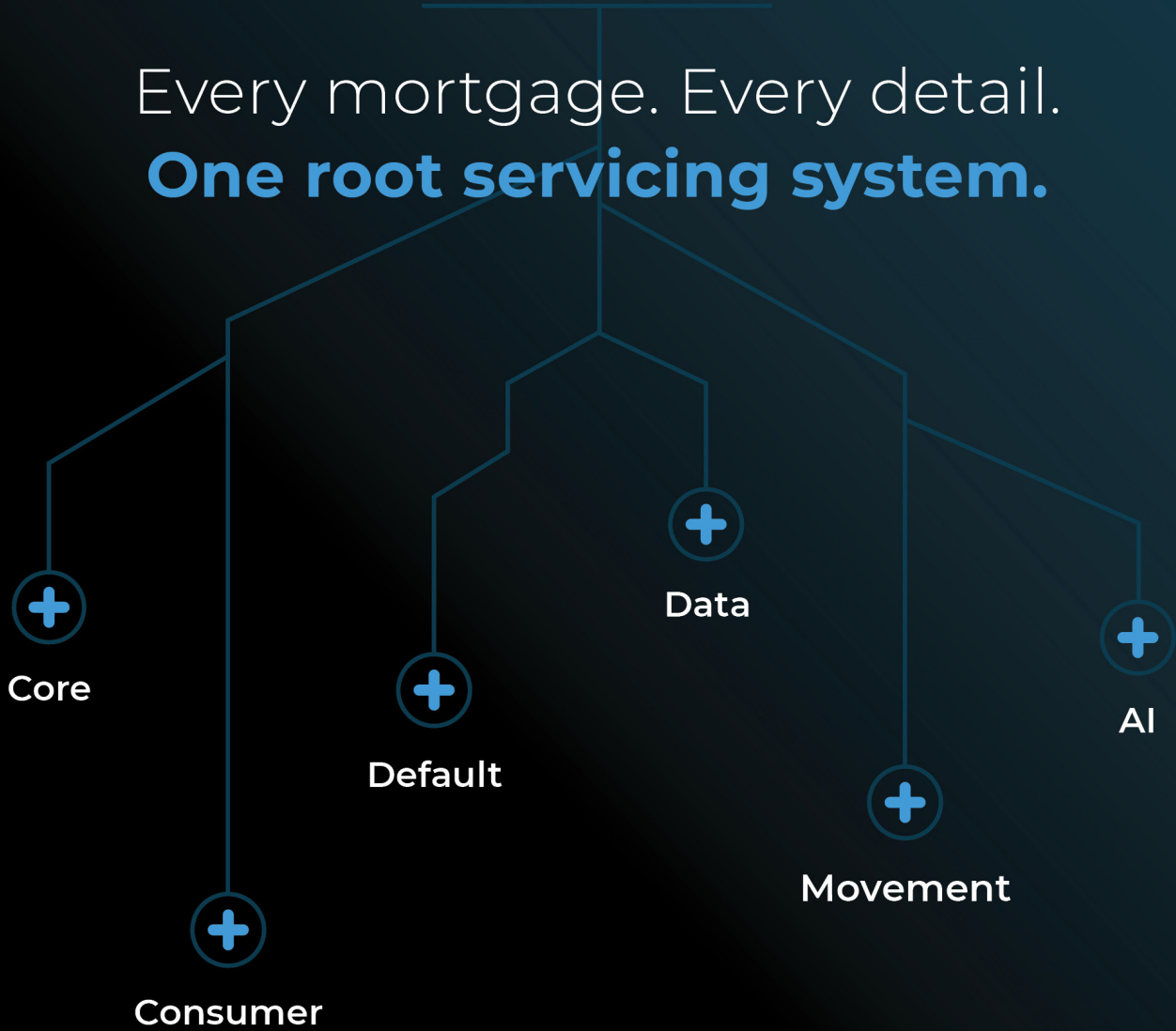
Sometimes the mortgage game seems like a series of secrets that you must know to succeed. In *The Forbidden Guide to Mortgages*, author Roxana Brannan exposes the secrets that the experts normally won't proffer in an eye-opening journey through the oft-misunderstood world of home financing. The guide Brannan has written delves deep into the hidden facets of the mortgage industry, offering readers insider knowledge that can save thousands while avoiding common pitfalls. With her expert advice using real-world examples and step-by-step examples, this is a must-read for those looking to navigate the complex terrain of mortgages with confidence and ease.



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Movers & Shakers

» Government

FANNIE MAE WELCOMES NEW COO



Fannie Mae has announced the appointment of **Peter Akwaboah** as EVP and COO, effective May 20, 2024. Akwaboah has

nearly 30 years of experience from across the financial services industry and will be responsible for Fannie Mae's Chief Information Office, Enterprise Operations, Business Resiliency, and Enterprise Workplace and Security functions. In this role, Akwaboah will be a member of Fannie Mae's Management Committee and report to CEO Priscilla Almodovar.

"Peter's many years of experience and unique combination of technology and operations expertise will add to our deep leadership bench, and his wealth of experience and industry knowledge will bring great value to the company," Almodovar said. "We look forward to the talent and experience he'll bring to our technology and operations as we continue to respond to the needs of the market, carefully balancing innovation, risk management, and our commitment to our housing mission."

Akwaboah is currently a Managing Director and serves as the COO of Technology and Head of Innovation at Morgan Stanley. In this role, he drives the technology strategy with a focus on fueling the firm's innovation, effectiveness, and resilience. Akwaboah also has partnered with Morgan Stanley's businesses to build on the firm's technology investments and delivery opportunities to enable profitability. Akwaboah serves on the Board of the Morgan Stanley Foundation and is a member of the Federal Reserve Bank's Payments Risk Committee.

Before joining Morgan Stanley in

2015, Akwaboah spent a decade at the Royal Bank of Scotland, as Asia Pacific COO of Operations, Technology, and Corporate Services. Prior to that, he held leadership roles in operations and technology at Deutsche Bank, KPMG, and IBM.

He also serves on the Boards of the Foundation of Orthopedics and Complex Spine and the Museum of American Finance. He has a Bachelor of Engineering in civil engineering from the University of Birmingham, England.

FREDDIE MAC NAMES TWO NEW VPS OF SINGLE-FAMILY SELLER ENGAGEMENT



Freddie Mac has announced that **Eric Wilson** and **Jonathan Kunkle** have been named VPs of Seller Engagement for the Single-Family Division. In their roles, Wilson will oversee Eastern Regions of the country and Jonathan will lead



Western Regions. Both will establish strategic direction and provide the primary source of market intelligence and seller business perspective within Freddie Mac for their regions.

"Eric and Jonathan both bring strong leadership and extensive experience in mortgage business processes, technology, capital markets, and risk management to the Single-Family Seller Engagement team," said Kevin Kauffman, Single-Family VP of Client Engagement at Freddie Mac. "Their well-rounded skillset will increase Freddie Mac's sphere of influence with sellers as we innovate to solve industry challenges and grow our business."

Wilson joined Freddie Mac in 2019, most recently serving as a Se-

nior Director of Sales for the Midwest Region. Since that time, he led a team responsible for seller engagement across 400 Freddie Mac sellers in the region. His expanded role will establish goals and incentives to support corporate and divisional business objectives, while broadening relationships with sellers and key decision-makers. Wilson has more than 25 years in the industry, driving business development and organic growth for leading Fortune 500 financial institutions.

Kunkle joins Freddie Mac from Covius Holdings Inc. (previously LenderLive Network) after more than 20 years of experience in roles at the company providing sales leadership, operational management, and technical and product oversight across residential mortgage origination, loan servicing, and capital markets. In his new role, Kunkle will use these strengths and unique talents to lead and coordinate Freddie Mac's continuous market presence and relationship management efforts in his region.

» Lenders/Serviceers

SAGENT APPOINTS NEW CEO



Sagent has appointed **Eugene "Geno" Paluso** as its new CEO. Along with Sagent's board and executive team of servicing experts,

Paluso will operationalize the \$14 trillion mortgage servicing industry's first and only cloud-native software platform in 2024.

Paluso will succeed current CEO, Dan Sogorka, who will remain with the company as an advisor before transitioning to a new opportunity.

This is the latest move in Sagent's multiyear strategic plan to build the future of mortgage servicing. Phase one of this plan was to move Sagent platforms to the cloud; earn long-term relationships with many of America's top mortgage servicers; and begin building a new platform with a single data and user experience across the entire core, consumer, and default servicing lifecycle.

“Sagent is the future of mortgage servicing because our new software platform simplifies servicer operations, facilitates real-time compliance, and lowers costs in the most complex area of consumer finance.”

—Eugene “Geno” Paluso, CEO, Sagent



As CEO, Paluso will lead Sagent’s next phase, which is to complete, launch, and operationalize this platform for customers in 2024 and beyond.

“Geno brings a track record of strong operational discipline to Sagent as it enters its next phase in delivering the future of mortgage servicing,” said Frank Bisignano, Chairman, President, and CEO of Fiserv, which owns a stake in Sagent. “His impressive background and focus on operational excellence will complement Sagent’s industry leading technology and deep commitment to customer satisfaction.”

Paluso is a retired U.S. Navy Captain, and highly decorated military leader, Navy SEAL, and commander of multiple SEAL Teams deployed to Europe, Middle East, and Africa. He served as Commandant of Cadets at The Citadel, a senior military college in Charleston, South

Carolina, and immediately prior to joining Sagent, served as VP of Business Development for BAE Systems, a \$45 billion multinational aerospace and technology company.

“Sagent is the future of mortgage servicing because our new software platform simplifies servicer operations, facilitates real-time compliance, and lowers costs in the most complex area of consumer finance,” Paluso said. “Launching our new Sagent platform with America’s top servicers is a true career honor, as is applying our team’s operational focus and expertise to the noble cause of growing American homeownership.”

William H. McRaven, retired U.S. Navy four-star Admiral who served as the ninth commander of the U.S. Special Operations Command, said, “Geno Paluso was one of the finest SEAL officers I ever served with in my career. He is a

remarkable leader who has earned the respect of everyone who ever followed him. His compassion, his sense of commitment, and his uncompromising integrity make him the ideal CEO and Sagent is fortunate to have him.”

Sagent Executive Chairman Chris Marshall added, “Geno Paluso is a visionary who gets the details and the ideal leader to operationalize the first-ever end-to-end loan servicing software platform. With Geno driving the team, Sagent will deliver the mortgage industry’s biggest innovation overhaul in decades.”

EMBRACE HOME LOANS PROMOTES NEW PRESIDENT, ADDS NEW TAMPA OFFICE



Middletown, Rhode Island-based mortgage lender Embrace Home Loans has promoted Ryan “Buddy” Hardiman from SVP

of Retail and Direct Sales to President. In his new role as President, Hardiman will oversee the company’s lending operations and fulfillment areas, as well as continue to head Embrace’s Financial Services Division.

Hardiman joined Embrace Home Loans in 2008 as a Project Manager. He held various roles before being promoted to VP of Sales Strategy and Recruiting in 2016, and SVP of Retail and Direct Sales in 2019.

“Buddy’s promotion reflects his hard work and exceptional contributions to Embrace,” Embrace Home Loans CEO Dennis Hardiman said. “His leadership in building a top-tier sales force, achieving outstanding results in data analytics, and enhancing the borrower experience speak for themselves. We’re confident in Buddy’s ability to drive our company’s continued success.”

Licensed in all 50 states and the District of Columbia, Embrace Home Loans has been recognized seven times as one of the “Best Medium-Sized Companies to Work for in America” by *Fortune*, and as one of the “Fastest-Growing Companies in America” by *Inc.* The company has also been recognized 17 times as one of the “Best Places to Work in Rhode Is-

“I’m genuinely thrilled for this new opportunity. We have an outstanding team at Embrace, and I’m looking forward to contributing to our growth and our community-focused initiatives. It’s a great honor, and I’m eager to lead us into this new chapter.”

—Ryan “Buddy” Hardiman, President, Embrace Home Loans



land,” as the “Most Community Involved Company in Rhode Island,” and with the Leadership Excellence Award by *Providence Business News*.

“I’m genuinely thrilled for this new opportunity,” Hardiman said. “We have an outstanding team at Embrace, and I’m looking forward to contributing to our growth and our community-focused initiatives. It’s a great honor, and I’m eager to lead us into this new chapter.”



Embrace Home Loans also recently announced that **Alvaro Loureiro** has been hired as Branch Manager of the company’s

Tampa, Florida office. Loureiro and his team will continue to originate loans on existing homes as well as new construction homes. Originally from Brazil, Loureiro is multilingual—he speaks Portuguese, Spanish, and Italian—and has assembled a culturally diverse team

able to serve a range of consumers, including those from different backgrounds and ethnicities who prefer to communicate in their native language.

Loureiro has more than 18 years of mortgage banking experience. Prior to joining Embrace, he was a producing branch manager at Homeowners Financial Group USA LLC. Previously, he served in sales manager and mortgage banking roles at New Penn Financial LLC, Fifth Third Bank, and Manhattan Mortgage Corporation.

“We’re delighted to welcome Alvaro to our team as head of our Tampa branch,” said Jason Will, SVP of Growth and Southeast Regional Executive at Embrace Home Loans. “His charisma, energy, drive, and team spirit make him a fantastic leader, as well as a top-performing producer. Alvaro is known for providing personalized attention and for his ability to communicate with non-English speaking borrowers, which is in high demand in the Tampa area.”

THE MONEY STORE ADDS NEW CHIEF MARKETING OFFICER



The Money Store has announced that **Coleen Bogle** has joined the mortgage lender as its new Chief Marketing Officer. Bogle has

more than 15 years of experience leading marketing departments in the home financing industry, and in her new role, she will focus on enhancing the brand, expanding marketing services, and attracting top-tier mortgage origination talent to the organization.

“It’s an honor to step into this important role at The Money Store,” Bogle said. “During this challenging period for our industry, I’m delighted to be joining a right-sized company that shares my commitment to service and values. I look forward to leveraging their nimble lending model, stellar reputation and supportive culture to further elevate the brand and provide unparalleled marketing support to their mortgage originators.”

Prior to joining The Money Store, Bogle served as the Chief Marketing Officer at Draper and Kramer Mortgage Corporation for more than eight years. Under her leadership, the firm’s annual loan volume expanded from \$1 billion to a peak of \$9 billion. Bogle’s responsibilities included directing nationwide marketing strategies, overseeing the marketing department, and contributing to recruitment, compliance, event coordination, vendor relations, employee engagement, and strategic planning.

“Coleen’s appointment marks a significant milestone for The Money Store, underscoring our commitment to fostering growth and innovation,” said Peter Alvarez, COO at The Money Store. “Her proven track record of driving progress and expanding production for lenders aligns seamlessly with our vision. We are thrilled to welcome her aboard, and we are confident that her passion and expertise will propel us to new heights.”

MLD Mortgage, d/b/a The Money Store, is a mortgage lending institution dedicated to providing personalized

financial solutions and exceptional service to clients from coast to coast. The Money Store headquartered in Florham Park, New Jersey, and is licensed in 47 states. The company offers a range of mortgage programs to meet the needs of homebuyers and homeowners, while also providing low rates and superior customer service.

FIRST UNITED BANK NAMES NEW CFO



First United Bank has announced that **Brian Johnson**, a highly accomplished executive with more than two decades of financial services

experience spanning work in investment banking, corporate leadership, and large financial institutions, has been named CFO, reporting directly to Greg Massey, Chairman and CEO of First United Bank. Johnson will lead accounting, corporate finance, and financial planning and analysis across the enterprise.

“Brian’s extensive background positions him as a strategic partner for all our business lines, providing a comprehensive perspective at the holding company level,” Massey said. “I am confident that his insight and leadership will play a pivotal role in driving our ongoing success and achieving Vision 2030.”

As a respected and accomplished financial services executive, Johnson’s background includes significant roles such as CFO, Head of Corporate Finance and Global Treasurer, and Head of Corporate FP&A and M&A at MoneyGram in Dallas. His experience extends to managing director and vice president positions at Commerce Street Capital LLC, and notable tenures with Hudson Advisors/Lone Star Funds and Bear, Stearns & Company Inc. in New York.

Johnson holds a Bachelor of Science in mechanical engineering from Bucknell University and is a Chartered Financial Analyst and Certified Valuation Analyst.

“My family and I are eager to join the First United family,” Johnson said. “I look forward to working with a team of highly

motivated individuals who care about their peers and community, and I am excited to work alongside an innovative entrepreneur like Greg Massey to challenge the status quo and deliver solutions to those we serve.”

FIRST HOME MORTGAGE EXPANDS PRESENCE IN MARYLAND



First Home Mortgage Corporation has opened a new location in Bethesda, Maryland, to be led by **Chris Channell**, who will serve as VP

of Business Development of the Bethesda location.

“The opening of the Bethesda downtown branch is a testament to our continuous commitment to growth and innovation, continuing to offer enhanced financial services and solutions to meet the evolving needs of our clients,” said Matt Nader, SVP and Director of Sales at First Home Mortgage.

Founded in 1990 with two offices and a handful of employees, First Home Mortgage has grown into a financial institution of 31 offices serving 21 states in the Northeastern, Mid-Atlantic, and Southern regions.

» Service Providers

ASPEN GROVE APPOINTS NEW CHIEF CUSTOMER OFFICER



Aspen Grove Solutions, a provider of mortgage technology solutions, has announced the appointment of **Ed O'Regan** to the position of Chief

Customer Officer. O'Regan brings a wealth of experience and leadership to the role with a deep knowledge of Aspen processes and customers, having spent the past decade in senior planning and

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account management roles in the company. Before Aspen, O'Regan held several management consultancy roles leading enterprise customer and government implementations with organizations such as Accenture and in partnership with SAP.

This appointment comes at a time of significant momentum for Aspen Grove and its expanding network of customers and partners. It reflects Aspen's commitment to continuing delivery of best-in-class enterprise digitization solutions in the financial services industry and beyond.

In late 2023, Aspen Grove announced the appointment of Mike McAuliffe as CEO. McAuliffe succeeds Seán Ryan, who moved to the role of Executive Chair, effective November 6, 2023. Having served as COO for over the past decade, McAuliffe has played a pivotal role in shaping Aspen Grove's platform, creating new digitization solutions for customers in the financial services industry and beyond.

"It's been an incredible journey so far," McAuliffe said. "Over the past few years, we have invested heavily to create a platform, establish partnerships, and implement an approach that allows us to rapidly launch innovative products and solutions, connecting everyone and everything in mortgage servicing. We have an unparalleled opportunity to deliver accelerated growth to clients who leverage our platform to power their operations. It is a huge privilege to lead our talented team as we continue to unleash the full potential of the platform."

Aspen Grove helps clients to minimize risk, reduce costs, increase productivity, and ensure better outcomes for all stakeholders. The Aspen Grove platform manages the synchronization of business processes across the supply chain through workflow, automation, and risk mitigation. It is a rapid-deployment platform that can be configured to track any business process no matter the complexity or boundaries.

MORTGAGE CADENCE BOLSTERS ITS SALES TEAM



Mortgage Cadence, a subsidiary of Accenture, has announced that **George Morales** will join the company's sales team as

National Sales Director.

Morales has nearly 25 years of mortgage and real estate industry experience, and in his new role, he will use not only his industry knowledge, but the connections he has built to help the Mortgage Cadence sales team bring tech offerings to new lenders.

Morales was key in developing strategy, directing branch/loan originator relations, overseeing reverse mortgage products, pricing, compliance, and relationships with vendors and other industry partners for The Sless Group of Primary Residential Mortgage Inc (PRMI). He also has years of multi-channel experience in sales, marketing, management, strategic planning, and origination expertise for American Advisors Group (AAG) and others.

"Mortgage Cadence works hard to give lenders the tools they need to be successful and working with the sales team to share those tools with our industry is an exciting step for me," Morales said. "I am looking forward to seeing what we can accomplish together!"

Morales will also help broaden the sales team's expertise by bringing his knowledge of the reverse mortgage sector to the team, previously serving as Mortgage Cadence's Reverse Mortgage Product Manager.

"George has been an invaluable part of the Mortgage Cadence team since he joined us," said Seth Hooper, EVP of Product Management at Mortgage Cadence. "He has a wealth of industry expertise and there is no doubt he will be a key resource for our sales team."

MCS PROMOTES TWO KEY EXECS



MCS has promoted **Jeff Connell** to the role of SVP of Mortgage Services, and **Tracy Hager** to the position of Chief Relationship Officer of Mortgage Services—taking on additional leadership responsibilities to help the company execute on its strategic business



plan, and further the company's standing.

Collectively, Connell and Hager boast nearly 50 years of experience in the mortgage services industry. They will report to Chad Mosley, President of Mortgage Services for MCS, who will continue to oversee the firm's legacy property preservation business. Connell and Hager will continue to be based at the company's Lewisville, Texas, headquarters.

"I am excited to elevate these two seasoned leaders in our mortgage services business as they take their MCS careers to the next level," Mosley said. "Jeff and Tracy's expertise, industry relationships and commitment to providing impeccable service are unmatched, and their dedication has helped maintain MCS' position as an industry leader. We are setting a new benchmark for service in property preservation and will continue to be an industry leader with our diversified services offerings, tech-forward solutions, and hybrid service delivery model."

Connell, formerly First VP of Mortgage Operations, has been promoted to SVP of Mortgage Services. During his five-year tenure at MCS, Connell has a proven record of taking action to increase operational efficiencies. In his new role, he will lead the teams responsible for property registrations, compliance, quality control and all work order processing for the Mortgage Services Division. Connell has worked in the mortgage servicing industry for more than 30 years. Prior to MCS, he held leadership positions at Pacific Union Financial, Nationstar Mortgage, and Chase Home Finance.

