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MortgagePoint Magazine

MAY 2025

Special Issue

REAL ESTATE INVESTMENT

MortgagePoint Shines a Spotlight on Single-Family Rental, Build-to-Rent, and the Forces Transforming Housing Investment.

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NRHC's David Howard on Supply, Innovation, and Policy

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RENTAL INVESTMENT SNAPSHOT

What the experts have to say about current trends and headwinds.


MortgagePoint
Magazine
The Burden of Proof
The Industry Leaves Its Mark
at Five Star Conference
TAKING THE PULSE
OF MORTGAGE SERVICING
Industry Leaders on What's Ahead
FROM THE White House TO Main Street America
FINDING A POSITIVE PATH FORWARD

INVESTING IN THE NATION'S FUTURE

In this month's installment of *MortgagePoint*, we're focusing on the state of real estate investment. In addition to insights from several data scientists and economists, we've got exclusive interviews with Alex Hemani, Founder and CEO of Ninety9 Capital; David Howard, CEO of the National Rental Home Council; and Zach Lemaster, Founder and CEO of Rent to Retirement.

This month's feature lineup kicks off with "Prepare Now to Avoid Operational Lag," in which John Cady of Citywide Home Mortgage explains that an uncertain market cycle is exactly when lenders should prepare for an inevitable rebound.

Next up, Curtis R. Knuth, President and CEO of NCS/Service 1st, brings us "The Gig Is Up: Time for Lenders to Rethink Income Verifications." As more Americans generate income from multiple sources, new challenges are growing for lenders, as traditional underwriting models were not built for borrowers with varied or unpredictable income.

In "Handling Insurance Claims From a Lender's Perspective," T. Robert Finlay Esq., Founding Partner of Wright, Finlay & Zak, discusses the importance for lenders in understanding their rights and obligations regarding insurance proceeds, and how to guide their clients in insurance-related matters.

This issue, we're also debuting a new interview format with "Five Points." In the debut installment, Pierre Buhler, Managing Director at SSA & Company, outlines five critical forces reshaping the financial landscape—and what they signal for housing finance and the broader economy.

Welcome to the May 2025 edition of *MortgagePoint*.

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REAL ESTATE INVESTMENT

Features

UWM AND GOOGLE CLOUD PARTNER ON AI INITIATIVE

Google Cloud and United Wholesale Mortgage (UWM) have announced an agreement in which the two will help modernize the mortgage lending industry through the use of artifical intelloigence (AI).

The collaboration will leverage Google Cloud's advanced AI and data analytics capabilities, alongside UWM's expertise in innovative lending technical solutions to create a faster, more intuitive and streamlined process.

Through the agreement, UWM will integrate Google Cloud AI and machine learning (ML) tools into its lending platform, enhancing underwriting automation, streamlining document processing and improving client support with AI-driven chat experiences. UWM is one of the first to leverage Google's Gemini Flash 1.5 model to enhance underwriting automation.

The partnership will also explore the use of Google Cloud infrastructure to improve scalability and security, expediting the mortgage experience for 50,000 mortgage brokers and their borrowers.

"This agreement signals two industry leaders coming together to tackle the mortgage industry's biggest challenges and deliver innovative solutions," said Thomas Kurian, CEO of Google Cloud. "United Wholesale Mortgage is at the bleeding edge of generative AI in the mortgage space, and together we are reimagining the home financing journey, making it more efficient and faster for mortgage brokers and homebuyers."

UWM will also collaborate with Google Cloud to enhance data-driven insights, enabling more personalized loan recommendations and more intelligent tools to instantly identify the right mortgage for a borrower.

"We are incredibly proud to enter into this transformative partnership with Google Cloud as it is a major step forward in our mission to make the mortgage process faster, easier and cheaper," said Mat Ishbia, President and CEO of UWM. "By combining our mortgage expertise with Google Cloud's generative AI and cloud capabilities, we will set a new standard for the industry, providing clients with a seamless and intelligent lending experience."

CARRINGTON LAUNCHES DIGITAL LANGUAGE TOOL

Carrington Mortgage Services LLC has teamed up with Talk'uments, a provider of interactive multilingual loan technology for the mortgage industry, on a new digital language platform that helps bridge the communication gap between borrowers and lenders by displaying essential mortgage disclosures, documents and borrower communications in the customer's language of choice. This includes the five most common non-English languages spoken in the United States: Spanish, Chinese, Korean, Vietnamese, and Tagalog—with more to come.

In addition to improved borrower understanding and engagement, Talk'uments will also lead to more seamless interactions for Carrington's retail lending, for which the technology platform was launched in April 2025. The digital tool will be beneficial to increase loan production for CMS' brokers as well, and is scheduled to launch for CMS wholesale lending in May 2025.

"For many borrowers, the mortgage business is confusing enough," said Samuel Bjelac, SVP, Third-Party Origination for Carrington Mortgage Services. "Imagine how hard it is for someone to understand closing costs or loan estimates when English is their second language. This is a great tool that helps explain loan terms, costs and benefits in ways borrowers can easily understand."

Seamlessly integrated into Carrington's loan origination system, Talk'uments provides borrowers with a personalized dashboard featuring translated application and closing documents, budgeting tools, and real-time fee comparisons. The platform also includes videos, infographics, FAQs, and charts that explain every stage of the mortgage process—from basic concepts like interest rates and closing costs to more advanced topics like credit management and how rates are determined. Borrowers can toggle between languages at any time, accessing both audio and visual content in the language they're most comfortable with.

"People who aren't in the mortgage business might not understand some of the processes," said Jeremy Drang, SVP, Retail Lending for Carrington. "Having Talk'uments explain a lot of the general background information for customers who want to understand exactly what it is they're signing, and what they're getting into, is a big help. We are excited to offer Talk'uments to our customers."

DARK MATTER UNVEILS NEW LOS

Dark Matter Technologies has launched a new Developer Portal, marking a significant evolution for the Empower loan origination system (LOS), moving from API access to a fully open API ecosystem. By providing external developers with self-service access to documentation, code samples, and integration guides, the portal removes barriers to innovation, and enables clients and partners to build on Empower with greater speed and independence.

"By making our APIs and developer resources more accessible, we're unlocking new possibilities for our clients and partners to solve their unique business challenges, differentiate their offerings, and move more quickly from concept to implementation," said Sean Dugan, CEO of Dark Matter.

