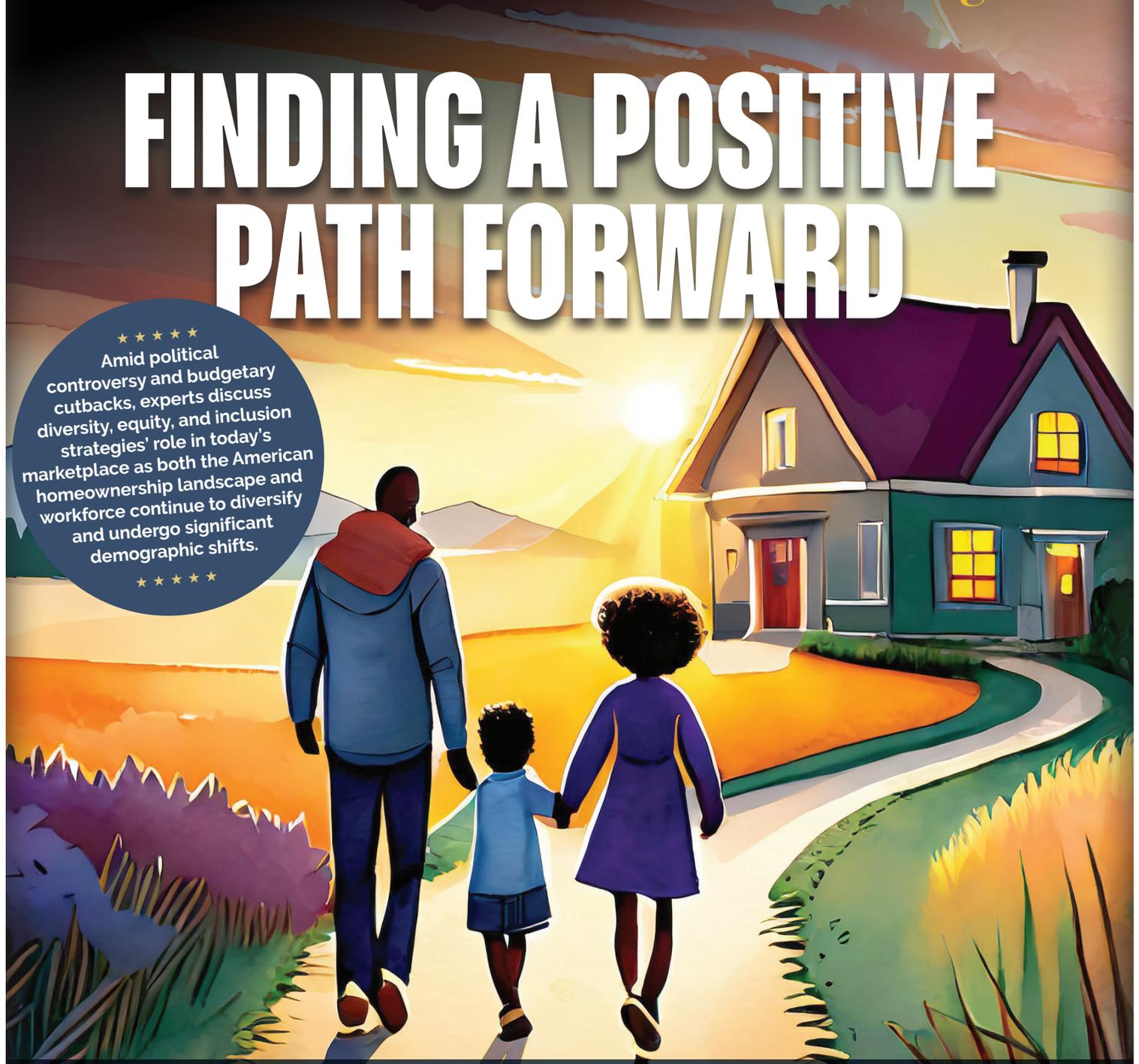


FINDING A POSITIVE PATH FORWARD

★★★★★
Amid political controversy and budgetary cutbacks, experts discuss diversity, equity, and inclusion strategies' role in today's marketplace as both the American homeownership landscape and workforce continue to diversify and undergo significant demographic shifts.
★★★★★



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Derrick Barker of Nectar discusses the state of the commercial real estate sector, and steps that investors can take in order to weather market volatility.

MortgagePoint Magazine



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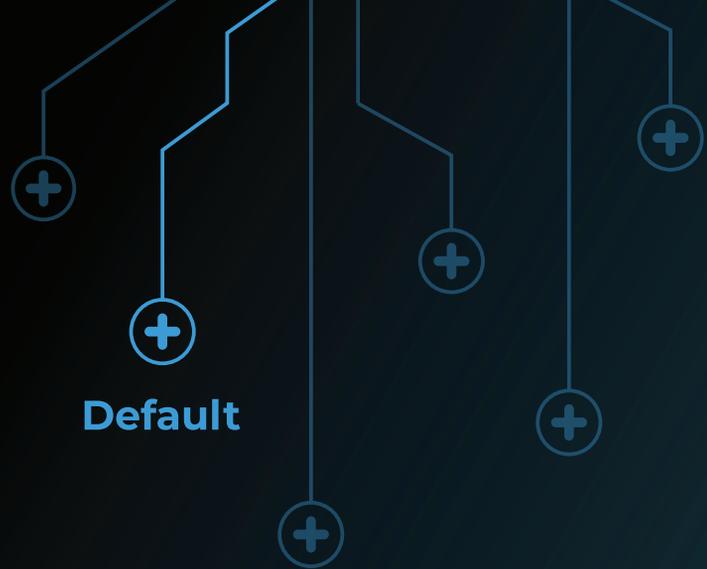
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MANY VOICES WORKING TO ONE PURPOSE

In this month's edition of MortgagePoint, we continue a tradition carried over from our previous sister publications, *DS News* and *MReport*: namely, it's our annual issue focused on the importance of diversity and inclusion within both the mortgage industry and the larger business of housing America's citizenry.

That's the focus of the American Mortgage Diversity Council, and industry trade group operated by our parent company, the Five Star Institute. This month's cover story examines why D&I/DEI strategies remain a focus as both the American landscape of homeowners and the American workforce continue to diversify and undergo significant demographic shifts, featuring insights from experts at Fannie Mae, the financial services law firm of McCalla Raymer Leibert Pierce, Precedent Management, and U.S. Bank.

Following our cover story, Tim Von Kaenel, Chief Strategy Officer at CI&T, brings us a piece entitled "Mortgage Lenders: Three Ways to Break the Hiring-Layoffs Cycle." Tactfully navigating changes in the mortgage marketplace can make or break a company, and here, Von Kaenel provides three keys to better position yourself when the market pivots.

Next up is a feature called "In a Challenging Market, Home Equity Investments Own the Spotlight," authored by Allen Price, SVP at BSI Financial. Home equity investment (HEI) product offerings are growing in popularity for emergency expenses and debt consolidation, but in order for these products to realize their full potential, it will take the expertise and resources of multiple industry stakeholders.

In "How Investors Can Thrive in CRE Amid Challenging Market Conditions," Nectar Co-Founder and CEO Derrick Barker discusses the state of the commercial real estate sector and steps that investors can take in order to weather market volatility.

In this month's longform "The Point" Q&A, we get insights from *MortgagePoint* Editorial Advisory Board member Kevin Bowen, Head of Home Lending Product and Innovation for JPMorgan Chase.

Finally, be sure to check out "Passing the Torch," our interview with outgoing National Mortgage Servicing Association Chair Jocelyn Martin-Leano and incoming 2024-2026 Chair John Vella. The pair discuss the important work the NMSA is doing and where the organization is headed in the years to come.

Welcome, once again, to the May 2024 issue of *MortgagePoint*.



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Editor-in-Chief



MortgagePoint Magazine

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*The Point*

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ICE INTRODUCES NEW INTERFACE

Intercontinental Exchange Inc. (ICE) has introduced the MSP Digital Experience (MSP DX), a new conversational interface for working in MSP, ICE's mortgage loan servicing system.

MSP DX is designed to streamline workflows, increase efficiencies, and ease the training of servicing team members. ICE launched this new interface with escrow, historically one of the most-costly aspects of mortgage servicing.

"Mortgage escrow is inherently complex, and the technology lift to handle the many moving parts is significant," said Tim Bowler, President of ICE Mortgage Technology. "But with the introduction of MSP DX, we are helping servicers manage the escrow process more efficiently. This will enhance workflow management for servicers and improve the household experience."

MSP DX gives end users the sort of conversational interaction they have come to expect in other aspects of their lives. Rather than sorting through multiple screens or reaching out to different departments for information, servicing professionals can now ask the system for what they need using everyday language.

"MSP DX represents a significant leap forward for the industry and serves up what users need, when they need it," Bowler said. "It automates routine tasks so users can focus on more strategic and meaningful work. While we started with escrow, we will continue to make further investments to enhance workflow and flatten learning curves throughout the mortgage servicing process."

DARK MATTER AND TOTAL EXPERT ANNOUNCE PARTNERSHIP

Dark Matter Technologies has announced a new partnership with Total Expert, the customer engagement platform purpose-built for

modern financial institutions. A forthcoming bi-directional integration between Total Expert and the Empower loan origination system (LOS) from Dark Matter will empower mortgage lenders to generate more leads, improve sales productivity, and close more loans by intelligently automating and personalizing the homebuyer journey.

"This highly anticipated collaboration will allow mortgage lenders to harness the combined efficiency of Total Expert and the Empower LOS, both linchpins of the mortgage tech stack and category leaders in intelligent automation, for the first time," Dark Matter CEO Rich Gagliano said. "We expect this integration to deliver huge business value for mortgage lenders at a time when greater efficiency and a straight-line path to revenue growth are paramount."

Total Expert's customer engagement platform is trusted by more than 200 financial enterprises, and customers of Total Expert have reported a 20% revenue increase in their first year and loan retention rates of more than 60%.

"Lenders who chose the Empower LOS for its ability to optimize the origination process through automation are going to love modernizing their customer engagement with Total Expert," Total Expert Founder and CEO Joe Welu said. "We can't wait to help Dark Matter customers put their best foot forward in a competitive market and strengthen customer relationships for long-term success."

FREDDIE MAC VERIFIES VESTA

Freddie Mac has verified Vesta, a national mortgage loan origination system (LOS), for Loan Quality Advisor, Loan Selling Advisor, and the Uniform Loan Delivery Dataset (ULDD).

The verifications indicate that the delivery services of Vesta's LOS are now fully integrated with Loan Quality Advisor and Loan Selling Advisor, enabling mortgage lenders using the LOS to access the Freddie Mac tools. Mortgage lenders use the ULDD as part of the loan manufacturing process to enhance the accuracy and quality of loan data received at loan

delivery and to deliver that data.

"We sincerely value our collaboration with Freddie Mac," said Mike Yu, CEO and Co-Founder of Vesta. "In deepening our integrations, we are not only better serving the lending ecosystem, but demonstrating our mission to serve lenders seeking new levels of flexibility and scalability from their lending platforms."

Vesta's LOS features the capability of inversion of control, which empowers the technology to make basic decisions in a process, freeing employees for more complex and productive tasks. The system provides lenders with a modern system of record, customizable workflows for end-to-end mortgage loan fulfillment process and open, cloud-based APIs.

"Loan Quality Advisor and Loan Selling Advisor are among the many tools Freddie Mac makes available to our software business partners to assist mortgage lenders," said Christina Randolph, VP of Distribution, Single-Family Acquisitions at Freddie Mac. "We have worked closely with Vesta to confirm that their interface meets the standards required for our integration and verification specifications, and Vesta has clearly met those standards. We look forward to working with them to help lenders evaluate the quality of the data upon which their loan decisions are based."

LOCAL LOGIC COLLABORATES WITH HOMEGENIUS

Local Logic, a location insights provider for the real estate industry, has partnered with homegenius, a subsidiary of Radian Group. This collaboration will integrate Local Logic's advanced location insights with homegenius' ecosystem of real estate and technology services.

Through the partnership, Local Logic's Local Content and Local Maps products are incorporated into the homegenius platform. Local Content enhances property listings with detailed lifestyle and location scores across 18 distinct categories, including services, transportation, and neighborhood character. Meanwhile, Local Maps offers a dynamic, heatmap-based

“By integrating Local Logic’s location intelligence into our homegenius platform, our clients with unparalleled insights into properties and neighborhoods, enhancing decision-making in the real estate market.”

—Eric Ray, Senior EVP, Chief Digital Officer; Co-Head, homegenius



search tool that allows users to customize their property searches based on personal lifestyle preferences.

“This partnership with Local Logic marks a major advancement for homegenius, aligning with our mission to innovate and streamline the real estate experience,” said Eric Ray, Senior EVP, Chief Digital Officer, and Co-Head of homegenius. “By integrating Local Logic’s location intelligence into our homegenius platform, our clients with unparalleled insights into properties and neighborhoods, enhancing decision-making in the real estate market.”

This collaboration brings together Local Logic’s granular location insights and homegenius’ innovative technology solutions, enabling users to make more informed decisions from search to close. The integration of Local Logic’s tools will allow homegenius to offer a more personalized search experience, providing a better understanding of property characteristics and neighborhood qualities.

“We are excited to partner with homegenius to bring our advanced location intelligence directly into the hands of consumers and real estate professionals,” said Vincent-Charles Hodder, CEO of Local Logic.

“This partnership is a testament to our commitment to enhancing the real estate industry through data-driven solutions that empower users with comprehensive insights into properties and their environments.”

FIGURE LAUNCHES AI-POWERED CHATBOT

Figure Technology Solutions has launched its AI-powered chatbot built using the latest generation of large language models. This launch demonstrates Figure’s commitment to harnessing the power of artificial intelligence and machine learning to help drive Figure’s solutions for the lending ecosystem.

Figure’s AI chatbot is designed to enhance and streamline its HELOC application and origination process as well as the broader customer service experience on Figure’s platform. The chatbot is available to provide operational support during and after Figure’s Customer Support Specialists’ operation hours. During operation hours, the chatbot provides Figure’s Customer Support Specialists with sample

responses to common HELOC product and application process questions, with the aim of shortening response times to customers and allowing Customer Support Specialists to focus on resolving more complex inquiries in a timely fashion.

During after-hours, Figure’s AI chatbot is designed to address fundamental inquiries, facilitating a seamless application process for customers. From guiding users through initial queries to providing essential information and assistance, this AI chatbot serves as around-the-clock support, improving the accessibility and efficiency of Figure’s loan origination platform. In turn, this will help strengthen the customer service experience on Figure’s platform and drive increased efficiency within its lending technology solutions platform.

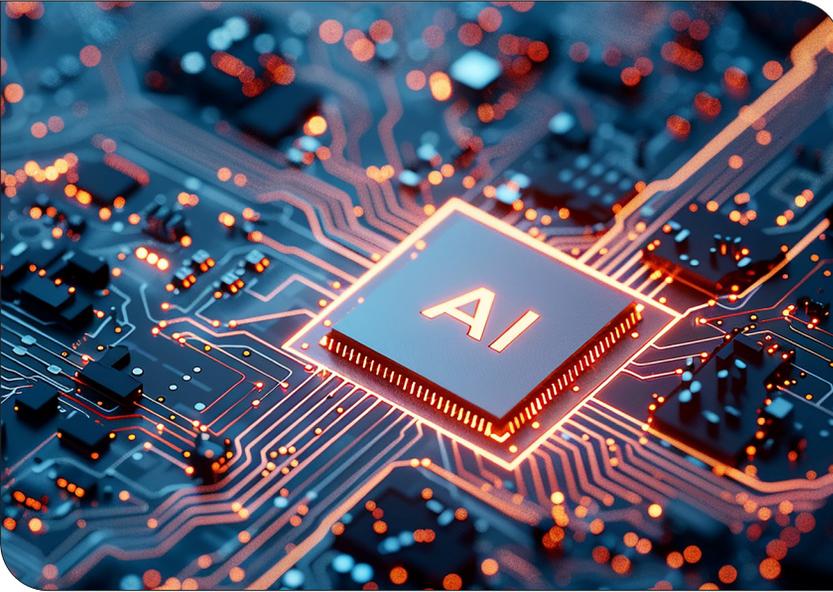
“The mortgage lending space is still highly manual, and there remains a pressing need for automation within the industry,” said Ruben Padron, Chief Data Officer at Figure Technology. “Through the development of highly efficient customer solutions like the AI chatbot, we believe Figure is positioning itself at the forefront of the tech revolution within the mortgage space. By investing in our generative AI portfolio to bolster our proprietary tech-enabled platform, we are excited to continue to drive efficiency across the broader mortgage and lending ecosystem and maximize value for our customers and partners.”

AMERICAN HERITAGE LENDING DEPLOYS OPTIFINOW’S TPO CRM SYSTEM

Non-QM lender American Heritage Lending (AHL) has announced the deployment of the OptifiNow TPO CRM system.

Established in 2008 and with more than \$1 billion in loans funded, AHL is renowned for its non-QM loan products, and dedication to communication and quick responses to their broker clients.

Led by Founder and President Justin Smith and CEO David Orloff, AHL chose OptifiNow because the system integrates seamlessly with their technology stack,



providing the lender with a single platform to handle all aspects of their sales and marketing.

“We have much better control over our entire revenue generation efforts,” Smith said. “We can see a direct impact on the marketing emails we send and how our brokers respond to them. Our account executives know who is looking at an email and can reach out to them immediately. OptifiNow allows us to be more targeted and responsive.”

The OptifiNow TPO Wholesale Lender CRM is built to handle the nuances of wholesale mortgage lending with a comprehensive suite of features that are powerful and efficient. Built-in email and SMS marketing is combined with an account based B2B CRM that enables efficient management of broker companies. All types of marketing campaigns, including rate sheet emails, loan product marketing, and event promotion—are easily conducted by marketing managers or account executives themselves.

One of the most important benefits of OptifiNow is the tight integration with AHL’s mortgage loan origination system (LOS). The integration synchronizes broker account, loan officer, and loan submission data that is stored in the LOS, giving their account executives and sales managers improved visibility on sales performance.

“Our account executives have access to much better information and that enhances their broker relationships,” Smith

said. “They go into a conversation much better prepared because they know exactly when a broker last submitted a loan, the outcome of that loan, the last marketing email they opened, and the last time they actually had a conversation with them.”

David Orloff, CEO of AHL, added, “OptifiNow has transformed our wholesale operations, empowering our team with the tools and insights needed to drive growth and deliver exceptional service. ... We are confident that this strategic partnership will further solidify AHL’s position as a premier non-QM lender nationwide.”

TRUV INTEGRATES WITH BESMARTEE

Truv, a GSE-approved direct-to-source income, employment, and asset verification provider has announced its partnership with BeSmartee, provider of a Point-of-Sale (POS) platform for mortgage lenders.

Truv has integrated with BeSmartee’s mortgage POS platform, Bright POS, to automate manual verification processes and transform the mortgage experience for lenders and borrowers with easier mortgage approvals, heightened data transparency, and faster closings.

“Our partnership with Truv elevates BeSmartee’s mission of transforming borrowers into data verifiers vs. data pro-

viders,” BeSmartee Co-Founder and CEO Tim Nyguen. said “Truv and Bright POS also put the power in originators’ hands.” He added, “Loan officers can capture a borrower in seconds, verify income and employment in seconds, and zoom to the closing table with more confidence and less legwork for all players in the process.”

“Truv’s integration with Bright POS is paving the way for mortgage lenders to tap into unparalleled cost savings and enhanced profitability,” said Kirill Klovov, Co-Founder and CEO of Truv. “By merging Truv’s market-leading data with the easy-to-use platform, lenders have the opportunity to leverage decreased friction in the mortgage process, significantly increase conversion and drive loan volume.”

FIRST COMMUNITY MORTGAGE ADOPTS BLUE SAGE DIGITAL LENDING PLATFORM

First Community Mortgage (FCM) marked a significant milestone by fully implementing the Blue Sage Digital Lending Platform and LION Consumer POS. With this strategic move, the Murfreesboro-based national lender has modernized its mortgage operational processes, boosted productivity, and is delivering an enhanced borrower experience for its customers.

FCM originated \$2 billion in home loans last year through its wholesale and retail divisions. While experiencing record growth, including a 250% increase in its sales staff over the past two years, FCM recognized the imperative for innovative modern technology that could sustain its momentum and deliver an efficient, scalable, and streamlined experience for both borrowers and sales teams.

“Our collaboration with Blue Sage has been exemplary from the start,” said Andrew Badstubner, CIO at FCM. “Blue Sage’s leadership has been incredibly supportive of our ‘run fast’ strategy and far exceeded our expectations. The platform truly is as fast and intuitive as we were told, and its user authentication and access controls were incredibly easy for our staff

“Working with First Community Mortgage has been an incredibly rewarding experience, and we’re thrilled that the Blue Sage platform is already driving results.”

—Carmine Cacciavillani, President and Founder, Blue Sage

to adopt. Most importantly, our sales, processing, underwriting, and closing teams absolutely love it. We couldn’t be happier.”

After a thorough evaluation of the industry’s top mortgage technology providers, FCM chose Blue Sage as its preferred technology partner in mid-2023. Blue Sage is recognized for its browser-based digital lending technology. The Blue Sage Digital Lending Platform empowers lenders like FCM to utilize cloud-based automation to enhance loan processing efficiency from initial application through final closing, and now interim servicing.

“Working with First Community Mortgage has been an incredibly rewarding experience, and we’re thrilled that the Blue Sage platform is already driving results,” said Carmine Cacciavillani, President and Founder of Blue Sage. “Our collaboration is a perfect example of how fast and easy it is for lenders to transition to digital mortgage technology, scale their operations and thrive in any type of market. We look forward to a long and rewarding partnership.”

Thanks to a tight collaboration with Blue Sage’s expert client implementation team, FCM was able to successfully launch the platform in less than six months. FCM has already achieved efficiencies in its internal processes while providing both borrowers and loan officers with a seamless mortgage experience.

DATAVERIFY AND VESTA FORGE INTEGRATION TO OFFER FRAUD AND FLOOD SERVICES

DataVerify, which offers verification services and fraud prevention, has announced a strategic integration with Vesta, a mortgage loan origination system (LOS) and software-as-a-service company. This collaboration marks a significant advancement in the provision of flood zone determinations and fraud mitigation tools through Vesta’s platform.

“Empowering our clients with innovative solutions is at the core of our mission, and this integration with Vesta is a testament to our commitment to that,” said

Paul Harris, President at DataVerify. “By offering flood and fraud services through Vesta’s platform, we aim to enhance operational efficiency and deliver unparalleled value to our shared clientele.”

Lenders can now order Flood Zone Determinations from DataVerify within the LOS, without the need for manual intervention. Streamlining the process and reducing the risk of manual errors, this integration was accomplished using web hook functionality, leveraging Vesta’s open API.

DataVerify fraud services in the platform are supported by a variety of useful functionalities, including asynchronous responses so the customer has the latest version of the DataVerify DRIVE report in the LOS. Additional capabilities include clearing conditions from within the LOS, and access to both user acceptance testing (UAT) and production environments.

Mike Yu, CEO of Vesta, expressed enthusiasm about the integration, stating, “This collaboration with DataVerify is a solid step towards achieving end-to-end digital fulfillment for our lenders. By incorporating these flexible offerings into our platform, we empower our customers to navigate the mortgage lending process with efficiency and precision.”

A&D MORTGAGE LAUNCHES AIM, AN AI-ENHANCED PARTNER PORTAL

A&D Mortgage, a mortgage lender, has announced the unveiling of AIM, an evolution of its Partner portal with enhanced AI integration. Short for Artificial Intelligence in Mortgage, AIM offers an even more streamlined and efficient experience for both brokers and borrowers.

Key features of AIM include:

- » Advanced Technology Stack: AIM leverages an improved tech stack, allowing A&D Mortgage to provide greater customization and expansion of functions for the brokers’ specific needs and adapt as the industry evolves.
- » Enhanced User Interface: The revamped user interface offers an intu-



itive and user-friendly design, making it easier for brokers to navigate the system. Brokers can now complete tasks faster and more efficiently, providing a smoother experience for both them and their clients.

- » **Cutting-Edge Innovation Enhancement:** Enhanced with cutting-edge technologies, AIM becomes the first in its class to offer an innovative platform catering to both non-QM and conventional mortgage requirements.
- » **Point of Sale (POS) Integration:** The new POS feature enables brokers to send a direct link to the 1003 application to their borrowers without the need to log in to a separate system, streamlining the application process and improving efficiency.
- » **Compliance and Security:** A&D Mortgage remains committed to the highest standards of data security and regulatory compliance. AIM incorporates advanced security measures and ensures compliance with all industry standards.

“We are excited to introduce AIM to the mortgage industry. This innovative platform has been designed to provide an enhanced experience for brokers and borrowers alike, ultimately making the lending process more efficient and transparent,” said Max Slysusarchuk, Founder

and CEO at A&D Mortgage. “We believe that this technological leap will strengthen our position as a trusted partner for mortgage professionals across the nation.”

BLACKFIN PROVIDES AI GUIDANCE TO MORTGAGE BANKERS

BlackFin Group, a management consulting firm serving the banking and mortgage industries, announced that it has launched a whitepaper on AI, entitled “Artificial Intelligence (AI) in Mortgage Banking.” The white paper authored by a working group comprised of senior executives from across the mortgage industry helps provide a definition for AI in the lending context. The white paper outlines AI’s potential uses in the Mortgage Industry, potential benefits, possible risks, and proposed guardrails, to inform lenders on the prospective application of AI for lending.

Andrew Weiss, who serves as Partner of Technology Consulting Practice at BlackFin and who chaired the working group, said, “Artificial Intelligence is certainly a hot topic across the world and in the mortgage industry. While the base technology has been in existence for

decades, recent advances in software and the power of computing hardware have allowed AI to burst into prominence. But what is AI really, are there real benefits to using this technology for the mortgage industry, what are the risks, and how should we manage through the complexity? Our team has set out to provide an effective framework for the industry.”

Jay, Co-Founder of PrudentAI and a subject matter expert who was part of the working group, said, “AI has come a long way in recent years, but when considering the sophistication of the mortgage industry, it was apparent the industry needed a baseline to build from, and this white paper helps provide that for an industry craving direction in this regard. I believe our white paper will help provide significant clarity to the lending industry for using AI moving forward.”

The white paper is a culmination of input from a wide range of veteran mortgage banking experts in both technology and at lenders who equally wanted a practical business framework for considering and using AI to its fullest potential in a very challenging industry where there will be no easy answers for AI as other working groups grapple with the regulatory rules of engagement for AI in the years to come. You can get your copy of the white paper by visiting blackfin-group.com.

Movers & Shakers

» Government

MCCARGO TO STEP DOWN AS GINNIE MAE PRESIDENT



Ginnie Mae President **Alanna McCargo** has announced that she is stepping down from her role as head of the public office. Ginnie Mae Principal EVP **Sam Valverde** will serve as the Acting President upon President McCargo's departure.



McCargo has served in the Biden administration since January 2021, first as the Senior Advisor for Housing Finance in the U.S. Department of Housing & Urban Development (HUD) for former Secretary Marcia L. Fudge, and was later nominated by President Biden to lead Ginnie Mae. McCargo's confirmation, with bipartisan support by the U.S. Senate, made history as she became the first woman and woman of color at the helm of this U.S. government corporation.

"The past 3.5 years in public service with the Biden-Harris Administration has been the most important and fulfilling work of my 25-year career in housing finance, and I am deeply grateful for the opportunity to serve my country and advance a bold housing agenda across the globe as President of Ginnie Mae," McCargo said. "I am incredibly proud of what we have accomplished together and grateful for the housing leadership this Administration and agency have demonstrated since our first day in office. This has been a deeply personal decision to return to private life."

Prior to joining the Biden-Harris administration, McCargo served as VP of the Housing Finance Policy Center at the Urban Institute, where she led

and developed evidence-based research and analysis on the U.S. housing market. She also served as Executive Director of the Mortgage Servicing Collaborative, a cross-sector initiative that identified and developed policy recommendations for mortgage servicing and securitization reforms to enable stability for the housing finance system through all economic cycles.