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“Since 1986, MCS has been a leading provider of property preservation and other services for the mortgage services industry, and Tracy and Jeff have been integral contributors to our continued success,” said Craig Torrance, CEO at MCS. “With strong leaders maintaining and growing our legacy mortgage business, we’re able to grow and diversify our property services offerings to the commercial property facilities and single-family rental industries while capitalizing on synergies from our self-performing service network, technology platform, and experienced property services team to exceed client expectations across all our business lines. Our mortgage services clients are in good hands with Tracy and Jeff leading our client relations and operational efforts.”

A 30-year industry veteran, Hager has been promoted to Chief Relationship Office of Mortgage Services. Formerly SVP of Mortgage Operations, Hager and her key relationships with regulators, insurers, investors, and government entities have been integral in MCS’ long-term success. Her ability to maximize, advance and enhance industry relationships has helped bolster the broader property preservation industry while benefiting MCS’ clients. She will provide executive oversight of all property preservation client relationships, multiple functional teams including the FHA conveyance support team, and MCS’ industry and investor/insurer relations. Prior to joining MCS, she held leadership roles at First American Field Services and Midland Mortgage Company.

MCS is a property services provider working across commercial properties, single-family rentals, and the property preservation industry. For more than 35 years, MCS has been committed to responsive care, industry-leading service standards, leveraging technology, and end-to-end transparency to protect, preserve, and serve communities across the country. Some of the largest and most respected mortgage servicers, real estate owners and operators, and corporations trust MCS to perform property inspections, preservation, maintenance, renovations, and other property-related services.

RUTLEDGE CLAIMS MANAGEMENT NAMES NEW PRESIDENT



Rutledge Claims Management Inc. (RCM) has announced that **Aubrey Gilmore** has been promoted from COO to President. In

her new role, Gilmore will oversee RCM’s core services and drive strategic decisions, ensuring client satisfaction and the company’s reputation for excellence in the hazard insurance claims sector.

“I’m honored to lead RCM in this crucial moment for the housing industry,” Gilmore said. “As servicers and investors seek innovative solutions for operational efficiency amid evolving challenges like climate risk, I plan to expand our services to help clients navigate these changes while delivering exceptional results.”

Gilmore, who has a degree in communications and media studies from Rutgers University, brings a wealth of experience to her new position. Since joining RCM in 2008, Gilmore’s rise to president has been grounded in diverse roles, where her dedication and expertise played a pivotal role in daily operations and client retention.

Tom Rutledge, Founder, and former President of RCM, has moved to the newly created position of CFO, where he will be responsible for managing the company’s fiscal operations and upholding the company’s continued financial stability and growth.

The decision to promote Aubrey to president was a very simple one,” said Allison Rutledge, CEO of RCM. “As COO, she managed our internal operations to near perfection, while her hard work and unwavering commitment to our clients solidified our status as a proven leader in the hazard claims market. I am confident Aubrey’s extraordinary leadership will guide RCM to new heights and continue to drive successful outcomes for our clients.”

According to Gilmore, the hazard claims market and its challenges have grown extraordinarily complex.

“The combined impact of inflation and increased disasters is driving up

home insurance costs,” Gilmore said. “Insurers are raising rates, pulling back from key markets, and cutting costs. In today’s climate, it’s imperative for servicers and investors to establish stringent controls, ensuring continuous monitoring of insurance coverage to protect assets. Because insurance carriers may cut corners, our work at RCM becomes pivotal.”

ANGEL OAK CAPITAL PROMOTES NEW CHIEF INVESTMENT OFFICER



Angel Oak Capital Advisors has announced that **Namit Sinha**, who served as co-CIO overseeing the firm’s private strategies, has been named CIO of Angel Oak Capital where he will lead the firm’s public and private investment strategies alongside Angel Oak



Capital Co-CEO and Group CIO Sreeni Prabhu. In tandem, Senior Portfolio Manager, **Clayton Triick**, CFA, will move to Head of Portfolio Management of Public Strategies. Both promotions will become effective March 31, 2024.

Sinha has served as CIO of the firm’s private strategies division since February 2020 and has more than 20 years of experience in fixed-income products, specifically mortgage and structured credit. Since joining the firm in 2018 from Canyon Partners, he has been a key member of Angel Oak’s investment team, executing innovative strategies for its institutional client-base, as well as growing the firm’s securitization platform into one of the most well-regarded in the industry. He will continue to report to Prabhu.

“Namit will serve as an excellent CIO for Angel Oak Capital Advisors and brings valuable insight from the private strategies side that will be instrumental in leading the full investment management team and charting the investment landscape for 2024 and beyond,” Prabhu said. “Our vision was to create a more



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integrated investment management platform where the best minds of Angel Oak can work together for the benefit of our clients, and Namit will be exemplary in unlocking that potential.”

With more than 12 years at Angel Oak, Mr. Triick’s promotion from Senior Portfolio Manager to Head of Portfolio Management for the firm’s public strategies is reflective of his success in executing on key growth strategies and contributions to the firm’s investment approach. Mr. Triick has served as a PM on the firm’s flagship Multi-Strategy Income Fund and was instrumental in managing RMBS within the fund since its inception. He conceived of and has been a PM on the Ultrashort Income Fund since 2018. In his new role, Triick will oversee the portfolio managers and analysts dedicated to the firm’s public strategies. He will also serve as a portfolio manager for all mutual funds, ETFs and interval funds. He will report to Sinha.

Sinha and Triick will be supported by 29 investment team members across the firm’s public and private strategies. Prabhu will continue in his role as Group CIO, which he has held since the firm’s inception. Prabhu’s vision was instrumental in building the team-based approach with tenured experience across

all asset classes and sectors in which the firm invests.

The organizational changes are in preparation for the planned departures of Sam Dunlap, who has served as co-CIO overseeing public strategies, and Senior Portfolio Manager, Colin McBurnette. Both Dunlap and McBurnette will be leaving Angel Oak in the second half of 2024. Angel Oak will work closely with Dunlap and McBurnette to execute on a successful and collaborative transition.

NMI HOLDINGS ELEVATES NEW CHIEF ADMINISTRATIVE OFFICER



NMI Holdings Inc. has named **William Leatherberry**, former EVP, Chief Legal Officer, and General Counsel, to the newly created position of Chief Administrative Officer.

Upon his appointment, Leatherberry retained the title of General Counsel, and continues to serve as a member of the company’s Executive Committee. As EVP, Chief Administrative Officer, and General Counsel, he will oversee Nation-

al MI’s legal, compliance, government relations, and corporate communications functions, and will continue to advise on corporate and strategic matters.

“Bill has been instrumental in our success and this new role reflects his exceptional dedication, leadership, and broad contributions to National MI. This is a well-deserved promotion, and I look forward to continuing to work with Bill and our broader executive team to deliver unique solutions and value for National MI’s customers, community, employees, and shareholders,” said Adam Pollitzer, National MI’s President and CEO.

Leatherberry joined National MI in 2014 as General Counsel and assumed responsibility for the company’s government relations activities in 2015. Prior to joining National MI, Leatherberry served as EVP, Chief Legal Officer, General Counsel, and Secretary for Century Aluminum, a publicly-traded primary aluminum producer. Leatherberry began his career as a corporate associate with the law firm Jones Day.

“I am so proud of the leadership position National MI has established in the private mortgage insurance industry and excited to step into the role of Chief Administrative Officer,” Leatherberry said. “We have a talented team, broad-

“We have a talented team, broadly diversified customer franchise, and uniquely high-quality insured portfolio. We are delivering standout results for our shareholders, and I’m excited to contribute to our continued success in this expanded role.”

—William Leatherberry, Chief Administrative Officer, NMI Holdings Inc.

ly diversified customer franchise, and uniquely high-quality insured portfolio. We are delivering standout results for our shareholders, and I'm excited to contribute to our continued success in this expanded role."

CLICK N' CLOSE EXPANDS WHOLESALE LOAN DIVISION



Click n' Close has announced that **Polly Cracchiolo** has joined the organization's Third-party Originator (TPO)

sales team as an Account Executive.

"Polly has a proven record of helping clients and borrowers find success. With our ambitious plans for 2024, her arrival couldn't be more opportune," Click n' Close Executive Director, TPO Lending Adam Rieke said. "As our TPO program rapidly expands, Polly's experience is appreciated. We want to provide our clients with seasoned account executives full of expertise to help them navigate the current market."

With more than two decades of lending experience, Cracchiolo specializes in government and conventional loans.

She joins from Eleven Mortgage, where she was a Senior Account Executive. Her background includes various positions at First Guaranty Mortgage Corporation, Mr. Cooper, Banc Home Loans, Kinectra Federal Credit Union, and more.

"I'm extremely happy to join Click n' Close and, more importantly, happy to expand options to future homeowners," Cracchiolo said. "Click n' Close has continuously evolved with cutting-edge loan programs. I'm eager to help lenders leverage these tools."

In her new role, Cracchiolo will report to Ken Weislak, National TPO Business Development Manager at Click n' Close.

TRELIANT ADDS NEW MANAGING DIRECTOR



Treliant, a consulting partner to the global financial industry, has named **Laura Huntley** as Managing Director in the company's Regulator

Compliance, Mortgage, and Operations Solutions practice.

Huntley brings nearly 20 years of specialized experience in regulatory strategy, compliance, and risk man-

agement within the financial services industry to her new role. Her career roles have included Director at PwC's Cyber, Risk, and Regulatory Practice, where she also advised leading technology companies and financial services institutions on consumer protection and user trust and safety, with a focus on emerging digital services industry risks. Previously, at Protiviti Global Risk and Business Consulting, she managed compliance program designs, risk assessments, and audits for prominent credit card issuers and multinational investment banks.

"Laura comes to us as a highly valued and trusted advisor in the field of regulatory strategy and compliance," said Karin Lockovitch, Senior Managing Director, Regulatory Compliance, Mortgage, and Operations Solutions at Treliant. "She's well positioned to guide our clients through the challenges and complexities of today's rapidly evolving regulatory landscape."

Huntley added, "Banks and fin-techs are striving to uphold consumer trust and meet stringent regulatory standards—particularly in the evolving digital services sector. I look forward to fortifying Treliant's leadership in this area and helping its clients navigate this complex terrain."

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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.





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» Industry Update

FORMER SENIOR U.S. HOUSING OFFICIALS LAUNCH GATE HOUSE COMPLIANCE

A group of industry executives led by former U.S. Department of Housing & Urban Development (HUD) Deputy Secretary and Federal Housing Administration (FHA) Commissioner Brian D. Montgomery has launched a new firm to provide fair lending and other compliance management services to the financial services industry.

Gate House Compliance has been established as a subsidiary of Gate House Strategies, an advisory company co-founded in 2021 by Montgomery and four other former HUD officials where he also serves as Chairman.

“We’ve put together on one platform a combination of compliance experts and services that we believe is the first of its kind,” said Montgomery, a veteran of four presidential administrations both

Republican and Democratic.

In creating the compliance subsidiary, Gate House Strategies partners are joined by other luminaries in financial services and specialists in fair lending and consumer protection law and regulation.

Michael Waldron is a Founding Partner of Gate House Compliance. As Founder of Compliability Solutions LLC, and former Chief Compliance Officer at Community Loan Servicing LLC (formerly Bayview Loan Servicing LLC), Waldron has more than 25 years of experience helping financial services firms create compliance management systems.

The group also is collaborating with Paul Hancock, preeminent civil rights Attorney with K&L Gates, who previously led the U.S. Department of Justice’s fair housing and fair lending enforcement program and, in private practice, has represented financial services companies and trade associations in improving compliance and defending lawsuits at all levels of the federal judicial system.

“The Gate House Compliance team

brings together persons with remarkable levels of expertise in financial services, both from experience within government and in the private sector,” Hancock said.

To provide the new advisory firm with operational and analytical support, Gate House Compliance has formed an alliance with CrossCheck Compliance, a nationwide regulatory compliance and risk management consulting firm.

“Gate House Compliance offers compliance risk management services customized to the needs of C-suite executives of financial institutions and their boards of directors, all of whom are increasingly held accountable for compliance failures and deficiencies,” CrossCheck Compliance Partner Michael Forester said.

Montgomery stated that “recent high-profile government actions against some of the nation’s largest financial firms for alleged violations of fair lending, consumer protection, and loan servicing principles have sent a sobering message to industry CEOs and their boards: the buck stops at the top.”

Waldron added, “Today, government agencies regulating the financial services industry expect C-suites and boards of directors to pay close attention to the letter and spirit of the law. We formed Gate House Compliance to empower decision-makers with the structure and insight that reflects their commitment to compliance and risk mitigation.”

Gate House Compliance’s scope of services include:

- » Fair lending and servicing assessments
- » Consumer protection compliance to avoid claims of unfair, deceptive, and abusive acts and practices
- » Compliance monitoring, targeted reviews, reporting, governance, including checklists and tools
- » Risk mitigation strategies, policy, data integrity/analytics, regulatory, legal reporting
- » Compliance management system reviews
- » Examination and audit support
- » Litigation support and legal strategies
- » Enforcement and consent order support
- » Intelligence on government policies,

actions, examinations, conflicts, and industry trends

- » Equity, discrimination, deceptive advertising, credit access, offerings, redlining, pricing reviews
- » Guidance on black box modeling, algorithms, and artificial intelligence

Gate House Compliance has also developed a new proprietary management system called Gate House Compliance 365, which offers lenders a comprehensive approach for helping navigate the increased scrutiny and risks faced from the array of today's fair lending rules and regulations on a subscription basis.

"The 365 in the name refers to the ongoing and comprehensive nature of the system's support, even daily, if necessary, that the new firm will provide from our team of senior financial services executives and former regulators," Montgomery said. "Our collective team possesses the experience and knowledge needed to deliver results for lenders in their compliance ecosystem. Gate House Compliance offers all the tools and services required to provide clients with a strategic process and review regimen that will mitigate regulatory risk."

Rounding out the Gate House Compliance team are Liz Scholz, who will serve as a Senior Advisor in compliance, risk, and client strategies, and Jack Bobbitt, who will support the firm's operations. Scholz is an industry veteran who served as an executive with the Federal Housing Finance Agency (FHFA) for 12 years, where she led activities in examination, regulatory policy, and board monitoring of Fannie Mae and Freddie Mac. Bobbitt, former Assistant Secretary for Administration at HUD, brings decades of experience in sales, marketing, operations management, and business development.

Gate House Strategies partners and former HUD officials Hunter Kurtz, former Assistant Secretary for Public and Indian Housing; Dror Oppenheimer, a 30-year veteran of Fannie Mae; Keith Becker, a 26-year veteran of Freddie Mac; and Michael Marshall, former Acting Assistant Secretary for Policy Development and Research, will also serve as Partners in Gate House Compliance.

“Homebuyers today are often connecting with the first agent who responds to their online request without understanding how the process works or what the fees are.”

—Andrew Vallejo, Agent, Redfin Premier

★★★★

GUILD MORTGAGE ACQUIRES ACADEMY MORTGAGE

Guild Mortgage has agreed to acquire the retail lending assets of Academy Mortgage Corporation, a privately-held Utah-based lender. Academy Mortgage boasts approximately 200 branches and employs more than 1,000 who will transition to Guild, including more than 600 licensed mortgage originators.

The addition of Academy Mortgage will extend Guild's market share across its national footprint. Academy's loan volume represents an approximate 25% increase in annual origination volume for Guild, based on results from both organizations through Q3 of 2023. Both Guild and Academy Mortgage are licensed to originate loans in 49 states and Washington, D.C.

"Guild and Academy share a commitment to the purchase mortgage market and believe in local sales and fulfillment that builds on our customers for life strategy. Our aligned core values attract employees dedicated to serving their communities and delivering on the promise of homeownership," Guild Mortgage CEO Terry Schmidt said. "This transaction represents two like-minded organizations joining forces to continue to grow stronger together. Each acquisition we've completed has brought new talent to Guild, making us a better company. We're excited to extend a warm welcome to our new Academy teammates and build on their talent with the support of Guild behind them."

Founded in 1988, Academy Mortgage has earned a reputation as a values-based organization that serves customers, communities, and employees, above all. Academy Mortgage has grown into one of the top independent lenders in the

“As our world grows more diverse every day, we put a premium on diversity of thought and experience among our leaders and employees, and we encourage diversity and inclusivity among our business partners and throughout the housing market.”

—Priscilla Almodovar, CEO, Fannie Mae



U.S., with approximately 200 branches across the West, Central, and Southeast regions. In 2023, Academy Mortgage generated \$5.59 billion in loan originations.

Academy Mortgage Chief Executive Adam Kessler will join Guild’s senior leadership team through the transition and newly combined organization. Academy branches will operate as a division within Guild, and transition to the Guild brand.

“Academy has always led the industry in its commitment to Inspiring Hope, Delivering Dreams, and Building Prosperity—for our homeowners, partners, and employees. Joining forces with Guild Mortgage will allow us to accelerate our collective desire to preserve and promote that vision as we work together to become the nation’s best independent mortgage lender,” Kessler said. “I’ve known Terry and the Guild team for a long time, and our common mission, vision, and values made it clear joining forces would be a win-win for both companies. Joining Guild

provides new opportunities for our team to access Guild’s industry-leading product suite and leverage Guild’s robust reputation, technology, and servicing platform while strengthening both organization’s focus on people, purpose, productivity, and prosperity.”

Academy becomes the sixth lender to join forces with Guild via acquisition since 2021 and will increase Guild’s number of licensed originators to more than 2,100. Based on origination volume of both organizations through Q3 of 2023, the combined enterprise would represent 1.3% of retail market share among nonbank retail mortgage lenders, which would rank eighth nationally.

Both Guild and Academy are committed to the retail purchase mortgage market, with more than 95% of their combined loan volume in 2023 generating from the local retail market in communities they serve.

FANNIE MAE HONORED WITH ‘EQUALITY 100 AWARD’

Fannie Mae has been recognized with the Equality 100 Award: Leader in LGBTQ+ Workplace Inclusion from the Human Rights Campaign Foundation, receiving a score of 100 on its 2023-2024 Corporate Equality Index (CEI) for the ninth consecutive year. The annual benchmarking survey and report measures corporate policies, practices, and benefits related to LGBTQ+ workplace equality.

“Fannie Mae is proud to be recognized by the Human Rights Campaign Foundation for our diversity and for fostering an inclusive, psychologically safe environment,” said Priscilla Almodovar, CEO of Fannie Mae. “As our world grows more diverse every day, we put a premium on diversity of thought and experience among our leaders and employees, and we encourage diversity and inclusivity among our business partners and throughout the housing market.”

Fannie Mae’s commitment to diversity and inclusion in the workplace and industry is shown through many internal and external initiatives, such as:

- » Supporting employee resource groups, including the LGBTQ+ Live Openly group, as they encourage professional development, cultural, and community service, and give employees of all backgrounds and interests a chance to connect, learn, and grow while furthering the company’s mission and business objectives.
- » Offering inclusive benefits such as childcare, adoption, and bonding leave, and surrogacy assistance.
- » Sponsoring the Future Housing Leaders program, which connects college students with diverse backgrounds to paid internship and entry-level job opportunities in the housing industry offered by top employers who are actively engaged in promoting diversity in their workforce.
- » Promoting equal opportunities for em-

UWM REBRANDS FINDAMORTGAGEBROKER.COM

United Wholesale Mortgage (UWM) has announced that it will sunset the name of its consumer-facing website, FindAMortgageBroker.com, and replace it with Mortgage Matchup.

Mortgage Matchup will continue to be a consumer-facing website geared toward homebuyers and real estate agents, and will offer both educational material around the homebuying and refinancing processes, along with a searchable database of independent mortgage brokers near them. The goal is to connect this audience with a local mortgage broker in their area and they understand the vast array of loan options available to them based on their specific financial situation.

“We are incredibly excited to further connect consumers and real estate agents with independent mortgage brokers across the country through this rebrand,” said Sarah De-

Ciantis, Chief Marketing Officer at UWM. “The DNA and mission of this website has not changed, rather Mortgage Matchup provides a new visual identity to help us resonate with consumers in a more modern, approachable way. We know the benefits of partnering with a mortgage broker and this rebrand will allow us to make those benefits more widely known and help consumers save thousands of dollars on their mortgage.”

The updated branding will continue to be rolled out across a variety of assets, including with UWM’s Little Ceasars Arena and Pine Knob partnerships in metro Detroit, along with consumer touchpoints across the nation. The Mortgage Matchup rebrand was driven by research, creative concept testing, and consumer insights all developed in-house by UWM’s marketing team.

ployees and diverse suppliers, vendors, and business partners, as outlined in the company’s Equal Opportunity in Employment and Contracting Statement and Business Partner Code of Conduct.

- » Launching programs that facilitate equitable and sustainable homeownership, including expanding homeownership education efforts with HomeView and HomeView en Español.
- » Providing diversity and inclusion oversight, programming, engagement, strategic planning, metrics, and reporting.
- » Influencing and affecting corporate policies, practices, programs, and solutions to advance equity within the housing industry.

Fannie Mae has been recognized by a number of organizations for its diversity and inclusion efforts, such as Black Enterprise, Disability:IN, LATINA Style, the National Business Inclusion Consortium, and Seramount.

The CEI rates more than 1,300 companies on detailed criteria under four central pillars: nondiscrimination policies across business entities; inclusive

benefits for LGBTQ+ workers and their families; supporting an inclusive culture; and corporate social responsibility.

ICE EXPANDS DATA COVERAGE

Intercontinental Exchange Inc. (ICE), a provider of technology and data, has announced that it has expanded its coverage of real estate listings data through a multiyear licensing agreement with REdistribute for permissioned access to multiple listing services (MLS) information. The deal, in addition to existing agreements with The Realty Alliance and the National Association of Realtors (NAR), brings ICE’s MLS data coverage to more than 90% of active listings.

“Our close working relationships with so many U.S. and Canadian multiple listing services (MLSs) gives us a clear view of their vital role in the wider housing finance universe,” said Ben Graboske, President of Mortgage Data & Analytics, ICE Fixed Income & Data Services. “The data produced when properties are listed for sale contains essential market infor-

mation that can serve many business and risk management use cases. REdistribute provides clean, timely, highly compliant, and accessible listings data, which complements our comprehensive property data solution for banks, portfolio managers, government agencies, and others who need access to the best, most up to date information on the housing market.”