The new Developer Portal delivers a modern, frictionless interface that helps users get up and running fast, supporting a range of development use cases, from integrating customer relationship management systems to building custom workflows, allowing organizations to extend the Empower platform in ways that align with their business strategies.

"While Dark Matter has long offered APIs, this launch represents a major leap forward in how we support developers," said Vikas Rao, Deputy Chief Product Officer at Dark Matter. "We've intentionally designed this portal to give developers everything they need to be productive, from clean documentation to practical code samples, so that they can build innovative tools on Empower with minimal friction."

Dark Matter Technologies delivers powerful technology with unparalleled automation and relentless innovation to leading mortgage lenders, servicers, and companies nationwide.

PHH MORTGAGE UNVEILS AI ASSISTANT PROGRAM

PHH Mortgage, a subsidiary of Onity Group Inc., has announced the launch of an artificial intelligence (AI) assistant through its LoanSpan client reporting and analytics platform to enhance the client experience. LoanSpan's AI assistant (LASI) is focused on making it easier for clients to access the vast amounts of data within the platform. LASI can quickly analyze text queries and provide personalized and accurate responses. LASI is currently available for PHH subservicing clients on LoanSpan.com.

Key LASI features and benefits include:

- Ability to retrieve answers from hundreds of documents and sources, such as policies and procedures, user manuals, client communications, presentations, educational videos, and more.
- Intelligence to understand unstructured questions at a detailed level and provide thorough responses.
- Eliminates the need to manually search and review various documents.
- Seamlessly escalates questions to PHH's Client Relations team.
- Built-in security measures to protect sensitive information.

"We are excited to launch LASI as it demonstrates our continued commitment to leveraging the latest technology to create better experiences for our clients and their homeowners," said Walt Mullen, EVP and Chief Strategy Officer at Onity Group. "Our goal with LASI is to make it simple and easy for clients to get the information they need whenever they need it and with significantly less effort."

LoanSpan is PHH's proprietary knowledge platform designed for its subservicing clients to access a wealth of information about their customers and their portfolio, as well as various tools and resources. Clients can also utilize an integrated analytics tool to view customizable dashboards to monitor portfolio and loan-level performance and KPIs. The platform is a "one-stop shop" for PHH's clients, many of whom have said it is a best-in-class offering for both loan and customer data and insights. LoanSpan completed a comprehensive upgrade in 2023 to enhance the user interface and incorporate additional self-service tools.

FIRST AMERICAN DATA & ANALYTICS INTRODUCES NEW TITLE SOLUTION

First American Data & Analytics has introduced VeriTitle, designed to accelerate the mortgage and home equity loan origination process by delivering critical title intelligence to lenders as borrowers begin their loan applications.

"VeriTitle helps lenders streamline decision-making and fuels faster, more efficient closings, helping foster stronger relationships with their borrowers and grow their mortgage and home equity business," said Robert Karraa, President of First American Data & Analytics. "Tapping our industry-leading data assets to solve industry challenges reflects our commitment to equip lenders with innovative tools and actionable insights to enhance efficiency, reduce costs, and deliver exceptional borrower experiences."

Designed with mortgage originators and home equity lenders in mind, VeriTitle is the only solution on the market that integrates proprietary first-party property data to assess title conditions and validate critical property and owner information. This innovative approach empowers lenders to address title challenges, such as resolving liens, correcting title errors, and confirming property ownership, early in the mortgage origination process, creating a smoother path to closing.

"VeriTitle delivers a preliminary title evaluation that helps lenders differentiate loans—identifying those ready for an accelerated closing versus those needing additional title work," said Jennifer Menard, Senior Director of Product at First American Data & Analytics. "Powered by our expansive lien data and advanced analytics, this solution provides the insight lenders need to improve workflows and close loans more effectively."

VANTAGESCORE RELEASES UPGRADE

National credit scoring provider VantageScore has launched its newest tri-bureau credit score model, VantageScore 5.0. VantageScore 5.0 utilizes the company's patent-pending attributes to offer enhanced insight on consumer creditworthiness, providing an additional predictive lift of up to 9% on unsecured loans, including credit cards, retail cards, and personal loans for thin credit file consumers compared to VantageScore 3.0. VantageScore 5.0 was trained, in part, on consumer loan data from after the pandemic when consumer credit behaviors changed significantly.

> "The credit landscape is evolving rapidly. VantageScore 5.0 is at the forefront of a new generation of VantageScore credit scoring models built on today's challenges and tomorrow's opportunities ..."
>
> —**Dr. Andrada Pacheco**, EVP and Chief Data Scientist, VantageScore

★ ★ ★ ★ ★

"The credit landscape is evolving rapidly. VantageScore 5.0 is at the forefront of a new generation of VantageScore credit scoring models built on today's challenges and tomorrow's opportunities, providing lenders and fintechs with more granular borrower insights, enhanced predictive power, and stronger risk segmentation," said Dr. Andrada Pacheco, EVP and Chief Data Scientist at VantageScore.

The model is built on VantageScore's proprietary patent-pending attributes, which capture real-time credit behaviors and historical trends to improve predictive performance, particularly for consumers with new or thin credit histories.

"The quantitative results from VantageScore 5.0 back-testing are impressive," said Yazel Pardo, VP and Head of Credit Risk at Patelco Credit Union. "The substantial rise in predictive lift for those with thin, inactive or young credit files helps lenders like Patelco to better identify credit risk and support the responsible expansion of access to credit to a wider population."

Key features include:

- VantageScore 5.0 provides a lift in originations of up to 9% for consumers with thin files. This offers lenders a reliable way to expand their pool of creditworthy applicants without incurring additional risk.
- VantageScore 5.0 is optimized for unsecured lending including credit cards, retail cards and personal loans, and provides a significant overall predictive lift for these credit products.
- VantageScore 5.0 uses an innovative and simplified credit score model design that minimizes credit score migration, maintaining a more consistent credit score within an ever-changing credit environment. VantageScore 5.0 also reduces variability across credit bureau files, ensuring 96% of scores remain within a 40-point range across all three bureaus.

BSI LAUNCHES TECH-DRIVEN HELOC SOLUTION

BSI Financial Services has released a specialized Home Equity Line of Credit (HELOC) subservicing solution designed to address critical inefficiencies in the HELOC servicing market.