McCargo held roles as VP and Head of Government Solutions with CoreLogic, and was VP with JP Morgan Chase's Home Lending Division. She worked for Fannie Mae from 2002-2012 on secondary mortgage market and policy development and programs. While at the GSE, McCargo worked in partnership with the U.S. Treasury Department at the height of the Great Recession and housing crisis in 2008, executing on the Housing and Economic Recovery Act of 2008, including implementation of new housing and mortgage programs to promote mortgage servicing reforms, foreclosure prevention, and loss mitigation solutions.

"I am most proud of the team of career public servants at Ginnie Mae that I have had the privilege of working alongside since my confirmation," McCargo added. "The talent, commitment, and dedication of the Ginnie Mae team are breathtaking, and the enormity of responsibility they carry out each day in our complex \$2.5 trillion guarantee business is remarkable. I am pleased with the progress and accomplishments Ginnie Mae has achieved during my tenure, the precision with which the team executes on our obligations and authorities, and the groundwork that we have laid for Ginnie Mae to grow and build the capacity needed to meet its crucial affordable housing and capital markets mission on behalf of the United States Government."

Prior to joining public service, McCargo served in her personal and professional capacity on nonprofit boards focused on housing security and affordability efforts including Doorways

for Women and Families, Women in Housing and Finance Foundation, and in advisory roles with the Aspen Institute's Expanding Prosperity Impact Collaborative (EPIC) for housing, and with Habitat for Humanity of Washington, D.C.

Valverde has served with McCargo for the past two years, leading the agency through numerous critical initiatives and spearheading work in the global investment community to expand the value proposition of Ginnie Mae's mortgage-backed securities program. Ginnie Mae Senior Advisor for Strategic Operations and Interim Chief Operating Officer Laura M. Kenney will assume additional responsibilities as part of the McCargo-Valverde leadership transition.

"I have complete confidence in Sam and Laura and the entire career executive leadership team to continue to provide leadership continuity and to execute the ongoing priorities that Ginnie Mae has worked on during my tenure," McCargo said.

Valverde began his tenure at Ginnie Mae in March 2022 as EVP and COO, and in January 2023, he was appointed to serve as Principal EVP. He brings more than 15 years of housing finance, policy, and legal experience to Ginnie Mae. Across his career in public service, he has worked to develop market-based solutions to improve economic outcomes for all Americans.

Prior to joining Ginnie Mae, Valverde was Supervisory Attorney Advisor at the Federal Housing Finance Agency (FHFA) in the Division of Conservatorship Oversight and Readiness where he led agencywide projects intended to support greater access to mortgage credit and affordable rental opportunities for working families. In addition, Valverde led successful efforts to transition Fannie Mae and Freddie Mac (GSEs) away from utilizing LIBOR for a range of variable rate product offerings. He also coordinated efforts to develop a post-conservatorship regulatory framework for the GSEs and provided technical assistance on a variety of housing finance legislation.

Prior to joining the FHFA, Valverde served as a Counselor for Domestic Finance at the U.S. Department of the

Treasury, focusing on housing and consumer finance issues. While at Treasury, he worked on issues related to the conservatorships of the GSEs and implementation of the housing programs under the Housing and Economic Recovery Act of 2008. Prior to joining public service, Valverde began his career as a Securities Lawyer at Davis Polk & Wardell LLP.

HUD APPOINTS NEW NORTHWEST REGIONAL ADMINISTRATOR



The U.S. Department of Housing and Urban Development (HUD) has appointed **Andrew Lofton** as Regional

Administrator for the Northwest, serving Alaska, Idaho, Oregon, and Washington. Lofton will be HUD's interface with mayors, city managers, elected representatives, state and local officials, congressional delegations, stakeholders, and customers. In addition, he will be tasked with managing and analyzing the efficiency and effectiveness of HUD programs and services in communities.

"We are excited to welcome Andrew Lofton as the Regional Administrator for HUD's Northwest Region," HUD Acting Secretary Adrienne Todman said. "Mr. Lofton's experience and dedication to public service make him an asset to our team. He is a leader in housing, and I will rely on him to ensure the efficient delivery of HUD programs and services to communities across the region."

According to HUD, with his arrival, Region 10 is well-positioned to deliver on the agency's objectives and Acting Secretary Todman's vision. Lofton has a wealth of experience, knowledge, and enthusiasm as a housing expert and public servant, and he is grateful for the opportunity to collaborate with HUD and the Biden-Harris administration.

"It is an honor to serve the Biden-Harris Administration and the people in the great Northwest, where I am blessed to call home," Lofton said. "Working together, we can make our

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—Adrienne Todman, Acting Secretary, HUD

communities stronger, more vibrant, and more equitable for generations to come.”

A lifetime Washington citizen, Lofton has nearly 50 years of public service experience in municipal, state, and local government, guided by his desire to help others. He previously worked as Executive Director of the Seattle Housing Authority for 17 years, and before that held positions at the City of Seattle such as Community Development Block Grant Administrator, Deputy Director of Community Development, Budget Director, and Chief of Operations, as well as Deputy Director of the Washington State Department of Trade and Economic Development.

Lofton has also held numerous leadership positions throughout his career, including serving on the Boards of the Council for Large Public Housing Authorities and the National Association

of Housing and Redevelopment Officials (NAHRO), as well as being a founding member and first Board Chair of the Moving to Work Collaborative.

OCC NAMES ACTING SENIOR DEPUTY COMPTROLLER AND CHIEF COUNSEL



The Office of the Comptroller of the Currency (OCC) has announced that **Ted Dowd** will serve as Acting Senior Deputy Comptroller

and Chief Counsel. Dowd will serve in this position while the agency initiates a search for a successor to Ben McDonough, who will be taking a position at another agency.

Dowd joined the OCC in 2006, and has served as Deputy Chief Counsel since 2018. In this position, he is responsible for a broad range of legal matters related to bank powers and structure, financial technology, and licensing transactions. Dowd is also responsible for overseeing the operations of all OCC district counsel offices.

“Ted’s extensive background in banking law and regulation at the OCC, combined with his leadership on inter-agency and OCC initiatives, will ensure continuity and excellence in our Chief Counsel’s office while we search for Ben’s successor,” Acting Comptroller of the Currency Michael J. Hsu said. “I want to recognize Ben’s outstanding and steady leadership as Chief Counsel and a member of our Executive Committee. His dedication and commitment to the OCC and to doing things right have served the American people well. Ben has left an indelible impact on the agency, and I wish him the best in his new role.”

FHFA ADDS HEAD OF AI



The Federal Housing Finance Agency (FHFA) has announced that **Tracy Stephan** has been named Chief Artificial Intelli-

gence Officer (CAIO) and will continue to manage the FHFA Office of Financial Technology.

The FHFA’s CAIO will manage AI risk, promote AI innovation, and lead effective AI governance in accordance with Executive Order 14110 on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence, as well as the related Office of Management and Budget Memo on Advancing Governance, Innovation, and Risk Management for Agency Use of AI.

“Establishing a Chief AI Officer underscores FHFA’s commitment to understanding new developments in technology and the marketplace and incorporating those insights into our day-to-day work,” FHFA Director Sandra L. Thompson said. “Through her role leading the Office of Financial Technol-

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—Sandra L. Thompson, Director, FHFA



ogy, Tracy has been a leader in FHFA’s work on AI, and she is well prepared to lead this into the future.”

Stephan, a 25-year mortgage technology veteran, leads FHFA’s Office of Financial Technology. In this position, she leads a team tasked with assisting the Agency’s efforts to identify technology-driven advancements in housing finance, analyze the related risks, and enable the development of responsible innovation in FHFA-regulated firms.

She joined FHFA from Fannie Mae, where she held various positions spanning Enterprise Innovation, Data, Software Engineering, and Product Management. In these roles, she led difficult digital transformation efforts, oversaw mission-critical technology operations, and drove large-scale innovation.

» Lenders/Serviceers

EXECUTIVE LEADERSHIP SHIFT AT MR. COOPER



Bhattacharjee



Barker

Mr. Cooper Group Inc. has announced the appointment of two new senior leaders, as **Ranjit Bhattacharjee** joins the executive leadership team as EVP and Chief Investment Officer, overseeing capital markets and correspondent lending for the

company and reporting to Chairman and CEO Jay Bray. Kevin Barker assumed the role of SVP of Corporate Finance on April 22, 2024, leading the company's business finance teams and reporting to Kurt Johnson, Mr. Cooper CFO.

With more than 20 years of experience, Bhattacharjee brings a wealth of mortgage industry and capital markets expertise to his new role at Mr. Cooper. He was most recently the EVP and Head of Capital Markets and Correspondent Lending at Wells Fargo Home Lending, where his responsibilities included secondary marketing, strategic quality management, product management, revenue and pricing, and correspondent lending. Prior to Wells Fargo, Bhattacharjee held senior leadership positions at Citi Mortgage and Caliber Home Loans.

"Ranjit's deep knowledge of capital markets and correspondent lending and Kevin's extensive understanding of the mortgage industry will undoubtedly bring new ideas and insights to Mr. Cooper," Bray said. "We are excited to welcome these two new leaders to our team as we continue to grow and scale our business."

Bhattacharjee added, "I have long admired Mr. Cooper's success in the mortgage industry and the company's impressive growth over the years. I am thrilled to be joining the executive team in May."

Barker joins the company with nearly 20 years of financial analyst experience covering mortgage and consumer finance. He most recently served as managing director and senior equity research analyst at Piper Sandler covering the mortgage and consumer finance sectors, where he led a team focused on mortgage originators and servicers, card and auto lenders, mREITs and payments companies.

"I am truly excited about the opportunities that lie ahead for Mr. Cooper and deeply honored to join such a successful and well-respected team that I have had the privilege to follow for more than 10 years," Barker said.

ALLY FINANCIAL NAMES NEW CEO



Ally Financial Inc. has announced the appointment of Michael G. Rhodes as CEO. In addition, he will also be appointed to Ally's Board of Directors at that time. Rhodes brings to Ally over 25 years of experience across retail and consumer banking and has a track record of delivering transformative digital, data, and technology strategies.

Rhodes replaces Jeffrey J. Brown, who stepped down at the end of January 2024 after nearly nine years as CEO. Doug Timmerman, Ally's President of Dealer Financial Services, has been serving as interim CEO since Brown's departure.

"After an exhaustive search process, the Board has chosen Michael to lead Ally into the next stage of its evolution," said Franklin Hobbs, Chairman of the Board of Ally Financial. "Our trust is grounded in his versatile consumer banking experience, his focus on using data and insights to drive decision-making, and his commitment to creating long-term value for our stockholders. Importantly to Ally, Michael understands the power of a motivated workforce. He knows supporting team members and investing in workplace culture is essential to the mission of any organization. Indeed, his passion for serving both customers and employees makes him an unquestionable match to lead Ally."

Rhodes most recently served as CEO of Discover Financial Services and as a member of its Board of Directors. He also served as President of Discover Bank and sat on its Board of Directors.

"I have long admired Ally's transformational approach to digital banking and its leading position in automotive finance," Rhodes said. "The bank has successfully harnessed the power of technology to create financial solutions for its customers and communities consistent with its 'Do It Right' mantra. I am so pleased the Board has put its trust in me to continue advancing Ally's

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strategy alongside the strong leadership team. “I am eager to roll up my sleeves and, together with more than 11,000 Ally teammates, get to work.”

Prior to Discover, Rhodes spent more than 12 years at TD Bank, most recently as Group Head, Canadian Personal Banking, where he oversaw the division dedicated to retail products and serving customers through mobile, online, telephone, and a branch network over one thousand strong. During his tenure at TD Bank, he also led North American Credit Card and Merchant Services and served as Head of Innovation, Technology, and Shared Services. In this role, he strengthened operational resilience, security, and efficiency while improving the bank’s capability to support emerging technologies, such as artificial intelligence and cloud migration. He has also held senior positions at Bank of America and MBNA America Bank.

CORNERSTONE HOME LENDING APPOINTS NEW SVP OF STRATEGIC PARTNERSHIPS



Cornerstone Home Lending, a division of Cornerstone Capital Bank, has appointed **Michael A. Iorio** as SVP of Strategic Partnerships, where he will spearhead the expansion of Cornerstone’s Homebuilder Partnership business across targeted builder accounts nationwide, with a focus on cultivating new relationships and enhancing service offerings.

Iorio brings to Cornerstone more than 25 years of industry expertise, particularly in the areas of ABA partnerships. Prior to joining Cornerstone, Mike served in various leadership capacities, where he oversaw sales initiatives and optimized business relationships for numerous ABA/JV entities, while also contributing to the board of directors for many of those organizations.

“We are thrilled to welcome Mike to the Cornerstone family,” said Adam Laird, CEO of Cornerstone Home Lending. “His proven track record of success and deep industry knowledge will be invaluable as we continue to expand our homebuilder platforms and create new opportunities for both Cornerstone and our dedicated team members.”

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GUARANTEED RATE PROMOTES NEW EVP OF GROWTH AND ACQUISITIONS



Guaranteed Rate has promoted **CJ Rose** to the role of EVP Growth & Acquisitions, where he will be responsible for recruiting top talent throughout the industry. His mission will be to help Guarantee Rate Companies steadily grow funded volume levels by providing world-class services to more people, in more markets, coast to coast.

Rose joined Guaranteed Rate in 2005 as a Senior Director of Strategic Growth & Acquisitions. The talent he has brought on board has contributed more than \$19 billion in total loan volume to the company. In 2021, he joined Origin-Point, a partnership between Guaranteed Rate and Compass. This expanded pool of talent has since produced more than \$3.6 billion in total loan volume.

“CJ has been an integral part of Guaranteed Rate’s success for close to 20 years now,” said Victor Ciardelli III, Founder and CEO of Guaranteed Rate. “He’s talented, competitive, and genuine. I completely trust his instincts in terms of identifying the types of people who will fit into our culture and excel with the products and tools we provide. This is how we’ve steadily grown, weathering shifting market conditions and outperforming centuries old financial institutions, to maintain our ranking as one of the top loan origination companies in the industry.”

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PLANET HOME LENDING WELCOMES NEW REGIONAL SALES LEADER



Planet Home Lending has hired **Matt Kingsborough** as Regional Sales Manager, bringing more than two decades of experience in mortgage lending and an exceptional track record of leadership and innovation to the position. Kingsborough has been tasked to drive Planet Home Lending’s expansion in the Western United States.

“Stepping into Planet Home Lending marks a pivotal chapter in my career,” Kingsborough said. “It’s an opportunity to align with an organization that not only values excellence and innovation in mortgage lending, but also deeply invests in the growth and success of its sales professionals. I’m here to build on our presence in the West by fostering an environment where mortgage loan originators and branch managers can truly thrive.”

Prior to joining Planet Home Lending, Kingsborough served as a Multistate Regional Area Manager for HomeBridge Financial Services, and Prospect Mortgage’s Northern California Regional Manager. Kingsborough’s approach to leadership centers on personal and professional development that empowers mortgage professionals to achieve exponential growth. His focus on continuous improvement, strategic communication, and life balance helps each team member achieve their full potential.

“Matt’s role is crucial as we look to attract and support the best talent in the industry,” Planet Home Lending President of Mortgage Lending John Bosley said. “His ability to mentor, coupled with a keen understanding of the mortgage landscape, makes him the perfect fit to lead our expansion efforts in the West. We’re not just announcing a new hire; we’re inviting mortgage professionals to join us in setting a new standard for success in the industry.”

Planet Home Lending offers an array of product innovations, including its own Cash 4 Homes, 1st Year Flex, and

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“We are thrilled to have Matt on board,” Bosley said. “His vision for the future of mortgage lending aligns with our commitment to excellence and innovation. Together, we’re poised to offer unmatched opportunities for our mortgage loan originators and branch managers, setting new benchmarks for success in the competitive housing markets of the Western U.S.”

» Industry Memberships

NMSA INSTALLS NEW CHAIR



The National Mortgage Servicing Association (NMSA), has announced the installation of **John Vella**, CRO at Selene Finance, as

Chairperson for 2024-2026. NMSA is a nonpartisan organization driven by senior executive representation from the nation’s top mortgage servicing organizations. The association was established for the purpose of driving progress and change on key challenges that face the mortgage servicing industry.

Vella assumes the role of NMSA Chair from Jocelyn Martin-Leano, President and CEO of Enzizo Strategies LLC.

“I consider it an honor and privilege to be named Chairperson of NMSA—an organization that has some of the nation’s best and brightest business leaders supporting the mortgage sector,” Vella said. “I honor the accomplishment of past Chairs by continuing down the path they have forged.”

As CRO at Selene Finance, Vella is responsible for driving revenue generation through ongoing leadership of sales, marketing, client management, and product innovation. He brings more than two decades of industry experience leading organizations, and delivering exceptional results across multiple industries to his new role with NMSA.

“John’s experience and impact will have a positive influence on NMSA and the mortgage industry as a whole,” said

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—John Vella, CRO, Selene Finance

★ ★ ★ ★ ★

Wes Iseley, Senior Managing Director of Carrington Holding Company. “We are fortunate to have him at the helm.”

Prior to joining Selene, Vella served as Chief Revenue Officer of Altisource, and before that, served as COO of Equator LLC. He began his financial services career with the Federal Deposit Insurance Corporation (FDIC) and Freddie Mac. He later served as Chief Sales Officer for H&R Block’s mortgage company, CEO of Household International’s Automotive Business, President and CEO of Bear Stearns EMC Mortgage Company, and as EVP for Special Servicing of GMAC/RESCAP.

“I’ve had the privilege of knowing John, for nearly three decades, working by his side during our tenure at Freddie Mac. His commentary and insights are

both sought after and widely respected across the industry,” said Ed Delgado, Chairman Emeritus of Five Star Global and Managing Director of Mortgage Policy Advisors. “NMSA will continue to thrive under the steady hand of John’s guidance and leadership.”

As Chair of NMSA, Vella will bring together decision-making executives from across the nation to drive the conversation on shaping the American housing industry into something better for homeowners. Under Vella’s leadership, NMSA will encourage servicers to work together on creating solutions to issues that face the entire mortgage industry.

“On behalf of the NMSA membership group and the Executive Council, we want to thank Jocelyn Martin-Leano

for her contributions and transformative leadership,” Delgado added. “During her time as Chairperson, NMSA grew to its largest level of industry participation since its founding in 2011.”

» Service Providers

MCS NAMES NEW CFO



MCS, a national property preservation company founded in 1986, has hired finance veteran **Charlie Plummer** as its new

CFO, where he will be responsible for the day-to-day operations of the MCS Finance & Accounting Team, while working closely with leadership on strategic planning and growth strategies. Plummer will report directly to Craig Torrance, CEO at MCS, and will serve on the company’s Executive Team.

“The opportunity to partner with the talented MCS leadership team and support their vision for strategic and profitable growth is what appealed most to me,” Plummer said. “I look forward to applying the customer-focused finance approach I’ve developed throughout my career to my new role as CFO at MCS, while developing a high-performing finance team that boosts the Company’s strategic long-term plans.”

Plummer brings more than two decades of transformative finance leadership to MCS, having most recently served as CFO for Camin Cargo Control Inc., a provider of lab testing and inspection services to the oil and gas industry.

“Charlie has over 20 years of finance experience, having served in leadership positions at organizations ranging from *Fortune* 500 companies like Ford Motor Company and Thermo Fisher Scientific, to CFO roles at successful middle-market businesses,” Torrance said. “His experience and in-depth knowledge has helped organizations deliver on their financial expectations, and we’re thrilled to welcome him to the MCS leadership team during this exciting time in the company’s evolution.”

MPA ADDS NEW PRINCIPAL ADVISOR



Mortgage Policy Advisors LLC (MPA) has announced the addition of **Frank Pallotta** as Principal Advisor, responsible for developing client

strategy and business solutions. Before joining MPA, Pallotta was a two-time nominee and House candidate for Congress in the 2020 and 2022 General Elections, receiving endorsements and support from various members of the House Financial Services Committee.

MPA is a Washington, D.C.-based, strategic advisory firm, providing clients with insights related to emerging or existing legislation, policy, regulations and agency guidance affecting the U.S. residential mortgage industry. MPA supports mortgage banks, nonbanks, service providers, and professionals in navigating regulatory and agency rules while supporting business development and expansion.

“I’ve had the pleasure of working with Frank for more than two decades,” said David Spector, Chairman and CEO of PennyMac. “Naming him to the Advisory Board of MPA is a testament to their commitment to excellence and foresight in the residential mortgage industry. The addition of Frank to the MPA team is not just a win for their organization, but a significant stride forward for the entire mortgage industry.”

Pallotta began his career with Goldman Sachs covering the nation’s largest banks. He subsequently joined Donaldson, Lufkin & Jenrette (DLJ), a U.S. investment bank, in 1996 and contributed to the launch of a mortgage origination franchise. In 2000, Credit Suisse acquired DLJ and Frank was chosen to head a sales effort and expand the business to include a correspondent conduit sales team that covered nearly 200 banks.

In 2003, Pallotta joined Morgan Stanley where he led a team tasked with acquiring loans from more than 300 institutions around the United States and was appointed co-head of Morgan’s correspondent conduit.

After leaving Morgan Stanley, Frank

helped launch specialty finance company, Loan Value Group LLC of Rumson, New Jersey.

In 2008, Frank founded Steel Curtain Capital Group a residential advisory firm. Frank most recently formed SC Canadian Mortgage Group, a specialty finance company focused on aggregating and securitizing Canadian residential assets.

“Mortgage Policy Advisors is pleased to be adding an individual with the talent and experience needed to successfully enhance our business and meet our goals for growth and client satisfaction,” said Ed Delgado, Managing Director and Co-Founder of MPA. “We fully expect Frank will be an asset in the years to come—that allows us to provide our clients the solutions and keen insights to grow their business.”

DARK MATTER TECHNOLOGIES APPOINTS CHIEF OF CLIENT ENGAGEMENT



Dark Matter Technologies has named industry veteran **Tony Fox** as its Chief of Client Engagement.

Following Black Knight’s September 2023 acquisition, Fox assumed a role leading enterprise client management at ICE Mortgage Technology. During his five years with Black Knight pre-acquisition, Fox led the account management team for the origination technology performance group. Prior to his tenure at Black Knight, Fox spent four years as Director of Technology and Business Intelligence at 1st Priority Mortgage. He also brings experience through his former role as a Technology Consultant, as well as diverse sales and operations experience from seven years with M&T Bank.

As Dark Matter’s Chief of Client Engagement, Fox is responsible for directing the company’s account management and client success teams and will report to Sean Dugan, Chief Revenue Officer (CRO) at Dark Matter.

“We are immensely delighted to

welcome Tony to our team, stepping into a role where his expertise and exceptional performance are already well-established,” said Rich Gagliano, CEO at Dark Matter. “It’s hard to think of a more important role than making sure the clients have a voice, that we’re listening to what they need, and deliver products and services in line with those needs.”

OPTIMAL BLUE PROMOTES NEW COO



Optimal Blue has announced the promotion of **Rick Allen** to the role of Chief Operating Officer (COO).

Allen, who most recently served as Optimal Blue’s Chief Administrative Officer, adds over 35 years of housing industry experience to his senior leadership position.

Throughout his time at Optimal Blue, Allen has been instrumental in the development and execution of solutions that provide outstanding value to the company’s clients. His new role as COO will include broader operational oversight across all parts of the organization, including chances to improve efficiency and streamline execution.

“Our clients have long relied on our technology and data to operate profitably and efficiently, and our ability to serve them has always come from our own ability to operate with agility,” Allen said. “It’s a privilege to step into this role and assume executive oversight of Optimal Blue’s operations so we can continue delivering the highest quality products and services to our customers and partners.”

Prior to joining Optimal Blue in 2017 as VP of Business Strategy, Allen gained decades of experience in both the lending and vendor sides of the housing sector. This included positions in client services and product management at Mortgagebot, as well as VP of Mortgage Lending at what is now known as TD Bank.

“Optimal Blue is laser-focused on the most meaningful initiatives that deliver the best value and ROI to clients—especially in dynamic market conditions,” said Scott Smith, Interim CEO of Opti-

mal Blue and President of Andromeda, Constellation Software Inc. “Rick has been a respected leader at Optimal Blue for many years, and his promotion to COO allows him to lend even more of his expertise across all operational areas and product solutions in ways that underscore our commitment to our customers. This is a true ‘win’ for our business and clients alike.”

NEW HEAD OF STRATEGIC SALES AT XACTUS



Xactus has announced that **Thomas Gallucci** has joined the company as EVP of Strategic Sales. In this position,

Gallucci will play a key role in growing business around noncredit related products by leveraging Xactus’ subject matter experts and taking a consultative and more collaborative approach to enhance lenders’ operations. Additionally, he will drive new business by sourcing significant partnership opportunities and enhancing relationships with key accounts for improved retention.

“Tom’s mortgage association background where he dealt with both lender and vendor members has cultivated his deep, holistic understanding of the entire mortgage lending process,” said Greg Holmes, Chief Revenue Officer of Xactus. “This outside experience will enable him to bring a fresh perspective to our sales approach. Tom is well respected in the industry and has built many meaningful relationships across the industry which will serve him well in his new role. I’m looking forward to seeing his contributions to advancing the modern mortgage at Xactus.”

Gallucci has nearly 20 years of financial services and mortgage industry experience fostering business relationships and leading sales efforts. Prior to joining Xactus, Gallucci served as SVP, Business Development at The Mortgage Collaborative (TMC), where he was responsible for managing the team that supported TMC’s 70-plus preferred partner relationships. During his tenure,

partnership revenue grew by six times. Prior to that, he served in business development, operations, and training roles with several lenders.

“For the past several years, I have been fortunate to manage TMC’s partnership with Xactus, and I have been impressed with the company’s forward-thinking approach and transition to a fintech-focused organization,” Gallucci said. “I’m excited about joining this impressive team of sales leaders and subject matter experts as we work together to further enhance Xactus’ suite of solutions. Driving greater marketplace adoption is my primary focus, and I look forward to leveraging customer feedback and industry insights to help Xactus provide the most efficient product and service offering for our clients.”

ARRIVE HOME NAMES NEW COO



Arrive Home, an affordable housing program offering down payment assistance and alternative credit solutions, has

appointed **Mark C. Tribuna** to the role of COO, where he will oversee operations and spearhead the growing company’s continued mission to expand access to homeownership for underserved borrowers.

Tribuna, who was previously Chairman and CEO of Nation One Mortgage Company, is a results-driven executive leader with a strong portfolio of success directing the operations and financial management of mortgage and financial service companies.

“We are excited to welcome Mark to the Arrive Home team,” Arrive Home President Tai Christensen said. “His expertise in mortgage operations and financial management will be critical in assisting us as we make massive strides toward solidifying our position as a leader in affordable housing solutions.”