Launched in 2022, REdistribute is an MLS-owned company that has grown to include licensed data from more than 40 MLSs. The company aggregates and distributes data from participating organizations and brokerages, providing unbiased, up-to-date MLS data directly from the source.

“Our mission is rooted in the recognition that the work product of an MLS—that is, the real estate listings they produce—can, and should, bring additional value back to the MLS and its participating brokers,” said Amy Gorce, CEO of REdistribute. “We’re delivering clean, standardized MLS data directly from the source, and specifically on behalf of the producers of that data. Working with ICE in this way will help us to build on our vision and deliver better real estate data to those who need it.”

NEW AMERICAN FUNDING EXPANDS PRODUCT OFFERINGS

New American Funding (NAF) has partnered with Matic Insurance and OneSource Solutions to offer NAF Insurance and NAF Concierge solutions. These new solutions will provide insurance and home setup services to NAF customers as part of the mortgage process. To create a streamlined user experience, NAF Insurance and NAF Concierge are seamlessly integrated into New American Funding's customer-friendly loan process, removing friction and stress from the mortgage, homebuying, and moving experience.

"Our goal has always been to fully support the homeownership experience for our customers. Adding these new valuable services will allow NAF to serve as a true home for our customers' entire journey," New American Funding Co-Founder and CEO Rick Arvielo said. "We're excited to be working with great partners who believe in supporting their customers as much as we do."

NAF Insurance, which is powered by Matic, empowers New American Funding customers to secure homeowners' insurance, while NAF is processing the loan. NAF customers can also bundle flood, wind, auto, pet, life, and other personal lines of insurance at the same time.

Additionally, mortgage customers can work with a NAF Concierge, powered by OneSource, to find local movers and set up key utilities like electricity, gas, and water. Services and support also include assistance with internet and TV services, help with smart home security systems, and much more.

New American Funding is an independent mortgage lender with a servicing portfolio of more than 250,000 loans, representing approximately \$66.1 billion in value and more than 190 locations nationwide.

ZILLOW GROUP ACQUIRES CRM PROVIDER

Zillow Group has entered into an agreement to acquire Follow Up Boss, a customer relationship management (CRM) system for real estate professionals. Follow Up Boss gives teams and agents a central hub to stay organized, engage customers, close deals and grow their production. As part of Zillow Group, Follow Up Boss will be able to invest further in improving its product offerings, helping their clients deliver the best possible customer experience while supercharging their businesses.

Follow Up Boss will remain an independent brand and will continue to build its client base as a standalone product offering while serving all existing clients, regardless of whether an agent engages with other Zillow Group platforms.

"We're excited to have more resources to invest in new features and functionality while still delivering the great experience our clients enjoy today," Follow Up Boss Co-Founder Dan Corkill said. "Our mission remains the same—to serve top-performing real estate teams and agents by providing industry-leading technology to power their businesses. We know Zillow Group shares that commitment."

Follow Up Boss also plans to continue supporting its ecosystem of third-party integration partners, enabling agent clients to keep using their preferred systems seamlessly. Additionally, Zillow Group will continue supporting third-party CRM integrations on the Zillow Premier Agentapp so Premier Agent partners can work in whichever CRM they choose.

"Follow Up Boss is beloved by agents across the industry, including many Zillow Premier Agent partners and ShowingTime+ clients. Zillow Group continues to invest in tech solutions to help agents deliver an increasingly seamless experience for our shared customers," Zillow President Susan Daimler said. "Follow Up Boss has built the best CRM for agents and teams in the indus-

try, and we look forward to supporting its continued success so agents can exceed the needs of today's buyers and sellers."

The acquisition purchase price includes \$400 million of initial cash consideration and up to \$100 million in a potential cash earnout. Follow Up Boss has approximately 100 full-time employees who will join Zillow Group once the acquisition closes, including Co-Founders Dan Corkill and Tom Markov.

WELLS FARGO AND ENTERPRISE ANNOUNCE WINNERS OF HOUSING INNOVATION CHALLENGE

The Wells Fargo Foundation and Enterprise Community Partners (Enterprise) have announced the winners of the 2023 Housing Affordability Breakthrough Challenge, a \$20 million nationwide competition to find and seed innovative housing solutions. The six winning organizations will each receive between \$2 million–\$3 million in grants and support from peers and industry experts to scale new strategies aimed at making homes more accessible and affordable. The wide range of winning solutions include a workforce training program that prepares students for homeownership; a new way of financing housing in rural communities like the Mississippi Delta; and a new construction technology that reduces the carbon footprint of multifamily buildings.

"Creating true equity in the nation's housing system requires a focus on transformative ideas that challenge current housing practices and processes," said Stacy Spann, Head of Housing Access and Affordability Philanthropy at the Wells Fargo Foundation. "Through the Housing Affordability Breakthrough Challenge, we are intentionally lifting up solutions to serve communities that have experienced disinvestment and marginalization for far too long. And the winning group of



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"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."

— Tonia Green, VP Corporate Social Responsibility, Mr. Cooper

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entrepreneurs and social innovators truly combine expertise with the lived experiences of the communities we aim to serve.”

The 2023 winners and their breakthrough ideas for Housing Access and Resident Support are:

- » **Build UP:** Build Up Birmingham and Beyond aims to expand the unique workforce development high school in Birmingham, Alabama, that combines academic learning with hands-on, paid internships in home construction and real estate. The model relocates donated homes to underinvested neighborhoods where students renovate the homes and eventually have the opportunity to live in and buy them, creating a pathway to homeownership and wealth creation. As part of the Breakthrough Challenge, Build UP plans to enroll more than 120 students, renovate and relocate more than 40 homes, and facilitate 200 paid construction internships.
- » **Tlingit Haida Regional Housing Authority:** Success Starts With Me Home Ownership Program is a new housing model which bridges the gap between traditional mortgage loans and the financial needs in rural Alaska to provide low-income tribal citizens access to homeownership on tribal lands. Partners including Haa Yakaawu Financial Corporation will offer construction and home loans with individualized down payments, payback schedules, and education courses with the goal of supporting more than 100 families in the Juneau region.

The 2023 winners and their breakthrough ideas for Housing Construction include:

- » **Hydronic Shell Technologies:** Thinking Outside the Box for More Sustainable and Healthy Affordable Housing will pilot a new technology in Syracuse, New York, that will make it possible to do large-scale energy retrofits of multifamily buildings from the exterior using prefabricated modular panels. The high-efficiency system, which is the first of its kind in the United States, aims to reduce CO₂

emissions while improving indoor air quality, lowering energy bills, and enabling residents to remain in place throughout the process.

- » **Module:** The Last Mile Network is a partnership between the modular housing company and affordable housing developers to bring prefabricated homes into urban communities and create on-ramps into the construction industry through workforce development programs. The project will scale Module’s construction facility in Pittsburgh and develop new facilities in Maryland and Virginia, building 100 all-electric affordable homes with a local workforce that has an equity stake in the business.

The 2023 winners and their breakthrough ideas for Housing Finance include:

- » **Hope Enterprise Corporation:** Securing Homeownership Through Expiring LIHTC Developments is a new mortgage innovation which aims to convert long-time renters in rural communities into homeowners by providing residents of Low-Income Housing Tax Credit (LIHTC)-financed homes the option to purchase the home when those credits expire. The model will be piloted in the Mississippi Delta in collaboration with local design partner, Delta Design Build, and HBCU engineering students who will renovate the properties.
- » **Grounded Solutions Network:** The Homes for the Future Fund will use private capital to purchase 200 homes in communities of color in the South—starting in Atlanta—that are experiencing rapid appreciation and rent increases, rehab the homes, and lease them to families at an affordable price. As the property values grow, the project will enable residents to use a portion of the equity toward purchasing the home. The unique investment structure aims to provide investors with a modest return while allowing the bulk of the equity generated to remain in the community through a shared equity model.

The competition drew more than

400 applications from a wide range of innovative nonprofit and mission-driven for-profit organizations stretching from Florida to Alaska in three categories: Access and Resident Support, Construction, and Financing. After two application rounds, 16 finalists were invited to present their innovations in a 10-minute pitch to a panel of judges composed of national affordable housing and community development experts, including leaders from Wells Fargo and Enterprise.

The 2023 winners will take part in a multiyear peer learning network to share ideas and cultivate their innovations into solutions that can be applied to communities across the United States. The cohort will gain access to a network of leaders from across the housing sector, including experts from Enterprise and past winners of the competition.

“The Breakthrough Challenge allowed us to build a bigger table, where residents and frontline staff had real power and leadership over decisions in their communities,” said Julianna Stuart-Lomax, VP of Community Impact for 2020 winner Preservation of Affordable Housing. “It fundamentally reoriented our organization and gave us the space to imagine a new kind of housing system for this country.”

MATIC EXPANDS PARTNERSHIP WITH PRMG

Matic, a digital insurtech platform, and Paramount Residential Mortgage Group (PRMG), a national mortgage lender, have announced an exclusive partnership to offer Property & Casualty (P&C) insurance products to PRMG customers. The partnership will bring Matic’s marketplace of more than 40 A-rated carriers to PRMG homebuyers through an enterprise-level embedded solution, creating a seamless and efficient process for borrowers to access personalized insurance offerings. Through a new integration, PRMG customers can shop for and purchase insurance within the loan



originations experience.

“Since 2018, PRMG loan officers have been leveraging Matic’s integrated technology to provide insurance options for their borrowers,” said Kevin Peranio, Chief Lending Officer at PRMG. “Matic’s marketplace reduces the time it takes to shop for and purchase insurance, ensuring the loan process stays on track. Solidifying our partnership and expanding Matic throughout PRMG will help us streamline our operations and simplify the homeownership journey for borrowers.”

Matic’s technology empowers borrowers to compare rates and coverage during key moments of the homeownership journey, allowing them to identify the best option for their unique needs. Under the partnership, PRMG customers will have access to a variety of insurance products, including home, auto, umbrella, flood, dwelling fire, pet, and other personal lines of insurance.

“Matic’s digital marketplace was designed to sustain downturns in the housing and insurance markets,” said

Ben Madick, CEO and Co-Founder of Matic. “As the insurance and mortgage industries face increased volatility, more lenders are turning to Matic to provide their borrowers with options. We’re excited to extend our partnership with PRMG to meet customer needs during the lending experience.”

Matic partners with over 100 lenders, servicers, and banks that collectively process 20% of home loans available in the United States, including five of the top 15 mortgage servicers in the United States, a top 10 global bank, and a top 10 U.S. bank.

RICHEY MAY FORMS PARTNERSHIP WITH ARCTIC WOLF

Advisory and accounting firm Richey May has teamed with Arctic Wolf, who deals in

security operations, to help proactively protect organizations against today’s cyberattacks. The Arctic Wolf Security Operations Cloud pairs the power, speed, and scale of a cloud-native platform with world-class security operations expertise that provides organizations with comprehensive coverage across the entire security operations framework.

With more than 100 years of combined experience, multiple industry-leading certifications, and tenured experience in regulated industries, Richey May’s cybersecurity team of professionals is equipped to help organizations prepare for tighter regulations and evolving threats on the horizon.

“We are excited to have Richey May as part of our award-winning Partner Program. Arctic Wolf’s security operations expertise complements their suite of existing offerings to create a unified approach that will protect customers and advance their security journey,” said Will Briggs, SVP of Global Channels with Arctic Wolf. “With organizations facing

“This transaction underscores CA’s commitment to expanding our product offerings and strengthening our position as a strategic, value-driven client partner. The Real Info acquisition marks our fourth strategic move since inception, highlighting our dedication to growth and success.”

—Arvin Wijay,
CEO, Consolidated Analytics

the challenge of an ever-evolving threat landscape and global security talent shortage, the Arctic Wolf Security Operations Cloud allows customers to achieve not only world-class security operations, but also the protection and peace-of-mind that comes along with it.”

“Richey May is proud to team with Arctic Wolf, a world-class solution that offers our clients a comprehensive approach to cybersecurity. Our ability to strategically plan our clients’ security roadmap is now matched by the expertise and execution of the Arctic Wolf Security Operations Cloud,” said Michael Nougier, Director of Richey May’s cybersecurity practice.

The Arctic Wolf Security Operations Cloud, built on open XDR architecture that seamlessly ingests data from endpoint, network, identity, and cloud sources to deliver automated threat detection and response at scale. Leveraging machine learning, artificial intelligence (AI), and Arctic Wolf’s Concierge Delivery Model, the Arctic Wolf Security Operations Cloud ensures only verified security incidents are escalated to customers, effectively eliminating alert fatigue, and providing internal security resources with the time needed to focus on improving their overall security posture.

CONSOLIDATED ANALYTICS ACQUIRES REAL INFO

Consolidated Analytics Inc. (CA), a provider of technology-driven solutions to the mortgage industry, has acquired Real Info Inc. (Real Info), a property data and valuation technology solutions company.

“This transaction underscores CA’s commitment to expanding our product offerings and strengthening our position as a strategic, value-driven client partner. The Real Info acquisition marks our fourth strategic move since inception, highlighting our dedication to growth and success,” CA CEO Arvin Wijay said.

The Real Info acquisition further expands CA’s suite of valuation solutions,

offering clients enhanced tools to better predict market value and access a more comprehensive selection of collateral assessment products for more informed decision-making.

Benefits include:

- » **Expanded Product Line:** The acquisition results in an expanded product line, combining Real Info’s suite of Automated Valuation Model products, i-Val, realAssessment, and Q-Val product lines, providing a comprehensive suite of valuation products and services, from data and analytics to appraisals, BPOs, and a full array of valuation and review products.
- » **Enhanced Competitive Edge and Technological Solutions:** The combined resources of CA and Real Info will provide analytics and technology for the most accurate determination of value.
- » **Expanded Client Base:** Building on the success of both companies, this acquisition results in a broader client base, strengthening CA’s market presence and fueling ongoing innovation in valuation services.
- » **Cutting-Edge Analytics and Extensive Property Database:** The acquisition positions CA as a provider of analytics, supported by access to one of the nation’s largest property databases.

Consolidated Analytics, in collaboration with Real Info’s founder, Jim Kirchmeyer, is committed to maintaining the highest service standards, fostering innovation, and prioritizing client satisfaction. “We are pleased that Real Info has joined Consolidated Analytics, bringing our products, services, and skilled team on board,” Kirchmeyer said. “Bringing together advanced technologies and the robust capabilities of the team, we aim to make a meaningful impact with this collaboration.”

ANCHOR LOANS LAUNCHES TPO CHANNEL

Anchor Loans, a private direct lender to U.S. residential real estate investors, has announced the launch of its new Third-Party Originator (TPO) Channel. The new channel serves mortgage brokers, banks, private and non-QM lenders, and other referral partners whose clients are America's home builders, developers, and investors.

Anchor Loans' TPO Channel provides the clients of loan brokers and originators with a comprehensive suite of residential business purpose loan products, including bridge, fix and flip, ground-up construction, and rental investor loans with debt service coverage ratio (DSCR).

"When I joined Anchor Loans in 2023, channel expansion was one of my major goals for accelerating our growth," said Rayman Mathoda, CEO of Anchor Loans. "The launch of Anchor Loans' new TPO Channel marks an exciting step forward for our company and further supports our ability to expand our national footprint with improved and enhanced financing offerings. We are at a moment in time when regional banks and private lenders are pulling back on financing options while the American housing market is in desperate need of millions more move-in ready homes than exist today. Our team remains deeply committed to expanding housing opportunities for America's buyers and renters by providing investors with the capital necessary to refurbish our nation's aging homes, and build new ones."

TPO lending veteran Tim Landwehr joined Anchor Loans last year, and as Co-Chief Revenue Officer, he has led the design and launch of the new TPO channel.

"Our new TPO program is designed to support and protect the strong relationships that exist between loan originators and their clients," Landwehr said. "At Anchor Loans, we are obsessed with delivering exceptional customer value, and our TPO Channel is an expansion of that ideal. We look forward to working with

TPOs to help build long-term partnerships between them and their clients."

With more than 25 years in business, operations spanning 48 states, and more than 33,000 loans funded, Anchor Loans has established itself as a partner for flippers, builders, and real estate investors nationwide.

ARMED FORCES BANK PARTNERS WITH VECTOR ON NEW LENDER PROGRAM

Armed Forces Bank, a full-service military bank committed to serving those who serve since 1907, and Vector have teamed up to help make the home buying process easier for Vector employees. Anyone who works for the Vector family of businesses and buys a home through the new "Operation Homeward" program will enjoy benefits that include:

- » A full line of mortgage programs and products to accommodate a range of financial circumstances
- » A closing cost discount
- » Competitive mortgage rates and terms
- » A team of experienced professionals who provide borrowers with mortgage financial consulting, as well as Veteran Affairs (VA) expertise
- » Access to Armed Forces Bank's loan programs such as VA, Conventional, FHA, USDA, and Non-QM

As a Service-Disabled Veteran-Owned Small Business, Vector understands the unique challenges, as well as the opportunities, that veterans have when purchasing a home.

"Vector is fully committed to empowering our employees' dreams beyond the workplace by exploring partnerships that benefit and empower them," said John Hotek, VP of Strategy and Workforce Solutions at Vector. "Our partnership with Armed Forces Bank provides our employees with a trusted, vetted, veteran-centric mortgage lender

that understands and has been recognized for their service to homebuyers, especially veterans and first-time home buyers. Launching Operation Homeward is a testament to our commitment of providing tangible support and fostering lasting stability in the lives of our valued team members."

Since 2013, Armed Forces Bank has helped nearly 28,000 homeowners close over \$9.2 billion in loans and more than 12,000 homeowners close over \$4.7 billion in VA loans.

"The partnership between Armed Forces Bank and the Vector family of businesses makes complete sense as the synergy between these two companies—whose primary goals are to help veterans—is engrained in the culture and white-glove service approach we take with all veterans," said Nick Alphas, President of Mortgage Lending at Armed Forces Bank. "I'm excited to get this kicked off as I envision all the veterans we'll help working with the high-quality individuals at Vector."

Jake Scarbo, Armed Forces Bank Senior Mortgage Banker, designed and will lead the Operation Homeward program. He said it is "the result of two like-minded companies with similar principles and core values finding more ways to serve those individuals who have served our country."

"We're excited to partner with Vector and their outstanding leadership team to provide all their employees—veterans and non-veterans alike—with a superior mortgage experience through fast, easy, and personal service," Scarbo added.

KEEPING HOME OWNERSHIP WITHIN REACH

With the American populace undergoing immense generational changes, *MortgagePoint* examines how the industry can work to provide the bedrock of generational wealth that is responsible homeownership to as many as possible.

By **DEMETRIA C. LESTER**

The winding path to homeownership remains difficult for many. Millions of American families do not currently own their homes, with recent Zillow research finding that the percentage of renting families that could easily afford a mortgage payment decreased dramatically over the past decade or so. Rising mortgage rates caused the share of Black households considered “mortgage-ready” to decrease to 7.8% in 2023 from 26.7% in 2012.

There is still a noticeable racial disparity in homeownership rates, along with a disproportionate number of mortgage rejections. In every state across the U.S., Black, Hispanic, and Native American households are less likely to own a home than white households overall, according to the Joint Center for Housing Studies. In 2023, more than 71% of white households owned their homes compared to 59% of Asians, nearly 40% of Hispanics, and less than 42% of Black households. Overall, Black households have the lowest national homeownership rate—an estimated 30 percentage points lower than white families—making the racial homeownership disparity particularly stark for them.



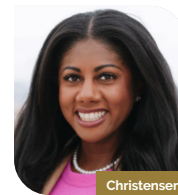
DEMETRIA C. LESTER

is a reporter for MortgagePoint (formerly DS News and MReport) with more than eight years of writing and editing 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, Harry Potter fanatic, and likes to read. She can be reached at demetria.lester@thefivestar.com.

With the overall demographics of homeowners and potential homeowners changing alongside the overall racial diversity of the nation, how is the industry working to evolve to meet these needs of these new homebuyers and to ensure that homeownership remains an achievable goal for all those who can responsibly afford it in the decades to come?

In this first of two parts, *MortgagePoint* will speak with various subject-matter experts from mortgage lenders and servicers, as well as various government and community agencies, about the changing face of the American homeowner/homebuyer, and how the industry is working to stay abreast of their needs.

A Changing Landscape



Christensen

“Over the past four years, the mortgage industry as a whole has been increasingly focused on advancing homeownership, specifically for first-time and minority homeowners,” said **Tai Christensen**, President of Arrive Home. Christensen noted that there have already been some visible improvements in the homeownership rate for each of these racial demographics thanks to education and programs such as down-payment assistance and “other targeted industry diversity and inclusion initiatives.”

According to a report from the National Association of Realtors, within the next five years, some 1.5 million Black



“We must continue empowering our communities by actively engaging with them, trying to understand their unique housing needs, and tailoring our offerings to serve them better.”

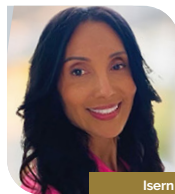
—Caroline Isern, SVP of Multi-Cultural Lending, New American Funding



households, an estimated 775,000 Asian households, and 2.2 million Hispanic households are expected to reach the median age for homeownership. Christensen says even more effort could help raise the percentage of first-time and minority homeowners as programs such as those listed above work to educate homebuyers about their options.

“The three greatest challenges to promoting homeownership in the current market are affordability, interest rates, and inventory constraints,” Christensen said. “The rising prices of homes, coupled with stagnant wages across the country and higher interest rates, make it specifically difficult for first-time would-be homeowners to successfully enter into home-

ownership. These challenges also affect existing homeowners that could potentially become move-up homebuyers.”



Caroline Isern, SVP of Multi-Cultural Lending for New American Funding, revealed just how significant the strategies implemented to advance homeownership are, as well as what factors will help increase the number of mortgaged households throughout the U.S.