"HELOCs aren't a side business—they're an important portfolio driver for our clients," said Allen Price, SVP of BSI Financial. "We recognized that traditional servicing approaches weren't meeting the unique demands of HELOC portfolios, so we've developed a comprehensive solution that transforms the experience for both lenders and borrowers."

BSI Financial's HELOC subservicing solution features four key components:

- Frictionless Borrower Access: A checkbook-style system that allows homeowners to make instant, self-service draws on their HELOCs.
- Risk Mitigation at Scale: Real-time foreclosure tracking paired with early intervention strategies protect the performance of HELOC portfolios.
- Investor-Grade Reporting: Clear, precise data dashboards give lenders confidence when measuring portfolio growth and performance.
- Fintech-Powered Compliance: BSI Financial's proprietary Libretto compliance engine ensures adherence to essential regulations like the Real Estate Settlement Procedures Act (RESPA), and state requirements, right from the start.

BSI Financial's proprietary technology stack, including Libretto, automates daily quality assurance, reduces processing errors, and helps identify potential issues before they impact customers. BSI's ASSET360 provides lenders and investors with real-time visibility into asset status and performance. Both systems help build confidence among lenders and servicers, consumers, investors, and regulatory agencies.

"Our clients have been asking for a better way to service their growing HELOC portfolios," Price added. "With this solution, we're not just fixing the broken parts of HELOC servicing—we're reimagining the entire process to deliver more value to investors, lenders and borrowers."

> "HELOCs aren't a side business—they're an important portfolio driver for our clients."
>
> —**Allen Price**, SVP of BSI Financial

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XACTUS RAMPS UP VERIFICATIONS WITH NEW TOOL

Fintech provider Xactus has introduced a new class of technology called "Intelligent Verification." Built on insights derived from verification data, Intelligent Verification shifts how the industry originates and services mortgages—from inefficient, inflexible manual processes, to dynamically configurable workflows. Intelligent Verification harnesses real-time insights to power automated actions, enabling quicker decision-making, while reducing waste and redundancies.

Xactus360, an Intelligent Verification Platform (IVP), integrates with existing POS and LOS systems to provide verifications. This allows clients to eliminate unnecessary data pulls and improve next-best actions, facilitating greater efficiency throughout the loan life cycle.

"Our IVP and decisioning logic enable different software systems to work together without friction, supporting cleaner interactions and integrations. Intelligent Verification delivers the right data at the right time—empowering faster, more informed loan decisioning," said Shelley Leonard, President of Xactus. "Xactus has reached a pivotal moment—our future is in fintech as we keep advancing the modern mortgage through innovation."

An IVP is a data-driven, scalable delivery vehicle that reframes how, what, and when verifications occur. Focused on originations and servicing system integrations, the Xactus360 IVP serves as a vital connection to the industry and the products that lenders require throughout the mortgage lifecycle.

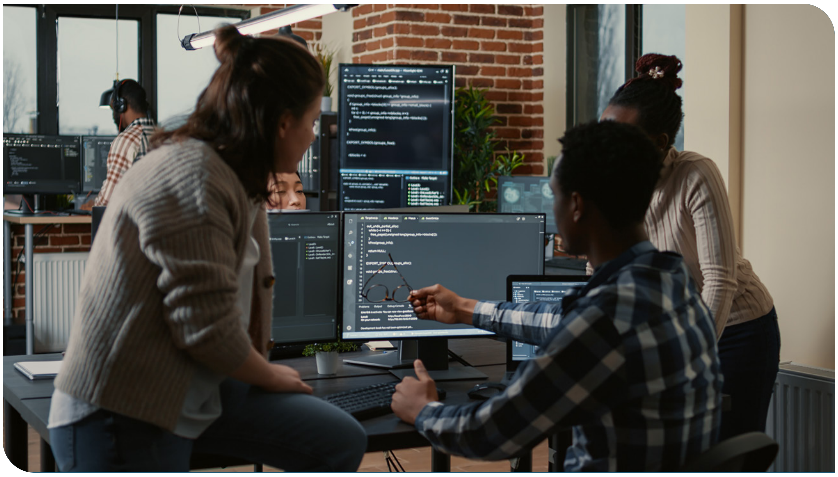
VISIO FINANCIAL UNVEILS NEW WEB FUNCTIONALITY

Visio Financial Services Inc. has launched a redesigned website built to better serve real estate investors and brokers. The updated platform features improved navigation and tools tailored toward investors looking to scale their portfolios.

Designed with investors and brokers in mind, the new site makes it easier to access crucial information and resources more efficiently. The redesigned site is fully optimized for mobile, giving users seamless access to tools and resources anytime, anywhere.

The newly designed site comes with many features for simplifying Debt Service Coverage Ratio (DSCR) education, streamlining the lending process, and containing resources to support investor success. Some of the key features include:

- Comprehensive overview of Visio's loan process: The revamped Lending Process page provides in-depth information on each step, from the application and underwriting to approval and funding.
- Interactive DSCR calculator: The updated and simplified DSCR calculator enables investors to quickly assess the financial viability of a rental property. This tool provides essential information to help investors make informed decisions.
- Market insights per state: Integrated on the updated homepage is an interactive map consisting of market insights for every state where Visio operates. This tool makes it easy for investors to explore opportunities and understand local lending guidelines.



"Visio is truly a leader in loan offerings, education and support for real estate investors," Visio CEO Jenny Coupland said. "This website advancement is a crucial step in placing more of these critical tools into investors' hands when and where they need them, so they can be as profitable and successful as possible with every new investment."

ACI ROLLS OUT NEW APPRAISAL REPORT TOOL

ACI, a provider of workflow solutions for the valuation industry for more than 40 years and a member of the First American family of companies, has announced the beta launch of ACI Sky Workbench, a cloud-based platform designed to simplify and modernize Uniform Residential Appraisal Report (URAR) generation.

"Our goal with Workbench is to reimagine how appraisers work—streamlining processes, enhancing compliance and increasing efficiency, while laying the groundwork for the future of appraisal excellence," said Kim Angellone, Program Director at ACI. "Designed by appraisers for appraisers, Workbench modernizes appraisal workflows, enabling valuation professionals to take on additional assignments and complete them faster and with greater accuracy, while reducing the need for revisions. The result is unparalleled efficiency, compliance and accuracy."