Arrive Home launched in 2022 with a mission to assist borrowers who do not fit the traditional credit mold. By providing best-in-class technology, Arrive Home

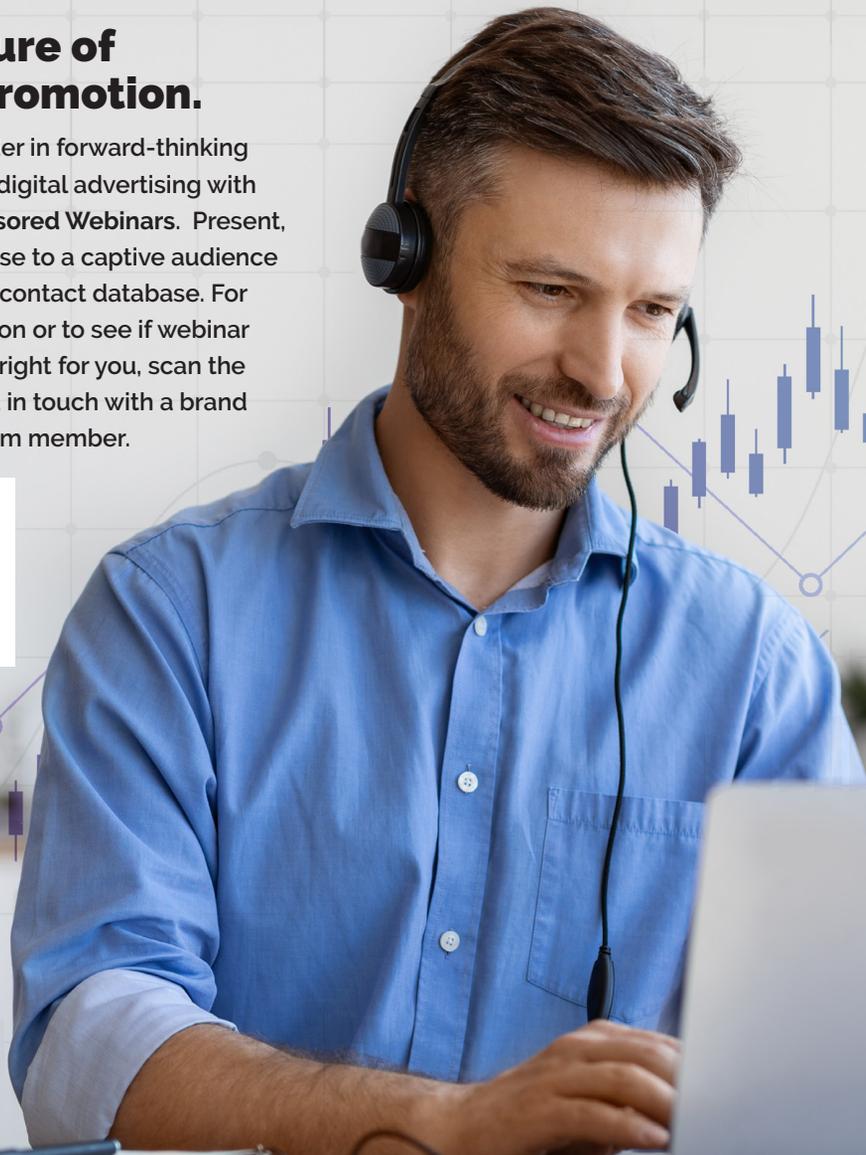


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enables its lender partners to incorporate their product offerings into their existing Loan Origination System (LOS), making it easy to communicate with the Arrive Home team and provide borrowers with a positive experience.

“Arrive Home is changing the landscape for homeowners seeking down payment assistance and other alternative financing solutions,” Arrive Home CEO Matt Pettit said. “The latest expansion of our team signals the traction we are making in the market, and we are excited to get to work and help more consumers achieve their homeownership dreams.”

NEIGHBORWORKS AMERICA ADDS NEW BOARD MEMBER



NeighborWorks America has announced that **Tanya Otsuka** has joined its Board of Directors, succeeding Rodney Hood of

the National Credit Union Administration (NCUA).

Otsuka is a member of the NCUA Board, which she joined in January 2024. Before joining the NCUA Board, she served as Senior Counsel for the majority staff of the U.S. Senate Banking, Housing, and Urban Affairs Committee under Chairman Sherrod Brown, where she managed the Committee’s work on banking and credit union issues. In 2019, Otsuka served on the Committee staff through the Government Affairs Institute at Georgetown University’s Capitol Hill Fellowship Program, on detail from the Federal Deposit Insurance Corporation (FDIC). Prior to her time with the Banking, Housing, and Urban Affairs Committee, Otsuka was a Staff Attorney and Counsel at the FDIC where she specialized in banking issues.

“I am honored to serve on the NeighborWorks Board and represent the NCUA in this important capacity,” Otsuka said. “Safe and affordable housing is the foundation of a just economy, but it is increasingly out of reach for too many families. I look forward to working with NeighborWorks to build strong communities and help make housing more accessible.”

“Mortgage capital market operations are ripe for innovation. For years, we’ve seen products and organizations serve this space from opposite ends of the spectrum.”

—Troy Coggiola, Chief Operating Officer, Polly



In her new role, Otsuka will provide strategic vision to help NeighborWorks serve individuals and families through comprehensive approaches to affordable housing and community development; and help fulfill the organization’s mission to create opportunities for people to live in affordable homes, improve their lives and strengthen their communities.

“With her deep knowledge of credit and banking issues, Tanya is an invaluable asset to NeighborWorks America,” NeighborWorks President and CEO Marietta Rodriguez said. “Her leadership will enable us to continue our work helping all Americans have an equitable path to financial security.”

POLLY APPOINTS NEW COO



Polly, a provider of mortgage capital markets technology, has appointed **Troy Coggiola** as its new Chief Operating Officer (COO). As

COO, Coggiola will lead Polly’s product, implementation, support, and design teams, ensuring seamless cross-organization collaboration as the company continues to scale.

Coggiola brings more than 25 years of mortgage technology and enterprise software experience to this role, having most recently served as Chief Product Officer for government tech provider Accela. Much of his career has focused on supporting businesses whose software enables the modernization of entire industries.

Prior to Accela, Coggiola spent 12 years leading product and technology initiatives at ICE Mortgage Technology (then Ellie Mae Inc.), rounding out his time there as SVP of Product Management. Coggiola spearheaded the company’s evolution from an on-premises solution to a SaaS (software as a service) provider, enhancing and digitizing capabilities, as well as integrating newly acquired companies to grow its product set.

“Mortgage capital market operations are ripe for innovation. For years, we’ve seen products and organizations serve

this space from opposite ends of the spectrum,” Coggiola said. “To date, Polly has delivered on its mission to integrate the buy and sell sides to drive efficiency and true transformation across the entire capital markets value chain, providing significant ROI during both depressed and growing mortgage cycles. Mortgage capital markets is one of the last remaining, and necessary, mortgage tech transformations—and Polly is uniquely positioned to deliver.”

» Attorneys/Legal Providers

PILGRIM CHRISTAKIS LAW FIRM PROMOTES NEW PARTNER



Chicago-based financial services litigation boutique Pilgrim Christakis LLP has announced the promotion of Alan Ritchie to

Partner. Alan formerly served as an Associate at the firm for 5.5 years.

Ritchie joined Pilgrim Christakis after beginning his career at Severson & Werson PC in Irvine, California. He

has been representing the consumer financial services industry in courts and arbitrations around the country for nearly a decade, and regularly represents clients in complex matters involving consumer protection, data privacy and security, and commercial disputes. His clients operate nationwide and include banks, credit card companies, financial technology companies, cryptocurrency exchanges, automotive and personal property finance companies, accounts receivable firms, and mortgage originators and servicers.

“Alan has demonstrated excellence, ingenuity, and superior client service since the day he joined the firm,” Partner Katrina Christakis said. “He combines exceptional advocacy skills with business acumen, achieving results across the board in the most cost-effective manner. We are thrilled to welcome Alan as a Partner.”

Alan is a frequent presenter at legal and financial services conferences on litigation trends, emerging legal issues, and the impact of recent court decisions. He also has authored articles that have appeared in legal publications regarding consumer class actions, Article III standing, the Fair Debt Collection Practices Act, the Truth-in-Lending Act (TILA),

and the Telephone Consumer Protection Act (TCPA).

“Our clients, who include some of the world’s most sophisticated financial institutions, require attorneys who understand the complexities of their businesses and the legal and regulatory environment they operate in,” Partner Jeff Pilgrim said. “Alan is a superbly talented lawyer with keen industry insights that our clients value.”

Ritchie is an active member of various professional associations, including the American Bar Association’s Consumer Financial Services Committee, the Conference on Consumer Finance Law, and the Chicago Bar Association, where he currently serves as the Vice Chair of the Consumer Credit Committee. He regularly presents at the Chicago Bar Association and Chicago Public Library’s Law at the Library series. He also is a member of the Illinois State Bar Association, the Mortgage Bankers Association, ACA International, and the Receivables Management Association International.

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MATIC INSURANCE LAUNCHES STRATEGIC PARTNERSHIP WITH USA MORTGAGE

Matic, a digital insurtech platform, and USA Mortgage have joined forces in a strategic partnership to provide property and casualty insurance products to USA Mortgage customers.

Under the partnership, Matic's insurance marketplace will be integrated into the USA Mortgage home lending experience, allowing borrowers to shop for personalized rates and coverage as part of the mortgage process. Matic's matching technology enables borrowers to quickly compare insurance options from a network of over 50 national and regional carriers, helping them identify the right choice for their unique needs and reducing the time it takes to purchase a policy.

"This partnership represents a significant milestone in our commitment to provide impactful solutions that enhance the borrower experience," said Ron Mueller, President of USA Mortgage. "Matic's comprehensive carrier network with coverage across the U.S., and their ability to combine cutting-edge technology with an internal agency was a clear choice to meet the needs of our diverse customer base."

USA Mortgage customers will gain access to a wide array of P&C insurance products through Matic's digital platform. In addition to home and auto insurance, Matic will offer umbrella, jewelry, flood, dwelling fire, pet, and other personal lines of insurance to meet customer needs within the mortgage originations lifecycle.

"Matic was built for the mortgage industry to simplify the insurance shopping process during the home buying experience," said Ben Madick, CEO and Co-Founder of Matic Insurance. "We are honored to partner with USA Mortgage to provide value for their customers while streamlining the closing process."

As a leading embedded insurance

» Industry Update

LOANCARE RECEIVES FITCH RATING FOR CLOSED-END SECOND LIEN PRODUCTS

LoanCare, LLC, a U.S. mortgage subservicer, announced that Fitch Ratings has assigned the company the U.S. residential primary servicer for specialty Closed-End Second Lien products rating of RPS2+; Outlook Stable. In addition, Fitch affirmed LoanCare's U.S. residential primary servicer for Prime product and specialty subservicer ratings at RPS2+ in 2023, reflecting the company's focus on advancing processes and providing subservicing excellence.

The rating validates LoanCare's understanding of the complexities involved in servicing home equity lines of credit (HELOC). Due to the added

requirements in second lien operations, knowing what's required for statements, ensuring interest calculations are accurate, and managing onboarding setup is critical. For customers, it's about educating them on the options and then providing the support tools they need to successfully manage the various scenarios. For clients, it's about maximizing the return on their investment in HELOCs.

"LoanCare has consistently invested in technology and training to enable superior customer service and seamless, compliant HELOC management. Flexible draw, variable rates, promotional rates—our mortgage servicing platform (MSP) handles it all," said Dave Worrall, President of LoanCare. "In today's high interest rate environment, lenders are looking for quality, compliant, and cost-effective servicing support for home equity lines of credit, second liens, and construction loans. We have the technology, processes, and people in place to support these products and more."

“These program updates are a testament to our unwavering commitment to adapt and evolve in response to the needs of our clients and partners.”

—Max Slyusarchuk, CEO, A&D Mortgage



platform for the mortgage industry, 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.

A&D MORTGAGE UNVEILS UPDATES TO NON-QM LOAN PROGRAMS

A&D Mortgage announced a series of comprehensive updates to its non-QM loan programs. Aimed at simplifying the mortgage application process and expanding loan accessibility, these changes include the elimination of bank statement requirements for certain loans, broadened eligibility criteria for DSCR loans, tailored prepayment penalty adjustments, and more. These strategic enhancements are designed to streamline operations for mortgage brokers and provide more flexible financing solutions for borrowers.

Key highlights of the program updates:

- » **Simplified Loan Documentation:** For Wage Verification of Employment (WVOE) and Profit & Loss (P&L) loans with Combined Loan-to-Value (CLTV) ratios below 65%, A&D Mortgage has removed the need for bank statements, significantly easing the application process.
- » **Expanded Eligibility for DSCR Loans:** Reflecting A&D Mortgage’s commitment to investors and foreign national borrowers, the company has expanded DSCR loan eligibility requirements. Borrowers now only need to have owned a property in the United States or any foreign country within the last 36 months.
- » **Adjusted Prepayment Penalties:** A&D Mortgage has adjusted prepayment penalty structures for 1- and 2-unit properties in Ohio and Vermont, enhancing the competitiveness and appeal of its loan products in these states.
- » **Updated Interest-Only Option for CEMA Loans in NY:** Adhering to regulatory compliance and market demands, the interest-only option will no longer be available for CEMA loans in New York.

- » **Revised Ownership Change Policy:** Significant changes to the ownership of an LLC or Corporation used in a refinance will be treated as a Quit Claim Deed, with a cap at 65% CLTV, ensuring transparency and stability in property transactions.

Max Slyusarchuk, CEO of A&D Mortgage, stated, “These program updates are a testament to our unwavering commitment to adapt and evolve in response to the needs of our clients and partners. By simplifying the mortgage process and enhancing our product offerings, we are not just keeping pace with the industry—we are setting new standards. Our goal is to empower more individuals and families to achieve their dream of homeownership with ease and confidence.”

The updates to A&D Mortgage’s Non-QM loan programs are effective immediately. Mortgage brokers and borrowers are encouraged to explore the benefits and opportunities presented by these enhancements.

MCS OFFERING REMODELING SERVICES TO DALLAS-AREA HOMEOWNERS

As Dallas-area homeowners face challenges finding responsive and qualified contractors to complete home remodeling projects, MCS announced it has launched home remodeling services serving the DFW market.

Residents in several Dallas/Fort Worth (DFW) regions, including neighborhoods throughout the Collin, Denton, Kaufman, Rockwall, Dallas, and Tarrant areas, can now work directly with one of the nation’s leading property care companies for their own bath and kitchen remodeling, room additions and conversions, and light construction projects.

This direct-to-consumer offering represents MCS’ second market for this service, coming on the heels of an initial launch in Phoenix in September 2023. The rapid success of the MCS home

remodeling service in Phoenix, which represented the first consumer service offering in the history of the company, drove the expansion into the Dallas market where MCS is headquartered and has a local service center. In just six months, the Phoenix home remodeling team has helped dozens of homeowners upgrade their home by remodeling kitchens and bathrooms, converting rooms to more functional space, repairing and replacing outdated materials, and other light construction projects.

“The demand for quality, reliable home renovation continues to grow, and MCS is excited to expand our home remodeling service to the Dallas market,” notes Andrew Nolan, President of Residential & Commercial Services at MCS. “Our company has been providing property maintenance and light construction nationally for real estate operators since 1986, and now we are delivering our full slate of services to local homeowners. Our rapid success in the Phoenix market confirms the strong demand for this service, and we look forward to helping Dallas-area residents on their remodeling projects.”

With this new home remodeling service, the MCS team is able to perform numerous services for Dallas-area homeowners:

- » Kitchen remodeling including appliances, countertops, cupboards, flooring, lighting, and plumbing;
- » Bathroom remodeling such as countertops, tile, plumbing, bath and shower upgrades, and lighting;
- » Room additions and conversions for extra living or work space, casitas, and mother-in-law suites;
- » Enhancing outdoor living spaces with fencing, kitchens, pergolas, and patio upgrades; and
- » Light construction work to help modernize and enhance all areas of a home.

The new Dallas home-remodeling service is managed by Kelly Carney, who serves as the Operations Director for the company’s local DFW service center. Carney has over three decades

of extensive experience with renovation and new-build projects throughout the market and has a team of local service technicians, project managers, installers, plumbers, electricians, and estimators available to perform and deliver high-quality work. As needed, the Dallas team partners with specialized subcontractors on specific trade services to ensure projects are completed effectively, efficiently, and on budget.

“Home improvement work requires hands-on care, attention, and oversight,” Kelly adds. “Whether it’s a small remodel or a full building addition, our local team, backed by MCS’ national presence, has the expertise and skills to deliver exceptional home remodeling services with a client-focused approach across the DFW market.”

JPMORGAN CHASE INCREASES HOUSING AFFORDABILITY COMMITMENTS

JPMorgan Chase is increasing its housing affordability commitments across the United States with expanded philanthropic capital and consumer lending products. At an event in Washington, D.C., the firm announced \$20 million in new philanthropic fund-

ing to organizations across the United States working to expand homeownership opportunities for underserved communities.

In addition, the firm also announced an expansion of its homebuyer grant and DreaMaker mortgage programs. Specifically, Chase Home Lending will increase its homebuyer grant from \$5,000 to \$7,500 in 8,500 neighborhoods across the United States, which customers can use to lower their interest rate and/or reduce closing costs and down payment for purchases of properties in communities identified by the U.S. Census as majority-Black, Hispanic, or Latino. Chase is also removing the current income limit for its 3% down DreaMaker mortgage program in communities where the \$5,000 or \$7,500 Homebuyer Grant is available—benefitting more than 15,000 communities nationwide.

“Healthy communities are integral to our business model, and affordable housing opportunities are vital to creating strong communities and building intergenerational wealth,” said Tim Berry, Global Head of Corporate Responsibility, JPMorgan Chase. “The private sector has an important role to play alongside nonprofit organizations and policymakers in advancing housing affordability, including increasing access to homeownership. Today’s expanded commitments are part of the firm’s holistic approach to mobilizing resources and expertise to

“Healthy communities are integral to our business model, and affordable housing opportunities are vital to creating strong communities and building intergenerational wealth.”

—Tim Berry, Global Head of Corporate Responsibility, JPMorgan Chase



address this issue in Washington, D.C. and in communities across the country.”

“Chase Home Lending is focused on providing innovative solutions, products, and services to help more people to attain, and sustain, homeownership,” said Mark O’Donovan, CEO of Chase Home Lending. “When we work together to address affordable housing challenges, we can go further. Today’s announcement is a great example of how business, philanthropy and local partnerships can join forces to effect change.”

The firm is also focused on advancing economic inclusion and increasing homeownership opportunities through its businesses. The bank has taken a local approach in communities that have faced historical barriers to banking to help offer greater access to affordable home loans, low-cost checking accounts, and financial education workshops.

The Challenge

Homeownership is a proven source of wealth building; however, underserved communities face persistent challenges in obtaining and maintaining their homes. In nearly every state, people of color are less likely to own homes compared to white households. For example, in Washington, D.C., the estimated 82,000 residents—12% of the city’s population—that do not have stable housing are overwhelmingly Black, Hispanic, or Latino households.

As part of JPMorgan Chase’s strategy to combat the housing affordability crisis, the firm is supporting organizations advancing innovative homeownership financing and wealth building models that can be successfully scaled throughout the country. By working with organizations on the local and national levels, the firm aims to help support underserved individuals throughout their homeownership journey, whether they be first time homebuyers or current homeowners.

This philanthropic announcement builds on JPMorgan Chase’s \$400 million five-year commitment to improve housing affordability and stability for underserved households. To date, this support has helped organizations serve more than 157,000 households, including stabilizing 59,000 households through eviction or foreclosure prevention models, helped preserve or create more than 14,500 affordable housing units, and allowed nonprofit organizations to leverage \$1.8 billion in additional capital.

One of the grantees, Washington, D.C.-based City First Enterprises (CFE), was awarded \$3 million to support their efforts to help eligible Black and Latino first-time homebuyers with down payment and closing costs assistance in Washington, D.C., and select counties in Maryland. Through its subsidiary Homes by CFE, a Community Development Financial Institution (CDFI) mortgage lender, CFE supports first-time borrowers with funds to lower

their out-of-pocket expenses associated with buying a home. Down payment and closing costs represent the most significant barrier to homeownership, especially in communities of color. This innovative new program bridges the homeownership gap by offering up to 20% of the home’s purchase price for down payment assistance and additional closing cost support for income-qualified borrowers. Chase is one of Homes by CFE’s first trust lending partners, and to-date has provided affordable mortgages to seven borrowers who have leveraged the Chase homebuyer grant, Chase DreaMaker product, and Homes by CFE’s down payment assistance to successfully buy their first homes.

“Everyone knows that homeownership is one of the key engines that powers social mobility and wealth building over generations; it just hasn’t been accessible to all of us,” said Oswaldo Acosta, CEO of City First Enterprises. “We launched Homes by CFE to demonstrate that with equitable access to flexible capital, borrowers who were previously locked out of owning a home can bridge this gap. Given how homeownership works in this country, it’s crucial to have private-sector partners like JPMorgan Chase helping to lead the way forward on this innovative model.”

“We know that for many families, homeownership is a critical tool for building and passing on wealth,” said Nina Albert, D.C.’s Deputy Mayor for Planning and Economic Development. “We’re grateful that through JPMorgan Chase’s partnership with local D.C. organizations, we can build on Mayor Bowser’s housing investments and help more District residents become homeowners.”

JPMorgan Chase has also been working with The Urban Institute to support these grantees by measuring impact and sharing insights with the housing industry to advance housing stability and affordability for Black, Hispanic, Latino, and other underserved households. Additionally, to support the financial health of consumers as part of this program and beyond, the firm is working with behavioral design nonprofit ideas42 to help consumers better protect and improve their credit, including preparing families for homeownership.

The 2024 Five Star

Government Forum

April 16, 2024 | The National Press Club | Washington, D.C.

The 14th annual Five Star Government Forum was a daylong gathering where mortgage servicing leaders and government agencies gathered to discuss the industry's most pressing issues and work to find solutions together. This year's Government Forum featured a fireside chat with Ginnie Mae Principal EVP Sam Valverde, as well as panels featuring subject matter experts from BOK Financial, Carrington, Fannie Mae, FHFA, Freddie Mac, Ginnie Mae, JPMorgan Chase, Ocwen, PennyMac, Rocket Mortgage, Selene Finance, Servbank, U.S. Bank, VA, and more.





1. Rick Sharga of CJ Patrick Company moderates the "Economic Update: What to Expect in 2024—and Beyond" panel, featuring Daren Blomquist of Auction.com, Molly Boesel of CoreLogic, and Leonard Kiefer of Freddie Mac. **2.** Wes Iseley of Carrington moderates the "GSE Update: Critical Goals and Objectives" panel, featuring Benjamin Gottheim of Freddie Mac and John Thibaudeau of Fannie Mae. **3.** Ed Delgado, Chairman Emeritus of Five Star Global, moderates the Fireside Chat with Sam Valverde, Acting President, Ginnie Mae. (Note: at the time, Valverde was Ginnie Mae's Principal EVP. He will take on the role of Acting President of Ginnie Mae on May 3, following the departure of Alanna McCargo, announced on April 19.) **4.** Candace Russell of Carrington moderates the closing "State of Mortgage Servicing" panel, featuring Michael Greenbaum of Safeguard Properties, Michael Keaton of Ocwen, George Lane of Auction.com, Danielle Lang of Rocket Mortgage, and Michael Merritt of BOK Financial. **5.** Tim Rood of Impact Capital moderates the "Underpinning the American Dream: Government Housing Perspectives" panel, featuring John Bell III of U.S. Department of Veterans Affairs, Leslie Meaux Pordzik of Ginnie Mae, and Prasant Sar of FHFA. **6.** Shayna Arrington of Servbank moderates the "Risk and Regulation: The Costs of Doing Business" panel, featuring Steve Bailey of JPMorgan Chase, Bryan Bolton of U.S. Bank, Kevin Bowen of JPMorgan Chase, LaQuanda Sain of Rocket Mortgage, and John Vella of Selene Finance (who was recently announced as the new Chair of Five Star's National Mortgage Servicing Association).



FINDING A POSITIVE PATH FORWARD

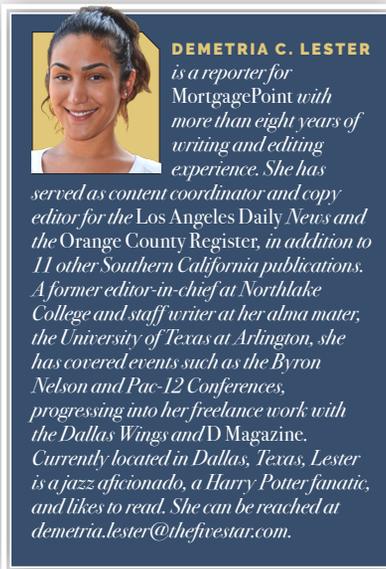
Amid political controversy and budgetary cutbacks, experts discuss diversity, equity, and inclusion strategies' role in today's marketplace as both the American homeownership landscape and workforce continue to diversify and undergo significant demographic shifts.

By **DEMETRIA C. LESTER**

“**T**here are not more than five musical notes, yet the combinations of these five give rise to more melodies than can ever be heard. There are not more than five primary colors, yet in combination, they produce more hues than can ever be seen. There are not more than five cardinal tastes, yet combinations of them yield more flavors than can ever be tasted.”—Sun Tzu

Sun Tzu, the ancient Chinese military general, strategist, philosopher, and writer might not be the person you would expect to turn to for insights into the topic of diversity, equity, and inclusion (DEI, sometimes referred to alternatively as D&I/diversity & inclusion). Nevertheless, the quote above succinctly gets at the heart of many of the arguments made by modern proponents of DEI practices in business, including The Five Star Institute's own American Mortgage Diversity Council (AMDC).

Sharifa A. Anderson, SVP and Chief Diversity and Inclusion Officer at Fannie Mae, told *MortgagePoint*, “We are navigating a moment of heightened backlash against D&I, with D&I-related litigation on the rise and the number of states introducing and passing legislation that limits D&I initiatives growing. Organizations committed to D&I have to reclaim the confusing narratives about what D&I is and is not. In this moment, clarity around



the business case for D&I and what we are trying to accomplish is critical. D&I has always meant equal opportunity and inclusion at Fannie Mae, and our commitment to D&I, like many other companies, remains strong. For us, D&I isn't just the right thing to do, it's the smart thing to do.”

For this month's cover story, *MortgagePoint* connected with DEI subject-matter experts from Fannie Mae, the financial services law firm of McCalla Raymer Leibert Pierce, Precedent Management, and U.S. Bank. These experts address why D&I/DEI strategies remain

a focus as both the American landscape of homeowners and the American workforce continue to diversify and undergo significant demographic shifts.

Mapping the Landscape of DEI/D&I

DEI organizational structures are designed to encourage the equitable treatment and full participation of all persons, particularly those who have traditionally been underrepresented or susceptible to discrimination based on identity or disability. According to the U.S. Bureau of Labor Statistics (BLS), no more than 20% of professionals in the finance industry identify as non-white.

According to the 2024 Diversity and Inclusion Global Strategic Business Report, the global D&I market—which was anticipated to be worth \$10.9 billion in 2023—is projected to grow at a compound annual growth rate of 10.6% between 2023 and 2030.

Overall, whites make up 77% of the U.S. labor force, while Blacks and Asians accounted for an additional 13% and 7%, respectively. American Indians and Alaska Natives made up 1% of the labor force, while Native Hawaiians and other Pacific Islanders accounted for over half. People of two or more races accounted for 2% of the labor force.

Organizations across the mortgage industry continue to develop strategies to





The landscape of DEI has undergone significant changes in recent years, with ongoing shifts continuing to shape the way organizations approach and prioritize these efforts.”

—Erika Garcia, COO, Precedent Management; AMDC Member

promote equality, build a broader system of sustainable American homeownership, and leverage the benefits of diverse teams and viewpoints, as aided by groups such as the AMDC.

Fannie Mae's recent work on these fronts has included implementing tools such as using text-scanning software to identify prohibited and subjective language in the appraisal space and utilizing technology to improve underwriting.

“While we're continuing to identify and expand upon how we can leverage technology in a safe and sound manner—we've already seen the benefits,” Anderson said. “From September 2021 through March 2024, approximately 6,300 applications have benefitted from positive rent payment history (PRPH)—meaning they were Approve-Eligible when otherwise they might not have been. Of the mortgage applications that benefitted from PRPH, some 51.3% of the borrowers identified as minority and 40.6% identified specifically as Black or Latino/Hispanic.”

D&I actions must be “supported and guided” by a wide range of data and analytics, according to Anderson. This data influences a strategic course of action and attempts to reduce prejudice. She expressed that it also contributes to a better understanding of the impact of those efforts, both in terms of progress and opportunity.

Erika Garcia, COO of Precedent Management and member of the AMDC, emphasized the importance of maintaining a strong commitment to DEI, especially during economic uncertainty. She highlighted the industry's need to foster inclusive cultures where diverse perspectives are valued and respected. Further, she acknowledged the progress made in including women and people from ethnic cultures in leadership positions but recognized the need for further change.