According to Isern, the mortgage industry is actively taking several actions to advance homeownership, including:

- » **Digital platforms:** Many mortgage lenders are embracing digital technology to streamline the homebuying process, making it faster, more convenient, and less costly for borrowers. This includes online mortgage applications, electronic document submissions, and verifying income and assets digitally.
 - » **Education:** The industry is investing in homeowner education programs to help prospective buyers understand the mortgage process, including financial literacy, so they can make an informed decision about homeownership. This includes things like seminars, one-on-one coaching, and online resources.
 - » **Affordable housing initiatives:** Mortgage lenders partner actively with government agencies and nonprofit organizations to support affordable housing initiatives.
 - » **Homebuyer assistance programs:** Mortgage lenders offer specialized programs to assist specific groups of homebuyers, including veterans, teachers, healthcare workers, or residents of underserved communities. These programs usually help with closing costs or other incentives to make the dream of homeownership more attainable.
 - » **Advocacy and policy engagement:** The mortgage industry actively engages with policymakers, regulators, and industry stakeholders to advocate for policies that support homeownership and address barriers to housing affordability. These activities include lobbying for sensible regulations, supporting housing finance reform efforts, and promoting initiatives to expand housing supply and affordability, among others.
- Isern said that the industry can work to address the needs of traditionally underserved demographics “by continuing to offer an expansive mix of loans, offering tailored products for these segments, providing education, and making sure we are mirroring the communities we serve.” Isern also noted that exploring alternative credit-scoring models could provide

access to a broader range of borrowers, “including those with non-traditional credit histories or lower credit scores.”

Affordable housing solutions were also on the list of potential efforts that could address the changing nature and demographics of the American homebuyer. Isern said that in order to fund affordable housing projects and provide creative financing options, mortgage lenders can collaborate with government agencies, nonprofits, and developers. Through these initiatives, ongoing affordability challenges may be addressed, and low-income or underserved cohorts can access education and programs needed to help them determine if homeownership is right for them—and if so, how they may best access it.

“We must continue empowering our communities by actively engaging with them, trying to understand their unique housing needs, and tailoring our offerings to serve them better,” Isern added.

For many, there are countless hurdles along the path to attaining the American Dream, but what does the future of homeownership look like for aspiring homeowners?

She added that increasing credit availability and providing cheap housing are two factors to consider when painting the future of homeownership—both of which she says could ultimately help minority communities. She added, “It is imperative that specific mortgage products, initiatives to support affordable housing developments, and programs for down payment are developed.”

“The future of homeownership is influenced by so many factors, including economic trends, policy initiatives, cultural shifts, and efforts from the real estate and mortgage industries to address historical disparities,” Isern said.

Financial education designed to empower individuals and communities of color, as well as financial literacy education and homeownership coaching can help potential homeowners make wise financial decisions and successfully complete the homebuying process if it is right for them. Promoting education on topics such as credit management, budgeting, and mortgage options can also help remove obstacles and provide

necessary context and insight about whether homeownership is a responsible and achievable goal.



“Interest rates are still high; affordability is still stretched,” said **Tim Ray**, Co-Founder and CEO of VeriFast.

“We’re seeing people’s overall ability to cover the cost of shelter stretched with inflation and the cost of living. I think that, over the next year, [we will see] a softening in rates that’s going to make affordability better. This should help [aspiring homeowners in minority or underserved cohorts] as the market improves and rates soften for them to be able to then afford houses.”

Generational Disparities and “the Great Wealth Transfer”

Baby boomers currently own an estimated 38% of homes nationwide despite comprising just over 20% of the entire U.S. population, according to the U.S. Census Bureau, with boomers having historically benefitted from factors such as being able to refinance their houses at historically low interest rates. In 2023, Census data found that just 52% of the millennial cohort, however, are homeowners, compared to a whopping 78% of boomers and 70% of Gen Xers.

“Baby boomers and Gen Xers have higher homeownership rates when compared to millennials and Gen Z,” Christensen said. “As the millennial and Gen Z generations continue to mature, the rising cost of housing, stagnant wages, and student loan debt continue to make it increasingly difficult for them to enter into homeownership. In contrast, older generations have enjoyed far more affordable housing markets earlier in their lives, allowing them to build equity and wealth over the decades.”

That said, Isern explained how the housing market can significantly affect the generational gap in different ways.

» **Homeownership rates:** For instance, newer generations may find it difficult to purchase a property in periods of sharply increasing housing appreci-

ation, which will result in a growing divide between older homeowners and younger renters.

- » **Wealth accumulation:** One of the main avenues for accumulating wealth is homeownership. It’s possible that generations that were able to buy homes when they were more affordable will have more money and possessions to leave for their offspring.
- » **Geographic mobility:** Younger generations’ ability to move around will be restricted in high-cost housing locations. Their professional prospects and standard of living may be negatively impacted if they are unable to purchase homes in sought-after neighborhoods.



“Baby boomers are downsizing at a slower rate than past generations, which is contributing to the inventory issue,” said **Jeff Leinan**,

Co-President of Plaza Home Mortgage. “Over the next decade or so, the greatest wealth transfer in history is expected to occur. More than \$70 trillion will pass on from baby boomers to Gen Xers and millennials. That comes up to about \$320,000 per millennial. So, this is potentially a very strong tailwind for homeownership.”

In what is being called “the great wealth transfer” (forecast in 2019 via research by Coldwell Banker), *Newsweek* recently reported that millennials are expected to hold five times as much wealth as they do today by 2030. While medical costs for aging boomers are also projected to eat into this so-called “great wealth transfer,” what remains will still likely make the difference for many millennials between, for instance, being able to afford a down payment or not. But for those already benefitting from that theoretical influx of wealth, the housing market is still rife with headwinds ranging from affordability to inventory and simple education about the process and responsibilities of homeownership, and even as those factors change, they are certainly not likely to vanish entirely.

Still, while the housing market remains volatile, experts say there are some signs pointing to positive trends in the future. Isern anticipates factors such as increased government and policymaker efforts may help address stubborn affordability headwinds. This includes tax rebates for first-time homebuyers, subsidies for low-income individuals and families, or incentives for developers to provide more affordable housing.

Also, more purchasers will be drawn in and market conditions will improve, as rural and suburban revitalization is expected to continue if people can work remotely. The future of housing is projected to include various housing options, such as co-living and multigenerational housing.

Credit Insecurity, Lack of Credit Knowledge Affecting Homeownership Rates

Having a mortgage can be seriously hampered by credit insecurity or lack of education. To address these problems, extensive efforts must be made to raise financial literacy, expand the availability of credit at reasonable rates, and offer assistance and tools to people to help them overcome obstacles to becoming homeowners.

“Lack of financial knowledge, not just credit knowledge, is a huge factor,” Leinan said. “Consumers, particularly first-time buyers, don’t really understand the mortgage process, what products are available, and how they can improve their chances of buying a home and qualifying for a mortgage.”

Leinan, who expressed the importance and necessity of teaching financial literacy in schools and in society, said much more has to be done by the industry and the real estate sector to educate today’s consumers.

Just 7.8% of Black non-homeowning families were considered income-ready for a mortgage in 2022, whereas 12.5% of white families were financially prepared to purchase a home, representing a 4.7 percentage point difference, according to a recent Zillow report which examined the racial mortgage readiness gap. Per that same report, in 2022, nearly one in 10 Black families that did not own were

“Despite the significant decline in mortgage affordability in the past two years, millions of families who do not own their home have the means to afford the largest share of a homeowner’s cost—the mortgage.”

—Orphe Divounguy, Senior Economist, Zillow

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income mortgage-ready—meaning they could afford the monthly cost of a new mortgage for the typical home in their metro area.

However, that same Zillow report also noted that this so-called “racial mortgage readiness gap” is shrinking. While rising mortgage rates have caused the share of mortgage-ready Black families to decrease to 7.8% from 26.7% in 2012, the difference between the share of white families and Black families that can comfortably afford to take on a mortgage decreased from the peak 7.9 percentage points in 2012 to 4.7 percentage points in 2022.



Divounguy

“Despite the significant decline in mortgage affordability in the past two years, millions of families who do not own their home

have the means to afford the largest share of a homeowner’s cost—the mortgage,” said Orphe Divounguy,

Zillow Senior Economist, in the Zillow report. “While some families may choose to rent, many are simply constrained. It’s crucial to recognize the existence of additional barriers beyond monthly cost, including access to funds for a down payment and closing costs—as well as other barriers.”

Improving Homeownership in Today’s Economy



Gesell

“There’s a large segment of the population that are renters,” said Scott Gesell, CEO and General Counsel of Gateway First Bank.

“That being said, it’s disproportionate for certain groups out there, and there’s a number of issues that come into play.”

Due to inflation and other cost increases, everything has increased by 17–20% in the last two years. Paychecks, in Gesell’s opinion, haven’t kept up with that.

“We’re starting to see an uptick in people’s reliance on credit cards and credit debt again,” he said. “So, I think we’re going to go through a cycle where [credit is] going to get pretty tight again for a while, and with interest rates, where they’re at, it’s just going to exacerbate the problem.”

Although perhaps not as quickly as in the previous several years, home prices are projected to climb in the upcoming year. Affordability has been negatively impacted by rates, which are still close to 7%. The Federal Reserve is expected by most to provide some help in the future. According to Leinan, this may encourage some sellers to come off the fence, which would improve the inventory crisis in some regions.

“As an industry, we have done a good job of creating products that solve for issues like smaller down payments, low credit scores, alternative income streams and property conditions,” Leinan said. “Where we, as an industry, have more work to do is creating awareness of these products and their benefits and overcoming commonly held perceptions and misperceptions.”

With older generations aging in place, many younger buyers have been priced out of the housing market by record home prices, persistently low inventory, 22-year-high mortgage rates, and bidding wars with cash- and equity-flush buyers. First-time homebuyers accounted for just 32% of all deals last year, marking the fourth-lowest percentage in more than 40 years, according to the National Association of Realtors (NAR).

While the industry is doing its part to advance homeownership across America for all races and generations, headwinds remain. There are no definitive signs that inventory constraints will ease anytime soon. If interest rates begin to decline later in the year, as predicted by experts, this could result in additional housing supply shifting in different areas, making more homebuyers eligible to qualify for loans.


While providing more affordable housing may take a while, ongoing efforts to address housing affordability issues through policy interventions and community development initiatives will

further improve access to homeownership and affordability throughout the nation.

Although many Americans still want to buy a home, they are waiting for mortgage rates to decrease in order to make that happen. With today’s high mortgage rates and home prices, many potential buyers have refrained from entering the housing market in 2023. But that doesn’t mean the hope of the American Dream is lost. While uncertain, 2024 may offer buyers more opportunities to become homeowners. **MP**

“As an industry, we have done a good job of creating products that solve for issues like smaller down payments, low credit scores, alternative income streams, and property conditions.”

—Jeff Leinan, Co-President,
Plaza Home Mortgage



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NAVIGATING HAZARD INSURANCE PROCEEDS: LENDER RIGHTS IN REVERSE MORTGAGE FORECLOSURES

Attorneys Jim Milano and Alyssa Szymczyk discuss the intricate dance between property loss and foreclosure when unforeseen circumstances occur.

By **JIM MILANO & ALYSSA SZYMCHYK**

In July 2023, the Appellate Court of Maryland held, as a matter of first impression, that a reverse mortgage foreclosure sale did not extinguish a servicer's right to insurance proceeds. The decision came in the case of *Celink v. Estate of William R. Pyle*.

Case Background

In the case (*Pyle*), a fire destroyed a home subject to a reverse mortgage deed of trust, which then became due and payable as a result of the borrower's demise. On behalf of the secured party, the servicer foreclosed and purchased the property at foreclosure for less than the balance due on the loan. A dispute arose over how proceeds from a fire insurance policy on the property should be allocated between the borrower's estate and the secured party.

Provisions of the Deed of Trust

A provision of the Deed of Trust provided that the borrower was required to maintain fire insurance on any improvement located on the property. This provision also stipulated that if there is a loss, and restoration or repair of the property was not economically feasible, the policy proceeds were to be applied to the balance due on the note, with any excess to be paid "to the entity legally entitled thereto."



A second provision of the Deed of Trust provided that the debt can only be enforced through the sale of the property and prohibited the secured party from obtaining a deficiency judgment in the event of foreclosure.

Disputes Over Proceeds

At the foreclosure auction, the trustees purchased the property for \$175,000, which was \$208,108.25 less than the balance due on the loan and the costs of sale. After the foreclosure sale, the insurer of the property issued a check for the proceeds of the insurance policy in the amount of \$287,531.47. The check was pay-

able jointly to the borrower's estate and the servicer. The borrower's estate filed a civil action seeking a declaration that the insurance proceeds were payable to it.

Legal Precedents and Principles

The loss before foreclosure rule in Maryland is outlined in *Thomas Adm'r's v. Vonkapff's Ex'rs*. The mortgage at issue in that case stated that the borrower would maintain fire insurance on all of the improvements on the secured property and that, in the event of a loss, policy proceeds shall be immediately applied to the rebuilding so that the lender shall in case of loss by fire, be benefitted by such insurance, or participate in the benefit thereof, to the extent of his aforesaid lien.

Court's Analysis and Decision

The Court recognized that, under the literal terms of the mortgage, the insurance proceeds were to be used to repair or rebuild the damaged improvements. The Court concluded that (1) a covenant in a mortgage requiring the borrower to provide fire insurance for the secured property was for the benefit of the lender and its assignees, (2) any claim by the borrower or his successors-in-interest to the policy proceeds was "subject to the [lender's] equity," (3) the lender had the right to enforce its interest, and (4) the lender's right to do so stemmed



from fundamental principles of equity and fairness.

Comparative Legal Perspectives

In *Rollins v. Bravos*, the Maryland court observed that in Maryland, “where a mortgage requires the mortgagor to insure the property against loss and the property is so insured when a loss occurs as to which the insurance applies, the proceeds of the policy of insurance must be applied to the extinguishment of the debt.”

In *Wheeler & Co. v. Factors & Traders Ins. Co. of New Orleans*, the Court stated that “if the mortgagor is bound by covenant or otherwise to insure the mortgaged premises for the better security of the mortgagee, the latter will have an equitable lien upon the money due on a policy taken out by the mortgagor to the extent of the mortgagee’s interest in the property [is] destroyed.” The *Wheeler* Court noted at that time that the *Thomas* case was the leading case in this country on this issue.

Modern Interpretations and Restatement

The principles enunciated in *Thomas* and *Wheeler* are fully consistent with the leading modern case on this topic.

The reasoning behind court decisions is reflected in the American Law Institute’s

Restatement (Third) of Property (Mortgages) (2007). The basic principle is set out in Restatement §§ 4.7–4.8. Section 4.7 states in relevant part (emphasis added):

Mortgagee’s Right to Funds Paid Under Casualty Insurance or Taking in Eminent Domain

(a) Unless a different disposition is provided in the mortgage, the mortgagee has a right to the following funds paid on account of loss or damage to the mortgaged real estate, to the extent that the mortgagee’s security has been impaired by the loss or damage ...:

(1) the proceeds paid by a casualty insurer due to the occurrence of an insured loss to the real estate, if the mortgagor promised the mortgagee, in the mortgage or otherwise, to purchase the insurance[.]

Restatement § 4.8 states in relevant part (emphasis added):

Effect of Foreclosure on Mortgagee’s Right to Insurance and Eminent Domain Proceeds

(a) Where a mortgagee has a right to foreclose a mortgage because the mortgage obligation is fully due and payable and the mortgagee has a right to casualty insurance or eminent domain proceeds under § 4.7, the mortgagee may either:

(1) recover from the insurance proceeds ...; or

(2) foreclose on the mortgaged real estate and, to the extent that doing so does not satisfy the mortgage obligation, recover the balance from the insurance proceeds or from the eminent domain award.

Comment a to Restatement § 4.8 is particularly pertinent. It explains (emphasis added):

In the event of an insured casualty loss, the mortgagee may satisfy the mortgage obligation by two different means. It may recover on the insurance policy, up to its limits, the full amount of the mortgage obligation at the time of the loss ... Alternatively, the mortgagee may proceed first to foreclose the mortgage. When this approach is followed, and the foreclosure sale does not yield the full amount of the mortgage obligation, the balance may be recovered under the insurance policy, up to its limits.

The Takeaway

In the intricate dance between property loss and foreclosure, one thing is clear: when unforeseen circumstances occur, insurance proceeds offer a valuable layer of security to a lender. **MP**

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HOW BUSINESS OUTCOME AUTOMATION CAN SHIELD LENDERS FROM RISK

Dave Parker of LoanLogics details ways to take advantage of machine learning and other emerging technologies to streamline loan production, loan acquisition and QC processes.

By DAVE PARKER

The old saying, “when it rains, it pours” perfectly captures the current mood among mortgage originators. Not only has loan volume fallen significantly over the past couple of years, but mortgage lenders are also dealing with a storm of new quality control requirements—including new repurchase demands from Fannie Mae and Freddie Mac.

Unfortunately, tighter guidelines for pre-funding audits and faster post-closing reviews from one of the GSEs come at a moment when lenders are already struggling with thinner profit margins. In fact, according to the latest data from the Mortgage Bankers Association (MBA), independent mortgage bankers lost an average of \$1,015 per loan during the third quarter of 2023. This situation has created a precarious balancing act that has lenders reassessing their business operational strategies and looking for anything to tip the profitability scale back in their favor.

Yet, necessity often proves to be the mother of invention. For lenders willing to adapt, there are ways to navigate today’s turbulent market safely and comply with GSE and investor requirements. And few tools are proving more effective than AI-powered business outcome automation.

How We Got Here

Since the 2008 crisis, the mortgage industry has undergone a significant



transformation to meet ever-changing regulations and expectations involving loan quality. Most recently, it's been Fannie Mae and Freddie Mac that have tightened their quality control (QC) requirements, pushing for more stringent audits and for lenders to evaluate loan quality sooner rather than later.

However, while these new stipulations have created a hill to climb, they also represent an opportunity for sellers/servicers to leverage automation to verify and validate loan quality from loan application through close and secondary market sale.

For example, Fannie Mae now requires pre-funding QC audits on at least 10% of loans or up to 750 loans per month sold to the GSE. Lenders must also complete post-closing reviews in just 90 days, compared to the previous 120-day window.

At a time when many lenders are already wrestling with rising loan defects and heightened fraud risk, these new requirements are timely but may also be straining already limited operational capacities.

The GSE's decision seems to stem from concern over the quality of the enormous amount of loans originated during the height of the pandemic, when lenders were dealing with massive capacity issues. Indeed, the agencies' noticeable uptick in repurchase requests reflect that, but may also be an indication that both are concerned about counterparty risk and the financial stability of some institutions in the current market. Going forward, seller/servicers need to uncover quality issues sooner and pay meticulous attention to a host of variables in their loan production processes that could potentially trigger a defect or repurchase demand.

As expected, many lenders have had to cut back on staffing amid lower origination volumes. In fact, according to the MBA, the average number of production employees for independent bankers fell from 362 to 331 between the first and second quarter of 2023. While a necessary expense measure now, cutting staff and then rehiring when market volumes return should be a way of the past.

Instead, there is an opportunity for sellers/servicers to leverage automation much more pervasively across their production processes. This way loan quality



is continuously verified and validated from loan application through close and secondary market sale. Both compliance and scalability can be addressed with this approach.

Understanding the Source of Defects

As the housing market becomes increasingly challenging for borrowers trying to overcome the impact of higher rates and tighter credit, the chances of loan defects multiply. Currently, most loan defects stem from discrepancies in income verification, appraisal and valuation inconsistencies, and errors in the underwriting process. Inadequate documentation is another significant contributor, often because manual practices lead to human error and increased likelihood that critical details may be overlooked.

No matter the origin, however, every defect becomes a ticking time bomb, threatening to explode in the form of a repurchase demand from the GSEs or other secondary marketing partners. Failing to address these defects in a timely manner, regardless of investor, is not limited to immediate financial losses, either. They also create long-term consequences, including reputational damage and increased regulatory scrutiny, which can collectively derail a lender's future.

The question then becomes, how can lenders plug these loopholes effectively and efficiently? This is where artificial intelligence (AI), machine learning, and business outcome automation technologies come into play. In fact, these tools have already become game-changers for lenders that have embraced them.

Machine learning algorithms are adapting and learning from millions of structured and unstructured loan documents, becoming vastly more accurate in the classification of documents from which data is extracted. Meanwhile, business outcome automation solutions are increasingly being used to scrutinize vast amounts of loan data and identify anomalies or inconsistencies that typically lead to defects. This verified data can then feed automation for income calculation, loan processing, loan quality, and other origination processes prior to close. Rules can indicate if a test is true or false,

Machine learning algorithms are adapting and learning from millions of structured and unstructured loan documents, becoming vastly more accurate in the classification of documents from which data is extracted.



compare values, use fuzzy logic to make determinations beyond exact match data, and validate loan file data and documents against guideline requirements.

More advanced uses of AI open up a world of even more interactive and self-learning applications. Use of verified data in consumer chat applications can enable the lending process to be more engaging. AI analyses of borrower data can aid underwriters in making better risk decisions. And fraud detection tools can incorporate AI to evaluate mortgage applications for possible illegal activity. All represent greater efficiency, but they must also strike the right balance of transparency and automation that does not introduce bias or unfair lending practices.

Aided by industry and technological know-how, these tools are becoming

increasingly effective at pinpointing potential areas of risk with every new transaction. This high level of precision not only reduces the probability of repurchases, but also significantly expedites loan processing by prepping files for underwriting and the quality control (QC) audit process.

Compared to human staff having to slog through countless hours of manually reviewing loan documents and keying in data from documents, machine learning, and automated tools can “green light” complete loan files while creating shortlists of exceptions within a fraction of the time. This not only speeds up loan processing and pre-funding QC checks, but also frees up human resources for decisioning tasks and minimizes any defects that might surface in post close audit reviews.