Workbench offers an all-in-one solution designed to enhance appraiser productivity and comply with Uniform Appraisal Dataset (UAD) 3.6 requirements when they take effect September 8, 2025. The platform gives appraisers easy access to an array of tools and unmatched data sources in a single, intuitive environment, including:

- **Dynamic Workflow:** Workbench allows appraisers to start tasks at any point in the appraisal lifecycle, tailoring processes to their needs.
- **Seamless Integration:** The platform integrates effortlessly with essential third-party tools and data sources, such as MLS systems and public records databases, which streamlines access to comprehensive and up-to-date information, accelerating the appraisal process and reducing manual data entry.
- **Advanced Data Analytics:** Workbench provides powerful analytics capabilities that allow appraisers to conduct in-depth data analysis and generate more informed and precise appraisal reports that enhance compliance with both regulatory and client standards.
- **Compliance-Ready Tools:** Built to align with the latest GSE-mandated UAD standards, Workbench includes automated compliance checks within the appraisal process, helping appraisers maintain high-quality outcomes while adhering to industry regulations.

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LEGAL LEAGUE

SERVICERS, ATTORNEYS, AND GOVERNMENT REPRESENTATIVES CONVENED AT 2025 LEGAL LEAGUE SUMMIT

Open to all mortgage lending and servicing professionals, GSEs, government entities, and Legal League members, the annual Spring Servicer Summit gathers the nation's elite financial services law firms to discuss default policies, procedures, and emerging issues with leading mortgage servicing executives. The unique opportunities for education, networking, and engaging discussions on pressing issues impacting financial services law firms are not to be missed.

This year's Summit is once again returned to Dallas' Hotel Crescent Court on March 25-26. Attendees who arrived early for Tuesday's programming were able to sign up for Legal League's "Default Servicer Certification – Level II." This level of Legal League certification was structured into two components: the first portion covered important regulations, policies, and governmental agencies that impact the work of servicers, while the second portion focused on complex issues that require more specialized knowledge. Topics included in this certification included: The Real Estate Settlement Procedures Act, The Truth in Lending Act, Fair Debt Collections Practices Act, CFPB, Loss Mitigation, Natural Disasters, Estoppel, Advances/Taxes, and Title Issues.

Tuesday's other programming included the invitation-only Servicer Leadership Roundtable, a private meeting between top servicers and Legal League leadership, focused on discussions around key areas of improvement and collaboration needed to provide meaningful solutions.

Wednesday's programming began bright and early with breakfast from 8 – 9 a.m. CT, followed by welcome remarks from Legal League Chair Stephen Hladik, Partner at Hladik, Onorato & Federman, LLP, and David Mulkay, Director of the Legal League at the Five Star Institute.

The first general session of the day was "Market Update – Regulatory Shifts: Navigating the Financial Services Landscape," featuring insights into navigating the evolving regulatory environment and preparing for potential challenges ahead. Speakers included Patrick O'Brien, COO at Stern & Eisenberg, and Nolan Turner, Managing Director at Carrington Holding Company, LLC.

Just prior to lunch, attendees moved on to the "Navigating Delays: Challenges and Solutions in Default Servicing Delays" panel. This session focused on key issues and legislative updates in real property management, including the impact of property loss events such as FEMA holds and rising hazard insurance costs driven by climate risks. Speakers included Jane Bond, Managing Partner, SE Litigation at McCalla Raymer Leibert Pierce, LLP; Rita Falcioni, Loan Management Supervisor at the Department of Veterans Affairs; Ryan McGuinness, Director, Mortgage Servicing Policy, QA & Servicing Remedy Management at Freddie Mac; and Cristi Richey, VP, Servicing Business Account Management at Fannie Mae.

Following lunch, the Summit's popular Roundtable Discussions returned, allowing attendees to engage with colleagues during interactive topic-centric discussions led by industry experts including Ryan Bourgeois, Partner & General Counsel at BDF Law Group; Clayton Gordon, Director, Default Mediation and Litigation at Carrington Mortgage Services, LLC; and Michael Merritt, SVP, Customer Care & Mortgage Default at BOK Financial.

The Summit's final Tuesday session was "Industry Obstacles: Navigating the Evolving Servicing Landscape," which dove into trends and critical topics impacting today's mortgage servicing landscape with representatives from government agencies, GSEs, and leading attorneys. Topics included delinquencies, loss mitigation strategies, and best practices for effective communication between firms, servicers, and investors. Speakers included Deloise Browne Milner, Senior Operations Manager, Foreclosure, Bankruptcy, and Distressed Properties at Freddie Mac; Hilary Bonial, Managing Director at Bonial & Associates, P.C.; and Reneau Longoria, Managing Member at Doonan, Graves and Longoria LLC. Following this final panel, the event closed out with a Happy Hour. MP

1. Abbey Dreher of Bonial & Associates and Candace Russell of Carrington.
2. Jane Bond of McCalla Raymer Leibert Pierce, Ryan Bourgeois of BDF Law Group, Jennifer Rogers of IDEA Law Group, and Michael Merritt of BOK Financial.
3. Patrick O'Brien of Stern & Eisenberg, Molly Boesel of Cotality, Alicia Byrd of Flagstar Bank, and Nolan Turner of Carrington.
4. Kent McPhail of McPhail Sanchez.
5. Melissa Black of PennyMac Loan Services.
6. John Abel, Chief Deputy Attorney General, Bureau of Consumer Protection, Public Protection Division.
7. Patrick O'Brien of Stern & Eisenberg.
8. Reneau Longoria of Doonan Graves & Longoria.
9. Michael Merritt of BOK Financial.
10. Molly Boesel of Cotality.
11. Steve Hladik and David Demers.

POLICY PERSPECTIVES AND NEXT STEPS AT THIS YEAR'S GOVERNMENT FORUM

As the industry works to support the American Dream of homeownership, ensuring clear lines of communication between mortgage industry stakeholders and their government partners is more critical than ever.

The 15th Annual Five Star Government Forum unfolded on Wednesday, April 16 in Washington, D.C., a daylong gathering where mortgage servicing leaders and government agencies can discuss the industry's most pressing issues and work to find solutions together.