“Commitment to Diversity, Equity, and Inclusion remains crucial, especially in the light of recent challenges or cutbacks against the tougher power organizations that may face constraints or setbacks,” Garcia said. “The importance of fostering diversity and inclusive environments remains a fundamental aspect of building equitable workplaces and societies.”

Maintaining a strong dedication to DEI might sometimes be challenging, but Garcia and other experts told *MortgagePoint* it is essential for the full success and growth of many organizations.

Among other aspects, addressing systemic disparities, encouraging diversity and leadership, and cultivating an inclusive culture can help drive innovation, attract and retain talent, and build organizational resilience and sustainability.

“The landscape of DEI has undergone significant changes in recent years, with ongoing shifts continuing to shape the way organizations approach and prioritize these efforts,” Garcia said. “Some notable changes and ongoing trends include ... increased awareness and scrutiny, legislative and regulatory changes, intersectionality, and focus on inclusive culture.” She encouraged professionals in leadership roles or working within the DEI/D&I space to “step up and be the change.”

“Intersectionality” is defined by Oxford Languages as “the interconnected nature of social categorizations such as race, class, and gender as they apply to a given individual or group, regarded as creating overlapping and interdependent systems of discrimination or disadvantage.”

Garcia added that because underrepresented communities may experience injustices and problems in the workplace, potential biases may arise that manifest in processes and daily interactions—resulting in fewer opportunities, support, and resources to help individuals succeed.

Fannie Mae's Anderson told *MortgagePoint* that “D&I needs to be integrated into all company processes.”

Fannie Mae has a history of recognition for its diversity and inclusion efforts, being named a “Best Place to Work for Disability Inclusion” by the American Association of People with Disabilities last year, receiving a top score on the 2023 Disability Equality Index.

Anderson continued, “Broadly defined, diversity refers to all the characteristics that make individuals different—the invisible and visible. Inclusion refers to our work to welcome and embrace diversity and leverage that diversity to improve business outcomes.”

How Companies Are Implementing DEI/D&I

On the topic of intersectionality, Precident's Garcia explained that there is a "greater recognition of the intersecting nature of different identities and experiences within the business world today." These shifts could eventually lead to a more nuanced understanding of DEI. Organizations are increasingly addressing how health factors such as ethnicity, gender, sexual orientation, disability, and socioeconomic status impact people's job experiences. Garcia has brainstormed and organized efforts herself to further promote these ideas.

Her efforts include:

- » Implementing quarterly, optional DEI meetings for employees to foster open dialogue and learning.
- » Speaking to employees resistant to DEI efforts, emphasizing respect for different opinions.
- » Ensuring strong leadership commitment through time dedication and active championing of inclusive practices despite budget constraints.
- » Working on improving leadership commitment to DEI efforts through more time and budget allocation.
- » Launching a mentorship program that promotes diversity.

The quarterly meetings provide team members with insights into the nature of intersectionality and why it is important to Garcia and her firm, focusing exclusively on inclusive culture. She suggested there has been a positive shift toward creating inclusive workplaces in which all employees feel valued, respected, and free to be their "authentic selves" at work.

Garcia lives in Florida, near the Miami metro area, which she describes as having "a lot of diverse culture." Based on feedback she has received, she noted that there are many people of color there who have come from much larger organizations where they may not have felt the freedom to have the same level of openness.

“‘Evolve,’ I think, is a very good word to use these days. Because if there’s one thing that you can say about DEI, it is certainly something that is changing. As far as our organization, it is something that we still very much hold at the forefront.”

—Lenny McNeill, National Head of Inclusive Growth, U.S. Bank

★★★★★

“[These meetings involve] not only addressing issues of representation but also creating environments where diverse perspectives are actively sought out, heard, and valued,” Garcia said. “It’s where we can all get together and just speak our mind, see what the educational tools are, and let people know that they’re able to speak to us [inside a judgment-free] zone.”

Lenny McNeill, National Head of Inclusive Growth at U.S. Bank, underlined the necessity of garnering support from those who operate and work in the business lines for the company’s DEI initiatives. When asked about the major challenges in implementing DEI actions, he revealed that U.S. Bank has evolved its commitment to DEI over the years, with a focus on creating new opportunities in underserved markets.

“‘Evolve,’ I think, is a very good word to use these days,” McNeill said. “Because if there’s one thing that you can say about DEI, it is certainly something that is changing. As far as our organization, it is something that we still very much hold at the forefront. We see DEI and everything that it stands for as an excellent catalyst for creating new opportunities—especially in some of the markets that have been overlooked and underserved.”

Communication can be a headwind when implementing DEI efforts, particularly when reaching diverse communities with the right messaging. McNeill emphasized the importance of outreach in improving access to opportunities for marginalized communities.

To further promote these efforts, McNeill highlighted the Access Com-

mitment Program as a vital initiative, in addition to the U.S. Bank's new Access Home Loan program, designed to make homeownership more accessible to underserved communities. The program offers down payment assistance and lender credit to help borrowers purchase homes, allowing more Americans the opportunity to achieve the American Dream.

Additional strategies implemented to promote DEI efforts at U.S. Bank include:

- » Continuing to evolve and improve DEI programs and initiatives at U.S. Bank, with a focus on communication, outreach, and education.
- » Leveraging partnerships with non-profits and community organizations to provide financial education and services in underserved communities and create generational wealth.
- » Remaining committed to developing creative programs and listening to consumers to meet their needs.

Maria Tsagaris, Chief Diversity Officer at McCalla Raymer Leibert Pierce (MRLP), offered her input on the state of DEI in business, and the areas in which it can improve, especially given the challenges posed by modern workplaces that may include hybrid or remote-work environments.

"DEI work is ongoing and requires continuous effort," said Tsagaris. "It's not enough to simply implement diversity initiatives; it's important to regularly assess their impact, listen to feedback, and adapt strategies accordingly. We solicit employee feedback regularly through surveys to better understand our programs' impact. We understand DEI is not about words but creating safe spaces for our employees to be heard, and this can be challenging in a remote work environment."

Tsagaris is a firm believer in the strength of a diverse workforce—not just in look, but also in thought, experience, perspective, and beliefs. This commitment extends beyond internal practices to active participation in initiatives that embody these ideas.

According to the Pew Research Center, more than half—roughly 54%—of

employees believe their firm or organization pays adequate attention to increasing DEI efforts. Per PRC's research, Black employees are more likely than other racial and ethnic groups to believe their company pays insufficient attention to increasing DEI. They're also among the most likely to believe that focusing on DEI at work is beneficial—approximately 78% of Black employees agree—in comparison to white employees, who are the least likely to agree at 47%.

Women are also more likely than men to value diversity and inclusion at work. About six-in-10 women (61%) believe that focusing on promoting DEI at work is a good idea, compared to half of men. Furthermore, more women than men believe it is extremely or very important to work in an environment that is varied in terms of gender, race and ethnicity, age, and sexual orientation.

In real estate, the percentage of women occupying the space rests just under 50%, and both blacks and Asian Americans remain significantly underrepresented within the industry, collectively accounting for less than 10% of the mortgage industry workforce, according to the U.S. Bureau of Labor Statistics.

"We see DEI and everything that it stands for as an excellent catalyst, especially for trying to create new opportunities, and especially in some of the markets that have been overlooked and underserved," McNeill said. "[One] of the headwinds that you face is the ability to communicate and get the message out there. It's one of the biggest hurdles, one of the biggest drawbacks we've seen, especially when we're trying to start and elevate certain initiatives."

"Implementing DEI work environment in a remote work environment requires thoughtful planning to ensure that all employees feel included and valued," Tsagaris said. "When assessing strategies to incorporate it is essential to understand company demographics and the existing culture and ensure senior leaders are committed to DEI initiatives. I recommend starting your DEI initiatives with webinars to educate employees on DEI topics such as unconscious bias and inclusive communication."

She added that when DEI initiatives are not implemented within organiza-

tions, employees and leaders may "lack the essential training and education to understand biases and effectively contribute to an inclusive work environment." This can serve as another issue in the function of businesses.

"MRLP has implemented six Employee Resource Groups (ERGs): Women's Group, African American Group, Hispanic and Asian American Groups, LGBTQ+ Group, and our Health & Wellness Groups. These groups are central to our DEI strategy as they serve as vital support networks hosting enriching programs such as health and wellness, virtual tours through significant cultural sites, legal discussions on rights and advocacy, and mindfulness experiences. These initiatives underscore our dedication to an inclusive workplace where every individual's unique identity and experiences are valued and celebrated."

Fannie Mae's Anderson suggests the mortgage and housing industries are stronger and more effective when they better resemble the populations they serve. Fannie Mae's commitment to D&I involves ensuring equitable opportunities by funding programs that train the next generation of housing leaders. This includes Future Housing Leaders (FHL), a program that matches college students with paid internships in housing and real estate finance.

Fannie Mae's commitment to diversity and inclusion is purposefully integrated into all aspects of the business, guided by a three-year D&I Strategic Plan, which outlines five objectives:

- » Fostering a diverse and inclusive workplace
- » Attracting, retaining, and developing a diverse workforce
- » Promoting consideration of diverse suppliers and business partners
- » Engaging, assessing, and promoting diverse financial transaction partners
- » Advancing equitable and sustainable access to housing through industry diversity

"Challenging the status quo also extends to our role in the housing finance

sector,” Anderson said. “As an industry, we share the responsibility to take steps to overcome historical inequities within the U.S. housing system, especially as homeownership remains a major driver of generational wealth. As a company, we’re committed to removing barriers to affordable rental housing and homeownership for historically underserved populations.”

When asked about the ever-changing landscape of D&I, Anderson said that Fannie Mae has prioritized transparency, performance assessment, and shared accountability in recent years by having frequent discussions with leadership, the Board of Directors, and staff members about overall success and potential.

Anderson explained that the link between diversity and organizational success has been extensively documented. “Demographics are shifting,” she said. More than 50% of college graduates identify as female. Moreover, half of the under-18 population identifies as persons of color. In addition to changing demographics, employee expectations have shifted. Times are changing, and Anderson notes that employees today expect—and deserve—a diverse and inclusive workforce, as well as the opportunity to be seen and have their voices heard.

Anderson added that once a D&I strategy has been established, it’s important to follow it up with an execution plan that aligns with company goals. D&I must be embraced at the highest levels of business, including executive teams and the Board of Directors.

“If we are not addressing the diverse needs of our employees and the communities we serve, we are not setting ourselves up for success,” Anderson said. “There is always room for improvement, which is why we’re so focused on transparency, accountability, and measurement.” **MP**



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MORTGAGE LENDERS: THREE WAYS TO BREAK THE HIRING- LAYOFFS CYCLE

Tactfully navigating changes in the mortgage marketplace can make or break a company, and Tim Von Kaenel of CI&T provides three keys to better position yourself when the market pivots.

By **TIM VON KAENEL**

Mortgage lending will always be a cyclical industry. But that does not mean mortgage lenders must be beholden to the cycle of desperate hiring followed by large-scale layoffs as the market's whims dictate.

One of the most impactful investments by mortgage lenders is developing infrastructure that can scale headcount up or down without the financial, operational, and emotional burden of hiring and layoffs.

Even better: since the last “do more with less” era in the late 2000s, more options have emerged to power the capacity scaling that does not require you to double your human resources team. In this piece, I will highlight three options, and explain how they can position lenders to succeed in any market conditions.

Option 1: Outsource to a Specialized Staffing Agency

Specialized staffing agencies, some of which focus on financial services, make it possible to rapidly increase or decrease the amount of work your company performs. Moreover, they offer a known cost for that functionality, which is hugely helpful for financial forecasting.



But it is also true that if your organization is not currently using a staffing agency, you will likely have to adjust your internal operations.

For example, today, you may have full-time employees who do a combination of rote administrative and creative/complex work. To make the staffing agency model work, you may have to reallocate assignments so that internal people focus solely on complex or creative tasks and offload administrative or rote functions to an agency.

The good news is that a down market cycle offers a prime opportunity to make these assessments and adjustments so your team can scale up or down as the market shifts.

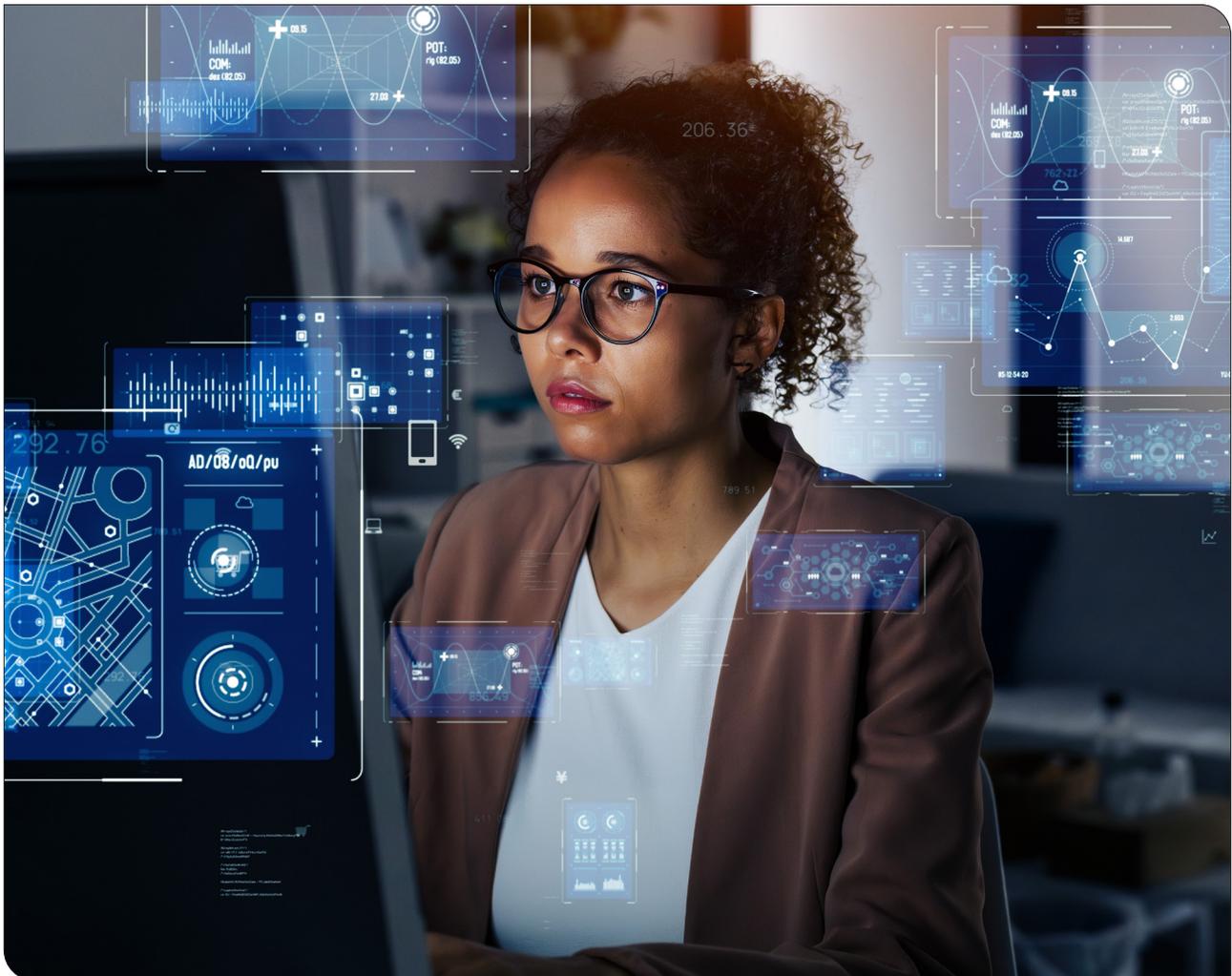
Option 2: Streamline Your Tech Stack to Boost Efficiency

Raise your hand if this sounds familiar: the market slows, so you go into capital preservation mode, meaning layoffs, hiring freezes, salary freezes, and no new investments.

Then, when the market turns, you are thrown into growth mode ... scrambling to hire and fight for the same talent as your competitors. You become desperate to empower your staff to work faster, so you shell out for the tech solutions they request without worrying about how they may impact the rest of your tech stack.

That is the norm for many mortgage lenders—and it is a difficult cycle to break. But down markets are a great time to start. One outcome of this boom-and-bust cycle is that many lenders are paying for more technology than they need or not using what they have to its full capability.

A technology audit can identify opportunities to streamline so that you are only paying for what you need and getting the maximum performance for the technology you are paying for. This kind of audit can also be a great complement to the operational audit mentioned above. As you streamline workflows, you will be



poised to identify opportunities to reassign and outsource various tasks.

Option 3: Charge Your IT Team's Abilities via Generative AI

We were not discussing generative artificial intelligence (AI) solutions in the last market downturn. One of the most promising applications of the new generative AI available today is their potential to accelerate IT development. Generative AI that understands and writes code can provide a scaffolding that IT teams build on, letting them start much further along the path of any given project.

The implications are significant for mortgage lenders with unfilled IT positions or long queues of tasks for their IT teams. In the near term, generative AI-powered IT teams will enjoy greater productivity. As those highly productive

teams clear ticket backlogs, their organizations will enjoy enhanced performance. From there, a new world of possibility opens for digitally enabled lenders.

If your IT team does not plan to tap the power of generative AI today, ask about this capability in conversations with IT and outsourcing partners.

Equip Your Team to Scale in Advance

Many mortgage lenders have “right-sized” their teams by this point in the market cycle, positioning themselves perfectly to assess their teams’ scalability.

Lenders who prioritize this now will be the best positioned to pivot when the market shifts, as their teams will have the operational and technological support to take on the influx of work created by the next boom cycle. **MP**

One of the most promising applications of the new generative AI available today is their potential to accelerate IT development.

IN A CHALLENGING MARKET, HOME EQUITY INVESTMENTS OWN THE SPOTLIGHT

Home equity investment (HEI) product offerings are growing in popularity for emergency expenses and debt consolidation, but in order for these products to realize their full potential, it will take the expertise and resources of multiple industry stakeholders.

By ALLEN PRICE

FRDR once called a home “the safest investment in the world.” And while this theory has been challenged from time to time, over the long-term, it has generally remained true.

The problem? It is not always easy for homeowners to use their home as an investment—especially those who are struggling financially. While home equity lines and HELOCs are commonly used for emergency expenses and debt consolidation, these products still require homeowners to meet certain lending criteria—plus they increase a homeowner’s overall debt.

Enter the housing market’s latest star—home equity investment (HEI) products. Available in different shapes and sizes, HEIs allow homeowners to access the equity in their properties without having to take on another loan. But for these products to realize their full potential, it’s going to take the expertise and resources of multiple industry stakeholders.

Why the Surge?

An HEI, often referred to as equity sharing, is a financial arrangement in which a homeowner can access the equity in their homes in exchange for a por-



tion of their home’s future appreciation. Instead of borrowing against their home and incurring more debt, a homeowner receives a lump-sum payment upfront, and the settlement occurs when the home is sold or the agreement term ends, and the best part ... there are no monthly payments.

The market for HEIs is experiencing remarkable growth, reflecting a shift in how homeowners, originators, and investors view and utilize property equity. According to some estimates, the HEI market is believed to be around \$2 to \$3 billion annually, with the industry’s first HEI securitization last year paving the way for future growth.

The growing popularity of HEIs can be attributed to several factors. First, it is a debt-free solution to access home equity, which is particularly appealing in an inflationary climate where many homeowners are looking to minimize their financial burdens. This aspect is especially attractive to current homeowners who may have a less than ideal credit score, and want to avoid the monthly payments that come with traditional financing.

The simplicity and accessibility of HEIs are factors as well. By bypassing the traditional loan criteria, homeowners find that HEIs are a much faster, straightforward path to leveraging their most significant asset—their home. Recent fintech innovations have also made HEIs more accessible and user-friendly, thereby broadening their appeal.

However, current economic and housing market trends are probably the biggest



factors behind the growth of HEIs. While high interest rates have slowed the housing market, home prices are expected to continue growing this year due to a shortage of housing inventory, and an increase in all-cash buyers and Wall Street investment firms. CoreLogic recently forecasted a 3% rise in home prices by October.

Market Dynamics Driving Adoption

If rates happen to fall this year, as most economists believe they will, home prices may increase even higher, and rising home values will only further fuel the climb of HEIs. One of the biggest factors for HEIs is that many homeowners are already sitting on significant home equity, even those who purchased homes just several years ago. In fact, according to economic research by the St. Louis Fed, between a five-year period from the fourth quarter of 2018 to the fourth quarter of 2023, the median U.S. home price rose from \$322,800 to \$417,700, a 29% increase—and a median home equity gain of \$94,900.

In March of this year, the National Association of Realtors (NAR) reported median home prices have continued to increase, up more than 5% in February 2024, compared to the previous year. Along with rising home prices, however, mortgage rates are also up from the record lows at 2.5%-3% in 2020, to around 7% as of April of this year. For the vast majority of homeowners, this recent spike in rates has made traditional home equity loans, or even HELOCs, far less appealing.

Yet another factor is that many recent homebuyers could use the financial help. In addition to the increased cost of household goods and services, most homeowners are experiencing insurance premium hikes due to an increase in natural disasters and severe weather events. In addition, more consumers have been leaning on credit for basic household expenses, one reason why total U.S. household debt grew to reach a record \$228 billion in the third quarter of 2023, according to The Federal Reserve Bank of New York. Meanwhile, student loan debt forgiveness expired last October. These financial pressures are likely reasons why the delinquency rate on FHA (Federal Housing Administration) loans rose 131 basis points between the third and fourth quarters of 2023.

A recent Redfin-commissioned survey illustrated just how dire the scenario is for some homeowners. The survey found that roughly half of all homeowners and renters were struggling to make their housing payments, and among those struggling, one in five have skipped meals or taken on extra work to make ends meet. Many were also skipping vacations, selling their belongings, and even dipping into their retirement accounts to make their monthly payments. Housing costs have become so difficult, said Redfin Economics Research Lead Chen Zhao regarding the survey's results, "that some families can no longer afford other essentials, including food and medical care."

Given this scenario, it is likely even more homeowners this year will shy away from incurring additional debt through home equity loans and HELOCs and instead choose to receive cash today through HEIs—and pay it back at a future date. Of course, HEIs have their disadvantages, too, depending on how you look at them.

For one, most shared equity providers only provide cash for up to one-third of the homeowner's equity, whereas a home equity loan may enable a homeowner to use up to 80% of their equity. Also, while homeowners receive immediate cash, they do have to share the appreciation of their property with an investor. So, if the property value increases significantly, they may have to part with a larger portion of their equity when they sell.

Another challenge is that there are all kinds of HEIs, each with different structures and terms, so it can be difficult to compare options or fully understand their long-term impacts. Additionally, while HEIs are not typically considered loans, some states have amended their statutes to regulate HEIs similar to mortgages.

The Role Subservicers Play

Despite these drawbacks, the growing popularity of HEIs is likely to continue. For many, they are just too convenient of an option to access home equity with minimal hassle. And yet, for the HEI market to mature, it will require the involvement of other industry partners.

In most respects, HEIs are completely different than loans. But even though they do not involve loans or monthly payments, they still need to be serviced.

Rather than handling payments and escrow accounts, servicers that manage HEI assets typically focus on property valuation, lien monitoring, investor relations, homeowner education, and bond rating agencies—which is why specialized subservicing plays such a critical role. For instance, a question that a homeowner may ask about their HEI is quite a different conversation than a homeowner inquiring about their escrow balance.

A quality HEI subservicer must also be adept at monitoring property values regularly, as the evolving worth of the asset—the home—directly impacts both the homeowner's and the investor's eventual outcomes. Typically, this requires the ability to constantly track property values using advanced tools and analytics.

Automated lien monitoring is another critical aspect. Given the subordinated nature of HEIs, it is essential for subservicers to track all liens that could supersede the investor's position. Ideally, this involves sophisticated technology capable of real-time lien monitoring and alerts, which ensure the investor's interest is safeguarded.

Transparency and communication are key in HEI servicing as well. Investors need to have continuous access to information about their assets. A subservicer that offers a transparent, 24/7 portal can greatly enhance the confidence of investors by providing real-time insights into their HEI portfolio, which fosters trust in the servicing process.

Moreover, the servicer should be proficient in regulatory compliance and risk management. As the HEI market continues to evolve, so will regulations that impact HEI market participants and how they operate. A subservicer that can navigate these changes effectively can help ensure both compliance and protection for all stakeholders, including homeowners.

As the market matures, it will become increasingly vital for all industry stakeholders to make sure these innovative financial products are managed with the homeowner's, originator's, and investor's best interests in mind. If homes are to remain the "safest investment in the world," it will take the collaborative efforts of the entire industry to navigate this new landscape responsibly. **MP**

Bonial & Associates, P.C.

Hilary Bonial, Braden Barnes, Abbey Dreher, Paul Cervenka, Jamie Silver

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INNOVATION-POWERED PRECISION, TIME-TESTED EXCELLENCE

By PCV MURCOR

With a foundation built on 43 years of experience, PCV Murcor brings a deep understanding of our clients' goals that complement appraisal modernization. Our use of state-of-the-art AI technology ensures precision and efficiency in every aspect of our service.

"As we navigate the ever-evolving landscape of real estate, it's imperative that we embrace change and modernize our products. By leveraging technology and innovative strategies, we can streamline operations, enhance efficiency, and stay ahead of the curve," PCV Murcor's Founder, President & CEO Keith Murray said.

PCV Murcor helps lenders make their borrowers' real estate needs happen. Licensed in all 50 states, plus D.C., PCV provides nationwide coverage for traditional appraisals, alternative products, and a full suite of commercial and multifamily products.

Future-Ready Solutions for Today's Appraisal Management

AI's ability to enhance efficiency, accuracy, and flexibility is reshaping the way properties are evaluated with distinct advantages. By automating data extraction, improving document management, and accelerating the appraisal process, results are being delivered at the forefront of innovation and excellence.

PCV Murcor helps lenders make their borrowers' real estate needs happen. A nationwide real estate valuations management company with more than 40 years of experience managing valuation needs for mortgage lending, financial institutions, estate and litigation, real estate investors, and mortgage servicers. Licensed in all 50 states, plus D.C., PCV provides nationwide coverage for traditional appraisals, alternative products, and a full suite of commercial and multifamily products. Visit pcvmurcor.com to learn more.

How PCV is using AI to improve our clients' businesses:

- » Fewer revisions are needed, reducing back-and-forth time
- » Higher quality, lower risk, faster turn times
- » Report consistency and alignment with customized rules
- » Deeper understanding of external factors
- » Identifies suggestive language and labels potential imagery issues

"I see AI as the engine driving modernization in our appraisal products. Its evolution is not just a technological advancement; it's a transformative force reshaping how we perceive, evaluate, and improve our operations. AI enables us to

move beyond traditional methodologies, unlocking efficiencies, accuracy, and agility previously unimaginable," said David Schiffmayer, SVP of Operations.

What Is at the Core of This AI Renaissance in Modernizing the Appraisal World?

Computer Vision: Uses machine learning to extract meaningful data from images, videos, and other visual inputs. Through image classification, object detection and tracking, and content-based image retrieval to identify property conditions (and damage), find inaccurate descriptions such as room counts, and generate labeled recommendations or actions needed.

Optical Character Recognition: OCR has revolutionized the way property appraisals are conducted, offering customizable solutions tailored to specific requirements. This type of AI converts an image of text into a machine-readable text format. The two main types of OCR algorithms used for text recognition are pattern matching and feature extraction, making way for better document flow and accelerating turnaround time.

Digital Scanning: Compared to full appraisals, inspection-based waivers provide significant time and cost-saving advantages by harnessing the power of digital scanning. This form of AI uses a 3D tour of interior and exterior, an ANSI floor

Over our long history, we have honed our processes to provide reliable and unparalleled appraisal management services, setting the standard for excellence in the industry.



plan with GLA, and data reports for both GSEs' solutions to confirm the validity of a property's value/sale price.

AI Is More Than a Technological Upgrade—It's a Strategic Investment

Over our long history, we have honed our processes to provide reliable and unparalleled appraisal management services, setting the standard for excellence in the industry.