The benefits of these technologies are not theoretical. In addition to reducing the number of repurchase requests from the GSEs and other investors, lenders that have adopted them have achieved significant cost savings and substantial ROI. In fact, our own clients have been able to reduce some income calculation costs by \$400 per file, scale operations with automated classification of 689 document types and extraction of more than 10,000 data fields, leverage 20 component reviews to meet new prefunding requirements more cost effectively, and complete post close reviews within 90 days.

Of course, weeding out loan defects and meeting investor requirements more cost-effectively is not just about dollars saved and efficiencies gained. It is also about elevating a lender's profile in the secondary market at a time when demand for higher-quality mortgages is at a premium. But this begs the question, what is the best way to take advantage of machine learning and other emerging technologies to streamline loan production, loan acquisition and QC processes?

Getting From Point A to Point B

For most lenders, the first step in process improvement and risk mitigation is shifting one's focus from reactive to proactive. In practical terms, this means performing an honest and thorough self-assessment of the organization's existing production and QC processes, hunting down vulnerabilities, and determining what works and what does not. If a lender has not audited its processes recently, now is the time. This audit should be as inclusive as possible, ranging from processing to underwriting to documentation to QC reviews.

It is equally vital for mortgage lenders to scrutinize the capabilities of their existing vendors and evaluate more automated tools to improve their own process efficiency.

For lenders, automation exists to accurately calculate borrower qualifying income, pre-screen loans for high-risk factors, and identify missing documentation or inconsistent data before they reach the closing stage. Post-close, technology can help to validate data integrity from documents and systems, leverage that data

to power audit automation, and complete post close loan file reviews more quickly to align with a shorter 90-day review window.

For correspondent and servicing operations, where time is money, ensuring that loan acquisition and loan on-boarding is done efficiently and in a highly transparent way is critical. Missing documents and data issues can result in costly delays, holdbacks and tied up warehouse lines.

Finally, for any well-equipped operation, reporting and action plan tracking can uncover the root cause of defects and incorporate what has been learned for continuous process improvement. A lender's future workflows, a correspondent's guidance to sellers, and a servicer's onboarding experience for borrowers can all be informed through reporting and trend analysis that detects troublesome patterns early for proactive action.

Taking the Next Step

In the challenging market we find ourselves in, adaptability to originate different types of loan products with quality while satisfying the timelines and requirements of any secondary market loan buyer represents an opportunity for transformative growth and heightened operational efficiency.

Lenders should act now on implementing automation to balance staff resources more effectively during market upturns and downturns, leveraging loan quality insights to understand defect trends related to shifting market dynamics, and validating loan file data to avoid investor repurchase risks.

For most organizations, it is more than just avoiding losses. It is about creating a more resilient, compliant, and profitable mortgage business for the long haul. In this sense, the sooner lenders conduct a deep dive into their processes and embrace new technologies, the faster they can protect their businesses and start turning the odds in their favor for increased profitability and growth. **MP**



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BUILDING THE PERFECT PRODUCT MIX: DON'T FORGET ABOUT RENOVATION

Jim Clapp and Franco Terango of Certainty Home Lending explain how the convergence of several unique factors has set the stage for a home renovation loan spike.

By FRANCO TERANGO & JIM CLAPP

As we navigate this unique year for mortgage lenders, we are beginning to see signs of stabilization and possible recovery, even though interest rates remain higher than in previous years. It is essential to remember that the mortgage market has seen higher rates before, with 30-year fixed rates hitting as high as 18% in October of 1981, and still, even in that environment, mortgages were made, and homes were sold.

As of February, 2024, the average 30-year fixed rate stood at 7.8%, which is not far off the average historical rate for 30-year fixed mortgages recorded from 1971–2023, which was 7.74%. The broader perspective suggests that, while rates may feel high right now, they are not unprecedented in the larger historical context.

The abnormally long refinancing boom that characterized the market in the previous decade is likely over, at least for a while. As a result, mortgage lenders are focusing on finding creative and expanded ways to help their clients during current market conditions. One approach is to update or expand their product menu.

The discussions around expanded product offerings have so far centered on various loan offerings such as Home Equity Lines of Credit (HELOCs), Home Equity Conversion Mortgages (HECMs), builder or construction loans, and adjustable-rate mortgages (ARMs). Additionally, creative niche loan products like “Same Day” or



FRANCO TERANGO is CEO of Certainty Home Lending. He has been a leader in the financial services industry for more than 30 years, and his career has transversed four lines of business, including consumer banking, investments, small business banking, and 25 years in mortgage lending. You can reach him at franco@certaintyhomelending.com.



JIM CLAPP is President of Certainty Home Lending, a national mortgage lending and fintech business. He has held leadership roles with Certainty since 2009, including a nine-year tenure as President and CFO for W.R. Starkey Mortgage, Certainty's predecessor. He has served the mortgage industry for the better part of three decades. You can reach him at jclapp@certaintyhomelending.com.

“One Percent Down” mortgages have been introduced to serve potential borrowers. Lenders are expanding their range of offerings to cater to a broader audience of prospects.

Factors Likely to Spur a Renovation Boom

The unique market conditions found throughout the mortgage industry are leading to the emergence of a potential

surprise contender for significant origination volume: renovation loans. Several factors are contributing to the potential renovation boom, including:

- » **A shortage of housing units:** The United States is facing a shortage of housing units, which has increased home prices and created fiercely competitive purchase conditions. With limited inventory available and the likelihood that their current mortgages are below market rate, current homeowners have less incentive to move, making renovations attractive for those who want to upgrade or downsize their existing homes.
- » **High home values:** Despite the rise in interest rates, homeowners still have substantial property equity. As home prices are projected to rise, many homeowners may choose to renovate their current homes instead of selling or refinancing.
- » **High interest rates:** Interest rates are expected to remain relatively high for the foreseeable future. This situation could create an affordability issue for potential homebuyers to purchase a new home, leading them to consider renovating less appealing homes a more viable option.
- » **First-time homebuyer challenges:** First-time homebuyers face challenging conditions due to high home



While we may have a housing “shortage,” there are still millions of houses out there ... it is just a lot more difficult to buy one.

prices and limited inventory. Renovation loans could become a more accessible means by which they could enter the housing market, encouraging them to consider properties that need renovation and turning them into their dream homes.

- » **Inflation:** High inflation continues to make new homes more expensive, incentivizing homeowners to consider renovation projects instead of buying new properties. Based upon the “after improved value” that comes with a renovation loan, it is less expensive for homeowners to refinance their 3% mortgages to the current rate using a renovation-based mortgage. In this market, it would likely be more expensive for them to sell their homes; locate and buy new homes (at the current mortgage rate), and pay commissions, closing costs, and moving expenses.

What the Renovation Boom May Look Like

The American Dream of homeownership remains a powerful motivator for many. Family and household formation are critical drivers to buying a home. While we may have a housing “shortage,” there are still millions of houses out there ... it is just a lot more difficult to buy one. Part of that “shortage” could be caused by potential sellers who own properties that do not meet the minimum property requirements for Federal Housing Administration (FHA) financing. While they have the option to sell to a cash investor at a significantly reduced price, they could sell at list price to an owner-occupant using a renovation loan. As people become more educated about the potential of renovation mortgages, we may subsequently see more inventory returned to the market.

That is why mortgage lenders seek to make the potentially daunting task of renovating or refurbishing existing inventory easier. Along with the traditional mortgage approval process, there is an added process for the renovation side. Savvy mortgage lenders will offer experienced, specialized teams which can make the renovation process smoother for loan originators and more attractive to borrowers.

Lenders have available to them conventional, FHA, and VA renovation loans.

For each, the loan amount is based upon what the value and condition of the home will be after the renovation work is 100% complete. The FHA 203(k) may have more potential than any other option because a significant number of FHA borrowers lack the financial resources more affluent borrowers might have. FHA also allows the value of the property to be based on 110% of the “after improved value” of the home. This gives the FHA 203(k) borrower the buying power that comes with offering full price for a home and often includes seller-paid closing costs. The seller receives full price for a house financed in “as-is” condition while the borrower enjoys a fully renovated home utilizing FHA’s flexible guidelines and cash-to-close requirements.

First time homeowners will increasingly look to traditionally less-appealing houses when their “dream homes” prove too difficult to purchase or remain unavailable. Any number of renovation products already available, including loans originated in coordination with HUD’s 203(k), could encourage new homebuyers to turn fixer-uppers into amazing homes. With growing public concern about the SFR (single-family residence) investment boom of recent years, the 203(k) could curry additional favor among policymakers seeking to curb the influx of investors and increase in rental (vs. ownership). They may find it worthwhile to ease the path for lenders to originate 203(k)-related mortgages. However, any lender seeking to enter this space for the first time needs to fully understand and prepare for the additional requirements and responsibilities that come with offering 203(k)-related mortgages.

With the convergence of powerful forces such as the inventory shortage, high home values, higher interest rates and strong demand for homeownership, renovation loans are likely to become a significant component of the mortgage lender’s product mix, offering solutions for current homeowners and first-time homebuyers.

This development could prove to be essential for any successful mortgage lender to meet customer needs. **MP**

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HELPING DETERMINE THE BEST PATH FOR AVOIDING FORECLOSURE

As servicers work with distressed borrowers to resolve their mortgage challenges, a new ServiceLink tool—the Short Sale Property Report—offers essential insight.

For mortgage servicers and investors, helping distressed homeowners work out payment challenges through loss mitigation, ranging from loan modification to short sale to deed-in-lieu of foreclosure, is a strategy to also mitigate their losses.

“We’re not seeing many properties going into default, because the average homeowner has so much equity right now,” says Amy Borsi Daniel, SVP, Title & Close, ServiceLink. “When those who are moving toward default can’t make payments and need a way out, servicers need to consider a lot of factors: the current value of the home, the amount still owed, outstanding liens, market activity, etc.”

If the property value is higher than the amount the borrower owes, the servicer reaches out to that customer to explain their options. It’s important to be aware of any issues related to the title before having that conversation.

“Taking a look at the title before agreeing to a short sale is a smart strategy. Servicers and borrowers can save a lot of time and money that might have been wasted on listing and marketing a property that can’t be sold unless its title is cleared,” says Jody Walshe, Assistant VP, Deed-in Lieu-Title, ServiceLink.

With this in mind, ServiceLink offers the Short Sale Property Report, a tool designed to provide servicers with critical information about a property’s title before committing to a short sale. The concise nature of the report ensures that any negative issues jump out immediately.

SERVICELINK, the nation’s premier provider of residential real estate services, partners with servicers, attorneys, and investors to achieve their strategic goals and realize greater efficiencies. ServiceLink helps clients by delivering best-in-class technologies and proven expertise built on a foundation of service excellence and customized end-to-end services including title and closing, field services, valuation, auction, REO asset management, and servicer and attorney reporting and support. To learn more, visit svclnk.com.

“The Short Sale Property Report reveals whether a title is clear of junior liens, judgments, IRS and state tax liens, code violations, and other issues,” Walshe said. “It gives immediate insight into the property and tells them up-front which route—loan modification, short sale, or deed-in-lieu—is likely to be the best path forward.”

The more information a servicer has up-front, and the more they enlighten the borrower, the better the outcome is likely to be.

“A short sale enables the homeowner to sell their property for less than what they owe so they can get out from underneath the loan completely,” Walshe said. “Short sales also represent savings for the investor, because they aren’t paying holding costs to keep the property up.”

Shorter closing timelines are a notable advantage, as low inventory levels persist across the country. Many homes are under contract within 30 days of hitting the mar-

ket, Walshe says, making short sales more appealing to both servicers and borrowers who may be eager to sell to avoid impending financial consequences.

“Short sales can be a good option for not just borrowers but also those who will be unable to make the balloon payment coming for many who deferred payments during the pandemic,” Walshe explained. “If they’ve already taken out the equity in their home, a short sale may be their best option for avoiding foreclosure.”

Daniel believes that short sale volumes may pick up in the coming months. “Interest rates are making it difficult for borrowers with adjustable-rate mortgages to afford monthly payments and for homebuyers to qualify for new mortgages. As we start seeing home values decrease, we could see more homeowners going upside down on their mortgages. Short sales could help,” she said.

Alternatively, borrowers may be able to deed the property back to the bank through a deed-in-lieu (DIL) of foreclosure. Like a short sale, a DIL offers the borrower an exit strategy while protecting their credit from the damage a foreclosure could inflict.

Servicers considering DIL need more complete information, and a more comprehensive report, than they do for a short sale.

Daniel explains, “If a servicer orders a Short Sale Property Report and the information comes back indicating short sale is not an option, the servicer can upgrade that report to include everything they



need for the DIL report. Instead of starting over, our team leverages and builds on the information we've already collected to save the servicer money."

That information would go back 40 years and typically includes two owners, versus the short, one-owner Sale Property Report. "When we do a search for DIL, we're including more in-depth detail, so the servicer has a complete understanding of the property they're bringing back into their inventory," Walshe said.

Daniel added that ServiceLink can support both short sales and DIL transactions.

"We have an entire team of experts with experience in processing DIL and short sales; they are always available to answer questions. Our goal is to manage these processes smoothly to benefit borrowers and servicers alike." **MP**

“[The Short Sale Property Report] gives immediate insight into the property and tells them up-front which route—loan modification, short sale, or deed-in-lieu—is likely to be the best path forward.”

—Jody Walshe, Assistant VP, Deed-in Lieu-Title, ServiceLink.

FINDING THE WAY

The nation's housing market is looking for solid footing in 2024, as *MortgagePoint* sits down with Fannie Mae's Douglas G. Duncan and Mark Palim to discuss the factors that may shift the market in 2024 and beyond.

By ERIC C. PECK

W e are well into 2024, and the housing market remains the same rollercoaster ride to start the new year as it was when 2023 concluded.

In order to get a grip on what lies ahead in the housing finance space, *MortgagePoint* recently had the opportunity to chat with two of the industry's top forecasters, Fannie Mae's SVP and Chief Economist Douglas G. Duncan, and VP and Deputy Chief Economist Mark Palim. Note that this interview was conducted just hours prior to the Federal Reserve's January FOMC where rates were held steady.

As SVP and Chief Economist at Fannie Mae, Duncan is responsible for forecasts and analyses of the economy and the housing and mortgage markets. He also oversees strategic research regarding the potential impact of external factors on the housing industry. Named one of Bloomberg/BusinessWeek's "50 Most Powerful People in Real Estate," Duncan is Fannie Mae's source for information and analyses on demographics and the external business and economic environment; the implications of changes in economic activity on the company's strategy and execution; and for forecasting overall housing, economic, and mortgage market activity. Prior to joining Fannie Mae, Duncan was SVP and Chief Economist at the Mortgage Bankers Association (MBA). His experience also includes work on the Financial Institutions Project at the U.S. Department of Agriculture, and service as a LEGIS Fellow and staff member with the Committee on Banking, Finance,



and Urban Affairs for Congressman Bill McCollum in the U.S. House of Representatives. Previously, Duncan was a Board member of the National Association of Business Economics (NABE) and a Board Member and Chair of Strategies to Elevate People (STEP).

In his role as Fannie Mae's VP and Deputy Chief Economist, Palim focuses on the impact of trends in the financial services sector on the economy and on the government-sponsored enterprise (GSE). Prior to joining Fannie Mae in 2009, Palim worked as a Senior Associate, Manager, and Director for PricewaterhouseCoopers, and served as Principal at LECG. He has been a consulting and testifying expert in antitrust cases and disputes in the financial services industry. Palim was first involved with economic forecasting and mortgage securities in 1988, when he was a Portfolio Manager and also reported to the Chief Economist at Mercantile Safe Deposit and Trust Company. Subsequent-

ly, he continued his work on macroeconomic and policy issues as a staff economist for the National Association of Federal Credit Unions (NAFCU).

EDITOR'S NOTE: This Q&A took place Wednesday, January 31, 2024, and reflects the views of Doug Duncan and Mark Palim as of that date.

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



Douglas G. Duncan:

We don't expect the Federal Reserve to announce a rate change today. They will signal some things on what's an ample level of portfolio for them to provide liquidity going forward. They may provide some indication of what they think the direction of growth will be, and how that may impact the way that they consider future rates.

If we have a slow growth forecast on the economy for 2024, we think the fed will likely cut rates four times this year, starting in May, and that would bring interest rates down.

When they have said in the past, "higher for longer," one of the aspects of that we have thought about is that it can also mean the pace at which they lower rates, and the degree to which they lower rates may be slower and less than in previous easing cycles. It really depends on how the economy performs going forward.

Housing will obviously be impacted by the growth of the economy, and our



“Housing will obviously be impacted by the growth of the economy, and our forecast is that that housing will slow.”

—Douglas G. Duncan, SVP and Chief Economist, Fannie Mae

forecast is that that housing will slow. The employment cost index recently came out, and compensation is indeed slowing. It's one of the demand side factors for housing. It's also something the Fed is watching carefully, as they calibrate monetary policy. So, that would be something. Mark, I don't know if you want to add anything.

Q: What do you anticipate on the rates front for the remainder of 2024? What could change your forecast on rates this year?



Mark Palim: Fannie Mae has mortgage rates by the fourth quarter of this year going down to 5.8%. Then, by Q4 of 2025, we have rates forecast at 5.5% ... that's our base forecast.

Duncan: If the Fed perceives that they have not accomplished their work on inflation, or if there is a reversal in the path of inflation, that would certainly impact the Fed's path to a monetary policy. They have not ruled out any further hikes. I think the Fed has conditioned the market to suggest it is really dependent on whether there was any resurgence in inflation. So the market is expecting to see a discussion of rate cuts in the future if not hikes, but they'll reserve that option.

There is also a lot of geopolitical risk out there. We are not forecasters of international relations, but we do see risks to economic activity through the shipping space, for example, and that's been well-documented, some of the attacks on shipping, which is going to impact risks related to the global supply chain. Rerouting tankers all the way around South Africa is expensive and could conceivably show up in some inflation measures. These geopolitical risks are somewhat elevated in our view today. So things could happen in that arena that might alter the path of activity.

Palim: Starting in April of 2022, we had a recession in our forecast because of the speed of the tightening that was happening by the Fed. We've taken that out, but we still think we now have subpar growth of 1% this year, and growth of 1.5% in 2025 or around there. There is a downside risk that for whatever reason, the economy

may further weaken. That would likely drive down mortgage rates below what our forecast has.

Q: Are there any factors that may break the stalemate of people not selling their homes? Would you attribute many people staying in place at the moment to the high rate environment?

Palim: We asked people in a survey last year, "Are you planning to stay in your home longer than you expected or move sooner or about what you expected?" We found that the share of those who planned to live in their house longer was very close for those with and without a mortgage. So, that was a first clue that non-mortgage factors may be important, not just rate lock-ins as to why people are not listing their homes for sale.

We found that for those with a mortgage, 20% of those polled revealed that the top reason they are staying in their house longer is the rate on their mortgage. That was quickly followed by nonfinancial reasons, like where they live, they liked their home, and other reasons.

As rates come down, will we see an increase in supply? If the lock-in was 80% of the reason people were not listing their homes, it might lead to more supply. And we just don't think that's the case. We think that we pulled forward a bunch of sales when sales in 2021 and 2022 spiked dramatically. That, in part, was due to people who might be moving over the next few years and pull that move forward.

Duncan: I have watched some of the storylines talking about a market that is frozen or logjammed. I don't find those as compelling metaphors because there were still nearly 3.8 million sales at an annualized rate. There is a lot of activity out there, it's just not nearly at the level that it was previously.

What people are really calling for is more supply to improve affordability as interest rates come down, and a related pickup and activity which lies on the back of the builders.

Palim: Those who follow the National Housing Survey (NHS) have seen that

affordability has been a key issue in that survey and the responses people give ... we did see a jump up in those. In the latest NHS reading, we expect to see a decline in mortgage rates, which is both helpful and positive in housing activity. However, affordability challenges loom large over people's willingness to move or buy a home as first-time home buyers.

Duncan: Equity accumulation has been substantial of late. And whether they have a mortgage or not, in either case, they've accumulated substantial equity. If they do have a mortgage that was taken out in the 2020-2022 timeframe, it's at a lifetime low. If you are in that category, this is a fairly good time. If you are on the outside of ownership trying to get in, that is where the issue of affordability can be really daunting.

Palim: Affordability impacts move up buyers as well because they look around and say, "Wherever I move to is pretty darn expensive. I'm not seeing a lot of bargains out there, so why should I move?"

Q: Back to affordable housing and entry-level buyers, what factors do you think need to change in the market in order to attract more first-timers? Would it be an increase in supply, an increase in affordable housing, or just overall economic factors that are keeping them on the sidelines?

Duncan: There are three critical variables. One is income. Incomes have to grow. The second variable is interest rates ... interest rates need to come down. The third is home prices, and there needs to be some easing on the price of homes in the United States.

The house price piece relies on supply. So as a derived factor, it's really the supply. And I know people are bored of writing the supply story, but it's THE story. It has been on the back of the builders for a while. And of course, builders don't build houses unless they can sell them because that's where they make money. So again, the interest rate component and the income component will help determine whether someone can afford to buy a new

“We found that for those with a mortgage, 20% of those polled revealed that the top reason they are staying in their house longer is the rate on their mortgage.”

—Mark Palim, Deputy Chief Economist, Fannie Mae



home being built that meets the profit criteria of a builder. So, affordability impacts the builder as well.

Palim: The other factor I would like add is that news has not been all negative for first-time home buyers. The homeownership rate may have dropped off a little bit, but if you look back over the last few years, the overall homeownership rate has risen to around 65%, which if you look over the last few decades, it's not a shabby place to be.

Q: Just to piggyback on that topic a bit, with most of these first-time buyers as converted renters, do you see any fluctuation in the rental market, or will the rental rate nationwide remain high?