The Forum once again returned to the National Press Club. Since 1908, the National Press Club has hosted presidents, kings, queens, prime ministers, cabinet members, governors, members of Congress, and influential leaders in business, entertainment, sport, and society to share their views on significant topics and current events with the media and the public.

The day's programming began with Ed Delgado, AMP, Managing Director of Mortgage Policy Advisors and Chairman Emeritus of Five Star Global, delivering his opening remarks and sharing an overview of the day's discussions and hot-button topics.

Delgado then moderated an opening Fireside Chat with Ed DeMarco, President of the Housing Policy Council. The Housing Policy Council is a trade association comprised of the nation's leading firms in housing finance. Prior to joining the Council in 2017, DeMarco was a Senior Fellow in residence at the Milken Institute's Center for Financial Markets. From 2009-2014, DeMarco was Acting Director of the Federal Housing Finance Agency (FHFA), where he served as the conservator for Fannie Mae and Freddie Mac, and regulator of those companies and the Federal Home Loan Banks. DeMarco's 28-plus-year career in public service included positions at the Social Security Administration, the U.S. Department of the Treasury, and Government Accountability Office (GAO).

Following the morning Keynote Session, the first of five General Sessions kicked off as Wes Isley, Senior Managing Director of Carrington Holding Company moderated a panel discussion on the topic of "D.C. Updates: Developments on Policy, Programs, and Regulations." A panel of experts explored how shifts in the administration and policy changes are reshaping the mortgage servicing environment. Speakers included Keith Becker, Partner at Gate House Strategies; George Lane, Chief Legal Officer for Auction.com; Ingrid Ripley, Executive Director of USDA; and Jake Williamson, SVP, Single-Family Collateral & Quality Risk Management for Fannie Mae.

During General Session #2: Natural Disasters and Servicer Response," panelists discussed best practices and policies in response to disasters impacting homeowners and servicing portfolios. Candace Russell, VP at Carrington moderated a panel that included Bryan Bolton, SVP at U.S. Bank; George Gallagher, Senior Leader, Principal, Climate Risk, Natural Hazard and Spatial Solutions at Cotality; Michael Merritt, SVP, Customer Care & Mortgage Default at BOK Financial; and John Rohrbach, Executive Director, Product at National General Lender Services.

In Session #3, industry economists discussed the state of the housing market, mortgage default, and the broader economy, while reviewing the potential impact of new policies impacting the mortgage market. Panelists taking part in the forecast included Molly Boesel, Senior Principal Economist with Cotality; John Comeau, Policy Economist for the Council of Federal Home Loan Banks; Mark Fleming, SVP, Decision Science and Chief Economist for First American Financial Corporation; and Daren Blomquist, VP of Market Economics for Auction.com, who moderated the discussion.

During lunch, Tim Rood, Founder & CEO of Impact Capitol, delivered his "View From the Hill" keynote, breaking down some of the recent developments unfolding in Washington, from scale-backs at the CFPB to leadership changes at HUD, FHFA, the GSEs, and others.

Technology took center stage for the fourth session, "AI Impact on Mortgage Servicing," which explored how AI (artificial intelligence)-powered tools are streamlining workflows, helping forecast homebuyer and homeowner behavior, aiding compliance, and driving operational efficiency. Invited panelists included Rodney Cadwell, CEO of Quandis Inc.; Michael Greenbaum, COO for Safeguard Properties; Steve Holden, SVP, Single-Family Analytics & Modeling for Fannie Mae; and moderator Gagan Sharma, Founder & CEO of BSI Financial Services.

The fifth and final session of the day, "Inside the C-Suite: Servicing Industry Spotlight," brought together top C-suite executives from leading servicing organizations to share their perspectives on the most pressing challenges and opportunities facing the industry today. Shayna Arrington, Chief Risk Officer with Servbank moderated the discussion featuring Mike Blair, COO of LoanCare LLC; Shawn Miller, SVP–Client Relations & Business Development with Xome; David Sheeler, EVP, President of Residential Servicing with Freedom Mortgage; and John Vella, Chief Revenue Officer with Selene.

This year's Government Forum sponsors included Host Sponsor Auction.com; Presenting Sponsors National General Lender Services, Safeguard, and Xome; and Supporting Sponsors Guardian Asset Management and Selene Finance. MP

1. Shayna Arrington of Servbank leads the “Inside the C-Suite” discussion with LoanCare’s Mike Blair, Xome’s Shawn Miller, Freedom Mortgage’s David Sheeler; and Selene’s John Vella.
2. Candace Russell of Carrington moderates the “Natural Disasters and Servicer Response” panel including U.S. Bank’s Bryan Bolton, Cotality’s George Gallagher, BOK Financial’s Michael Merritt, and National General Lender Services’ John Rohrbach.
3. Economists share insights on the Economic Forecast panel, including Molly Boesel of Cotality, John Comeau of the Council of Federal Home Loan Banks, Mark Fleming of First American, and moderator Daren Blomquist of Auction.com.
4. Five Star’s Ed Deglado moderates the opening Fireside Chat with Ed DeMarco of the Housing Policy Council.
5. Wes Isley of Carrington oversees the “D.C. Updates” panel, featuring Keith Becker of Gate House Strategies, George Lane of Auction.com, Ingrid Ripley of USDA, and Jake Williamson of Fannie Mae.
6. Gagan Sharma of BSI Financial leads the “AI Impact on Mortgage Servicing” panel, featuring Rodney Cadwell of Quandis Inc., Michael Greenbaum of Safeguard Properties, Steve Holden of Fannie Mae, and Dan Vasquez of Rocket Mortgage.
7. National General Lender Services’ John Rohrbach.
8. Mark Fleming of First American.
9. Tim Rood delivers his lunch keynote.

Movers & Shakers

Government

GINNIE MAE INTRODUCES NEW EVP/COO

Ginnie Mae has named **Joseph M. Gormley** as its new EVP and COO, tasked with overseeing Ginnie Mae's mission to support stability in the nation's housing markets.

Gormley held several senior roles at the U.S. Department of Housing and Urban Development (HUD), including Deputy Assistant Secretary for Single-Family Housing at the Federal Housing Administration (FHA), and Chief of Staff to the Deputy Secretary. Before his tenure at HUD, Gormley served as Assistant VP and Regulatory Counsel at the Independent Community Bankers of America (ICBA), where he focused on federal regulatory policy and compliance matters affecting community bankers. He also held positions at the Mortgage Bankers Association (MBA) and the Financial Industry Regulatory Authority (FINRA), where he advised on housing finance and capital markets regulation.