It would be easy to rest on our laurels and four decades of experience, but we owe it to our clients' and their customers

(the borrowers) to do all that we can to make the process as smooth as possible," Murray shared.

AI technologies enhance risk management and compliance efforts by continuously monitoring data and identifying potential issues or anomalies. By providing early warnings and actionable insights, AI systems enable our teams to proactively mitigate risks and ensure compliance with regulations and industry standards.

Our Focus Remains on Being a Reliable Partner for Accountability, Connectivity, and Performance

“Beyond all of the technology and advancements, it still boils down to the same principle that we’ve followed for all of these years—to keep in mind that, at the end of the transaction, there is a father, a mother, a family, who are making one of the biggest, if not the biggest, financial commitments in their lifetimes by purchasing a home,” Murray said. “If we deliver service that is timely, professional, and high quality, it eases the transaction for all parties.”





PASSING THE TORCH

With Five Star's National Mortgage Servicing Association passing to new Chairman John Vella, *MortgagePoint* examines a moment of leadership in transition.

The National Mortgage Servicing Association (NMSA) is a nonpartisan organization driven by senior executives from the nation's leading mortgage servicing organizations. With a membership comprised of more than 90% of the mortgage servicing market, NMSA was formed for the purpose of pushing progress and change on the challenges faced on a day-to-day basis by those in the servicing sector. NMSA's aim as a group is to drive the conversation on shaping the American housing industry for the benefit of homeowners.

At April's Five Star Government Forum in Washington, D.C., Jocelyn Martin-Leano, Founder, Enizio Strategies LLC, turned over the gavel of NMSA leadership to John Vella, Chief Revenue Officer of Selene Finance, who assumed the role of NMSA Chair.

Martin-Leano formerly served as the Servicing Division President for Rushmore Loan Management Services, where she managed a team of more than 700 people. She began her career in finance at Citibank as a process engineer. She also held positions at ITT Residential Capital and Bank of America before a 10-year tenure at Irwin Home Equity where she served as President during the financial crisis before serving as COO of Genworth US Mortgage Insurance.

As CRO at Selene, Vella is responsible for driving revenue generation through ongoing leadership of sales, marketing, client management, and product innovation. Vella brings more than 20 years of experience leading organizations

and delivering results across multiple industries to his new role as NMSA Chair. Prior to joining Selene, Vella served as CRO at Altisource and President of Equator LLC. Vella began his financial services career with the Federal Deposit Insurance Corporation (FDIC) and Freddie Mac. He later served as Chief Sales Officer for H&R Block's mortgage company, CEO of Household International's Automotive Business, President and CEO of Bear Stearns EMC Mortgage Company, and as EVP for Special Servicing of GMAC/RESCAP.

MortgagePoint had a chance to catch up with both Martin-Leano and Vella, recapping the accomplishments of the NMSA over the past few years, and looking ahead to the future of the servicing space as Vella gets ready for his new endeavor.

★★★★★



Jocelyn Martin-Leano
NMSA Chair, 2022-2024

Q: As you look back at your tenure as NMSA Chair, what are some of the accomplishments or achievements that you are most proud of guiding that group over your term?

Jocelyn Martin-Leano: One of the accomplishments I am most proud of is forging a stronger relationship with the

Residential Loan Administration Committee of the Mortgage Bankers Association (MBA), because there were several proposals on the table that we were able to collaborate with them on. The Residential Loan Administration Committee evaluates the impact of federal legislation and regulation on servicing operations, profitability, and efficiency, working with government agencies including Ginnie Mae, the Federal Housing Administration (FHA), Veterans Administration (VA), and with Fannie Mae and Freddie Mac to improve and streamline servicing requirements.

NMSA was part of the signatories, along with the Housing Policy Council, for some of the proposed changes to certain programs—for example, the payment supplement program of the FHA.

The second thing is that we increased NMSA membership during the last two years, thus giving us a much stronger voice. We had more servicers join and become members of the NMSA, so we have a wider cross-section and a bigger representation over the last two years.

Q: When you came into your term as Chair, was fostering relationships with other trade groups already something on your mind, or did that just organically evolve? How did that process work, and what was involved with pursuing that relationship?

Martin-Leano: A question was posed to me when I first became NMSA



Chair: “Why are there so many bodies or industry trade groups? Why not just one?”

All these groups have their strengths and their weaknesses, but what makes NMSA different is that it is comprised of more senior leadership and C-suite execs from the servicing shops.

The MBA’s Residential Loan Administration Committee is comprised of many senior subject matter experts, and so for them to collaborate with NMSA was a good thing. If you align two trade groups, that helps tremendously in streamlining the number of trade groups and the number of voices.

I connected with the Residential Loan Administration Committee and started attending their regular meetings. I would take the information learned from these meetings back to the NMSA.

Q: As you pass the torch to John Vella, does it feel like the relationship with the MBA is more firmly established and there will be more collaborations moving forward?

Martin-Leano: Absolutely. I am hoping that John [Vella], who is a very personable leader with many connections in the industry, will be able to maintain and continue to strengthen that relationship.

Q: In terms of expanding NMSA membership, was there anything you did differently in terms of recruitment and outreach?

Martin-Leano: It was a combination of things. I have my network, and my Rolodex is shared among those I network with. What is nice is when people are united towards a common front, which is to benefit the housing market and our borrowers—then more are inclined to join.

There are also some servicers that tend to be quiet and more insular. Maybe they just don’t have the time to look outwards. Being able to reach in, get to know those leaders, and entice them to come and be part of this is always a good thing.

Some may not have even heard of NMSA, so it was a multipronged approach

of using my Rolodex, other people’s Rolodexes, and, of course, just being able to follow up with and converse with our leads.

Everybody wants their voice to be heard ... it’s just a matter of introducing them to a forum that’s efficient. We are not meeting-heavy, which is nice, but when we meet, we make it count.

Q: Was there anything else you had on your to-do list when you first took over the role of NMSA Chair? Do you feel you succeeded in meeting those goals over your time as Chair?

Martin-Leano: I really think it’s just a matter of continuity. It’s both good and bad that we only have a few meetings, but it’s good to maintain continuity because if we worked on a topic from a prior session, then one of the things I wanted to do was make sure that nothing is dropped. So that’s one.

The second is, I felt it was always good to create a strong agenda because that entic-

es people to attend these meetings. I would conscientiously and deliberately make sure that the topics were relevant, and that people interested in sharing best practices would be the ones who made it to the roster.

Q: How does NMSA contribute to industry thought leadership?

Martin-Leano: NMSA is a safe forum to speak your mind because we provide anonymity and protection for people who may have differing opinions or strong opinions on things that may be being drafted. I also feel like just having that NMSA name and not having to put forth personalities would allow people to provide more candor.

Q: Are there any other initiatives or ideas you want NMSA to pursue?

Martin-Leano: I want to give Ed Delgado credit for setting up the Mortgage Servicing Executive Alliance (MSEA), a forum to facilitate progress, collaboration, mentorship, and networking for mortgage industry executives. MSEA will join NMSA as a group that represents thought leadership and best practices in mortgage servicing.

MSEA was conceived about six months ago, so there wasn't a whole lot of time for me to get to know them during my tenure, but if I could cast a dream, it would be nice for NMSA and MSEA to begin to work together. Then, we can be part of mentoring younger leaders and giving them a more senior and seasoned perspective on things. That was a good move conceived by Ed, which was met with tremendous acceptance and enthusiasm. There were many capable members who came into the MSEA, and so the cross-pollination of the two organizations will be powerful.

Q: What would you envision for mentorship? If you were staying on longer as NMSA Chair and were going to propose something, would you imagine that to be something more structured where members are literally paired off with a mentor?

“NMSA is a safe forum to speak your mind because we provide anonymity and protection for people who may have differing opinions or strong opinions on things that may be being drafted.”

—Jocelyn Martin-Leano, NMSA Chair, 2022-2024

★★★★★

Martin-Leano: A person who is an expert on default in NMSA, and a person who is also a subject matter expert on default in MSEA could work together. People in the NMSA who have ridden through multiple cycles ... we have been through a COVID-19 cycle. Others have been through the mortgage meltdown of 2006-2007. We can give more to those coming behind us that may not have ridden through as many cycles.

Q: What are some pieces of advice you would pass on to John as he begins his journey as NMSA Chair?

Martin-Leano: I would devote time to making sure that you are current and know what's happening with all the issues in the industry, because this is an industry

that moves fast. The second is just being able to work on cultivating relationships. He already has these relationships anyway, so he just needs to continue to strengthen his relationships one-on-one with different servicers, because that allows you to become more effective in soliciting ideas and input.

You have to be conscientious about all of the salient and relevant issues, and it's so fast moving that you have to stay current. If you just miss it by a week, you may become obsolete.

Another thing is to always look at the environment because there is just so much going on in the world. You've got emerging technology, you've got geopolitical risk ... and sitting in the NMSA, you are always watching the horizon for what may be coming at you.



John Vella
NMSA Chair, 2024-2026

Q: Why is NMSA membership important to you? And how does the Association contribute to the industry in terms of thought leadership and other initiatives?

Vella: The industry is in need of a group like NMSA. When you have all your peers in the industry, you get different opinions and views on issues we are all facing, because we all encounter the same situations.

The camaraderie of the group, the ability to share information, and the willingness to help each other out has been evident throughout the years. The goal is to continue that and continue to work together to find solutions that help borrowers, investors, and our own internal operations.

NMSA is comprised of a truly unique group of individuals who are committed to their companies, and to the concept of “team.” I call it a team because everyone communicates, not just when we have meetings, but there is a lot of communication when we return to our offices. A lot of us see each other on the circuit and call each other up when there are issues and confide in each other.

Q: Looking back at the last couple of years of Jocelyn’s tenure as NMSA Chair, what would you say are some of the things that she has accomplished that you are looking to build off?

Vella: I think both Wes [Iseley, NMSA Chair 2019-2021] and Jocelyn galvanized the team and attacked the issues we have had in the industry. They have set protocol on how to address these issues, so there is a solid game plan in place. In times of crisis, the group has created an actionable outline on how to deal with policy and operational issues.

The current financial market, from a real estate, interest rate, government regulation, and loan product diversification standpoint, is creating new challenges for loan servicers that need to be addressed.

Q: What is your vision for NMSA? What are some of your primary goals as you enter the role of NMSA Chair?

Vella: Through NMSA, I would like to create a forum where everyone is comfortable participating. Normally, you get the same participants and the same group involvement. I would like to broaden the group to make sure we are getting more people involved, and soliciting their input.

We want to get committees together and encourage participation at all levels with different points of view. This process will help grow leadership for the future.

The style is to have meetings centered around the top three to five issues we are facing in the market today. We will rally around those issues to make sure we are addressing what the team collectively thinks are the appropriate topics and we can tackle them from there. This way, everyone is engaged and can prioritize what is important for the entire group.

Q: With the MSEA being a fairly new group, one of the things Jocelyn mentioned was the potential for a mentorship relationship between their membership and the NMSA’s. Is there anything you see there as far as potential opportunities to work with those two groups and help mentor MSEA and its membership?

Vella: Just taking what was done in the past with Wes, and then with Jocelyn, building off that and continuing to make the group have a bigger voice in the industry will really make a difference. Mentoring others inside MSEA is also important to make sure that they are part of this industry as it grows.

Most importantly, organizing around the issues that we are facing today, and getting things done instead of just talking about them. When I look back, I want to have tackled key issues, and have made a difference in how NMSA is perceived.

I think having natural connection between the two groups, will not only foster additional opinions and ideas, but help mentor the leaders for the future. **MP**

“I want to get committees together and encourage participation at all levels, getting more people engaged and different points of view.”

—John Vella, NMSA Chair, 2024-2026



Kevin Bowen is Head of Home Lending Product and Innovation for JPMorgan Chase & Co. He leads a team that provides the strategic vision for home lending product offerings and supports the goal of building a transformational lending experience for customers and employees. Prior to this role, Bowen was the Home Lending Origination Product and Strategy Lead, where his team simplified underwriting guidelines, expanded product offerings, and coordinated originations channel support for community and affordable lending. Previously, Bowen led the Home Lending Controllers organization, was responsible for the accuracy of the Home Lending books and records, served as the Chief Accounting Officer for Home Lending, and provided primary finance and business management coverage for the Home Lending Capital Markets business.

Bowen is also a member of *MortgagePoint's* Editorial Advisory Board. *MortgagePoint's* Demertia Lester recently spoke with Bowen about expanding homeownership.

Q: How does Chase create focus and provide strategic direction around expanding homeownership?

Our goal is to help stabilize and revitalize communities across the country. JPMorgan Chase has made a \$30 billion Racial Equity Commitment, and \$12 billion of that is focused on increasing sustainable homeownership for Black, Hispanic, and Latino customers across the economic spectrum. The \$12 billion is a commitment to incremental lending above and beyond the purchase and refi volume we were anticipating. It's meant to be expansionary, a real commitment to driving change.

Additionally, \$14 billion of the \$30 billion Racial Equity Commitment is to help increase and preserve affordable housing supply.

We call our strategy the "six Pillars or the 6 Ps": People, Presence, Products,

Partnership, Promotion, and Policy. People means hiring employees that reflect the communities we serve and who are also the local experts in those communities, based in branches there to help bridge the gap to that community and explain the options available to achieve homeownership.

Presence is about building a Chase footprint to support our communities and our broader network. Our Community and Affordable Lending team meets with sales teams to discuss the opportunities that exist to holistically serve their communities—even if we don't have a specific community Home Lending Advisor or HLA for their market.

I'm a Product person, so I get most excited about the Products pillar. We're in a unique and challenging mortgage environment, but at Chase, we focus on ways we can help reach more families. Whether it's FHA, VA, or GSE, we have several low-down payment options. In the Product pillar, we try to think through where we

can provide the most access to credit, speaking to the entire economic spectrum of customers. One way is through the Chase Home Buyer Grants which offer up to \$7,500 that customers can use to lower their interest rate and/or reduce closing costs and down payments for home purchases in select areas across the country. These grants have been very successful in helping to grow homeownership in Black, Hispanic, and Latino communities, and a program that we are very proud of building. We also have what we call our Community Lending program, which is an incentive-based product for our Correspondent lending partners created to help underserved communities. Having programs to support both our direct Home Lending customers, and customers who obtain loans from our Correspondent lending partners, helps increase our reach into the communities we serve.

In the Partnership pillar, we aim to build and enhance local relationships with community leaders, local nonprofits, and those in the housing space. We want to partner with them. We want to learn from them. We want to support them.

Our Promotion focus is about raising awareness about our programs in the communities we serve. A customer can't ask you for something if they don't know it exists. Under this pillar, we work to dispel myths about homeownership, instill confidence, and build the trust and consideration of customers and communities.

Finally, Policy is about Chase engaging where we want to see positive impacts. We want to participate in reform that enables a more inclusive and equitable mortgage industry, and increases affordable housing supply, availability, and wealth creation. This includes activities like the Heirs property rights initiative, diverse appraiser/appraisal initiatives, and second-chance hiring.

Q: What Chase strategies have proven effective in contributing to responsible homeownership?

In addition to the six pillars we already discussed, we've succeeded in a couple of effective strategies. First, we want to hold ourselves accountable. We've developed a robust governance and

reporting mechanism to show/share how we're doing on our commitments. We see it internally, but we believe in holistically making that publicly available so that folks can understand the progress that we've made. It's been excellent to see that, over the past few years (since 2021), we've helped nearly 34,000 Black, Hispanic, and Latino customers purchase a home and aided 50,000 customers in refinancing their mortgages. That's about \$30 billion in mortgage credit, so that's a tremendous success there. We still have more to do, but we're building on a good base as we continue to move forward.

Then, specific to that homebuyer grant I talked about, we've paid that out to more than 8,600 households, which is \$43 million in grants through December 2023. We view the Chase Homebuyer grant as a way of addressing the two biggest barriers to homeownership. When we think about that responsible or sustainable homeownership model, the grant can be used for down payments and can be used to offset closing costs.

Q: How do innovation and digitalization help make responsible homeownership possible?

We think of this as the glue that helps hold it all together. We have a digital front-end called Chase MyHome which helps customers at every step in their homebuying journey. Everything from determining how much they can afford, to searching for homes, to managing their mortgage and understanding the value of their home. As we build that out, we are focused on exploring features such as providing customers tools to help them understand their options and accessing offers they may be eligible for based on information we may already have about them. Customers can use Chase MyHome to explore the full suite of our products and our pricing so that they are the most informed they can be.

We're also working to enhance digital income and asset verification tools which will help make the closing process even more streamlined. We also continue to use hybrid eClose, where we can help meet that customer's expectation that they want to be able to use their phone or

the website. They want to engage with us where they're already at.

We aim to be able to provide "All things home. All in one place." From getting your mortgage, to understanding your options once that mortgage is created, we're there with you all the way. What if you're looking for help with down payment options? What if you want to pay an extra \$100 a month, what does that do to your amortization calculation? What if you want to see how much equity you have in your house? We can help with all of that and more. What we've seen is that meeting customers' expectations for digital engagement creates much deeper relationships.

Q: As a Black and Latina woman myself, advancing Black, Hispanic, and Latino homeownership is very important. Would you say that the industry is moving at a good pace toward that, or do you think we still have more work to do?

I think we are making progress. It's a national, industrywide challenge. It will take national and industrywide participation and solutioning, and it's day-in, day-out work. It needs to be something that's embedded, that's part of strategy, that's part of culture. I'm very proud of the work that Chase has done, and we'll continue to engage with partners throughout the industry to help move the needle.

Q: What piece of advice would you offer to millennials struggling to attain homeownership?

As a member of that generation myself, I would say that the biggest recommendation, and the biggest piece of advice I have, is to educate yourself. Understand the process, the options, and the necessary qualifications. I believe Chase is one of the organizations that can work with you to help you achieve that dream of homeownership, but you need to determine what is best for you. We have plenty of tools to help you do that—check out chase.com/personal/mortgage/tools-and-education. **MP**



We aim to be able to provide 'All things home. All in one place.' From getting your mortgage, to understanding your options once that mortgage is created, we're there with you all the way."

BUILDING REFERRAL RELATIONSHIPS FOR MORE CONSISTENT BUSINESS

Veteran mortgage sales trainer and coach Ron Vaimberg shares with *MortgagePoint*, the coaching tips and strategies necessary to establish and foster enduring relationships in the mortgage marketplace.



Ron Vaimberg, President of Ron Vaimberg International, is an international success strategist, and one of the mortgage industry's most renowned trainers and coaches of sales professionals. A former top producing loan originator and real estate agent, Vaimberg coaches both Loan Officers and Mortgage Brokers who have ranked in the top 1% in loan production, and have earned more than \$1 million annually.

He began his career in 1984 as a real estate sales professional on the North Shore of Long Island, and in 1997, Ron created the New York Mortgage Institute, one of the nation's first training programs for mortgage originators. Ron can be reached at ron@ronvaimberg.com.

MortgagePoint recently had the opportunity to chat with Ron about the crucial business skill of establishing relationships in the mortgage landscape. Drawing upon his years of expertise coaching, he outlines strategies to properly build and cultivate relationships that will last for years to come.

Q: Why do you believe the dynamics of today's market make establishing referral relationships more critical than ever for loan originators?

Ron Vaimberg: Developing relationships is ultra-critical in today's market.

First off, real estate agents handle 86% of all purchase transactions and have significant influence over where someone might go for financing, because they know

who will get the job done and make the transaction go smoother. Everywhere you look, the most successful originators are the ones with the greatest number of relationships. They're extremely profitable, because they are not paying an arm and a leg for advertising or lead generation.

Another reason it is so critical is that when interest rates drop, most mortgage professionals ignore their referral relationships to pursue the low-hanging fruit of refinances. If rates drop this year, real estate agents and referral partners will be abandoned once again. Our industry seems to never learn from this mistake.

But, originators who continue to develop relationships, regardless of what rates are doing, will continue to bring in a lot of business because their networks keep growing and providing them with more opportunities.

Q: What do originators most often get wrong about building referral business?

Vaimberg: The number one thing originators get wrong about building their

referral business is they approach it from a selfish place. They are too focused on what they are going to say to a potential partner, and they end up talking about everything and anything they can do when it comes to financing. But that in itself does not make them unique. Originators need to think about their potential partner's needs and master the art of asking great questions. I teach every one of my clients that the key to relationship building is not what you are going to say, but what you are going to ask. When you ask someone the right questions, they will tell you exactly what you need to know to meet their needs and serve them and their clients. It is really quite simple.

Q: What is the most effective strategy for establishing and nurturing referral relationships with those in the industry?

Vaimberg: There is never just one strategy. The key is finding out what is most important to your potential partner. When you ask questions that uncover an agent's pain points, frustrations, or the voids their current lenders have created, that opens the door. However, many loan officers lack a proper follow up. They leave their initial meeting without a real next step in place, or a strategy to stay engaged.

Typically, they return to their office or their home, and wait for the phone to ring. A few days go by, and nothing happens. They start thinking, "If I call the agent, they're going to think I'm desperate. If I



“Make it easy for people to digest whatever you send them. We all have a reptilian brain that acts on instinct, like a gatekeeper.”



don't call, they're going to forget about me.” They start wavering, and eventually, most will pick up the phone and make that first call. But they are not really sure where to proceed, because they do not have a plan in place. This is why I have a very simple rule: Never leave a meeting or a conversation without knowing what your next step needs to be in order to move the relationship forward. The only way you establish that is by making it part of your initial discussion.

Q: Considering how competitive the market has gotten, how can loan officers stand out from their competitors when it comes to capturing the attention of potential partners?

Vaimberg: Make it easy for people to digest whatever you send them. We all have a reptilian brain that acts on instinct, like a gatekeeper. When we see an ad, text, or email, the first thing our brain does is ask, “Is this relevant to me?” If it is, the brain starts gathering more information. But if it does not pass this relevancy test, the message dies on the vine. Many people think the critical part of their message is the details, but the details are only important if the headline and first paragraph passes the relevancy test, which happens when you address the recipient's frustrations or fill a void right up front.

Messages must also be timely and repetitive. Too many salespeople engage in what I call “one and done” marketing campaigns. They do something once, it

does not work, and they never bother to evaluate exactly why it did not work. Many think there is a problem with the message or idea, but there are many great ideas out there, and they all work. Very few, however, look at how they executed the idea to see if they are doing it right.

As a coach, I see this all the time. I give my clients specific guidance on how to execute something. When we have our follow-up coaching call, and they provide the results, I can immediately determine whether they came close to executing what I asked them to do and show them why they got the response they did, versus the one they should have seen. That is because they changed the format of what I asked them to do, but they did not realize what they had done to the message.

Q: Can you share some creative tactics that loan officers can use to overcome objections from real estate agents, and turn them into opportunities?

Vaimberg: The first key thing is to understand where the objection is coming from. Real estate agents often say, “I have an existing relationship,” “I have an in-house lender,” or “I only do listings.” They say this strictly to dismiss a loan officer, and they know it works really well. It is possible that their reasons are legitimate, but you must prepare for them in advance, which very few loan officers are willing to do.

The way to overcome these objections is to show how you solve a problem for

them or create an opportunity. So, you need to have a question ready. For example, if a real estate agent says, “I have an existing relationship,” try saying, “I appreciate you being honest with me. I expected that you already did. The reason I am reaching out to you is ...” and then insert the purpose for your call. It could be as simple as, “I was hoping I could ask you a question.” I teach my clients this, and it works like a dream. We are conditioned to answer questions. It is almost a reflex for most, and if you have a question ready that sets up the purpose of your call, it becomes much easier to gain and keep someone's attention.

Q: What do you find most real estate agents want in their referral relationships with loan officers?

Vaimberg: The number one complaint agents have about loan officers is communication. In the many decades I have been in the industry, that has never changed. However, you cannot simply promise to communicate better—your potential partners have heard that before. You need to establish your communication system by asking a series of questions.

For instance, when speaking with an agent, you might ask, “Do you ever encounter issues with the loan officers you work with, like a borrower choosing different financing? How is communication handled in those situations?” Most times, the agent will express their frustrations, such as lack of transparency or not knowing the status of transactions. You can then follow up with, “Have you ever had a mortgage professional outline their communication process to ensure you're always informed about the transaction's progress?” They may say “yes,” but more commonly, it is “no” or “what do you mean?” This is where you set up your solution.

Asking the right questions is crucial in sales—questions that not only set up the solution you want to discuss, but also identify if there is a genuine need for it. Sadly, it is a skill that many loan officers lack, which keeps them from expanding their referral relationships. But with the right guidance, they can learn to overcome it, and when they do, their ability to grow business is practically unlimited. **MP**



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

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HOW INVESTORS CAN THRIVE IN CRE AMID CHALLENGING MARKET CONDITIONS

Derrick Barker of Nectar discusses the state of the commercial real estate sector, and steps that investors can take in order to weather market volatility.

By **DERRICK BARKER**

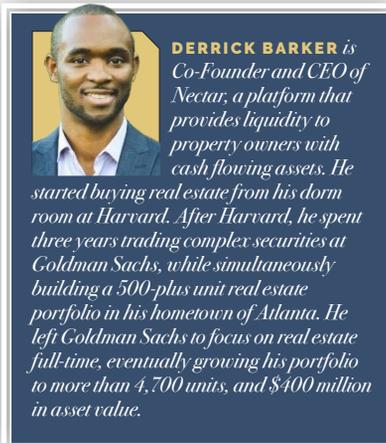
It is a hard time out there for real estate professionals.

The main impact of the Fed's interest rate hikes is that capital is harder to come by. That has resulted in credit standards tightening, and fewer transactions being conducted in the market. According to CBRE, commercial real estate volumes were down 54% through Q3 2023). As has been reported thoroughly, this will be a problem for people who are not well-positioned to weather this storm.

In 2021-2022, many investors purchased properties at high prices, using two- and three-year bridge loans. They underwrote these deals with aggressive rent growth and price appreciation assumptions, which matched with cheap capital, and allowed for record prices. Now, they must find a way to meet their obligations, which they took on by promising to achieve these aggressive assumptions.

When their two- and three-year loans come due, they will have to refinance or sell their properties in an environment where capital is scarce and expensive (if available at all).

Meeting their mortgage and investor obligations will be difficult for these aggressive operators. Some will make it ... yet many will underperform, and when their high-leverage debt obligations come due, they will have no choice but to recapitalize by paying down their exist-



ing loans or selling at prices in line with a more capital-starved market. When this happens at a large scale across the market, it is called "deleveraging." After deleveraging has happened and leverage rates in the market grow in line with current growth expectations, reflation, and price appreciation can once again proceed.

There are many buying opportunities in a deleveraging, however, the capital to allow for this deleveraging will have to come from somewhere, and it will not be traditional banks. It typically comes from prudent investors who are well-positioned to take advantage of an environment like this.

There are many of these investors out there who have low leverage, cash-flowing properties with low interest rate debt locked in place. Many of them are buyers, but they are underwriting deals based on the new interest rate and pricing reality in the market. This is a reality that many sellers are unwilling to accept unless they are forced to.

Biggest Risks in the Current Market

If you are a buyer in the current market, the good news is that downturns are typically the best time to buy if you are able to hold onto your property until more normalized market conditions have returned. However, holding on until the market has stabilized is not a foregone conclusion. Here is a list of risks to consider:

- » **Property condition:** Issues such as structural defects, environmental hazards, or unexpected maintenance costs can pose significant risks. Many current sellers have begun a renovation, but have run out of money prematurely as inflation has caused cost overruns and capital is less available to fund shortfalls. These sponsors may skip steps and cover up shoddy work. Thorough due diligence, including property inspections and assessments, and adequate cash reserves are crucial to identify and address potential concerns.



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properties in a
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We are coming off of a construction boom where record numbers of units were built in the aftermath of the pandemic, and are delivering now and will continue to do so in the coming months.