Palim: There is sort of an extra dimension to that. While multifamily rent growth may have slowed last year, and probably went slightly negative in the fourth quarter, single-family rent growth remained positive. We do think that with a significant number of new multifamily units coming online, it may have a dampening effect on rents for at least another year.

But, you can have more first-time

buyers and still have good occupancy and rent increases, as long as you have strong wage growth because then you have household formation. It does not need to be a zero-sum game between multifamily economics and a healthy first-time home buyer market.

Duncan: The basic underlying demographics are strong as well. The millennials still have a ways to run, both on rents and on owned homes. I think the average age of a first-time home buyer has gone up a bit due to the affordability issue ... I think it is around 36-years of age. But you still have almost a decade of strong demographics behind the current path.

Q: Do you see an impact on migration patterns or where people are moving based upon weather events nationwide? Are people's migration decisions becoming more heavily swayed by climate change?

Duncan: That question involves two factors: climate change is one, and affordability is the other. Fifteen years ago, if you went to Boise, Idaho, and had a lot of land available to build a house that you wanted

at a fairly low cost, which is simply not the case today. Many people who had equity in California, and wanted to go to a friendlier business environment, may have made the move to Boise, and now Boise is huge. The same story applies to areas in Texas, Florida, and Tennessee where you saw an economic migration.

Palim: The way I think of it at least, is that in the short run, in order to pay your mortgage or your rent, you need a job. So people move to where the job growth is. If you look at migration, people go to where the job growth is.

Over the past decade, this has meant that there has been more movement into areas that are prone to flooding, and prone to fire and wildfire. Over time, you will have to see what happens to the location of jobs and the relative cost of living in those areas.

Does that all balance over time change to where you begin to see jobs migrating away? That is a possibility as well. We don't know yet, but in the short run, the pattern has been people move to where the employment centers are, and where jobs are growing.

Q: Would you attribute part of these migration moves to pandemic-related reasons, work from home opportunities, and things of that nature?

Palim: Part of that is the issue, but the other thing is the simple cost of doing business, taxes, the cost of housing, and basic competitiveness across different metros and states.

Q: Any final comments on the state of housing in 2024 and beyond?

Duncan: Our theme for this year is “Housing seeks balance amid economic uncertainty.” Some of the things we have been talking about are not in alignment with the traditional rules of thumb that people think of in the real estate space. We specifically did not use the word “normal,” because we don't think in the post-pandemic period, it's certain exactly what “normal” is going to be. **MP**



increase for healthcare properties, and a 13% increase for multifamily properties. Originations for industrial properties decreased by 11%, and originations for office properties decreased by 32%.

Among investor types, between the third and fourth quarters of 2023, the dollar volume of loans for CMBS increased 68%, loans for investor-driven lenders increased 35%, originations for depositories increased 17%, and loans for GSEs increased 1%. The dollar volume of loans for life insurance companies decreased by 7%.

A preliminary measure of commercial mortgage bankers' origination volumes shows activity in 2023 was 47% lower than in 2022. By property type, mortgage bankers' originations for healthcare properties decreased 67% from 2022, office properties decreased 65%, industrial properties decreased 49%, multifamily properties decreased 46%, retail properties decreased 27%, and hotel properties decreased 10%.

Among investor types, for 2023 compared to 2022, mortgage bankers' originations for depositories decreased 64%, originations for investor-driven lenders decreased by 51%, loans for life insurance companies decreased by 39%, loans for GSEs decreased by 21%, and CMBS loans decreased by 21%.

MORTGAGE CREDIT AVAILABILITY ON THE RISE

According to the Mortgage Bankers Association's (MBA) analysis of data from ICE Mortgage Technology, mortgage credit availability increased in January according to the latest Mortgage Credit Availability Index (MCAI).

The MCAI rose by 0.7% to 92.7 in January. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit. The Index was benchmarked to 100 in March 2012. The Conventional MCAI increased by 1.3%, while the Government MCAI decreased by 0.3%. Of the component indices of the Conventional MCAI, the Jumbo MCAI

Lending/Oiginations

COMMERCIAL/MULTIFAMILY BORROWING RISES IN Q4

According to the Mortgage Bankers Association's (MBA) Quarterly Survey of Commercial/Multifamily Mortgage Bankers Originations, commercial and multifamily mortgage loan originations were 25% lower in Q4 of 2023 compared to a year earlier and increased 13% from Q3 of 2023.

"Borrowing and lending backed by commercial real estate remained subdued to close out 2023," said Jamie Woodwell, MBA's Head of Commercial Real Estate Research. "The fourth quarter saw a small pick-up from the previous quarter, as is usually the case, but was still down about 25% from 2022's already suppressed fourth-quarter pace. For the year, mortgage originations were about 50% below 2022 levels, with every major property type and capital source experiencing a decline."

Decreases in originations for office, healthcare, multifamily, and industrial properties led to an overall drop in commercial lending volumes when compared to Q4 2022. There was a 68% year-over-year decrease in the dollar volume of loans for office properties, a 39% decrease for healthcare properties, a 27% decrease for multifamily properties, and a 7% decrease for industrial properties. Retail properties increased 50%, and hotel property loan originations increased 81%, respectively, compared to Q4 2022.

Among investor types, the dollar volume of loans originated for depositories decreased by 53% year over year. There was a 29% decrease in government-sponsored enterprises (GSEs: Fannie Mae and Freddie Mac) loans, a 6% decrease in life insurance company loans, and a 1% decrease in investor-driven lender loans. There was a 144% increase in the dollar volume of commercial mortgage-backed securities (CMBS) loans.

Fourth-quarter originations for hotel properties increased 131% compared to Q3 2023. There was a 91% increase in originations for retail properties, a 72%

increased by 1.9%, and the Conforming MCAI rose by 0.2%.

“There was a slight increase in credit availability in January, driven by a greater number of conventional loan program offerings. However, overall credit availability remained close to 2012 lows, and the conventional index was close to its record low in the series dating back to 2011,” said Joel Kan, MBA’s VP and Deputy Chief Economist. “Even though there was an increase in cash-out refinance programs available, credit supply overall is tight. The challenging lending environment has pushed many lenders to reduce costs by cutting back on certain aspects of their business, including exiting origination channels, which has contributed to lower credit supply.”

The Conventional, Government, Conforming, and Jumbo MCAs are constructed using the same methodology as the Total MCAI and are designed to show relative credit risk/availability for their respective index. The primary difference between the total MCAI and the Component Indices is the population of loan programs that they examine.

The Government MCAI examines FHA/VA/USDA loan programs, while the Conventional MCAI examines nongovernment loan programs. The Jumbo and Conforming MCAs are a subset of the conventional MCAI and do not include FHA, VA, or USDA loan offerings. The Jumbo MCAI examines conventional programs outside conforming loan limits, while the Conforming MCAI examines conventional loan programs that fall under conforming loan limits.

A primary market driver may have been news from the Bureau of Labor Statistics (BLS) in a time that is historically a down time in the employment sector, January 2024 reversed course and rose in a big way, as the Bureau of Labor Statistics (BLS) reported that the nation’s employment rose by 353,000 jobs in January 2024, and the unemployment rate remained at 3.7% nationwide.

The BLS found job gains occurring in professional and business services, healthcare, retail trade, and social assistance, while employment declined in the mining, quarrying, and oil and gas extraction industries.

“The strong job market is good news

for the spring buying season as higher household incomes are a necessary component, but it also means that mortgage rates are not likely to drop much further at this point,” MBA’s SVP and Chief Economist Mike Fratantoni said.

Coming out of January and into February, the MBA also reported that mortgage applications rose 3.7% from one week earlier, for the week ending February 2, 2024.

Freddie Mac’s latest Primary Mortgage Market Survey (PMMS) shows the 30-year fixed-rate mortgage (FRM) averaged 6.64% as of February 8, up slightly from last week when it averaged 6.63%. A year ago, at this time, the 30-year FRM averaged 6.12%.

“Mortgage rates have stayed close to where they started the year, despite swings in Treasury yields because of slowing inflation offset by stronger than expected readings on the job market,” Kan added. “Rates at these levels have not prompted much of a reaction in the refinance market, as most homeowners have mortgages with much lower rates. Purchase activity has been strong to start 2024 compared to the final quarter of 2023. However, activity is still weaker than a year ago because of low housing supply.”

Sam Khater, Freddie Mac’s Chief Economist, noted, “The economy and labor market remain strong with wage growth outpacing inflation, which is keeping consumer spending robust. Meanwhile, affordability in the housing market is an ongoing issue due to continued high home prices, elevated mortgage rates, and low supply of homes on the market, particularly for first-time and low-income homebuyers.”

NEW HOME PURCHASE MORTGAGE APPLICATIONS UP YOY

According to new data from the Mortgage Bankers Association’s (MBA) Builder Application

Survey (BAS) for January 2024, there was a 19.1% rise in mortgage applications for the purchase of new homes over the previous year. In December 2023, there was a 38% rise in applications.

According to MBA estimates, new single-family home sales in January 2024 were running at a seasonally adjusted annual pace of 700,000 units. These sales have continuously been a leading indication of the U.S. Census Bureau’s New Residential Sales report.

“Applications for new home purchases were strong in January, as newly built homes remained an attractive option for prospective homebuyers who looked to take advantage of lower mortgage rates during the month,” said Joel Kan, MBA’s VP and Deputy Chief Economist. “Applications were up 19% from a year ago—the 12th consecutive annual increase—and the non-seasonally adjusted index was the strongest January reading in the survey’s history. The seasonally adjusted annualized pace of new home sales was 700,000 units, the highest sales pace since October 2023.”

According to MBA, the total number of new single-family home sales in January 2024 was 700,000 units, a seasonally adjusted annual rate. This number continues to be a leading indicator of the U.S. Census Bureau’s New Residential Sales report.

In January, the seasonally adjusted estimate is higher by 16.9% compared to the December rate of 599,000 units. MBA projects that, on an unadjusted basis, there were 63,000 sales of new homes in January 2024, up 37% from 46,000 sales in December.

Conventional loans accounted for 64.5% of loan applications by product type, followed by FHA loans (24.8%), RHS/USDA loans (0.4%), and VA loans (10.3%). In December, the average loan amount for new homes was \$405,368; in January, it was \$401,282.



- » By loan type, the total delinquency rate for conventional loans increased 11 basis points to 2.61% over the previous quarter. The FHA delinquency rate increased 131 basis points to 10.81%, the highest level since Q3 2021. The VA delinquency rate increased by 31 basis points to 4.07%.
- » On a year-over-year basis, total mortgage delinquencies decreased for all loans outstanding. The delinquency rate decreased by 17 basis points for conventional loans, increased by 20 basis points for FHA loans, and decreased by nine basis points for VA loans from the previous year.
- » The delinquency rate includes loans that are at least one payment past due but does not include loans in the process of foreclosure. The percentage of loans in the foreclosure process at the end of the fourth quarter was 0.47%, down two basis points from Q3 2023, and 10 basis points lower than one year ago. This is the lowest foreclosure inventory rate since Q4 2021.
- » The non-seasonally adjusted seriously delinquent rate, the percentage of loans that are 90 days or more past due or in the process of foreclosure, was 1.52%, matching the lowest level since 1984. It remained unchanged from last quarter and decreased by 37 basis points from last year. Compared to a year ago, the seriously delinquent rate decreased by 26 basis points for conventional loans, 98 basis points for FHA loans, and 42 basis points for VA loans.

The five states with the largest quarterly increases in their overall delinquency rate were: Louisiana (77 basis points), West Virginia (53 basis points), Illinois (44 basis points), Texas (44 basis points), and New Mexico (42 basis points).

“The labor market is still quite resilient with the unemployment rate—strongly correlated with mortgage performance—remaining at 3.7% in January,” Walsh added. “Any weakening in employment conditions would likely lead to more borrowers falling behind on their payments in the coming quarters.”

The Bureau of Labor Statistics (BLS) recently reported that unemployment rates were higher in December than a

»» *Default Servicing*

MORTGAGE DELINQUENCIES RISE FOR SECOND CONSECUTIVE QUARTER

The delinquency rate for mortgage loans on one-to-four-unit residential properties increased to a seasonally adjusted rate of 3.

Eighty-eight percent of all loans outstanding at the end of the fourth quarter of 2023, according to the latest Mortgage Bankers Association’s (MBA) National Delinquency Survey.

The delinquency rate was up 26 basis points from Q3 2023, but down eight basis points from one year ago. The historical average for the seasonally adjusted mortgage delinquency rate from 1979 through 2023 is 5.25%. FHA delinquencies were up 131 basis points. The percentage of loans on which foreclosure actions were started in Q4 remained

unchanged at 0.14%.

“Mortgage delinquencies increased across all product types for the second consecutive quarter,” said Marina Walsh, CMB, MBA’s VP of Industry Analysis. “While the overall delinquency rate is still very low compared to the historical average, the pace of new loans entering delinquency picked up and some loans moved into later stages of delinquency. The resumption of student loan payments, robust personal spending, and rising balances on credit cards and other forms of consumer debt, paired with declining savings rates, are likely behind some borrowers falling behind at the end of 2023.”

Key findings of the MBA’s Q4 National Delinquency Survey:

- » Compared to last quarter, the seasonally adjusted mortgage delinquency rate increased for all loans outstanding. By stage, the 30-day delinquency rate increased seven basis points to 2.10%, the 60-day delinquency rate increased 11 basis points to 0.73%, and the 90-day delinquency bucket increased seven basis points to 1.05%.

year earlier in 230 of the 389 metropolitan areas, lower in 128 areas, and unchanged in 31 areas. A total of nine areas had jobless rates of less than 2% and 10 areas had rates of at least 8%. Nonfarm payroll employment increased over the year in 61 metropolitan areas and was essentially unchanged in 328 areas. The national unemployment rate in December was 3.5%, not seasonally adjusted, up slightly from 3.3% a year earlier.

COMMERCIAL FORECLOSURES ON THE RISE

According to a new ATTOM report, the number of commercial foreclosures has increased significantly in recent years, rising from 141 in May 2020 to 635 in January 2024—indicating a consistent rise over the period.

When ATTOM began analyzing data in January 2014, the United States was just starting to emerge from the shadows of economic uncertainty, with 740 commercial foreclosures nationwide. ATTOM monitored changes during the ensuing 10 years, with the greatest peak occurring in October 2014 with 889 foreclosures, a sign of continuous corrections and adjustments in the market.

But the trajectory was not a steady course. Market flexibility was impressive in the face of obstacles like the COVID-19 pandemic and shifting economic policies. Foreclosures saw a spike during the pandemic, but as companies adjusted to the changing market conditions, there was noticeable stability in the months that followed.

To illustrate the early effects of the COVID-19 epidemic and the quick reaction measures that followed, such as financial relief and moratoriums, the United States recorded 141 commercial foreclosures in May 2020, a considerable low. In sharp contrast to the 2020 low, business foreclosures had skyrocketed to 635 by January 2024.

“This uptick signifies not just a return to pre-pandemic activity levels but also underscores the ongoing adjustments within the commercial real estate sector

“This uptick signifies not just a return to pre-pandemic activity levels but also underscores the ongoing adjustments within the commercial real estate sector as it navigates through a landscape transformed by evolving business practices and consumer behaviors.”

—Rob Barber, CEO, ATTOM



as it navigates through a landscape transformed by evolving business practices and consumer behaviors,” said Rob Barber, CEO at ATTOM.

State-by-State Commercial Foreclosures

California saw roughly 209 foreclosures in January 2014. The state’s dynamic economic condition was reflected in the variations in the foreclosure statistics, despite a subsequent drop. With 181 commercial foreclosures in January 2024, California had the most of any state in the nation. This was an increase of 174% from the previous year and 72% over the previous month.

Over the decade, there was notable variation in the foreclosure rates of New York, Texas, New Jersey, and Florida, as the distinct economic structure of each state had a role. In January 2024, for example, there were 59 commercial foreclosures in New York—an estimated 12% decline from the previous month and a 12% decrease from a year earlier.

WHAT FACTORS ARE IMPACTING FORECLOSURE FILINGS?

According to ATTOM Data’s January 2024 U.S. Foreclosure Market Report, there were 33,270 properties across the country with foreclosure filings—defined as a default notice, scheduled auction, or bank repossession—against them, a number which is up 5% year over year and 10% from the prior month.

“We observed a slight uptick in foreclosure filings, which may be partially attributed to the typical post-holiday progression of filings through the legal system,” said Rob Barber, CEO at ATTOM. “However, other external factors may be at play such as escalating interest rates, inflation, employment shifts, and other

“The lack of transactions and other activity last year, coupled with built-in extension options and lender and servicer flexibility, has meant that many loans that were set to mature in 2023 have been extended or otherwise modified and will now mature in 2024, 2026, 2028, or in other coming years.”

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



market dynamics. We remain vigilant in monitoring these trends to understand their full impact on foreclosure activity.”

Lenders repossessed 3,945 properties through completed foreclosures (REOs) in January 2024, up 1% from a year ago and up 13% from last month—the first month-over-month increase in completed foreclosures since July 2023.

States that had at least 50 or more REOs and that saw the greatest monthly increase in January 2024 included: Michigan (up 200%); Minnesota (up 47%); California (up 43%); Pennsylvania (up 36%); and Missouri (up 34%).

Looking at foreclosure rates on a national scale, one in every 4,236 dwellings had a foreclosure filing against it. States with the highest foreclosure rates were:

- » Delaware (one in every 2,269 housing units with a foreclosure filing)
- » Nevada (one in every 2,272)
- » Indiana (one in every 2,499)
- » Maryland (one in every 2,588)
- » New Jersey (one in every 2,647)

Finally, foreclosure starts increased on a monthly and yearly basis as lenders started the foreclosure process on 21,770 dwellings in January, up 6% from the previous month and up 5% from a year earlier. Those states

that saw the greatest number of foreclosures starts in January 2024 included:

- » California (2,719 foreclosure starts)
- » Texas (2,613 starts)
- » Florida (2,330 starts)
- » New York (1,341 starts)
- » Illinois (913 starts)

BILLIONS OF COMMERCIAL/MULTIFAMILY MORTGAGES TO MATURE IN 2024

According to the Mortgage Bankers Association’s 2023 Commercial Real Estate Survey of Loan Maturity Volumes, some 20%—an estimated \$929 billion—of the \$4.7 trillion of outstanding commercial mortgages held by lenders and investors will mature in 2024, representing a 28% increase from the \$729 billion that matured in 2023.

“The lack of transactions and other activity last year, coupled with built-in extension options and lender and

servicer flexibility, has meant that many loans that were set to mature in 2023 have been extended or otherwise modified and will now mature in 2024, 2026, 2028, or in other coming years,” said Jamie Woodwell, Head of Commercial Real Estate Research at MBA. “These extensions and modifications have pushed the amount of CRE mortgages maturing this year from \$659 billion to \$929 billion.”

Woodwell continued, “Commercial mortgages tend to be relatively long-lived, spreading maturities out over several years. Volatility and uncertainty around interest rates, a lack of clarity on property values, and questions about some property fundamentals have suppressed sales and financing transactions. This year’s maturities, coupled with greater clarity in those and other areas, should begin to break the logjam in the markets.”

The loan maturities vary significantly by investor and property type groups. The remaining balance of multifamily and healthcare mortgages held or insured by Fannie Mae, Freddie Mac, FHA, and Ginnie Mae will mature in 2024 by just \$28 billion (3%) of the total. In 2024, \$59 billion (8%) of the existing mortgage balances held by life insurance companies will mature.

On the other hand, the number of mortgages that are expected to mature in 2024 are as follows: an estimated \$441 billion (25%) of the outstanding balance of mortgages held by depositories; roughly \$234 billion (31%) in CMBS, CLOs, or other ABS; and approximately \$168 billion (36%) of the mortgages owned by credit organizations, other lenders, or warehouses.

In 2024, 12% of mortgages secured by multifamily properties, 17% by retail properties, and 18% by healthcare properties would mature according to the kind of property. A quarter of the loans secured by office buildings, as well as two-thirds of the industrial and three-quarters of the hotel/motel loans, are scheduled to mature in 2024.

The listed dollar amounts represent the principal sums that were outstanding as of December 31, 2023. The amounts at maturity will typically be lower than those shown here because most loans pay down the principle.





- » Restored the Discriminatory Effects Rule, an important tool to protect fair housing and address policies that unnecessarily cause systemic inequality in housing, regardless of whether they were adopted with discriminatory intent.
- » Expanded access to housing counseling to help Black families and individuals unlock the wealth-building potential of homeownership.
- » Awarded more than \$10 million in funding to Historically Black Colleges and Universities (HBCUs) across the country to conduct housing and community development research that focuses on individual and community wealth building, housing affordability and stability, climate resilience, and economic opportunity.
- » Granted \$30 million to fair housing organizations to fight housing discrimination in 2023 alone.
- » Worked to build second chances in HUD-assisted housing for people with prior criminal records.

Over the last three years, HUD's programs have served or permanently housed more than 1.2 million people experiencing homelessness.

GSES SELL OFF \$30B IN NONPERFORMING LOANS

The Federal Housing Finance Agency (FHFA) has released the latest report on the sale of nonperforming loans (NPLs) by Fannie Mae and Freddie Mac (the GSEs), including sales information about NPLs sold through June 30, 2023. Borrower outcomes reflect NPLs sold through December 31, 2022.

The sale of NPLs reduces the number of delinquent loans in the GSEs' portfolios and transfers credit risk to the private sector. FHFA and the GSEs impose requirements on NPL buyers designed to achieve more favorable outcomes for borrowers than foreclosure.

This report shows that the Enterpris-

Government

HUD UPDATES ACTION PLAN TO ADVANCE HOUSING EQUITY

The U.S. Department of Housing and Urban Development (HUD) has released Executive Order 14091, the 2023 Update to its Equity Action Plan, in coordination with the Biden administration's whole-of-government equity agenda.