"I am very happy to see Joe Gormley take the helm at Ginnie Mae as Executive Vice President and Chief Operating Officer," HUD Secretary Scott Turner said. "With Ginnie Mae's central role in mortgage financing, his leadership will bring stability and strength to this segment of the housing market."

As EVP and COO, Gormley will lead Ginnie Mae's strategic initiatives, operational functions, and risk-management efforts, ensuring that the organization remains focused so that its programs are delivered efficiently, responsibly, and sustainably.

"I am honored to join Ginnie Mae and contribute to its important mission," Gormley said. "I look forward to working with the dedicated team at the agency to strengthen and enhance the role of the MBS program in serving homeowners and renters across the country."

Sam I. Valverde, former Acting President of Ginnie Mae, resigned from his role November 30, 2024. Valverde served in the Biden administration as the Acting President of Ginnie Mae since May 2024, after previously holding the roles of Principal EVP and COO, since joining the organization in March 2022.

"Joe Gormley has been a valued voice in the housing community for years, and his appointment is a welcome development for independent mortgage lenders and the homeowners we serve," said Scott Olson, Executive Director of Community Home Lenders of America (CHLA), a nonprofit association that focuses on small- and mid-sized community-based mortgage lenders. "His knowledge of the challenges faced by community lenders makes him a strong asset to Ginnie Mae at a critical time for the market."

EX-BOFA EXEC NAMED TO FANNIE MAE BOARD

Federal Housing Finance Agency (FHFA) Director William Pulte has announced the appointment of former Bank of America Managing Director and Founder/CEO of Farvahar Partners **Omeed Malik** as a member of Fannie Mae's Board of Directors.

"Under President Trump, housing will enter its Golden Age," said FHFA Director Pulte on X. "To have the best and brightest, Omeed Malik will be joining the Board of Fannie Mae, effectively immediately! Omeed brings great capital markets, legal and investment experience as we Make Fannie and Freddie Great Again!"

Malik is Founder and CEO of Farvahar Partners, a boutique investment bank and broker/dealer which acts as an advisor and liquidity provider to high growth venture backed companies and institutional investors. Malik is also the President of 1789 Capital, an investment firm that provides financing to companies in the Entrepreneurship, Innovation & Growth (EIG) economy, and is the Chairman and CEO of Colombier Acquisition Corporation, a publicly traded Special Purpose Acquisition Company (SPAC) listed on the NYSE.

Prior to starting his own firm, Malik was a Managing Director and the Global Head of the Hedge Fund Advisory Business at Bank of America Merrill Lynch. He was also the Founder and Head of the Emerging Manager Program within the Global Equities business. In this capacity, Malik was charged with selecting both established and new hedge funds for the firm to partner with and oversaw the allocation of financing/prime brokerage, capital strategy, business consulting, and talent introduction resources.

Prior to joining Bank of America Merrill Lynch, Malik was SVP with MF Global, where he helped reorganize the firm's distribution platform globally and developed execution and clearing relationships with institutional clients.

An experienced financial services professional and securities attorney, Malik was a corporate lawyer at Weil, Gotshal & Manges LLP working on transactional matters in the capital markets, corporate governance, private equity, and bankruptcy fields. He has also worked in the U.S. Senate and House of Representatives.

Malik joins Fannie Mae's

nine-member Board of Directors, including William J. Pulte (Chair), along with Clinton Jones, Priscilla Almodovar, Renée L. Glover, Karin J. Kimbrough, Manuel "Manolo" Sánchez Rodríguez, Scott D. Stowell, and Michael Stucky.

FEDERAL HOME LOAN BANK OF DALLAS ADDS AFFORDABLE HOUSING ADVISOR

The Federal Home Loan Bank of Dallas (FHLB Dallas) has appointed tribal housing veteran **Isaac Perez** to the FHLB Dallas Affordable Housing Advisory Council.

"It is with great honor that I accept being appointed to FHLB Dallas' Affordable Housing Advisory Council. I look forward to bringing more than 25 years of experience working with Native American communities and providing insight into much-needed assistance on tribal lands," Perez said.

Perez has served as Executive Director of San Felipe Pueblo Housing Authority (SFPHA) in San Felipe Pueblo, New Mexico, for more than 22 years, and has more than 30 years of experience working with Native American and public housing entities. He has overseen the development of more than 300 new units and the rehabilitation of more than 200 tribal homes built with federal, state and tribal funds.

"We are thrilled to expand the Advisory Council to include a dedicated voice for tribal housing, ensuring a deeper focus on the unique challenges faced by tribal communities," said Greg Hettrick, SVP and Director of Community Investment for FHLB Dallas. "With decades of experience in tribal housing, Mr. Perez is the perfect fit for this role."

The Advisory Council is comprised of 14 representatives from state, community, and nonprofit organizations in FHLB Dallas' five-state District. They are appointed by the FHLB Dallas Board of Directors and advise the Board on affordable housing and economic development issues.

» *Lenders/Servicers*

AFR APPOINTS NEW CEO AND COO

PIEKLO

BRENNING

National mortgage lender American Financial Resources (AFR) has announced the promotion of **Robert Pieklo** to CEO and **Michael Brenning** to COO.

AFR's executive promotions follow a record-breaking first quarter of 2025, in which AFR nearly quadrupled its Q1 loan origination volume year-over-year—with production in the wholesale channel alone increasing nearly 700%.

Pieklo, who was appointed COO following AFR's acquisition in February 2024, has been instrumental in the company's transformation. His focus on modernizing the mortgage process and enhancing the experience for both customers and team members has helped reposition AFR as a leader in the space.

"I'm incredibly grateful to step into the role of CEO and lead this great organization into the next chapter of this growth story," Pieklo said. "This industry is not for the faint of heart, and AFR's momentum reflects our team's alignment around a shared vision. It is not coincidence that our growth accelerated after Michael Brenning joined the team—and while I'm honored to take on the CEO title, I'm even more excited to see Michael step into the COO role he's more than earned."