- » **Supply and demand dynamics:** We are coming off of a construction boom where record numbers of units were built in the aftermath of the pandemic, and are delivering now and will continue to do so in the coming months. As developers deliver units, they will be motivated to fill up their buildings, even if it means cutting rents in order to do so. Oversupply of properties in a given market can significantly impact the ability to maintain higher rents, occupancy, and, ultimately, property values. Understanding what other properties are coming online and targeting similar renters in your market is essential for making informed investment decisions.
- » **Interest rate changes:** Interest rates play a crucial role in real estate financing, and rates are higher today than in many years. This increase in interest rates will lead to higher exit cap rates when you go to sell and mortgage costs at acquisition. This should reduce property values today as buyers need lower all-in costs in order to make a return with higher expected interest expenses and higher expected final exit cap rates if we are in a “higher for longer” environment. Investors should conservatively underwrite how interest rates will affect their investment.

What Should Investors Be Considering When Purchasing

- » **Capitalization:** The biggest mitigant to all of these risks is having the right capital stack. Having moderate leverage and adequate liquidity reserves will allow an investor to weather market volatility or any capital requirements that come along. Particularly having fixed-rate debt, with plenty of time before maturity and adequate reserves to manage the inevitable surprises.
- » **Location, location, location:** The adage holds true that location is critical to real estate investment success. Consider the property’s proximity to amenities, transportation, schools, and employment hubs. Research the neighborhood’s growth potential and overall desirability. Well-located assets will typically always have buyers. Now

is the time to look for premium locations at more reasonable prices.

- » **Market pricing and financial analysis:** The best way to mitigate risk is to buy at a low basis relative to other properties in the market, and to buy at a price where your income at current market rents can generate adequate cash flow even with current mortgage rates. That way, even if market prices drop in the meantime, you will be able to maintain operations until conditions become more favorable.
- » **Understand your risk tolerance and execution capabilities:** Define your risk tolerance and investment goals before shopping for properties. Do you seek to renovate a property to generate short-term gains, or would you like to purchase a stable property for long-term stability? That will guide your property selection and investment strategy. Be honest with yourself about your ability to execute on and tolerate the risk inherent to renovations or a value-added business plan.
- » **Establishing an exit strategy:** Develop a clear exit strategy before making an investment. Whether it is selling a property for capital gains, refinancing, or holding a property for rental income, having a well-defined exit plan with conservative cap rate assumptions will help you make informed decisions throughout the investment lifecycle.
- » **Network and build an expert team:** Build a team of real estate professionals, including real estate agents, property managers, and construction experts. Seek advice from experienced investors who can provide valuable insights based on their own successes and challenges.

Conclusion

Despite the current market volatility, there is a significant amount of potential in today’s market environment. It is in times of market dislocation and lack of liquidity that the best deals are made. Investing at a time with fewer competing market participants allows for better pricing, which is the ultimate mitigator of risk, assuming you have the team and diligence in place to manage typical pitfalls. **MP**

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FHA Borrowers With Lower Credit Scores More Likely to Pay Discount Points

According to the report, borrowers with lower credit scores were more likely to pay discount points, and this was especially true for Federal Housing Administration (FHA) borrowers with poor credit scores. This suggests that lenders may be utilizing discount points to reduce borrowers' monthly payments and debt-to-income ratio, which is one of the metrics used by lenders to determine a borrower's ability to repay in order to qualify for a mortgage. Almost 77% of FHA borrowers with credit scores below 640 purchased discount points, whereas 65% of all FHA borrowers did.

Discount points were most commonly used by borrowers with cash-out refinances, with 87% paying them in September 2023, up from 61% in January 2021. In September 2023, nearly 61% of borrowers with house purchase loans and 58% of borrowers with non-cash-out refinance loans paid discount points, compared to 31% and 36% in 2021. Borrowers who used cash-out refinances also paid more discount points. In the 2023 quarterly statistics, the median number of discount points was 2.1 for cash-out refinance loans, 1.1 for non-cash-out refinances, and 1.0 for home purchase loans.

Lenders' marketing and first pricing quotes to consumers frequently include discount points in the fine print, making their interest rates appear more competitive. Although discount points and APR are given in advertisements and later in the Loan Estimate and Closing Disclosure, consumers who do not understand the mechanics of discount points may misinterpret a lender's interest rate for a better deal than it is.

Understanding the Function of Discount Points

Investors with mortgage debt can also benefit from discount points. When interest rates fall or are predicted to fall, investors have a significant risk of prepayment because consumers are more inclined to refinance and pay off their mortgage early. As a result, even if an investor benefits from a high interest

»» *Lending/Originations*

BORROWERS PAYING 'DISCOUNT POINTS' TO LOCK IN LOWER MORTGAGE RATES

The Consumer Financial Protection Bureau (CFPB) has released its latest research, revealing that as interest rates rose, more borrowers paid "discount points"—a one-time payment made to a lender at closing in exchange for a lower interest rate—upfront. Between 2021 and 2023, the percentage of homebuyers who paid discount points approximately doubled. The increase was significantly bigger for borrowers with weaker credit ratings.

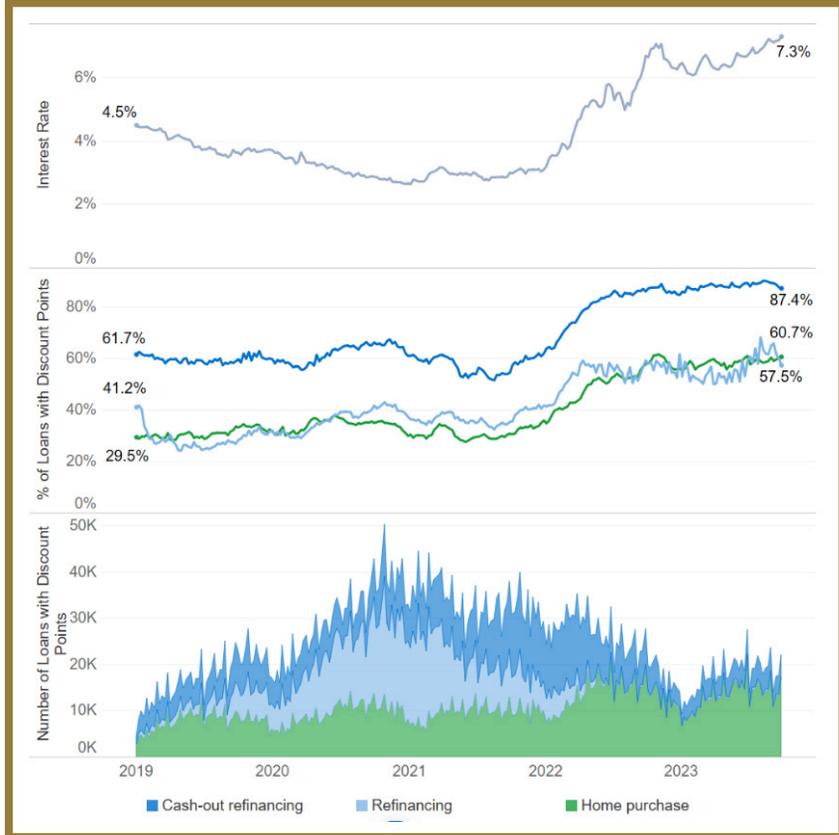
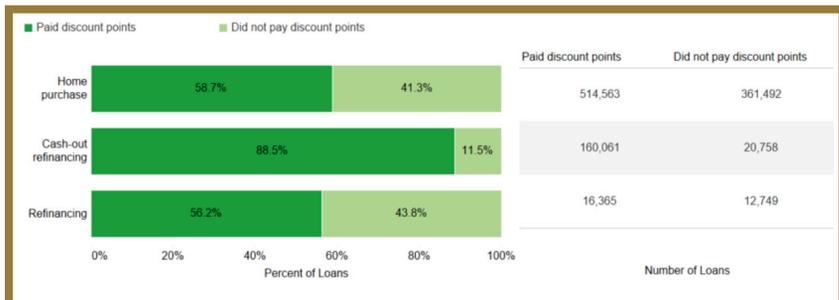
While discount points may benefit some borrowers, the financial implications are complex. Paying one discount point is similar to paying a 1% fee on the

loan amount; however, discount points have no set value in terms of interest rate changes. Most borrowers only profit from discount points if they keep their mortgage long enough to let the monthly savings from the lower interest rate exceed the initial fees.

Key Findings:

- » The majority of recent borrowers paid discount points, including nearly 9 out of 10 borrowers with cash out refinances.
- » More borrowers paid discount points as interest rates increased.
- » Borrowers with lower credit scores were more likely to pay discount points.

"Higher interest rates on mortgages have led borrowers to pay upfront fees to lower their interest payments," said Rohit Chopra, Director of CFPB. "The heavy use of 'discount points' suggests that many borrowers are uncertain about their ability to refinance in the future."



rate, they understand that the cash flows may be temporary. Discount points can minimize a loan's prepayment risk by lowering the interest rate, reducing the consumer's motivation to refinance.

Because discount points add another layer of complication, customers would need to obtain offers from numerous lenders with either the same interest rate or the same number of discount points to determine which offer is the best fit for their scenario. Borrowers who choose a loan only based on the interest rate may unintentionally pay more discount points than necessary.

Even when consumers understand how discount points function, most

borrowers only profit from them if they keep their mortgage for long enough to make the monthly savings from the lower interest rate exceed the initial expenses. This is sometimes referred to as extending the mortgage's "break-even period," which may be roughly calculated by dividing the cost of the discount points by the borrower's monthly savings. Borrowers with a long-term mortgage and cash on hand may benefit from paying discount points. However, discount points are less effective for cash-strapped borrowers and those planning to refinance or relocate soon.

Overall, 2022 and 2023 saw record-breaking interest rates, forcing borrowers to respond swiftly. As a result,

borrowers were more likely to pay discount points, with cash-out refinance borrowers being the most likely to pay discount points and paying more of them than other borrowers. In addition to responding to the high interest rate environment, many lenders may use discount points to ensure that borrowers are eligible for a mortgage.

NEW FHA HOME PURCHASE APPS RISE IN MARCH

The latest Builder Application Survey (BAS) issued by the Mortgage Bankers Association (MBA) for March 2024 shows that mortgage applications for new home purchases increased 6.2% compared to a year ago. MBA's Builder Application Survey tracks application volume from mortgage subsidiaries of home builders across the country.

Month over month, compared to February 2024, new home purchase apps increased by just 1%. This change does not include any adjustment for typical seasonal patterns.

Despite the slight month-over-month uptick, the FHA share of applications rose in March, reaching 26.4%, compared to a 24% average for the prior 12 months. An increase in the FHA share of new purchase apps indicates that the market is experiencing more first-time home buyer activity.

HUD and the Census Bureau reported that privately-owned housing starts in March 2024 were at a seasonally adjusted annual rate of 1,321,000—14.7% below the revised February 2024 estimate of 1,549,000 and 4.3% below the March 2023 rate of 1,380,000. Single-family housing starts in March were at a rate of 1,022,000—12.4% below the revised February figure of 1,167,000.

In addition to the previously mentioned FHA share of loan apps, by product type, conventional loans comprised 63% of loan applications, RHS/USDA loans comprised just 0.3%, and VA loans amounted to just 10.4%. The average loan size for new homes decreased from \$405,719 in February to \$405,400 in March.

'Tis the Season

“March is typically a month when new home purchases see a seasonal boost, but this year, March applications for new home purchases saw less than a 1% increase over the prior month on an unadjusted basis,” said Joel Kan, MBA’s VP and Deputy Chief Economist. “Applications were still ahead of last year’s pace, but at 6%, the annual growth rate was the slowest since September 2023. Homebuyers remain adversely impacted by strong home-price growth and mortgage rates hovering around 7%. The FHA share of applications did increase in March, exceeding 26%, compared to a 24% average for the prior 12 months. A higher FHA share can be a sign of more first-time buyer activity, but that segment of buyers is also more sensitive to affordability challenges.”

MBA estimates new single-family home sales, which has consistently been a leading indicator of the U.S. Census Bureau’s New Residential Sales report, is that new single-family home sales were running at a seasonally adjusted annual rate of 615,000 units in March 2024. The new home sales estimate is derived using mortgage application information from the BAS, as well as assumptions regarding market coverage and other factors.

The seasonally adjusted estimate for March is a decrease of 10.7% from the February pace of 689,000 units. On an unadjusted basis, MBA estimates that there were 60,000 new home sales in March 2024, a decrease of 3.2% from 62,000 new home sales in February.

“MBA’s estimate of new home sales fell more than 10% over the month to a seasonally adjusted pace of 615,000 units, the slowest annual pace in four months,” Kan added.

The State of Mortgage Rates

And while the year has begun with mortgage rates hovering in the mid-6% range, Freddie Mac reported that April began with the 30-year fixed-rate mortgage (FRM) leaping toward the 7%-mark, settling at 6.88% for the week ending April 11.

The National Association of Home Builders (NAHB) reported that builder

“March is typically a month when new home purchases see a seasonal boost, but this year, March applications for new home purchases saw less than a 1% increase over the prior month on an unadjusted basis.”

—Joel Kan, VP and Deputy Chief Economist, MBA



sentiment was flat in April, as mortgage rates maintained in the 6.5%-7% range, and the latest inflation data failing to show improvement during Q1 of 2024. According to the NAHB/Wells Fargo Housing Market Index (HMI), builder confidence in the market for newly built single-family homes stood at 51 in April, unchanged from March—breaking a four-month period of gains for the Index.

“Builder sentiment was flat in April, but remains above the break-even point of 50, indicating positive sentiment,”

First American Deputy Chief Economist Odeta Kushi said. “The long-term housing shortage, coupled with a lack of existing-home inventory and builders’ ability to offer incentives has helped to buoy new single-family construction. However, builders continue to grapple with challenges stemming from the ‘five Ls’—labor, lots, legal issues, lumber, and lending. ‘Higher-for-longer’ mortgage rates are also a major headwind for builders and potential home buyers alike.”



MILLENNIALS RETAKE MANTLE OF LARGEST GENERATION OF HOMEBUYERS

According to the National Association of Realtors (NAR), millennials (now 25 to 43 years old) have surpassed baby boomers becoming the largest group of home buyers in the country.

Currently buying 38% of homes, millennials have surged ahead in the last year in their home buying endeavors, where last year they were buying 28% of homes. Boomers (now 59-77-years-old) decreased their home buying habits from purchasing 39% of homes to 31% of homes currently.

“The generational tug-of-war between millennials and baby boomers continued this year, with millennials rebounding to capture the largest share of home buyers,” said Dr. Jessica Lautz, NAR Deputy Chief Economist and VP of Research. “This notable rise is attributed to both younger millennials stepping into homeownership for the first time and

older millennials transitioning to larger homes that suit their evolving needs.”

According to NAR, the report underscored a rise in first-time buyers across many generations, with 32% of all buyers purchasing for the first time, an increase from 26% last year. Leading the charge were younger millennials, whose proportion of first-time buyers increased from 70% to 75% over the past year. Forty-four percent of older millennials and 24% of Generation X (ages 44-58) were first-time buyers.

NAR continued by saying, in parallel, the emergence of Generation Z (ages 18-24) in the housing market paints a picture of diversity and independence. While this cohort only accounted for 3% of all buyers, an impressive 31% of Gen Z purchasers were single females—a proportion significantly higher than that observed in any other generation.

“Gen Z buyers are entering the housing market, and their demographics are emerging distinctly from other age groups,” Lautz said. “More than half are single buyers, outpacing all age groups of single men and single women, and they are also most likely to identify as LGBTQ+.”

Despite these shifts in buyer trends, baby boomers remained the largest home-seller generation, accounting for

45% of all sellers in 2023. The tenure of homeownership before making a sale varied significantly by generation. While the median among all buyers was a 10-year stay before selling, older millennials typically sold their homes after just six years, contrasting sharply with Gen X, baby boomers, and the Silent Generation (ages 78-98), who typically stayed in their homes for 15 years.

“Baby boomers continue to dominate the home-selling market as they make pivotal decisions regarding their retirement living situations, whether it’s right-sizing or moving closer to loved ones,” Lautz said. “Benefiting from longer periods of homeownership compared to other generations, boomers approach these transactions with substantial equity, enabling strategic housing trades.”

“The universal value of owning a home transcends every generation, serving as a cornerstone for both personal prosperity and community development,” said NAR President Kevin Sears, Broker/Partner of Sears Real Estate in Springfield, Massachusetts. “In navigating the complexities of the market, buyers and sellers continue to rely on agents who are Realtors for their expertise and guidance, underscoring the invaluable service they provide in bringing dreams of homeownership to life.”



rates were Delaware (one in every 894 housing units with a foreclosure filing); New Jersey (one in 919); South Carolina (one in 929); Nevada (one in 961); and Florida (one in 973).

Among 224 metropolitan statistical areas with a population of at least 200,000, those with the highest foreclosure rates during the first quarter of 2024 were Columbia, South Carolina (one in every 569 housing units); Spartanburg, South Carolina (one in 597); Lakeland, Florida (one in 624); Atlantic City, New Jersey (one in 628); and Cleveland, Ohio (one in 662).

Bank Repossessions Increase 7% From Last Quarter

Lenders repossessed 10,052 U.S. properties through foreclosure (REO) in Q1 2024, up 7% from the previous quarter but down 20% from a year ago. Those states that had the greatest number of REOs during the first quarter were Michigan (1,049 REOs); California (845 REOs); Pennsylvania (838 REOs); Illinois (810 REOs); and Texas (596 REOs).

Average Time to Foreclose Increases 2% From Previous Quarter

Properties foreclosed in Q1 2024 had been in the foreclosure process for an average of 736 days. While this marks a slight increase from the previous quarter, it represents a 20% decrease from the same time last year, continuing a downward trajectory observed since mid-2020.

Average Days to Complete Foreclosure

States with the longest average foreclosure timelines for homes foreclosed during the first quarter were Louisiana (2,641 days); Hawaii (2,031 days); New York (1,958 days); Nevada (1,701 days); and Kentucky (1,701 days).

States with the shortest average foreclosure timelines for homes foreclosed during the first quarter were Montana (123 days); Virginia (152 days); Texas (163 days); Wyoming (191 days); and West Virginia (217 days).

March 2024 Foreclosure Activity High-Level Takeaways:

» Nationwide in March 2024, one in

Default Servicing

Q1 FORECLOSURE REPORT REVEALS A 'MARKET IN TRANSITION'

ATTOM Data, a provider of all manors of real estate data, has released its Q1 Foreclosure Market Report which revealed that there was a total of 95,349 U.S. properties with foreclosure filings against them, down less than 1% year over year, but up 3% from Q4 of 2023.

The report also shows a total of 32,878 U.S. properties with foreclosure filings in March 2024, down less than 1% from the previous month and down 10% from a year ago.

"Q1 2024's foreclosure data reveals a market in transition, with slight increases in filings and starts, alongside a notable decrease in REO properties," explains Rob Barber, CEO at ATTOM. "While

foreclosures remain relatively stable, we're closely monitoring these trends. Homeowners continue to hold significant equity, contributing to a persistently hot housing market."

Foreclosure Starts Increase Nationwide

Among all dwellings, a total of 65,657 properties started the foreclosure process during Q1 up 4% year over year, and up 2% from the previous quarter.

States that had 100 or more foreclosures starts in Q1 2024 and saw the greatest quarterly increase included, New Hampshire (up 43%); Illinois (up 26%); Florida (up 22%); Rhode Island (up 21%); and Nevada (up 16%).

Highest Foreclosure Rates Found in Delaware, New Jersey, and South Carolina

Nationwide, one in every 1,478 housing units had a foreclosure filing during Q1. States with the highest foreclosure

every 4,286 properties had a foreclosure filing.

- » States with the highest foreclosure rates in March 2024 were Illinois (one in every 2,548 housing units with a foreclosure filing); Connecticut (one in 2,609); New Jersey (one in 2,638); Florida (one in 2,779); and South Carolina (one in 2,867).
- » 23,312 U.S. properties started the foreclosure process in March 2024, up 3% from the previous month but down 4% from March 2023.
- » Lenders completed the foreclosure process on 2,701 U.S. properties in March 2024, down 20% from the previous month and down 44% from March 2023.

COMMERCIAL, MULTIFAMILY DELINQUENCY RATES JUMPED AGAIN IN Q4

According to the most recent Commercial Delinquency Report from the Mortgage Bankers Association (MBA), there has been an increase in commercial mortgage delinquencies during Q4 of 2023.

This comes after the commercial mortgage delinquencies increase experienced in Q3 of 2023, according to MBA's December survey.

"Commercial mortgage delinquency rates rose again during the fourth quarter of 2023," said Jamie Woodwell, MBA's Head of Commercial Real Estate Research. "Every major capital source has seen an increase over the last six months, as higher interest rates, uncertainty about property values, and challenges in some property fundamentals work their way through the markets."

Based on the unpaid principal balance (UPB) of loans, delinquency rates for each group at the end of Q4 of 2023 were as follows:

- » Banks and thrifts (90 or more days delinquent or in non-accrual): 0.94%,

CHART 1. COMMERCIAL/MULTIFAMILY MORTGAGE DELINQUENCY RATES AMONG MAJOR INVESTOR GROUPS

Selected delinquency rates at the end of the period

NOTE: Delinquency rates shown are NOT comparable between investor groups. These rates show how performance of loans for each investor groups has varied over time, but cannot be used to compare one investor group to another.

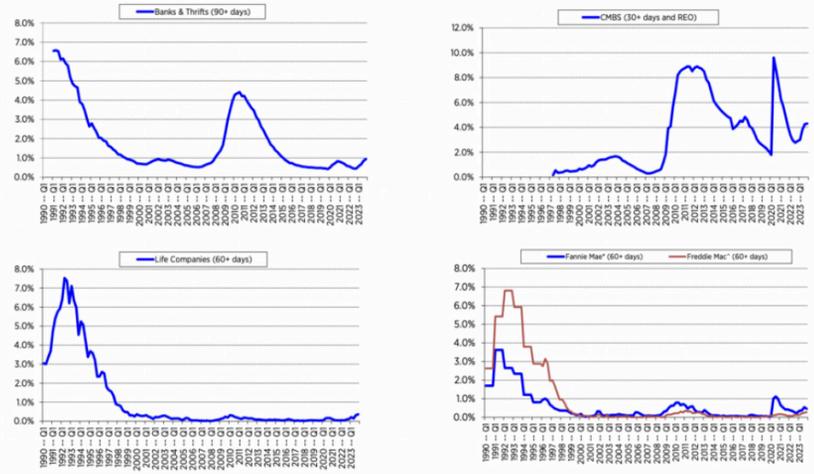
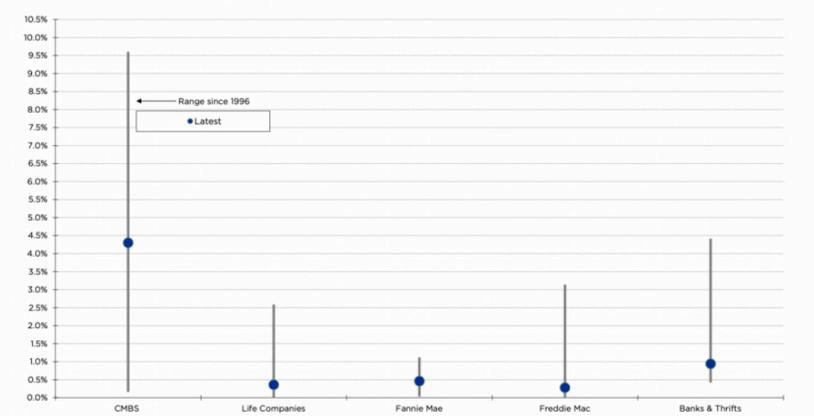


CHART 3. Latest Delinquency Rates and Range Since 1996

NOTE: Delinquency rates shown are NOT comparable between investor groups. These rates show how performance of loans for each investor groups has varied over time, but cannot be used to compare one investor group to another.



Sources: Trepp LLC, American Council of Life Insurers, Fannie Mae, Freddie Mac, OFHEO and Fannie Mae, Freddie Mac, OFHEO and Federal Deposit Insurance Corporation

an increase of 0.09 percentage points from Q3 of 2023.

- » Life company portfolios (60 or more days delinquent): 0.36%, an increase of 0.04 percentage points from Q3 of 2023.
- » Fannie Mae (60 or more days delinquent): 0.46%, a decrease of 0.08 percentage points from Q3 of 2023.
- » Freddie Mac (60 or more days delinquent): 0.28%, an increase of 0.04 percentage points from the Q3 of 2023.
- » CMBS (30 or more days delinquent or in REO): 4.30%, an increase of 0.04 percentage points from Q3 of 2023.

Note: The commercial delinquency rates of five of the major investor groups—commercial banks and thrifts, life insurance companies, commercial mortgage-backed securities (CMBS), and Fannie Mae and Freddie Mac—are examined in the MBA's quarterly analysis. Over 80% of outstanding commercial mortgage debt is held by these entities collectively.

Delinquency rates are not comparable between investor groups since each one tracks delinquencies differently. For instance, Freddie Mac excludes loans that comply with the terms of the forbearance agreement, but Fannie Mae counts those loans as delinquent.



the United States, and correcting historical discriminatory practices and policies.

“This April, we reflect on the hard-fought battle for fair housing and recommit efforts to eliminate discrimination and disparities in housing across our country” said Demetria L. McCain, Principal Deputy Secretary for Fair Housing and Equal Opportunity. “This month and every month, HUD is taking meaningful action to advance housing justice and protect the rights of all people to live free from discrimination in the homes of their choice, regardless of their race, color, religion, national origin, sex (including sexual orientation or gender identity), disability, or familial status.”

In order to highlight the importance of the Fair Housing Act, increase public awareness of fair housing rights and responsibilities, highlight fair housing enforcement efforts, and stress the value of fostering diverse and inclusive communities, HUD observes Fair Housing Month each April in collaboration with communities, advocates, and fair housing organizations.

In addition to kicking off National Fair Housing Month, the U.S. Department of Housing and Urban Development has announced the award of over \$30 million to fair housing organizations across the country under its Fair Housing Initiatives Program (FHIP). The grants will support the efforts of national, state, and local fair housing entities working to address violations of the Fair Housing Act and to end discrimination in housing.

“HUD is committed to rooting out any and all forms of discrimination in housing, not just through words, but through real resources,” HUD Acting Secretary Adrienne Todman said. “Today, we’re awarding more than \$30 million to help our partners on the ground educate the public, eliminate discriminatory housing practices, and fully enforce the Fair Housing Act.”

The grant funding will allow the grantees to provide fair housing enforcement by conducting investigations, testing to identify discrimination in the rental and sales markets, and filing fair housing complaints with HUD or substantially equivalent state and local agencies. In addition, grantees will con-

»» Government

HUD COMMEMORATES FAIR HOUSING MONTH WITH \$30M AWARD TO ADDRESS DISCRIMINATION

In honor of Fair Housing Month and the signing of the Fair Housing Act of 1968, which outlaws discrimination on the grounds of race, color, national origin, religion, sex (including sexual orientation and gender identity), disability, and familial status, Adrienne Todman, Acting Secretary of the U.S. Department of Housing and Urban Development (HUD), released the following statement:

“For more than half a century, the

federal government has sought to end discrimination in housing through enforcement of the Fair Housing Act. Under the Biden-Harris Administration, the Department of Housing and Urban Development takes its responsibilities under that law and other civil rights laws very seriously and works diligently to ensure people have full access to housing that meets their needs. ... Everyone in this country deserves to live free from discrimination, bias, and danger. This Fair Housing Month, we are recommitting ourselves to the important work of protecting individuals and families across America from harm.”

National Fair Housing Month Kicks Off With \$30M Grant

Fair Housing: The “Act” in Action, this year’s theme for Fair Housing Month, highlights the Biden-Harris administration’s dedication to ending housing discrimination, defending the right to fair housing for all residents of

“The Fair Housing Initiatives Program provides crucial support and resources to eliminate housing discrimination in communities across the country including those experiencing discrimination based on religion, sex (including gender identity and sexual orientation), race and the Fair Housing Act’s other four protected classes.”

—Demetria L. McCain, Principal Deputy Assistant Secretary for Fair Housing and Equal Opportunity, HUD



duct education and outreach activities to inform the public, housing providers, and local governments about rights and responsibilities that exist under the Fair Housing Act.