Executive Order 14091 is part of HUD's efforts to implement the President's Executive Order on "Advancing Racial Equity and Support for Underserved Communities Through the Federal Government," which reaffirmed the administration's commitment to deliver equity and build an America in which all can participate, prosper, and reach their full potential.

"Equity is at the heart of the daily work we do as an agency," HUD Secretary Marcia L. Fudge said. "For too long, people—particularly Black, brown, and poor people—have been left out and left

behind. This administration is using our resources to reverse the deep-seated harm caused by prior federal policies and prioritize racial equity in all HUD programs."

HUD's Equity Action Plan prioritizes and embeds equity in the work the Department does every single day, and in accordance with the Biden administration's directive, extends to all program offices and departments and across both intra- and inter-agency initiatives.

Since the release of its first-ever Equity Action Plan in 2022, HUD has:

- » Removed some systemic barriers to homeownership and helped about a quarter of a million Black homeowners to buy a home with FHA mortgages in the last three years.
- » Worked on a final rule regarding Affirmatively Furthering Fair Housing (AFFH), meaningfully implementing the Fair Housing Act to address inequality, replace segregated areas with integrated communities, and transform racially and ethnically concentrated areas of poverty into areas of opportunity.

Foreclosures on vacant homes typically improve neighborhood stability and reduce blight as the homes are sold or rented to new occupants.



es sold 163,297 NPLs with a total unpaid principal balance (UPB) of \$30 billion from program inception in 2014 through June 30, 2023. The loans included in the NPL sales had an average delinquency of 2.8 years, and an average current mark-to-market loan-to-value (LTV) ratio of 84%.

NPL Sales Highlights:

- » The average delinquency for pools sold ranged from 1.1 years to 6.2 years.
- » Fannie Mae has sold 112,730 loans with an aggregate UPB of \$20.3 billion, an average delinquency of 2.8 years, and an average LTV of 81%.
- » Freddie Mac has sold 50,567 loans with an aggregate UPB of \$9.7 billion, an average delinquency of 2.7 years, and an average LTV of 90%.
- » New York, Florida, and New Jersey accounted for 40% of NPLs sold as of June 30, 2023. These three states accounted for 47% of the Enterpris-

es' loans that were one year or more delinquent as of December 31, 2014. The distribution of NPL sales by state closely mirrors the distribution of the Enterprises' one year or more delinquent loans by state prior to the start of NPL programmatic sales in 2015.

Borrower Outcome Highlights:

- » The borrower outcomes in the report are based on 160,576 NPLs that were settled by December 31, 2022, and reported as of June 30, 2023.
- » Compared to a benchmark of similarly delinquent Enterprise NPLs that were not sold, foreclosures avoided for sold NPLs were higher than the benchmark.
- » NPLs on homes occupied by borrowers had the highest rate of foreclosure avoidance outcomes (45.6% foreclosure avoided versus 17.9% for vacant properties).

NPLs on vacant homes had a much

higher rate of foreclosure, more than double the foreclosure rate of borrower-occupied properties (76.4% foreclosure versus 28% for borrower-occupied properties). Foreclosures on vacant homes typically improve neighborhood stability and reduce blight as the homes are sold or rented to new occupants. Overall, the average UPB of NPLs sold was \$184,231.

HUD AND VA DEDICATE \$14M FOR HOUSING SOLUTIONS

The U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Veterans Affairs (VA), in an effort to help homeless veterans and their families find permanent housing, have awarded \$14 million in HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers to 66 Public Housing Agencies (PHAs) across the country for more than 1,400 vouchers.

"HUD is committed to ending veteran homelessness once and for all," HUD Secretary Marcia L. Fudge said. "These HUD-VASH voucher awards help us to reach that goal. We will continue to work with our local Veterans Affairs Medical Center partners at public housing agencies across the country so we can get veterans and their families off the streets and into affordable housing."

The HUD-VASH program provides housing and an array of supportive services to veterans experiencing homelessness by combining rental assistance from HUD with case management and clinical services provided by the VA.

"As President Biden reminds us, our one truly sacred obligation is to the men and women of the United States Military Services," HUD Principal Deputy Assistant Secretary Richard Monocchio said. "The continued success of the HUD-VASH program stands as testament to our collective devotion to caring for Veterans and their families when they return home. At HUD, we are committed to continuing to strengthen the HUD-VASH program to serve as many Veterans as possible."

Through this program, HUD and VA's mission is to end homelessness by assisting veterans and their families in obtaining permanent and sustainable housing with access to high-quality healthcare and supportive services, and to ensure that homelessness is otherwise prevented.

According to the U.S. Interagency Council on Homelessness (USICH), the number of veterans experiencing homelessness has fallen by 11% since early 2020—the most significant decline in more than five years. There are currently more than 110,000 HUD-VASH vouchers being administered by 700-plus PHAs. Since 2008, HUD has issued new HUD-VASH vouchers every year. Additionally, more than 81,000 of those total vouchers are actively under lease by HUD-VASH veterans, with many additional veterans having been issued vouchers and currently searching for housing to lease.

In late 2023, the VA called on mortgage servicers to pause foreclosures until May 31, 2024. The pause provides VA borrowers with an opportunity to access the VA Servicing Purchase (VASP) program, where the VA will modify and purchase qualifying loans in default to provide meaningful payment assistance to VA borrowers in financial distress.

“The foreclosure pause is badly needed as veteran borrowers have had no meaningful alternatives to foreclosure for over a year,” said Steve Sharpe, Senior Attorney at the National Consumer Law Center (NCLC). “We applaud VA and the Biden administration for taking necessary steps to protect veteran families, and we look forward to the release of VASP.”

The nation's vets were recently spotlighted on Capitol Hill before the U.S. House Committee on Veterans' Affairs, Subcommittee on Economic Opportunity during a hearing entitled “Sink or Swim? A Deep Dive Into the Current State of VA's Home Loan Program in a Competitive Market.” Among those delivering testimony were John E. Bell, Executive Director, Loan Guaranty Service, U.S. Department of Veterans Affairs, on behalf of Veterans Benefits Administration; Edward J. DeMarco, President, Housing Policy Council; Mark Jones, 2024 Chairman of the Mortgage Bankers Association (MBA) and President of Union Home Mortgage; and Sharpe, representing the NCLC.

According to Jones' testimony before the House Subcommittee, the VA's share of total U.S. loan originations in the mortgage market comprises approximately 10%. VA originations totaled nearly 1.4 million loans in 2020 and, by contrast, just over 590,000 loans in 2022.

“The VA Home Loan Program is a benefit program that Veterans have earned through service and sacrifice and that is meant to give them housing stability,” Sharpe said. “We applaud VA for recognizing the problems that its borrowers are facing and for implementing a foreclosure pause. However, the pause is only meaningful if VA puts options in place that Veterans can access before losing their homes.”

HUD AWARDS \$39M+ TO PREVENT SAFETY HAZARDS

The U.S. Department of Housing and Urban Development (HUD) has announced a \$39 million award to city, county, and Native American tribal governments, and nonprofit organizations in 15 states to protect children and families from home health hazards.

HUD is providing these grants through its Healthy Homes Production Grant Program to identify and mitigate health and safety hazards in the homes of families of low income.

In 1999, in response to a Congressional directive over concerns about child environmental health, HUD launched its Healthy Homes Initiative (HHI) to protect children and their families from housing-related health and safety hazards. HUD has developed a Healthy Homes Strategic plan that lays out the next steps the Department will take to advance the Healthy Homes agenda nationwide.

“We are pleased so many local and nonprofit leaders are interested in participating in this grant program in order to make the homes of low-income people safer and healthier,” HUD Secretary Marcia L. Fudge said. “Our partners are acting to intentionally address home-health

and safety hazards and HUD is proud to support them.”

HUD's HHI grants protect families and children by eliminating significant health and safety hazards and support the development of local workforces to hire housing renovation contractors and healthy housing practitioners to complete critical healthy homes work.

The grants focus on researching and demonstrating low-cost, effective home hazard assessment and intervention methods, as well as on public education that stresses ways in which communities can mitigate housing-related hazards. The Healthy Homes Demonstration Program and Healthy Homes Technical Studies are the Office of Lead Hazard Control and Healthy Homes (OHHLHC's) two grant programs.


Eligible activities may include:

- » Developing low-cost methods for hazard assessment and intervention
- » Evaluating the effectiveness of interventions
- » Building local capacity to educate residents and mitigate hazards
- » Developing and delivering public education programs

“By providing these grants, HUD makes it clear that providing healthy and safe homes for the community is a priority,” said Matthew Ammon, OHHLHC Director. “HUD is committed to protecting families from the impacts of unhealthy housing and to improve the health and viability of communities.”

FREDDIE MAC EXPANDS ASSISTANCE EFFORTS FOR LOW-INCOME BORROWERS

Freddie Mac has announced that it could save potential homebuyers earning 50% of area median income (AMI) or less \$2,500 in a credit that may help with down payment and other costs at



“Today’s
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—Sonu Mittal, SVP and Head of Single-Family Acquisitions, Freddie Mac

the closing table. The initiative will extend more broadly to very low-income families who qualify for the company's Home Possible and HFA Advantage products.

"Today's announcement is a vital lifeline for would-be homeowners, as studies show that down payment and closing costs are among the largest barriers to homeownership for very low-income homebuyers," said Sonu Mittal, SVP and Head of Single-Family Acquisitions at Freddie Mac. "Our commitment to supporting these families runs deep, as we have provided assistance to this population through various programs since 2018. We are pleased to now make this assistance

three decades ago. In addition, the company expects it will achieve all of its 2023 affordable housing goals set by the Federal Housing Finance Agency.

"This new effort continues the progress we made in 2023 and is particularly important in today's housing market, where elevated rates and low supply have created affordability challenges for many families," said Mittal. "We look forward to announcing additional ways to support low-income borrowers in the months ahead."

The credit will be available through Freddie Mac's Home Possible mortgage product, which offers options and credit flexibilities to help very low- to low-in-

GSES POST PROFITABLE 2023 EARNINGS REPORTS

As rates edged toward the 8% mark for part of 2023, the housing market still proved to be on solid footing as both government-sponsored enterprises (GSEs) posted profitable year-end 2023 earnings.

Fannie Mae reported a net income of \$17.4 billion for 2023, and \$3.9 billion

It was a challenging year for housing, with higher mortgage rates, limited homes for sale, and high home prices weighing on affordability.

more broadly available to borrowers through our Home Possible program."

Effective March 1, 2024, the credit will be available for very low-income borrowers earning 50% of area median income or less who are purchasing a home, provided certain requirements are met. Funds can be used in several ways, including down payment, closing costs, escrow, and mortgage insurance premiums. It will be available across Freddie Mac's Home Possible and HFA Advantage mortgage products.

The announcement comes after a strong 2023 for Freddie Mac, with the company financing approximately 800,000 home purchases. First-time homebuyers represented approximately 51% of those purchases, the highest percentage since the company started tracking that statistic

come borrowers attain homeownership with a downpayment as little as 3%. It also will be available through Freddie Mac's HFA Advantage mortgage product, available exclusively to housing finance agencies (HFAs) seeking strategic solutions to expand homeownership responsibly.

This new initiative is part of Freddie Mac's longstanding efforts to make homeownership more accessible for low-income families. Recently, Freddie Mac announced DPA One, a tool that aggregates and showcases down payment assistance programs on a single platform. This allows lenders to easily access and compare programs while providers can have fewer submission errors, make real-time updates, and receive more visibility for their programs.

for Q4 2023, according to the GSEs' latest earnings report, with net worth reaching \$77.7 billion as of December 31, 2023.

"The fourth quarter capped another successful year," Fannie Mae CEO Priscilla Almodovar said. "Fannie Mae reported \$3.9 billion in net income, marking our 24th consecutive quarter of positive earnings. In 2023, we delivered \$17.4 billion in earnings and continued to rebuild our capital and further strengthen our financial stability. It was a challenging year for housing, with higher mortgage rates, limited homes for sale, and high home prices weighing on affordability. Against this backdrop, we provided \$369 billion in liquidity, helping 1.5 million households buy, refinance, or rent a home. As we close on our 85th year

supporting America's housing system, we remain committed to effectively managing risks and being a reliable source of mortgage credit for America's homeowners and renters."

The U.S. weekly average 30-year fixed-rate mortgage rate (FRM) increased from 6.42% at the end of 2022, to an average of 6.61% at the end of 2023. Fannie Mae reported that home prices grew 7.1% on a national basis in 2023.

Freddie Mac reported a net income of \$2.9 billion for Q4 2023, and \$10.5 billion for the full year of 2023, making homeownership possible for 1.4 million households in 2023, according to their earnings report. The GSE financed 955,000 mortgages, with 56% of eligible loans being affordable to low- to moderate-income families, enabling 375,000 first-time homebuyers to purchase a home.

Freddie Mac also financed 447,000 rental units, with 92% of eligible units being affordable to low- to moderate-income families.

The net income of \$2.9 billion reported by Freddie Mac was an increase of 65% year over year, primarily driven by higher net revenues and a credit reserve release in Single-Family in Q4 of 2023, compared to a credit reserve build in Single-Family in Q4 of 2022.

"In 2023, Freddie Mac delivered on its mission, achieved solid financial results, and meaningfully increased its net worth," said Michael J. DeVito, CEO of Freddie Mac. "The company helped more than 1.4 million families buy, refinance, or rent a home, and worked with lenders to reach more borrowers in underserved areas. Freddie Mac also set a new milestone, financing a higher proportion of loans for first-time homebuyers than in any year since we started tracking that statistic three decades ago."

Additional earnings highlights reported by Fannie Mae throughout calendar year 2023 included:

- » Net income increased \$4.5 billion in 2023 compared to 2022, primarily driven by a \$7.9 billion shift to a benefit for credit losses in 2023 from provision for credit losses in 2022.
- » The GSE reported \$369 billion in liquidity provided in 2023, which en-

abled the financing of approximately 1.5 million home purchases, refinancings, and rental units.

- » Fannie Mae acquired approximately 805,000 single-family purchase loans, of which more than 45% were for first-time homebuyers, and approximately 179,000 single-family refinance loans during 2023.
- » Financed approximately 482,000 units of multifamily rental housing in 2023; a significant majority were affordable to households earning at or below 120% of the area median income (AMI), providing support for both workforce and affordable housing.

Additional earnings highlights reported by Freddie Mac throughout calendar year 2023 included:

- » Net revenues of \$5.4 billion, an increase of 11% year over year, driven by higher net interest income and non-interest income.
- » Benefit for credit losses of \$0.5 billion, primarily driven by a credit reserve release in Single-Family due to improvements in house prices nationwide.
- » New business activity of \$73 billion, down 3% year over year, as both home purchase and refinance activity were affected by higher mortgage interest rates. Full-year 2023 activity of \$300 billion, down 45% year over year.
- » Mortgage portfolio of \$3 trillion, up 2% year over year, as portfolio growth moderated in 2023 due to the slow-down in new business activity.
- » Serious delinquency rate of 0.55%, down from 0.66% as of December 31, 2022.
- » Completed approximately 19,000 loan workouts.
- » Freddie Mac reported that 61% of its mortgage portfolio is covered by credit enhancements.
- » New business activity of \$16 billion, down 45% year over year, as higher mortgage interest rates have reduced demand for multifamily financing. Full-year 2023 activity of \$48 billion, down 34% year over year.
- » Mortgage portfolio of \$441 billion, up 3% year over year, as portfolio growth moderated in 2023 due to the slow-down in new business activity.

- » Delinquency rate of 0.28%, up from 0.12% on December 31, 2022.
- » Freddie Mac reported that 94% of its mortgage portfolio was covered by credit enhancements.

GINNIE MAE'S MBS PORTFOLIO HITS \$2.53 TRILLION

Ginnie Mae has announced that its mortgage-backed securities (MBS) portfolio outstanding grew to \$2.53 trillion in January 2024, including \$28.1 billion of total MBS issuance, leading to \$10.8 billion of net growth.

January's new MBS issuance supports the financing for more than 91,000 households, including more than 46,000 first-time homebuyers. Approximately 77.6% of the January MBS issuance reflects new mortgages that support home purchases because refinance activity remained low due to higher interest rates.

At the close of January, Freddie Mac reported the 30-year, fixed-rate mortgage (FRM) at 6.63%. A year ago, at this time, the 30-year FRM averaged 6.09%. The Mortgage Bankers Association (MBA) reported the refinance share of mortgage activity at 34.2% for the week ending January 26, 2024.

Ginnie Mae's January issuance includes \$27.4 billion of Ginnie Mae II MBS and more than \$674 million of Ginnie Mae I MBS, including nearly \$558 million in loans for multifamily housing.

For the 2024 calendar year to date, Ginnie Mae supported the pooling and securitization of more than 46,000 first-time homebuyer loans.

Ginnie Mae's MBS portfolio outstanding grew to \$2.52 trillion in December, including \$28.7 billion of total MBS issuance, leading to \$13 billion of net growth. December's new MBS issuance supports the financing of nearly 95,000 households, including more than 47,000 first-time homebuyers. Approximately 76.3% of the December MBS issuance reflected new mortgages that support home purchases because refinance activity remained low due to higher interest

rates. The December issuance includes \$27.6 billion of Ginnie Mae II MBS and nearly \$1.02 billion of Ginnie Mae I MBS, including approximately \$902 million in loans for multifamily housing.

Considering continued liquidity constraints in the reverse mortgage sector, Ginnie Mae announced that it is exploring the viability of a new securitization product that would accept HECM loans with balances above 98% of FHA's Maximum Claim Amount (MCA). This new product will not change the requirements for the existing HMBS program, where HECM loans with balances at or above 98% MCA are required to be bought out of HMBS.

"Ginnie Mae remains committed to the HMBS program, which supports an important tool that enables seniors to tap into their home equity," said Alanna McCargo, President of Ginnie Mae. "This potential product exploration reflects our focus on current liquidity issues affecting the secondary mortgage market. Given the growing population of older Americans that may need to rely on home equity for financial support, continued efforts to provide stability in the secondary market are crucial to the ongoing health and access to the FHA HECM product."

HUD OFFERS NEW LOSS MITIGATION OPTION

The U.S. Department of Housing & Urban Development (HUD) has issued Mortgagee Letter 2024-02, establishing the Federal Housing Administration's (FHA) Payment Supplement, a new loss mitigation alternative to a traditional loan modification.

The new option is set to begin on May 1, 2024, but will become mandatory on January 1, 2025.

"MBA (Mortgage Bankers Association) supports this additional tool that will allow servicers to better help struggling borrowers avoid foreclosure in today's high-interest rate environment and commends FHA for its transparency and

engagement with industry stakeholders throughout the proposal process," MBA President and CEO Robert D. Broeksmit, CMB, said.

HUD reports that since March 2020, mortgagees have provided nearly two million COVID-19 loss mitigation actions to borrowers.

On January 30, 2023, HUD extended and expanded its COVID-19 Loss Mitigation Options to provide borrowers with options to bring their mortgage current and reduce the monthly principal and interest (P&I) portion of their monthly mortgage payment to reduce the risk of re-default. The FHA offered COVID-19 Recovery Options to borrowers who were on a COVID-19 Forbearance, or borrowers who did not participate in a COVID-19 Forbearance that were 90 days or more delinquent through October 30, 2024.

"While these options have been very effective, interest rates have risen to levels significantly higher than the interest rates of many of the Mortgages in FHA's portfolio, impacting the ability of mortgagees to meaningfully assist borrowers who cannot afford to resume their regular monthly payments," said HUD in Mortgagee Letter 2024-02.

Interest rates have risen once again after a slight lull. According to Freddie Mac's latest Primary Mortgage Market Survey (PMMS), the 30-year fixed-rate mortgage (FRM) averaged 6.77% for the week ending February 15, up from the previous week's reading of 6.64%. A year ago, at this time, the 30-year FRM averaged 6.32%.

HUD's actions through the Payment Supplement will not only assist distressed borrowers nationwide but will reduce losses to HUD's Mutual Mortgage Insurance Fund (MMIF), which insures lenders against losses when borrowers default on their loans.

"Prioritizing payment relief and reducing operational complexities were imperative, and we believe the improvements made following multiple rounds of feedback will ensure mortgage servicers have a new effective and efficient way to help struggling borrowers stay in their homes," Broeksmit added. "As recommended, a longer implementation

period of January 2025, and extending the sunset date of the COVID-19 Recovery Options beyond that date, will further support servicers' implementation efforts."

According to Mortgagee Letter 2024-02, the Payment Supplement will combine a standalone Partial Claim to bring the mortgage current with a new Monthly Principal Reduction (MoPR) payment. This will temporarily reduce the borrower's monthly payment for a period of three years, without requiring the mortgage to be modified.

After the Payment Supplement Period ends, the borrower will be responsible for resuming payment of the full monthly P&I amount.

HUD also stated that it intends to make the Payment Supplement a permanent part of FHA's loss mitigation options and will incorporate language to do so in a future Mortgagee Letter or as an update to HUD's Handbook 4000.1.

"MBA will work with FHA on the implementation of the Payment Supplement as well as its other loss mitigation programs, with a shared goal of assisting distressed borrowers while protecting the Mutual Mortgage Insurance Fund and ensuring secondary market certainty," Broeksmit said.

HUD's actions through the Payment Supplement will not only assist distressed borrowers nationwide but will reduce losses to HUD's Mutual Mortgage Insurance Fund (MMIF), which insures lenders against losses when borrowers default on their loans.