Brenning, who previously led production, has been a driving force in streamlining operations and expanding AFR's reach. As COO, he will continue to focus on optimizing internal processes and driving long-term growth through innovation and collaboration.

"It's an honor to take on this role and continue working alongside such a passionate and committed team," Brenning said. "Our growth is fueled by the trust our brokers and correspondents place in us. We'll keep investing in ways to make their lives easier and their businesses stronger. We know what it takes to win, and AFR will be shoulder to shoulder with our partners as we build the future—together."

FAIRWAY INDEPENDENT MORTGAGE PROMOTES HEAD OF BRANCH SALES

Fairway Independent Mortgage Corporation has announced that **Amy Slotnick** has been promoted to the role of President of National Branch Optimization–Sales. While continuing to originate loans from her Newton, Massachusetts location, Slotnick's new position will entail devising and implementing new initiatives centered around loan manufacturing efficiencies throughout the Fairway sales network.

"I am truly excited to help the network as we continue to enhance Fairway's offerings," Slotnick said. "My role will be to help the sales network understand the value of new products, technologies and processes, all designed to create production opportunity with greater efficiency. Our objective is to ensure that the Origination team at Fairway is always the best equipped to consistently deliver a superior level of service which is in keeping with Fairway's core values."

Slotnick will be working closely with Joy Johnson, Fairway's Chief Strategy Officer.

"I am very much looking forward to working side by side with Amy and tapping into her knowledge about both Fairway and the industry," Johnson said. "As a 40-year-plus industry veteran, Amy's experience in both operations and sales makes her a uniquely qualified partner for executing these initiatives."

Slotnick has been in the mortgage industry for 42 years—18 with Fairway, and was formerly an SVP/Regional Manager. Slotnick was Fairway's first $100 million producer and has been chosen by Fairway through the years to pilot multiple products and programs.

FINANCE OF AMERICA PROMOTES NEW CHIEF PRODUCTION OFFICER

Finance of America Reverse LLC, a provider of home equity-based financing solutions and a part of Finance of America Companies (FOA), has promoted **Jonathan Scarpati** to Chief Production Officer. This new strategic position will strengthen FOA's leadership in an area that is essential to the company's long-term growth plans, and further its efforts to make home equity for retirement a mainstream solution.

"I'm energized to take on the newly created role of Chief Production Officer and to continue working alongside these outstanding teams as we drive the category forward," Scarpati said. "Each of the channels has its role in Finance of America's growth, and each has unique strengths. With strong collaboration with operations, we will amplify our results, and the channels will work in tandem to increase market penetration. Supporting both the borrower and the partner has always been our core, and I look forward to raising the bar on both fronts."

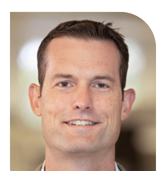
In his new role, Scarpati will oversee both wholesale and retail production, helping optimize internal structures and accelerate performance gains that will propel the company forward in its next stage of growth. Scarpati has a wealth of industry experience and was previously SVP of Wholesale Production.

"Jonathan has been at the core of driving reverse mortgage adoption and awareness in the industry for over 20 years, and we're excited to extend his leadership abilities to accelerate performance as we modernize our brand and expand our reach," said Kristen Sieffert, President of Finance of America. "This promotion is a direct reflection of his dedication, expertise, and passion, all which have been instrumental in our growth and industry leadership as one of the top originating wholesale platforms for more than a decade."

Scarpati has been with Finance of America for 15 years and currently serves on the Board of Directors for the National Reverse Mortgage Association (NRMLA), giving him a unique, industry-level perspective on what it will take to grow the reverse mortgage category. He spent his first six years in the reverse mortgage industry at Senior Lending Network/Lender Lead Solutions, where he served as VP of Sales for the Wholesale and Lead Distribution divisions.

» *Service Providers*

FIRST AMERICAN FINANCIAL CORPORATION ELEVATES NEW CEO



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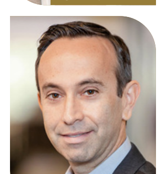

WAJNER

First American Financial Corporation, a provider of title, settlement, and risk solutions for real estate transactions, has announced several leadership changes, most prominently that CFO **Mark E. Seaton** has been appointed new CEO. Seaton replaces the departing Ken DeGiorgio. In addition, Treasurer **Matt F. Wajner** has been promoted to CFO and Chairman of the Board Dennis J. Gilmore will move to Executive Chairman of First American.

"We are looking forward to our next chapter under the strong leadership of

Mark Seaton," Gilmore said. "No one is more ready to be our CEO than Mark, who has played a leading role in our most critical strategic initiatives, which are driving the digital transformation of our business. We want to thank Ken DeGiorgio for his many years of service to First American."

Seaton has served as CFO since 2013. In addition to managing all financial-related activities, Seaton oversees First American Trust, the company's federally charted bank, as well as First American's technology group. Seaton joined First American in 2006 and holds a bachelor's degree in economics from Stanford University and a Master of Business Administration degree from The Tuck School of Business at Dartmouth College.

The company also announced the promotion of Wajner to CFO. Wajner, who joined First American in 2009, served as Treasurer for the past five years, and previously held the positions of Chief Accounting Officer and Controller. Prior to First American, Wajner held roles with JPMorgan Chase & Company, and PricewaterhouseCoopers LLP.

"I've been a part of the First American family for nearly 20 years, and it's an honor to serve the company as its CEO," Seaton said. "We have celebrated many proud accomplishments during our 136-year history, but given our extraordinary people and unique competitive advantages, I firmly believe our best days are yet to come."

RATE ADDS NEW SVP OF MARKET GROWTH & DEVELOPMENT

Rate, a provider of fintech mortgage solutions, has announced that **Brett Snortland** has joined the company as SVP of Market Growth and Development. Based in Houston, Texas, Snortland will focus on expanding Rate's presence and production across the West Division, helping drive growth through recruitment, development, and sales strategy.

With more than 30 years of experience in sales and recruiting within the mortgage industry, Snortland brings a proven track record of success. He has funded more than $20 billion in his career, including $3.1 billion in 2020 and 2021 alone. A seasoned relationship manager and coach to originators, he specializes in growth, P&L management, relationship selling, and strategic recruiting.

"Joining Rate at this time of innovation and opportunity is truly energizing," Snortland said. "This team is unmatched in its commitment to both technology and talent. I'm excited to build on that foundation and help drive significant growth across the West."