“The Fair Housing Initiatives Program provides crucial support and resources to eliminate housing discrimination in communities across the country including those experiencing discrimination based on religion, sex (including gender identity and sexual orientation), race and the Fair Housing Act’s other four protected classes,” said Demetria L. McCain, HUD’s Principal Deputy Assistant Secretary for Fair Housing and Equal Opportunity. “Although the Fair Housing Act was passed nearly fifty-six years ago, far too many people still face illegal housing discrimination. Through the collaborative efforts of HUD and its fair housing partners, we continue to make every effort to root out discrimination in housing.”

HUD Awards Grants in the Following Categories and Amounts:

Private Enforcement Initiative (PEI)—This initiative funds nonprofit fair housing organizations to carry out testing and enforcement activities to prevent or eliminate discriminatory housing practices.

» HUD is awarding \$16,704,250 to organizations to conduct intake, provide testing, and investigate and litigate fair housing complaints under the Fair Housing Act.

Education and Outreach Initiative (EOI)—This program offers support for fair housing activities that educate the public and housing providers about equal opportunity in housing and compliance with the fair housing laws.

» HUD is awarding \$9,466,207 to organizations that educate the public and housing providers about the Fair

Housing Act. These grants will also support state and local organizations that enhance fair housing laws substantially equivalent to the Fair Housing Act.

Education and Outreach Initiative Test Coordinator Training (EOI-TCT)—FHIP is a significant source of funding for grantees that conduct fair housing testing in local communities across the country. Fair housing testing refers to the use of testers who pose as prospective renters or buyers of real estate for the purpose of determining whether housing providers, real estate agents, appraisers, lenders, and others are complying with the Fair Housing Act.

» HUD is awarding \$500,000 to one organization to support fair housing training courses specifically in fair housing testing.

Fair Housing Organizations Initiative (FHOI)—This program provides funding that builds the capacity and effectiveness of nonprofit fair housing organizations by providing funds to handle fair housing enforcement and education initiatives more effectively. FHOI also strengthens the fair housing movement nationally by encouraging the creation and growth of organizations that focus on the rights and needs of underserved groups, particularly persons with disabilities.

» HUD is awarding \$3,700,000 to nonprofit organizations to conduct fair housing enforcement related activities.

“The funds provided today will ensure that our state and local partners have the financial resources they need to fight discriminatory practices and educate the public about their fair housing rights and responsibilities,” McCain said.

HUD commemorated Fair Housing Month with an Opening Ceremony on April 11, 2024, and showcased HUD’s efforts to advance and protect fair housing rights to ensure that all people have the right to obtain the housing of their choice, free from discrimination.

FHFA ADDRESSES IMPROVEMENTS IN APPRAISAL BIAS

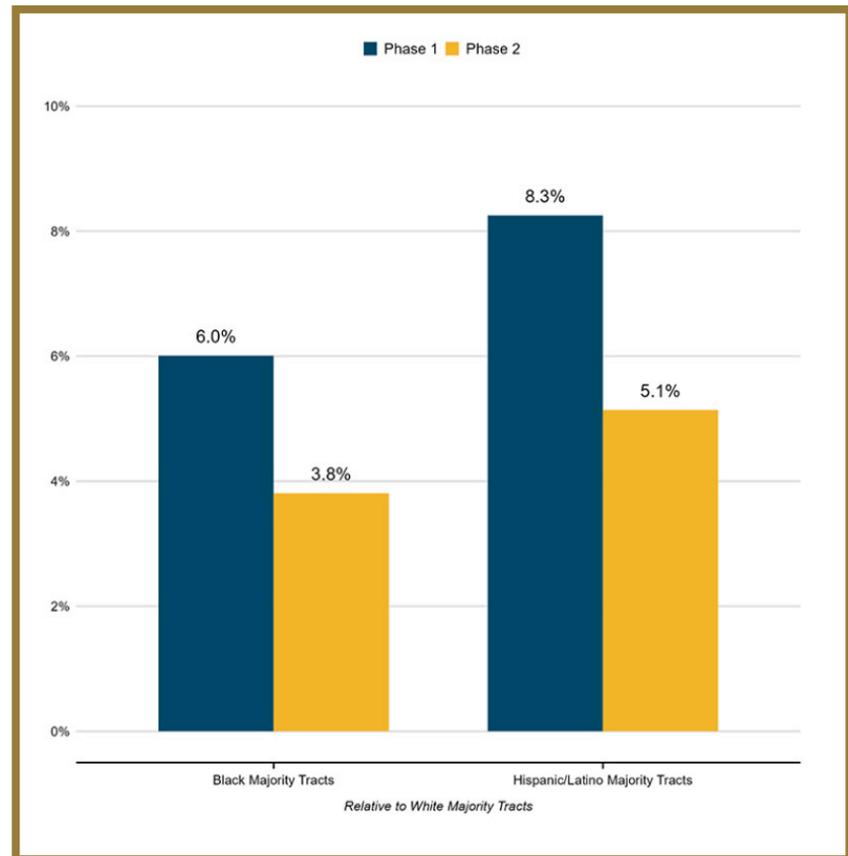
In a recent study, the Federal Housing Finance Agency (FHFA) examined home evaluation disparities between white and both Black and Hispanic/Latino majority neighborhoods, outlining their strategy for addressing and eliminating racial and ethnic bias in home appraisals.

Updated data suggests a decrease in appraisal differences between white and both Black and Hispanic/Latino majority neighborhoods following initiatives by stakeholders and federal, state, and local authorities, including the publishing of the PAVE Action Plan.

The federal Interagency Task Force on Property Appraisal and Valuation Equity (PAVE) was formed in June 2021 with the goal of creating methods for identifying and eliminating racial and ethnic bias in home appraisals. The Task Force then released the PAVE Action Plan in March 2022, which outlined strategies for the government and industry to improve equity in property value. Since the PAVE Action Plan, stakeholders at the federal, state, and local levels have raised awareness of racial prejudice in property evaluations, leading to increased regulatory and supervisory focus on discriminatory appraisals. The PAVE Action Plan included strategies and recommendations for improving the data used to research and monitor valuation bias.

In Phase 1, the proportion of low appraisals was 7.4% in white majority tracts, 13.4% in Black majority tracts, and 15.7% in Hispanic/Latino majority areas. The appraisal difference between white and Black majority tracts was 6.0 percentage points, while the gap between white and Hispanic/Latino majority tracts was 8.3 percentage points.

In Phase 2, the percentage of low appraisals remained higher in Hispanic/Latino and Black majority tracts than in white majority tracts, and the appraisal gap narrowed as the percentage of low appraisals in white majority tracts increased while the percentage of low



appraisals in Hispanic/Latino and Black majority tracts decreased.

Have Property Valuation Inequalities Diminished in Black and Hispanic/Latino Neighborhoods?

FHFA research found that negative appraisal outcomes are more likely to occur in Black and Hispanic/Latino majority communities than in white majority neighborhoods. But has that gap narrowed?

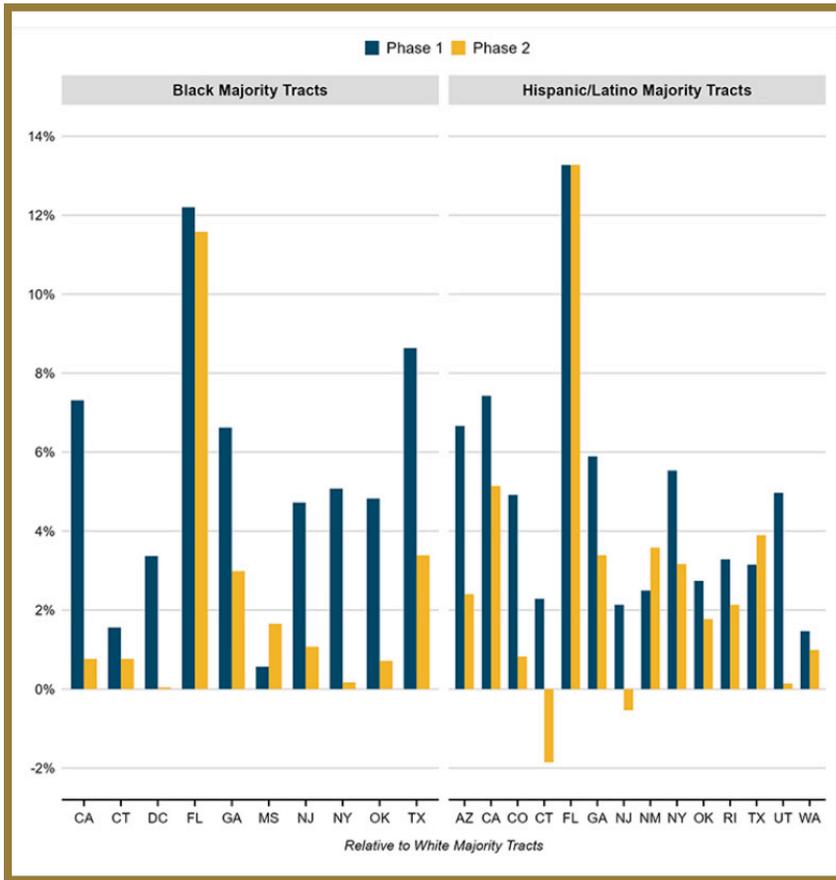
Of the 27.7 million appraisals for purchase properties in the UAD Aggregate Statistics from Q1 2013 to Q4 2023, 20.3 million (73%) were in white majority tracts, 1.0 million (4%) in Black majority tracts, and 1.5 million (5%) in Hispanic/Latino majority tracts.

Appraisal valuation may be at, above, or below the contract price, depending on the appraiser's view of the property's value. The appraisal gap is a statistic that shows differences between minority and white tracts. It is calculated as the difference in the proportion of appraisals that

fall below the contract price.

When the appraised value falls below the contract price, one of several things can happen: the buyer and seller renegotiate the sales price; the buyer pays the difference in cash; the lender commissions a second appraisal; the lender/client requests that the appraiser reconsider the appraised value; or the transaction falls through. Enterprises may acquire loans with appraised values that are less than the contract price, which may impact the loan's terms at the time of origination.

Between Q1 2013 and Q4 2023, the percentage of low appraisals was 8.1% in white majority areas, compared to 13.9% in Black majority tracts and 16.1% in Hispanic/Latino majority tracts. The percentage of low appraisals in Black majority tracts is more than one and a half times that of white majority tracts, and in Hispanic/Latino majority areas, it is nearly double. This indicates a potential racial and ethnic bias in property valuations.



At the state level, the appraisal difference between white majority tracts and both Hispanic/Latino and Black majority tracts decreased in nearly all states with data available in Phase 2 compared to Phase 1. In Mississippi, the evaluation difference between Black and white majority tracts grew throughout Phase 2.

In three states—Florida, New Mexico, and Texas—the valuation disparity among Hispanic/Latino majority tracts and white majority tracts widened throughout Phase 2.

In Phase 2, the percentage of low appraisals in Hispanic/Latino majority tracts was less than that in white majority tracts in two states: Connecticut and New Jersey. In all other states, Hispanic/Latino and Black majority tracts still had a higher percentage of low appraisals than white majority tracts, but the disparity has shrunk significantly for the majority.

FANNIE MAE UPDATES ON HOMEBUYER OPTIMISM

According to a new report, the Fannie Mae Home Purchase Sentiment Index (HPSI) fell 0.9 points to 71.9 in March, the first dip since November 2023, due mostly to heightened pessimism about the outlook of mortgage rates. Some 34% of consumers now anticipate mortgage rates will rise over the next year, up from 32% last month and higher than the 29% who predict rates will fall.

Despite the increase in pessimism about interest rates, consumer evaluations of homebuying and home-selling circumstances improved somewhat in March, and both measures have now climbed for several months in a row.

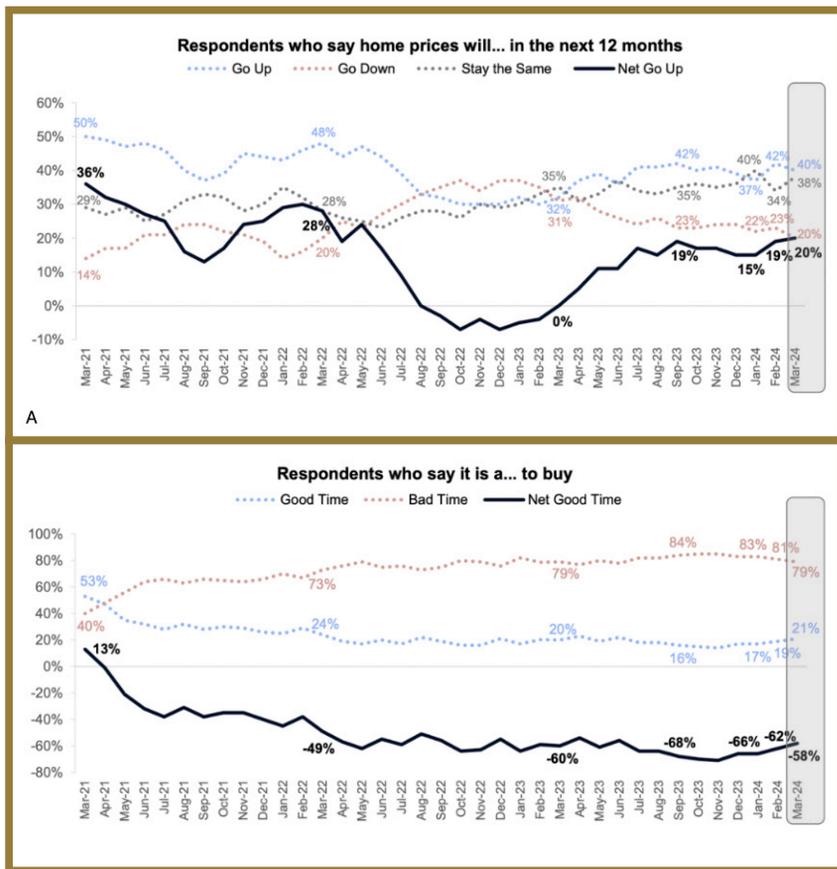
However, the overall lack of housing affordability continues to weigh on consumers’ perception that now is a “good time to buy” a home, with only 21% agreeing with that sentiment. Overall, the index is up 10.6 points year over year.

“The HPSI remained relatively flat in March, but we’re seeing signs that consumers may be adjusting their expectations for the housing market to better accommodate the higher mortgage rate and home price environment,” said Doug Duncan, Fannie Mae SVP and Chief Economist. “Both our ‘good time to buy’ and ‘good time to sell’ measures continued their slow upward drift this month. However, consumers took a slightly more pessimistic view on the likely direction of mortgage rates, likely reflecting the fact that actual mortgage rates have moved upward since the start of the year. With the historically low rates of the pandemic era now firmly behind us, some households appear to be moving past the hurdle of last year’s sharp jump in rates, an adjustment that we think could help further thaw the housing market.”

Home Purchase Sentiment Index (HPSI) Highlights:

Fannie Mae’s Home Purchase Sentiment Index (HPSI) decreased in March by 0.9 points to 71.9. The HPSI is up 10.6 points compared to the same time last year.

- » **Good/Bad Time to Buy:** The percentage of respondents who say it is a good time to buy a home increased from 19% to 21%, while the percentage who say it is a bad time to buy decreased from 81% to 79%. As a result, the net share of those who say it is a good time to buy increased 4 percentage points month over month (MoM).
- » **Good/Bad Time to Sell:** The percentage of respondents who say it is a good time to sell a home increased from 65% to 66%, while the percentage who say it’s a bad time to sell decreased from 35% to 34%. As a result, the net share of those who say it is a good time to sell increased 2 percentage points MoM.
- » **Home Price Expectations:** The percentage of respondents who say home



prices will go up in the next 12 months decreased from 42% to 40%, while the percentage who say home prices will go down decreased from 23% to 20%. The share who thinks home prices will stay the same increased from 34% to 38%. As a result, the net share of those who say home prices will go up in the next 12 months increased 1 percentage points MoM.

Mortgage Rate Expectations: The percentage of respondents who say mortgage rates will go down in the next 12 months decreased from 35% to 29%, while the percentage who expect mortgage rates to go up increased from 32% to 34%. The share who thinks mortgage rates will stay the same increased from 32% to 36%. As a result, the net share of those who say mortgage rates will go down over the next 12 months decreased 8 percentage points MoM.

Job Loss Concern: The percentage of respondents who say they are not con-

cerned about losing their job in the next 12 months decreased from 78% to 77%, while the percentage who say they are concerned increased from 22% to 23%. As a result, the net share of those who say they are not concerned about losing their job decreased 2 percentage points MoM.

Household Income: The percentage of respondents who say their household income is significantly higher than it was 12 months ago remained unchanged at 19%, while the percentage who say their household income is significantly lower increased from 11% to 12%. The percentage who say their household income is about the same decreased from 70% to 68%. As a result, the net share of those who say their household income is significantly higher than it was 12 months ago decreased 2 percentage points MoM.

“We noted in our latest monthly forecast that we expect to see a gradual increase in home listings and sales transactions in the coming year,” Duncan said. “We believe this will be driven not only

by those coming off the sidelines due to a rate-related recalibration, but also by households who may need to move for other life reasons.”

Consumers anticipate a 6.7% average increase in rental prices over the next year, with a monthly increase of 0.5 percentage points. Over the next year, home prices are predicted to rise by 1.6% on average, up 0.5 percentage points from the previous month.

CSBS AND FHFA ENTER INTO INFORMATION-SHARING AGREEMENT

The Conference of State Bank Supervisors (CSBS) and the Federal Housing Finance Agency (FHFA) have entered into an agreement designed to facilitate information sharing with respect to nonbank mortgage companies.

The Memorandum of Understanding (MOU) between the two groups establishes sharing protocols between state financial regulators and the FHFA, improving the ability to coordinate on market developments, identify and mitigate risks, and ultimately, further protect consumers, taxpayers, and the nation’s housing finance system.

Pictured above, CSBS President and CEO Brandon Milhorn, FHFA Director Sandra L. Thompson, and CSBS Board Chair Lise Kruse sign the historic agreement.

Developing Crucial Framework

“The development of an information sharing framework is an important milestone that will better equip both FHFA and state regulators to oversee our respective regulated entities,” FHFA Director Thompson said. “Improved communication leads to better coordination, which in turn leads to better outcomes for consumers, market participants, and taxpayers.”

CSBS is an organization of financial regulators from all 50 states, American

Samoa, District of Columbia, Guam, Puerto Rico, and U.S. Virgin Islands. State regulators supervise roughly three-quarters of all U.S. banks and a variety of nondepository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System (NMLS) to license and register nondepository financial service providers in the mortgage, money services businesses, consumer finance, and debt industries.

The FHFA is an independent agency established by the Housing and Economic Recovery Act of 2008 (HERA), responsible for the supervision, regulation, and housing mission oversight of Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System, which includes the 11 Federal Home Loan Banks (FHLBanks) and the Office of Finance (OF). The FHFA was established to ensure that the government-sponsored enterprises (GSEs)—Fannie Mae and Freddie Mac—and the FHLBanks fulfill their mission by operating in a safe and sound manner to serve as a reliable source of liquidity and funding for housing finance and community investment. Since 2008, FHFA has also served as conservator of both Fannie Mae and Freddie Mac.

New Avenues to Collaboration

“Information sharing between state regulators and federal supervisors is common sense given our shared interest in a vibrant, stable mortgage marketplace,” said CSBS Board Chair Kruse, who also serves as North Dakota Commissioner of Financial Institutions. “Establishing information sharing opens the door to a more collaborative oversight process that is beneficial to all involved.”

State financial regulators are the primary regulators of nonbank mortgage companies. While each supervisory agency maintains specific authorities related to the mortgage industry, only state financial regulators have complete prudential authority over nonbank mortgage companies.

VA LAUNCHES NEW FORECLOSURE PREVENTION INITIATIVE

Beginning May 31, 2024, the U.S. Department of Veterans Affairs (VA) will launch its Veterans Affairs Servicing Purchase (VASP) program, designed to assist more than 40,000 veterans experiencing severe financial hardship to avoid foreclosure and remain in their homes.

VASP will be available to eligible veterans, active-duty servicemembers, and surviving spouses with VA-guaranteed home loans who are experiencing severe financial hardship. Through the VASP initiative, the VA will purchase defaulted VA loans from mortgage servicers, modify the loans, and then place them in the VA-owned portfolio as direct loans. These actions will help the VA work directly with eligible veterans to adjust their loans and monthly payments to stay in their homes.

Through VASP, eligible borrowers will have a fixed 2.5% interest rate, which will provide a consistent, affordable payment for the remainder of their loan.

“This new program will help more than 40,000 veterans and their families stay in their homes, and there’s nothing more important than that,” VA Secretary Denis McDonough said. “We at the VA are committed to doing everything in our power to help veterans avoid foreclosure, and that’s exactly why we’re launching VASP—to help the veterans who need it most.”

The Latest in VA Actions

Prior to his role as head of the VA, McDonough served in the Obama administration as the 26th White House Chief of Staff from February 2013 to January 2017, managing White House staff and working across the Cabinet to advance the Obama-Biden agenda.

Back in November, the VA called on mortgage servicers to pause foreclosures until May 31, 2024, while the VASP program was being finalized.

In addition, the VA extended its COVID-19 modification program through May 31, 2024, and worked with

**Through VASP,
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remainder of
their loan.**

veterans directly to help them retain their homes. In total, the VA helped more than 145,000 veterans and their families avoid foreclosure in 2023 alone.

“When a veteran falls on hard times, we work with them and their loan servicers every step of the way to help prevent foreclosure—including offering repayment plans, loan modifications, and more,” VA Under Secretary for Benefits Josh Jacobs said. “But some veterans still need additional support after those steps, and that’s what VASP is all about. This program will help ensure that when a veteran goes into default, there is an additional affordable payment option that will work in a higher interest rate environment—so they can keep their homes.”

Highlighting VASP Program Measures

Veterans interested in the VASP program will not apply directly for VASP. Instead, beginning May 31, mortgage servicers will identify qualified borrowers and submit requests on behalf of veterans based on a review of all home retention options available and qualifying criteria. Veterans facing financial hardship are encouraged to work with their mortgage servicers to explore their available options.

“The VASP program 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). “The VA must extend the foreclosure pause until VASP is implemented so that all eligible borrowers have fair access to the new program. We also urge VA to eliminate any rules that unnecessarily limit access to VASP for borrowers who previously received unaffordable loan modifications.”

The VA anticipates that VASP will result in a government subsidy spending reduction of approximately \$1.5 billion from 2024 to 2033, making it beneficial for veterans, taxpayers, servicers, and loan holders alike. This is because the savings associated with avoiding foreclosures outweighs the cost of purchasing these homes. The VA has existing authority to establish and implement VASP under 38 U.S.C. § 3732 and § 3720.

“Servicers have performed extraordinarily since the pandemic to implement new forbearance and home retention programs from the VA and other federal agencies, helping more than eight million families stay in their homes,” Mortgage Bankers Association (MBA) President and CEO Robert D. Broeksmit, CMB said. “While the VA has announced a May 31 effective date, it is important for Veterans to understand that the VA has assured servicers that additional time will be provided to implement this complex and novel program. Servicers will work diligently to modify their systems and operations and train their staffs to implement the program by the VA’s deadline, when announced.”

Government Intervention in Preserving Veteran Homeownership

The Biden administration recently announced a \$14 million initiative that seeks to find permanent housing for U.S. vets. Through the U.S. Department of Housing and Urban Development (HUD) and the VA, \$14 million in HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers were awarded to 66 Public Housing Agencies (PHAs) across the country for more than 1,400 vouchers. 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.”

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.

GINNIE MAE ANNOUNCES EXPANSION OF LMI DISCLOSURE INITIATIVES

Ginnie Mae has announced the expansion of its low-to-moderate income (LMI) disclosure initiative to incorporate pool-level data for its Home Equity Conversion Mortgage (HECM) and Home Mortgage-Backed Securities (HMBS) programs. This extension builds on Ginnie Mae’s work to improve its securities filings, which began three years ago.

Ginnie Mae has made advancements in its securities program, such as producing security-level LMI disclosures for the Single-Family program, publishing the Ginnie Mae Social Impact and Sustainability Framework, and updating its prospectus. These disclosures are an integral part of Ginnie Mae’s response to rising investor demand for greater transparency into Ginnie Mae mortgage pools, with a particular emphasis on meeting environmental, social, and governance (ESG) investment criteria.

“As interest in social impact investments continues to grow, Ginnie Mae is finding ways to provide more data on the underlying loans in our securities to help investors make better-informed decisions,” said Sam Valverde, Principal Executive VP of Ginnie Mae. “The disclosures being released today reflect the unique impact of our HMBS program in helping to drive retirement security for lower-income households.”

Ginnie Mae collaborated with government-insuring agencies to deliver month-



ly pool-level LMI disclosures to borrowers. The additional disclosures include the number of underlying loans provided to LMI borrowers, the proportion of LMI loan count to total loan count, the unpaid principal balance (UPB) of LMI loans in the mortgage-backed securities (MBS), and the percentage of LMI UPB to total MBS UPB.

To achieve this new data disclosure, Ginnie Mae finalized a Memoranda of Understanding (MOU) with FHA and VA in Q1 of 2023. As of April 2023, the nearly 800,000 USDA-RHS loans in their portfolio represented over 7% of Ginnie Mae's single-family MBS.

LMI households are classed based on the Federal Financial Institutions Examination Council's Median Family Income Report Tables at the time of loan origination. These disclosures are provided at the aggregate pool level for loans issued by the Federal Housing Administration (FHA) and the United States Department of Veterans Affairs (VA) commencing in 2012. Ginnie Mae has ensured it will continue to collaborate with government-insuring agency partners to provide this LMI disclosure across its single-family MBS program.

"This is another important step forward in our ESG efforts and serves as a proof of concept for a foundational principle of the growing social investment movement; that, under the right circumstances, financial markets can drive transformational and lasting change for the public good," said Alanna McCargo, President of Ginnie Mae. "Providing market participants with the tools and data to discern the social impact of their investment decisions supports our overall mission to continue finding new ways to support sustainable and equitable housing opportunities for the communities we were built to serve."

HUD GRANTS NEARLY \$70M TO IMPROVE COMMUNITY HEALTH, AFFORDABILITY

The U.S. Department of Housing and Urban Development (HUD) announced approximately \$70 million in awards around the country to help transform communities by repairing older homes, conserving affordable housing, and enhancing the health of children and families. Grants are also being offered for research into housing-related health hazards to improve residents' health and safety by identifying better ways to manage their homes.

"Housing is the foundation on which we live, grow, and thrive. Access to healthy affordable housing is a priority of this Department," HUD Acting Secretary Adrienne Todman said. "This National Healthy Homes Month, HUD reaffirms its commitment to protecting families and children, supporting research and community efforts to ensure homes are healthy."

Funding assists vulnerable residents by addressing housing-related health and safety problems, implementing long-term local programs, and promoting critical research to detect and minimize safety hazards.

The grants awarded include funds from:

- » Healthy Homes Production Grant Program
- » Healthy Homes and Weatherization Cooperation Demonstration Grant Program
- » Older Adult Home Modification Grant Program
- » Lead Technical Studies Grant Program, the Healthy Homes Technical Studies Grant Program
- » Lead Hazard Reduction Capacity Building Grant Program

"Housing is as essential as health care, and these grants expand HUD's commitment to providing safe and healthy homes for all," said Matthew Ammon, Director of HUD's Office of Lead Hazard Control and Healthy Homes.

This comes after Toddman announced \$10 million in funding opportunities for community revitalization efforts through the FY24 Choice Neighborhoods Planning Grant.

Choice Neighborhoods Planning Grants support the development of comprehensive neighborhood revitalization plans which focus on directing resources to address three core goals: Housing, People, and Neighborhoods. To achieve these goals, communities must develop and implement a comprehensive neighborhood revitalization strategy or Transformation Plan.