» Difference: 1.03 percentage points

No. 2: Salt Lake City

- » Percentage of the population that's Black: 1.74%
- » Percentage of owner-occupied housing units owned by Black people: 0.60%
- » Difference: 1.14 percentage points

No. 3: Los Angeles

- » Percentage of the population that's Black: 6.12%
- » Percentage of owner-occupied housing units owned by Black people: 4.72%
- » Difference: 1.40 percentage points

Top 10 Metros with the Largest Differences Between the Share of Homes Owned by Black People vs. the Share of Population That's Black:

1. Memphis, TN
2. New Orleans
3. Milwaukee
4. Baltimore
5. Columbus, OH
6. Virginia Beach, VA
7. Detroit
8. Cleveland
9. Birmingham, AL
10. Atlanta

No. 1: Memphis, Tennessee

- » Percentage of the population that's Black: 47.33%
- » Percentage of owner-occupied housing units owned by Black people: 35.97%
- » Difference: 11.36 percentage points

No. 2: New Orleans

- » Percentage of the population that's Black: 33.03%
- » Percentage of owner-occupied housing units owned by Black people: 23.62%
- » Difference: 9.41 percentage points

No. 3: Milwaukee

- » Percentage of the population that's Black: 15.70%
- » Percentage of owner-occupied housing units owned by Black people: 6.57%
- » Difference: 9.13 percentage points

hold a disproportionately small share of homes in each metro found in the study.

Top 10 Metros with the Smallest Differences Between the Share of Homes Owned by Black People vs. the Share of Population That's Black:

1. San Jose, CA
2. Salt Lake City
3. Los Angeles
4. Riverside, CA
5. Portland, OR
6. San Diego
7. San Antonio
8. Denver
9. Austin, TX
10. Phoenix

No. 1: San Jose, California

- » Percentage of the population that's Black: 2.24%
- » Percentage of owner-occupied housing units owned by Black people: 1.21%

Market Trends

STUDY: BLACK AMERICANS AMONG MOST ECONOMICALLY DISADVANTAGED

People of different races have different socioeconomic outcomes largely because of their ethnicity or skin color, which contributes to racial inequality in the United States. According to a recent LendingTree analysis, Black Americans are among the most economically disadvantaged populations in the country, therefore this is unfortunately and particularly true for them.

While it may come as no surprise, Black Americans are frequently disadvantaged in the housing industry. According to new data from LendingTree, Black Americans

According to the report, the percentage of Black homeowners in each of the 50 biggest metro areas in the country is disproportionately low given their population.

Numerous possible explanations exist for this. For instance, the most recent figures from the U.S. Census Bureau show that the median income for households led by Black people is \$51,374. That represents over \$29,000 less than the \$79,933 median income for households led by white people.

Black Americans also:

- » (Typically) have less household wealth
- » Are more likely to be unbanked
- » Experience higher mortgage denial rates

The persistent effects of practices like “redlining,” which were intended to deny Black homebuyers their rights, continue to contribute to the disproportionately low rates of homeownership among Black people in modern times.

However, it’s crucial to remember that while these instances may help explain why Black people’s homeownership rates are generally low, they do not account for every reason why a person of Black identity could find it difficult to buy a home. In the end, many socioeconomic issues still contribute to this unfortunate tendency.

EXPENSIVE COASTAL MARKETS HEATING UP AS SPRING APPROACHES

This spring’s home shopping season will be competitive, according to Zillow’s latest market report, meaning both buyers and sellers should prepare for potential bidding wars. The report showed that affordable homes are selling quickly and that the asking prices of those that remain on the market are being lowered.

“Some of the homes loitering on the market may just need the right buyer and digital curb appeal to cast a wider net, but many may be overpriced. There are slightly more homes for sale than this time

last year, and there is still plenty of competition for well-priced houses,” said Skylar Olsen, Zillow’s Chief Economist.

Home Values

This month, the typical home in the United States was \$344,159, while the typical monthly mortgage payment—assuming 20% down—was \$1,760.

- » Home values are up from year-ago levels in 47 of the 50 largest metro areas. Annual price gains are highest in Hartford (12.2%), San Diego (9.6%), Providence (8.3%), Boston (8%), and Los Angeles (7.4%).
- » Home values are down from year-ago levels in three major metro areas. The drops were in New Orleans (-8.2%), Austin (-6.2%), and San Antonio (-3.2%). The least growth was in Jacksonville, Florida (0.4%), and Dallas (0.5%).
- » Home values climbed month over month in 4 of the 50 largest metro areas in January. Gains were biggest in Riverside (0.2%), San Diego (0.1%), New York (0.1%), Las Vegas (0.1%), and Miami (0%).
- » Home values fell on a monthly basis, in 45 major metro areas. The largest monthly drops were in New Orleans (-1.1%), Minneapolis (-0.8%), Buffalo (-0.7%), Cleveland (-0.7%), and Pittsburgh (-0.6%).
- » The typical mortgage payment is up 7.2% from last year and has increased by 103.1% since pre-pandemic.

What trends are homebuyers seeing in 2024’s market?

January experienced price drops for slightly over 1 in 5 Zillow homes, about the same as the previous year but more frequent than any of the five years before. The average sold home stayed on the market for 29 days before going pending, but other homes lingered on the market for months, increasing the average age of listings on Zillow to 72 days.

These decreases are putting seller expectations more in line with the current market conditions.

New Listings

New listings increased by 43.5% month over month in January. But even that

massive jump up is relatively small compared to pre-pandemic January norms; new listings rose 66% monthly in 2019 and 63.4% in 2020.

- » New listings are up by 5.8% compared to last year.
- » New listings are -24.9% lower than pre-pandemic levels. The pandemic-era shortfall in new listings has lessened compared to the 35% deficit in April, but gains made late last year have been lost.
- » Metros where sellers are showing up much stronger than last year are San Diego, where new listings are up 27.7% annually, Miami (21.9%), and Riverside (20.1%).

Buyers who are now taking virtual and in-person tours may be able to work out an affordable price on a home that has been waiting for them. In places where the median time on market for sold properties has decreased the most since last year; however, that is probably not the case in Las Vegas (down 32 days), Phoenix (30), and Seattle (28).

So, where are the “deals” plentiful, and where are they diminishing? In affluent Western metros like Seattle, Las Vegas, Austin, and San Jose, price drops are far less frequent than they were a year ago.

Markets in Florida, Texas, and Phoenix are where price reductions are most common. These are regions with either very minor inventory drops or overall inventories that are larger than they were prior to the epidemic, including Austin and San Antonio.

Compared to previous years, there are a few more options available in today’s market. While the number of new listings coming onto the market has increased by almost 6%, the overall inventory is up more than 3% from a year ago. New inventory usually increases significantly in January compared to December; this year, the monthly increase was 43%.

Unfortunately, that was only a slight improvement, consistent with Januaries that haven’t been very strong over the previous few years.

What trends are home sellers seeing in 2024’s market?

According to the report, sellers con-

tinue to enjoy record-high home equity. At \$344,159, the average home value in the United States has increased by about \$100,000 since 2020. Only three of the 50 largest U.S. metro areas saw a decline in home values over the course of the year, and the country's annual appreciation rate of 3.6% is generally healthy.

According to the most current data available, almost 25% of homes sold for more than the asking price in December. That's less than the rate-driven early pandemic real estate frenzy, but it's still somewhat higher than December 2022 and far higher than the pre-pandemic period, when less than 20% of properties sold for more than list price. San Diego, where new listings are up 28% yearly, Miami (22%), and Riverside (20%) are metro areas where sellers are coming up stronger than they did a year ago.

What can buyers and sellers expect in the coming months?

All the above suggests that the current home buying season is rather competitive and that desirable properties are going quickly. Many millennials and baby boomers are searching for homes due to demographic trends and a robust economy, even though affordability is still difficult to come by.

Buyer and Sellers to Face Competition in 2024

Attractive listings are moving quickly—listings that sold in January did so in 29 days. That's slower than during the rush for real estate while mortgage rates were low, but 19 days faster than pre-pandemic norms.

Listings that are overpriced or poorly prepared, however, continue to linger on the market. In an effort to meet buyers where they are, sellers are lowering their prices. At 20.9% of postings, price reductions are comparatively common; while they are slightly less frequent than in the previous year, they are still more frequent than in any of the five years before that.

In December, about 26.4% of properties sold for more than they were listed for. It is an increase of 2.5 percentage points over the previous year and 8 percentage points from the pre-pandemic averages. San Jose (33.8%), San Francisco (14.3%), and

Los Angeles (14.3%) had the largest yearly growth rates.

Newly pending listings increased by 25.5% in January from the prior month and decreased by 3.8% from last year.

Renting Remains an Option for Buyers and Sellers

According to the report, the typical U.S. rent sits at \$1,958. The annual increase in rent has remained steady at 3.4%, essentially unchanged since August. The Great Lakes, Midwest, and Northeast metro areas have the largest annual rent growth. The top three are the same as those observed in December: Providence (7.7%), Cincinnati (7.1%), and Hartford (7.0%).

"Buyers should prep their credit scores and sellers should prep their properties now—attractive listings are going pending in less than a month, and time on market will shrink in the weeks ahead," Olsen said.

IS THE RACIAL MORTGAGE READINESS GAP SHRINKING?

According to recent Zillow research, the percentage of Black and white renting families that could easily afford a mortgage payment decreased dramatically during the pandemic. Despite these improvements, there is still a noticeable disparity in homeownership and a disproportionate number of mortgage rejections, indicating that Black families face additional obstacles outside of income-related ones that prevent them from becoming homeowners.

According to the American Community Survey, 38.6% of the 138 million American families did not own a home in 2022. Out of them, almost 6.3 million families were deemed "income mortgage-ready," which indicates their earnings would enable them to make a standard mortgage payment in their area without experiencing financial hardship.

Key Findings:

» In 2022, nearly one in ten Black fam-

ilies that did not own were income mortgage-ready—meaning they could afford the monthly cost of a new mortgage for the typical home in their metro area.

- » Rising mortgage rates caused the share of mortgage-ready Black families to decrease to 7.8% from 26.7% in 2012. However, the difference between the share of white families and Black families that can comfortably afford to take on a mortgage decreased from the peak of 7.9 percentage points in 2012 to 4.7 percentage points in 2022.
- » While higher home values and higher mortgage rates lowered the share of mortgage-ready families, the median family income of Black renters increased by 37.7% compared to 35.1% for white families from 2012 to 2022.

Approximately 7.8% of Black non-homeowning families were considered income-ready for a mortgage, whereas 12.5% of white families were, representing a 4.7 percentage point difference. While it remains substantial, the difference has narrowed since 2012, when it stood at 7.9 percentage points.

"Despite the significant decline in mortgage affordability in the past two years, millions of families who do not own their home have the means to afford the largest share of a homeowner's cost—the mortgage," said Orphe Divounguy, Zillow Senior Economist. "While some families may choose to rent, many are simply constrained. It's crucial to recognize the existence of additional barriers beyond monthly cost, including access to funds for a down payment and closing costs—as well as other barriers that significantly contribute to mortgage denials, like insufficient credit scores and lack of access to credit. These barriers especially impact people of color."

Still, when mortgage rates doubled, the number of renting families across all races who could afford a mortgage fell from 12.9 million in 2021 to 6.3 million in 2022. All U.S. renters were impacted by rising mortgage rates and prices. However, since 2012, Black renters' median family income has increased faster than that of white renters. During the years 2012 to 2022, the racial mortgage preparation

difference decreased more in the regions where Black family incomes increased the highest.

Among the 50 largest metros, the housing markets where Black families are most likely to be mortgage-ready are:

1. Detroit (13.3%)
2. Memphis, TN (12.8%)
3. St. Louis (12%)
4. Houston (11.6%)
5. Cleveland (11.2%)
6. Pittsburgh (10.9%)
7. Columbus, OH (10.7%)
8. Oklahoma City (10.1%)
9. Baltimore (10%)
10. Birmingham, AL (9.9%)

According to the report, the majority of Black renting families in Detroit make enough money to buy a mortgage comfortably, followed by Memphis, Tennessee; St. Louis; and Houston.

Racial Disparities in Home Values, Homeownership Rates, and Credit Security

Furthermore, large differences remain between Black and white Americans' rates of homeownership and property values, despite the fact that Black renting families' wages increased more quickly during the pandemic. In 2022, the percentage of white households that owned a home exceeded that of Black households by more than thirty percentage points in almost half of the 50 largest metros in the nation (73% vs. 44%).

The fact that a typical white family's home is still significantly more valuable than a typical Black family's home just serves to exacerbate the problem. The property value discrepancy has narrowed somewhat, but in 42 of the top 50 metro regions, it still stands at more than 10 percentage points.

Housing equity is further hampered by discriminatory lending practices, higher mortgage applicant denial rates for Black applicants, and problems with credit history. The denial rate of mortgage loans for Black applicants was 146% higher in 2022 than for white applicants, which could impede the transfer of wealth between generations in the future. The most frequent explanation given for these

“It’s crucial to recognize the existence of additional barriers beyond monthly cost, including access to funds for a down payment and closing costs—as well as other barriers that significantly contribute to mortgage denials, like insufficient credit scores and lack of access to credit.”

—Orphe Divounguy, Senior Economist, Zillow

rejections is credit history.

Encouraging initiatives that focus on improving access to credit-building and down payment assistance, enacting zoning reforms, and creating and maintaining affordable housing in flourishing communities are essential.

Among the 50 largest metros, the housing markets where Black families are least likely to be mortgage-ready are:

- » San Jose, CA (0.00%)
- » San Francisco (0.3%)
- » Los Angeles (1.1%)
- » Denver (1.3%)
- » San Diego (1.7%)
- » Sacramento, CA (2.1%)
- » Seattle (2.3%)
- » Providence, RI (2.3%)
- » New York (2.6%)
- » Portland, OR (2.8%)

Low-Income Families Have a Smaller Chance to Be “Income-Ready” to Purchase a Home

Compared to white families who rent, Black renters are less likely to be mortgage-ready due to lower family earnings. While unfortunate, data showed that this disparity has been closing.

Across the United States, some 73% of non-Hispanic white households and 44% of non-Hispanic Black households report being homeowners. The disparity is comparable for families. Compared to 42% of non-Hispanic Black households, 69% of non-Hispanic white families nationwide are homeowners.

The racial disparity in mortgage readiness is significantly less, despite the significant homeownership gap (27 percentage points) between non-Hispanic white and Black families.

In 2022, there was a differential of about 4.7 percentage points compared to over 8 percentage points a decade earlier between Black and non-Hispanic white households regarding income mortgage-ready status. Specifically, 7.8% of Black families and 12.5% of non-Hispanic white families did not own their home. This is because, throughout the same period, the percentage of white families who are prepared for a mortgage has dropped more sharply, from 34.6% in

2012 to only 2.9%.

Data revealed that the shift was not due to a disproportionately higher rise in white family homeownership, which would have led to a more notable decline in the mortgage-ready share of white families. For both groups, the rise in the percentage of homeowners has been about the same.

In contrast to Black families, whose ownership proportion climbed by 1.4 percentage points, white families' share increased by barely 1.5 percentage points. Rather, a more significant rise in Black family income might have been a major factor.

While rising costs and borrowing rates are bad for everyone, Black renters' median family income increased more than white renters' throughout that period.

COMPETITION RAMPS UP AS MORE SELLERS RETURN TO MARKET

According to a new Bright MLS report, the service area's total closed sales for January were greater than they were a year earlier, suggesting that homebuyers took advantage of declining mortgage rates at the end of 2023. Still, there weren't many recent pending sales or showing activity.

The reduced activity can be partially attributed to the wintery weather, while the limited supply in the Mid-Atlantic, which continues to remain at historically low levels, was the other reason.

In the report, an estimated 26,962 active listings were recorded (as of the end of January 2024). Although there is a 1.7% shortfall in inventory compared to a year ago, the difference has been closing for the past eight months as the inventory has decreased over the previous year.

Bright MLS January 2024 Housing Report Highlights

- » The median sale price in the Bright MLS service area increased by 5.7% in January. Prices in the Mid-Atlantic have been rising for 143 consecutive months (with one exception last April when the median price was flat).
- » Falling mortgage rates at the end of last year encouraged more closed sales activity in January compared to last year. The number of closed sales in the Mid-Atlantic was up slightly, though sales were up more strongly in more affordable regions.
- » New listing activity continues to be very low. Overall, new listings in the Bright MLS service area were 9.9% lower in January 2024 than they were in January 2023.
- » Active listings have been declining for eight consecutive months. The year-over-year gap has narrowed, down to a 1.7% difference in January.

2024 Kicks Off With Higher Home Prices in the Mid-Atlantic

“Demand outpaced supply in 2023, and the trend will continue in 2024,” said Dr. Lisa Sturtevant, Chief Economist for Bright MLS. “More sellers should be joining the market this year, and additional new listings will be a welcome sign for buyers, but it will still be a very competitive market.”

Although the number of new listings increased seasonally in December, January experienced 9.9% fewer new listings than the previous January. However, it is expected that the market will strengthen in spring, providing more inventory and giving consumers more choices.

Early in 2024, mortgage rates will likely fluctuate before declining later in the year. The market will remain competitive, and buyers will have to act quickly.

Market Forecasts by Metro Area:

No. 1: Philadelphia—No Relief in Prices to Start 2024

Inventory remains limited, impacting activity in Pennsylvania's largest city.

- » In January, home prices were up in all counties, with the metro area median price up 8.3% year over year. The

median price in the Philadelphia metro area is now 55% higher than it was in January 2019.

- » Inventory is still very limited across the region. There were just 8,511 active listings across the region at the end of January, down 6.5% compared to a year ago. There is very little new listing activity, as current homeowners are still sitting on the sidelines, holding onto low mortgage rates.
- » Buyers who are in the market need to act quickly. In January, the typical home sold in just 18 days, which is three days faster than a year ago.
- » Showing activity is lower than it was last year, but that is not an indication of less demand. Rather, it is an indication of too few homes available for sale.

No. 2: Baltimore—Homebuyers Enticed by January Dropping Rates

Buyers continue to face higher prices and a quick market in this harbor area—also the birthplace of the national anthem.

- » Closed sales outpaced last year’s level, which reflected more buyers putting in offers at the end of the year. There were 1,728 closed sales in January 2024, 1.6% higher than January 2023.
- » In January, the median sold price was \$355,000, up 7.6% from a year ago. Prices were up strongly in all local markets in the metro area.
- » Half the homes in January 2024 were off the market in 19 days or fewer. The median day on the market is three days quicker than last year.
- » Overall, there were 3,519 active listings

at the end of the month, which is 1.8% lower than a year ago. Inventory is less than half of what it was in 2019. There has been a dearth of new listing activity across the Baltimore area, as current homeowners are staying on the sidelines, holding onto low mortgage rates.

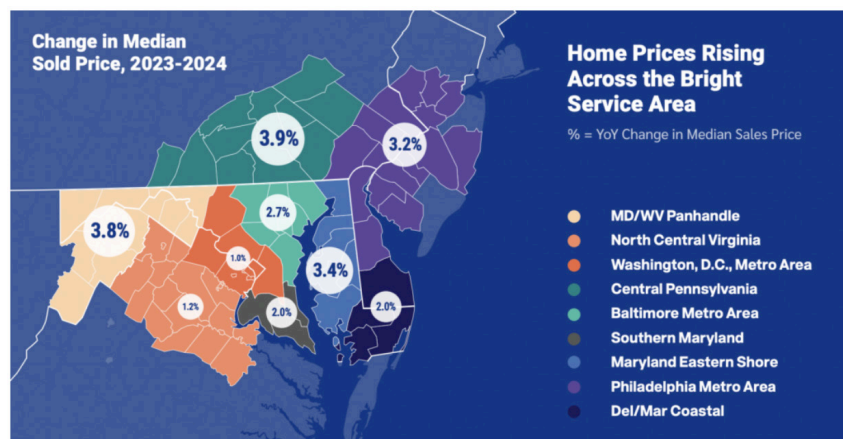
No. 3: Washington, D.C.—Buyers Under-terred by High Prices and Elevated Rates

Median price growth started strong in 2024, with an increase of 7% in the famed U.S. capital.

- » Closed sales inched above last year, increasing a slight 0.2% compared to January 2023. Despite affordability challenges, there remains a strong desire for homeownership in the Washington, D.C., metro.
- » In January, the median sold price in the Washington, D.C., metro was \$535,000, rising 7.0% year over year. Prices in the region have been rising steadily since last summer and the median price is now 29% higher than it was in January 2019.
- » Showing activity and new pending sales were lower in January than they were last year. Elevated rates have tempered some demand yet the major constraint on the Washington, D.C., metro area housing market is a lack of inventory.
- » There was a total of 4,930 active listings at the end of January, down 4.8% compared to a year ago. New listing activity has been at historically low levels, as current homeowners remain on the sidelines, holding onto their low mortgage rates.

Buyers will look to smaller and more affordable Mid-Atlantic markets, accelerating price growth in areas like Philadelphia, Central Pennsylvania, and the Maryland–West Virginia Panhandle.

Price growth may slow even more in 2024 as inventory rises, but there are no indications that prices will drop in Bright MLS markets.



FINAL THOUGHTS

In this month's Final Thoughts, experts discuss current homeownership trends, homebuying power, the current state of mortgage rates and the housing market, the ongoing demand vs. supply crisis, affordability hurdles, what's to come this year, and how to further expand homeownership opportunities.

“plenty of competition”

Skylar Olsen, Zillow Chief Economist, on how buyers and sellers should prepare for potential bidding wars as time on the market shrinks and competition for well-priced homes is expected to heat up.



“homebuyers taking advantage”

Lawrence Yun, Chief Economist for the National Association of Realtors, illustrating how easing mortgage rates fueled January's jump in home sales, indicating the start of more supply, demand, and housing competition.



“historic affordability challenges”

Rob Chrane, Founder and CEO of Down Payment Resource, discussing the costly challenges that buyers and homeowners faced in 2023 and how the benefits of newly implemented buyer assistance programs will further expand opportunities and break down barriers to homeownership.



“putting down roots”

Manny Garcia, a Senior Population Scientist at Zillow, revealing that while many Americans are buying homes alone or co-buying, life events such as marriage often motivate even more Americans to seek out homeownership.



“boosting buyer purchasing power”

Danielle Hale, Chief Economist for Realtor.com, explaining how mortgage rate drops last fall contributed to an increase in buying power, as newly listed homes for sale rose in January, indicating more home sellers are ready to make moves and jump back into the market.



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