The Transformation Plan will then become the guiding document for the revitalization of the public and/or assisted housing units while simultaneously directing the transformation of the surrounding neighborhood and positive outcomes for families.

"These resources support the creation and preservation of housing, and enhance community amenities, like grocery stores and parks," Todman said. "Paired with meaningful community engagement and thoughtful planning, this funding opportunity will help leaders and neighbors improve quality of life and attract the partners and resources that communities deserve."





since most baby boomer homeowners intend to age in place. Homeowners who obtained extremely cheap mortgage rates during the recession are remaining there in order to avoid taking on a new rate at today's increased levels, which is largely the reason why inventory is sitting at historically low levels—although new listings have been growing in recent months. Those who own those homes are mostly baby boomers.

According to a similar Redfin report, one reason young Americans are having trouble finding a family home is because baby boomers are staying put. Baby boomers with empty nests hold 28% of homes in the United States with three bedrooms or more, compared to just 14% owned by millennials with children. Compared to millennials, who own homes at a rate of 55%, baby boomers, who own homes at a rate of over 80%, have a disproportionately large impact on the housing market.

More than half of baby boomers have resided in their houses for more than ten years, according to Redfin, which also revealed that older Americans' decision to remain in their homes is a major factor in the rising homeowner tenure and dearth of available properties. In conclusion, reduced supply ultimately drives up home prices, making the nation's housing affordability issue worse.

Older Americans are Aging in Place Because it Makes Financial Sense

The lack of financial incentives for baby boomers to sell their homes is a major factor in their continued ownership of them. When it comes to boomers who own homes, the majority (54%) have no mortgage, and of those who do, almost all have interest rates that are significantly lower than what they would pay if they sold and purchased a new home.

Certain states' tax structures, such as those in Texas and California, also financially favor seniors living in their homes as they get older. Furthermore, Americans can increasingly age in place because of technological and medical breakthroughs.

"Older Americans are aging in place because it makes financial sense, but also because it's human nature to avoid thinking about challenging scenarios such as needing help as you get older," said

Market Trends

BOOMERS ARE AGING IN PLACE, LEAVING MILLENNIALS WITH LIMITED OPTIONS

Lions, tigers, and no homes available, oh my! According to a new Redfin study, approximately 78% of older American homeowners intend to remain in their existing residence as they get older. Staying in one's present home is by far the most popular aging plan for older homeowners, according to a new Redfin survey asking baby boomers about their future living arrangements.

Moving to a 55+ community is the

second most popular strategy; 20% of baby boomers are either contemplating or have already moved into a 55+ community. The next two options mentioned by baby boomers are moving in with adult children (10%) and relocating into an assisted-living facility (10%), while moving in with friends comes in second (6%).

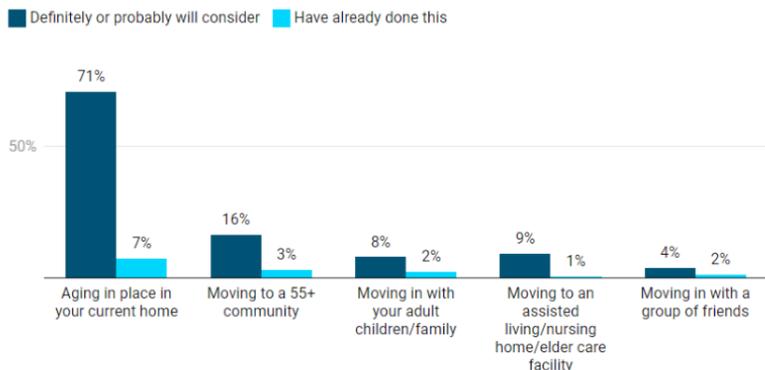
Based on a Qualtrics poll that Redfin commissioned in February 2024, roughly 3,000 American homeowners and renters participated in the nationally representative poll. According to Redfin's analysis, the outcomes for baby boomers who rent their homes are comparable to those for homeowners.

Aging in Place Contributing to U.S. Housing Shortage

Per the report, the significant lack of available properties for sale may persist

Most Baby Boomers Hope to Stay Put As They Age

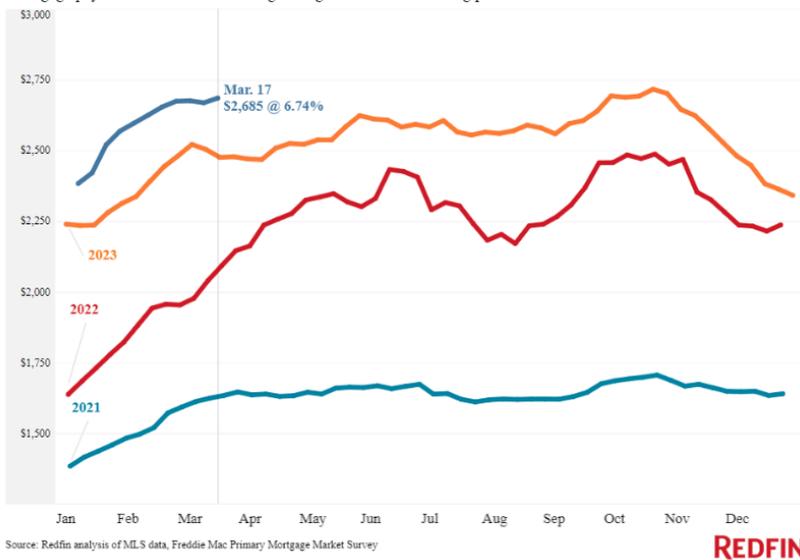
Redfin survey Q: How likely are you to consider each of the following as part of your aging plan? Select all that apply. (Responses for baby boomer + older homeowners)



Created with Datawrapper

Homebuyer Housing Payments +8.5% Year Over Year

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



Source: Redfin analysis of M.L.S. data, Freddie Mac Primary Mortgage Market Survey



HOW MANY AMERICANS ARE STRUGGLING WITH THEIR HOME PAYMENTS?

Are Americans choosing to go without meals, medical care, and are working overtime at work to afford housing? According to a new study from Redfin, 49.9% of respondents to a new study reported struggling with their monthly mortgage or rent payments and are now making sacrifices to defray these costs.

According to Redfin, the most common sacrifice people reported taking was no or fewer vacations. More than one-third of homeowners and renters (34.5%) who struggle to afford housing indicated that they skipped vacations in the past year in order to afford their monthly costs.

But many people who struggle to afford housing made more serious sacrifices: 22% skipped meals and 20.7% worked extra hours at their job. A similar share (20.6%) sold belongings.

It should be noted that this survey has a two-month lag period; it was conducted in February 2024 and fielded to roughly 3,000 homeowners and renters. Most of Redfin's report focuses on the 1,494 respondents who indicated that they sometimes, regularly or greatly struggle to afford regular rent or mortgage payments.

According to the numbers, more than one of every six people (17.9%) who struggle to afford housing borrowed money from friends/family, and 17.6% dipped into their retirement savings. Over one in seven (15.6%) delayed or skipped medical treatments.

"Housing has become so financially burdensome in America that some families can no longer afford other essentials, including food and medical care, and have been forced to make major sacrifices, work overtime and ask others for money so they can cover their monthly costs," Redfin Economics Research Lead Chen Zhao said. "Fortunately, the country's leaders are starting to pay attention, and homebuyers may get a reprieve in June if the Federal

Daryl Fairweather, Chief Economist at Redfin, "In reality, many homeowners and renters will need to move somewhere that better meets their needs as they age, like a senior-living community or a one-story home in an accessible neighborhood. But the government isn't prioritizing building housing for seniors, which is further encouraging older Americans to stay put, exacerbating the inventory shortage. Politicians should focus on expanding housing stock that meets the needs of older Americans, which could help with housing

affordability and availability for all."

According to the same Redfin study, some 51% of baby boomers who don't want to sell their house anytime soon said they don't like it and don't see a need to relocate. Approximately one in five (21%) are remaining put because home prices are currently too expensive, while more than a quarter (27%) say it's because their property is paid off totally or almost completely.

Reserve cuts interest rates, which would bring down the cost of getting a mortgage.”

Mortgage payments are near their all-time high due to rising prices and elevated mortgage rates: The median U.S. home sale price is up about 5% from a year ago, and mortgage rates are hovering around 7%, not far from the 23-year high of roughly 8% hit in October. The typical household earns roughly \$30,000 less than it needs to afford the median-priced home, and rents are on the rise again.

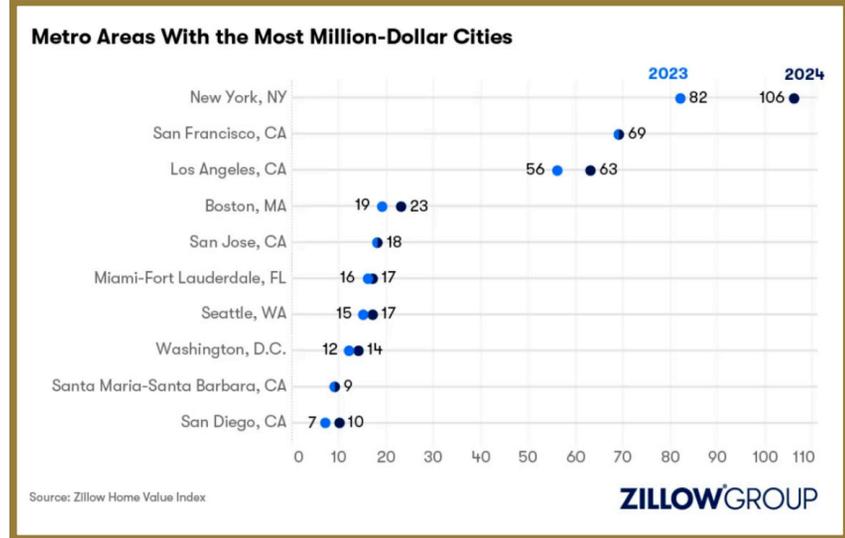
SHARE OF 'MILLION-DOLLAR' U.S. CITIES REACHES RECORD HIGH

According to new Zillow research, there are now some 550 “million-dollar” cities in the U.S.—where the average home is valued at \$1 million or more—reaching an all-time high.

Compared to a year ago, there are now 59 more million-dollar cities, which reverses the decline in property values that occurred about this time last year. Although difficulties with affordability have hindered purchasers, a tight housing market with few available properties has kept home values growing.

The good news for homebuyers in the market this summer is that there are more new listings available as the effects of “rate lock,” which happens when homeowners are financially motivated to stay in their current home due to the low interest rate on their current mortgage, are lessening. Additionally, there may be a second wave of buyer demand this summer if lower mortgage rates are anticipated later this year.

“Affordability is still a big challenge for buyers, but that hasn’t stopped prices from growing,” said Anushna Prakash, Economic Research Data Scientist at Zillow. “Buyers this spring are going to see more options to choose from, but they’ll also see a lot of other buyers wandering through the same open houses. Competition will stay fierce, especially for the most attractive and well-priced homes. If mortgage



rates drop later this year, as many expect, we may see a surge in million-dollar cities as even more buyers jump in and drive prices higher.”

Top 10 Metro Areas With the Most Million-Dollar Cities:

1. New York (106 in 2024 vs. 82 in 2023)
2. San Francisco (69 vs. 69)
3. Los Angeles (63 vs. 56)
4. Boston (23 vs. 19)
5. San Jose, CA (18 vs. 18)
6. Seattle (17 vs. 15)
7. Miami-Fort Lauderdale, FL (17 vs. 16)
8. Washington, D.C. (14 vs. 12)
9. San Diego (10 vs. 7)
10. Santa Maria-Santa Barbara, CA; Santa Rosa, CA (9 vs. 9)

Top 10 U.S. States With the Most Million-Dollar Cities:

1. California (210 homes in 2024 vs. 198 in 2023)
2. New York (66 vs. 54)
3. New Jersey (49 vs. 35)
4. Florida (32 vs. 34)
5. Massachusetts (31 vs. 27)
6. Colorado (21 vs. 21)
7. Washington (18 vs. 16)
8. Hawaii (17 vs. 16)
9. Texas (14 vs. 15)
10. Maryland (10 vs. 8)

Share of Million-Dollar Homes Steadily on the Rise

Over the past year, million-dollar cities

have mostly followed the national market, even though they were more negatively impacted by the decline in property values in late 2022 than the average U.S. city. The average U.S. home has increased in value by 4.2% in the past year. The typical annual increase in home value in million-dollar cities today is 4.6%.

There are 210 million-dollar cities in California, more than in the following five states put together. With the addition of 14, New Jersey now boasts the most million-dollar cities in the last year.

The only states with a net decrease in million-dollar cities over the previous year were Florida, Texas, and Delaware. Florida gained the Village of Palmetto Bay, close to Miami, but lost three million-dollar cities: Siesta Key, Santa Rosa Beach, and Sanibel. Texas gained Bellaire, a city outside of Houston, and lost two wealthy Austin communities, Sunset Valley and Volente.

The “Big Apple” Stands Above the Rest

With 106 million-dollar cities—24 more than a year ago—the New York City metro region, which encompasses portions of New Jersey and Pennsylvania, has the highest number of these cities. Los Angeles is next with 63, while San Francisco is next with 69.

The eleven largest metro areas in terms of million-dollar cities are located in coastal states. The two largest metropolises in states that don’t border either coast are Denver, with seven million-dollar cities, and Dallas, with eight.

Los Angeles added seven million-dollar cities in the last year, more than any other metro area outside of the New York City metro area. During that period, Boston added four, San Diego, Chicago, and San Luis Obispo added three apiece.

EVEN HOME PRICE HIGHS CAN'T STOP HOMEOWNERSHIP TRENDS

Although they've declined from their recent highs, U.S. home prices are still quite high, according to a new LendingTree study. Despite this, the percentage of people who own a home has increased recently.

More specifically, the percentage of owner-occupied houses in the 50 largest metropolitan areas in the country grew by 93 basis points between 2019 and 2022 and by 108 basis points between 2012 and 2022, per a LendingTree study of the most recent U.S. Census Bureau American Community Survey data.

Put differently, LendingTree research shows that more people have become homeowners even though some localities have seen a more than twofold increase in property values since 2012.

Key Findings:

- » As of 2022, almost 43.5 million of the 70.4 million occupied housing units in the nation's 50 largest metros were owner-occupied. The overall homeownership rate across these metros is 61.72%.
- » Homeownership rates are highest in the Detroit, Minneapolis, and Pittsburgh metros. The homeownership rates in these metros are 71.49%, 70.54%, and 70.45%, respectively.
- » Homeownership rates are lowest in the Los Angeles, New York, and San Diego metros. At 47.94%, Los Angeles is the only metro among the 50 largest where the homeownership rate is lower than 50.00%. In New York and San Diego, homeownership rates are higher—albeit still relatively low—at 51.72% and 54.53%.

- » Homeownership rates increased the most in Las Vegas, Virginia Beach, Virginia, and New Orleans from 2019 to 2022. Across these three metros, homeownership rates increased by an average of 305 basis points. Conversely, homeownership rates decreased by an average of 57 basis points in Nashville, Tennessee, Salt Lake City, and San Jose, California.
- » From 2012 to 2022, homeownership rates increased the most in Las Vegas, New Orleans, and Phoenix. On average, homeownership rates in these metros increased by 524 basis points from 2012 to 2022. Over that same period, homeownership rates increased in 37 of the nation's other 50 largest metros, remained the same in one, and declined in nine. Homeownership rates decreased the most in Miami, San Jose, California, and Memphis, Tennessee, falling by an average of 167 basis points.

Per the report, homeownership rates have increased despite rising home prices. From 2012 to 2022, median home values across the nation's 50 largest metros increased from 25–39% to 197–73%. The average increase across these metros was 97.38%. Despite this, homeownership rates still rose (barring a handful of exceptions).

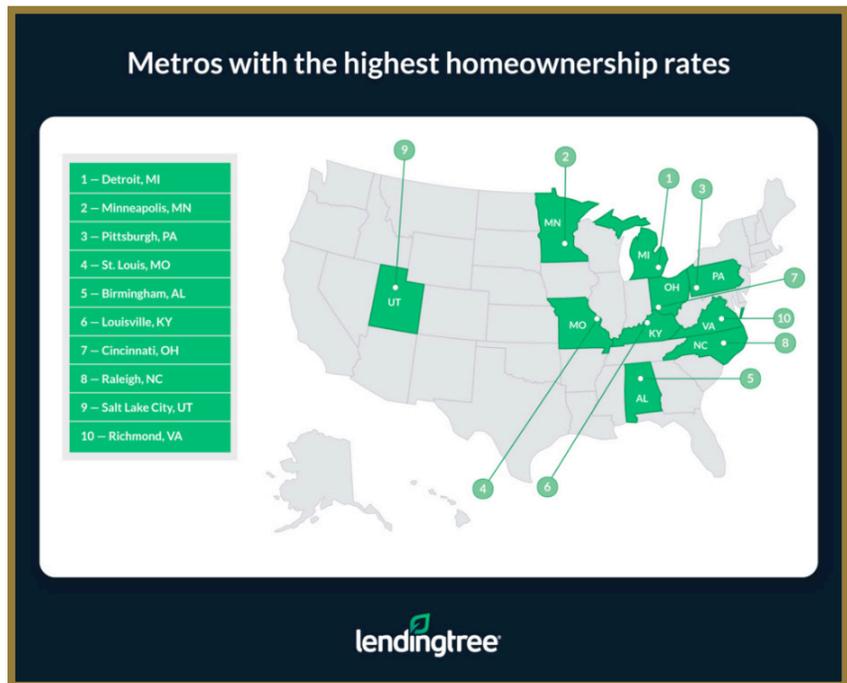
Top 10 Metros With the Highest Homeownership Rates:

1. Detroit
2. Minneapolis
3. Pittsburgh
4. St. Louis
5. Birmingham, AL
6. Louisville, KY
7. Cincinnati
8. Raleigh, NC
9. Salt Lake City
10. Richmond, VA

Metros With the Highest Homeownership Rates:

1. Detroit

- » Total number of occupied housing units: 1,762,104
- » Share of housing units that were owner-occupied in 2022: 71.49%
- » Share of housing units that were renter-occupied in 2022: 28.51%
- » Increase in share of owner-occupied housing units from 2019 to 2022: 1.87 percentage points
- » Increase in share of owner-occupied housing units from 2012 to 2022: 2.44 percentage points
- » Median home value: \$245,500



Metros with the lowest homeownership rates



lendingtree

- » Percentage growth in median home value from 2019 to 2022: 28.00%
- » Percentage growth in median home value from 2012 to 2022: 111.27%

2. Minneapolis

- » Total number of occupied housing units: 1,483,453
- » Share of housing units that were owner-occupied in 2022: 70.54%
- » Share of housing units that were renter-occupied in 2022: 29.46%
- » Increase in share of owner-occupied housing units from 2019 to 2022: 0.38 percentage points
- » Increase in share of owner-occupied housing units from 2012 to 2022: 1.11 percentage points
- » Median home value: \$359,800
- » Percentage growth in median home value from 2019 to 2022: 26.47%
- » Percentage growth in median home value from 2012 to 2022: 76.63%

3. Pittsburgh

- » Total number of occupied housing units: 1,021,314
- » Share of housing units that were owner-occupied in 2022: 70.45%
- » Share of housing units that were renter-occupied in 2022: 29.55%
- » Increase in share of owner-occupied housing units from 2019 to 2022: 2.26

- percentage points
- » Increase in share of owner-occupied housing units from 2012 to 2022: 1.00 percentage points
- » Median home value: \$209,800
- » Percentage growth in median home value from 2019 to 2022: 26.46%
- » Percentage growth in median home value from 2012 to 2022: 68.79%

Top 10 Metros With the Lowest Homeownership Rates:

1. Los Angeles
2. New York
3. San Diego
4. San Jose, CA
5. San Francisco
6. Las Vegas
7. Austin, TX
8. Seattle
9. Miami
10. Milwaukee

Metros With the Lowest Homeownership Rates:

1. Los Angeles
 - » Total number of occupied housing units: 4,500,951
 - » Share of housing units that were owner-occupied in 2022: 47.94%
 - » Share of housing units that were renter-occupied in 2022: 52.06%
 - » Decrease in share of owner-occupied

- housing units from 2019 to 2022: -0.27 percentage points
- » Decrease in share of owner-occupied housing units from 2012 to 2022: -0.49 percentage points
- » Median home value: \$847,400
- » Percentage growth in median home value from 2019 to 2022: 27.07%
- » Percentage growth in median home value from 2012 to 2022: 97.76%

2. New York

- » Total number of occupied housing units: 7,478,571
- » Share of housing units that were owner-occupied in 2022: 51.72%
- » Share of housing units that were renter-occupied in 2022: 48.28%
- » Increase in share of owner-occupied housing units from 2019 to 2022: 0.87 percentage points
- » Increase in share of owner-occupied housing units from 2012 to 2022: 0.36 percentage points
- » Median home value: \$578,800
- » Percentage growth in median home value from 2019 to 2022: 19.86%
- » Percentage growth in median home value from 2012 to 2022: 44.70%

3. San Diego

- » Total number of occupied housing units: 1,172,343
- » Share of housing units that were owner-occupied in 2022: 54.53%
- » Share of housing units that were renter-occupied in 2022: 45.47%
- » Increase in share of owner-occupied housing units from 2019 to 2022: 0.70 percentage points
- » Increase in share of owner-occupied housing units from 2012 to 2022: 1.41 percentage points
- » Median home value: \$846,600
- » Percentage growth in median home value from 2019 to 2022: 36.70%
- » Percentage growth in median home value from 2012 to 2022: 119.10%

Even While Facing Affordability Challenges, Homeowners Are Here to Stay

According to LendingTree research, most of the country's main metro areas now have higher homeownership rates

than they had in 2019 and 2012. This is true even though the value of homes in major metro areas is increasing significantly.

Although these increased rates of home-ownership show that there are still options for people to own real estate even as property values rise, it doesn't guarantee that everyone will be able to achieve their dream of owning a home or that it will be without difficulties. On the contrary, many have found purchasing challenging in recent years due to a combination of rising housing prices and steadily high mortgage rates. This is demonstrated by the fact that mortgage demand has been at or close to its lowest levels in decades since the beginning of 2023.

Despite this, millions of Americans own their houses, and new construction is constantly happening. Mortgage offers are being made to demographics like millennials and first-time homebuyers, who generally have less money available to them.

Although navigating the current housing market isn't always simple, home-ownership isn't going away, and the United States isn't about to turn into a country of mostly renters any time soon.

HOUSING PAYMENTS REACH NEW ALL-TIME HIGH

The average monthly housing payment in the United States reached an all-time high of \$2,721 during the

four weeks ending March 24, up 10% from a year ago, according to a new Redfin study.

Housing payments are at an all-time high due to the combination of high mortgage rates and growing home prices. Mortgage rates remain above 7%, while the median home-sale price is up 5% year over year to over \$375,000, barely \$9,000 short of the June 2023 record high.

According to Redfin, many home sellers are hoping to capitalize on rising prices by listing their home. New listings are up 15%, the biggest increase in nearly three years, while the overall number of properties for sale is up 6%, the most in almost a year.

Increased supply is reviving some demand, which is the primary reason price growth remains strong. Mortgage-purchase applications are up 14% from a month ago, and pending home sales are only 1% down from a year ago—representing the smallest drop since the beginning of the year.

“High mortgage rates aren't deterring buyers as much as they were last year; a lot of people want to get in now before prices go up more,” Miami Redfin agent Rachel Riva said. “All of my recent listings have gone under contract in under 10 days, and most of them have received multiple offers. Buyers are lessening the impact of elevated rates in a few ways: Some are making high down payments to lower their monthly payments, and some are willing to take on a high rate now in hopes of refinancing when and if rates come down.”

Redfin reports that there are a few indications that price growth may slow in the coming months. Nearly 6% of house

sellers reduced their asking price, the largest percentage on record for March. Months of supply reached its highest level in March since 2020, when the pandemic brought the housing market to a halt, signaling that the market is rebalancing.

Metros With Biggest YoY Increases in Pending Sales:

1. San Jose, CA (25.1%)
2. San Francisco (20.1%)
3. Cincinnati (11.6%)
4. Anaheim, CA (9.9%)
5. Seattle (8.2%)

Metros With Biggest YoY Increases in New Listings:

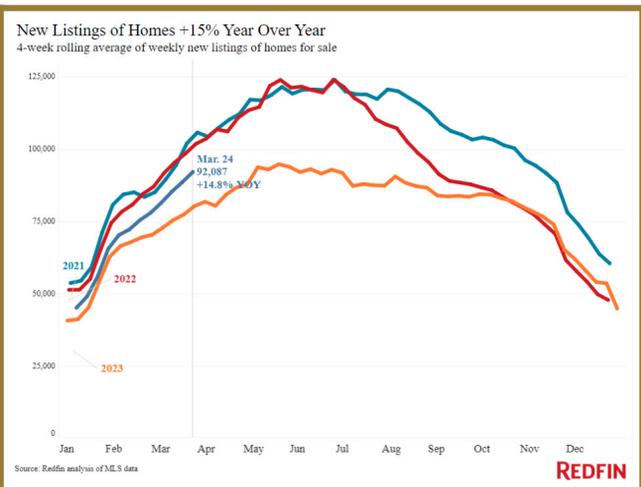
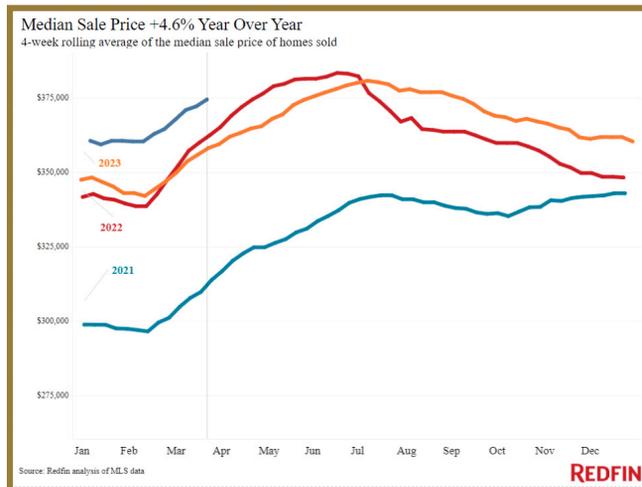
1. San Jose, CA (41.8%)
2. Sacramento, CA (38%)
3. Phoenix (31.7%)
4. Las Vegas (27.3%)
5. Austin, TX (26%)

New listings declined in just 2 metros: Atlanta (-6.6%) and Chicago (-2.9%).

Metros With Biggest YoY Increases in Median Sale Price:

1. West Palm Beach, FL (20.7%)
2. San Jose, CA (17.6%)
3. Miami (16.1%)
4. Detroit (15%)
5. New Brunswick, NJ (14.5%)

The median sale price declined in just one metro, San Antonio, TX (-0.3%).



FINAL THOUGHTS

In this month's Final Thoughts, experts touch on housing market figures and trends, offering their mortgage rate and inflation forecasts, examining the state of renting vs. buying, and revealing how homebuyers and renters feel about taking further steps toward homeownership.

“a double-edged sword”

Redfin Senior Economist **Elijah de la Campa** discusses the one-two punch of high home prices and reveals how elevated housing costs have continued to hinder many Americans from purchasing a home.



“hotter-than-expected”

Hamilton Fout, Fannie Mae VP of Economic and Strategic Research, reveals interest rate expectations for 2024, projecting that economic growth and inflation could moderate in the future.



“prime homebuying years”

Odeta Kushi, Deputy Chief Economist at First American, talks about the outlook of existing-home sales in addition to millennials aging into what some would consider “the right age to buy a home.”



“good news for renters”

Danielle Hale, Chief Economist for Realtor.com, explains that while rising housing costs are driving inflation, renters may find some relief in their search as prices are falling in many parts of the country.



“a slow, upward drift”

Doug Duncan, SVP and Chief Economist at Fannie Mae, details homebuyer sentiment amid inflation and elevated mortgage rates, revealing that “good time to buy” and “good time to sell” measures have gradually trekked upward despite buyers facing other financial hindrances.



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