Todd Heaton, EVP and Western Divisional Manager for Rate, added, "Brett's leadership style and experience in cultivating high-performing teams will be a huge asset to Rate. He's joining at the perfect time as we continue investing in both people and platforms to expand our reach and better serve homebuyers."

» *Industry Groups*

MBA PROMOTES NEW HEAD OF GOVERNMENT HOUSING FINANCE

The Mortgage Bankers Association (MBA) has announced that **Brendan Kelleher** has been promoted to fill the role of Associate VP of Government Housing Finance, where he will help lead the execution of MBA's residential government housing policy and regulatory advocacy priorities, develop and strengthen important agency and industry relationships, and manage key MBA committees.

"For the past three years, Brendan has leveraged his industry experience to lead MBA's advocacy efforts on Loan Servicing policy with insight, deftness, persistence and, most importantly, results," said Pete Mills, SVP of Residential Policy & Strategic Industry Engagement. "He has developed strong relationships and garnered the confidence of MBA members, which will be critically important in filling this important role at MBA. He is well-deserving of this promotion, and I am excited to see him excel."

Kelleher joined MBA in 2022 as the Associate Director, Residential Loan Administration Policy, before being promoted to Director, Residential Loan Administration Policy. Prior to MBA, he held a series of ascending roles at Rocket Companies, most recently serving as Director of Public Policy and Government Affairs before joining MBA. In that role, he oversaw external relations and mortgage policy advocacy, with a particular emphasis on mortgage servicing.

As AVP for Government Housing Finance, Kelleher will manage the tracking and analysis of regulations, policy changes, and legislation affecting government-sponsored enterprises and private-label markets to assess the impact on MBA members. He will also serve as the staff lead for MBA Residential Board of Governors (RESBOG) and will support the association's business segment-related communities and networks.

MortgagePoint

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Real Estate Investment

★ ★ ★ ★ ★

SFR, BTR, and the Forces Transforming Housing Investment

Single-family rentals and build-to-rent communities have become critical parts of the real estate investment ecosystem, among both institutional and mom-and-pop investors. But demographic shifts, rate sensitivity, and limited supply continue to redraw the lines of opportunity.

This special section features fresh analysis and exclusive interviews with some of the industry's top minds—from data scientists to investors and advocates—on what comes next.

SPECIAL FOCUS

Real Estate Investment

RENTAL INVESTMENT SNAPSHOT

Strong renter demand, declining yields, and a tightening supply pipeline are rewriting the playbook for lenders, investors, and developers in 2025. Here's what the experts have to say about current trends and headwinds.

I.

Strong Demand Is Sustaining the Rental Market, Despite Economic Headwinds

"Although rents have been falling on a year-over-year basis, demand remains strong, especially given the challenging for-sale market, where both home prices and mortgage rates remain high."

—**Jiayi Xu,**
Economist, Realtor.com

"When potential homebuyers are priced out of the market, they often have no choice but to continue renting, but that doesn't necessarily mean a market-shifting change in demand that will push rent prices up since these families were already renting."

—**Rob Barber**,
CEO, ATTOM

"The rise in remote work has allowed people to live farther from their workplaces, leading to increased demand for single-family rentals in suburban and rural areas."

—**Doug Ressler**,
Manager Business Intelligence,
Yardi Matrix

II.

Investment Landscape: Caution Amid Opportunity

(Insights from Rob Barber, ATTOM)

"Declining yields are largely being driven by rising home prices. For investors looking to enter the single-family rental market, it may be wise to wait before purchasing a property — or, if possible, focus on areas where home prices haven't surged as much."

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"Institutional investors, who typically aren't managing properties directly, have more flexibility to invest across a wider range of markets."

★ ★ ★ ★ ★

"It's likely that downward pressure on rental yields will continue into 2026 unless there's a major shift in the housing market."

III.

Build-to-Rent Sector Booming and Evolving

(Insights from Doug Ressler, Yardi Matrix)

"The BTR model is particularly appealing in today's market, as it addresses both the flexibility desired by modern renters and the investment stability sought by developers and investors."

★ ★ ★ ★ ★

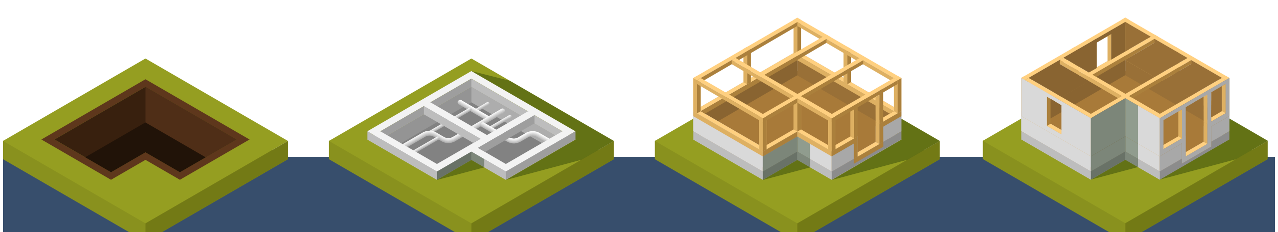
"By 2030, institutions are expected to own around 40% of all single-family rental units, which include BTR properties."

★ ★ ★ ★ ★

"Rising costs of materials and labor can make BTR projects financially challenging."

★ ★ ★ ★ ★

"Navigating complex zoning laws and regulations can be difficult, especially since many areas do not have specific provisions for BTR developments."



Key Data Points

BTR Expansion

- Build-to-Rent completions increased 15.5% year-over-year in 2024. *(Ressler, Yardi)*
- 109,898 single-family homes for rent are currently in different stages of development across the country. *(Ressler, Yardi)*

Institutional Investment Growth

- Institutional investors currently own about 3-4% of the Build-to-Rent (BTR) market… projected to own around 40% of all single-family rental units by 2030. *(Ressler, Yardi)*

Rental Pricing Trends

- Median asking rents have declined for 20 consecutive months but remain just $65 below the 2022 peak of nearly $1,700. *(Jiayi Xu, Realtor)*

IV.

Supply Constraints: Affordability Problems Persist

(Insights from Jiayi Xu, Realtor.com)

“A decline in multifamily permitting today signals fewer new rental units in the pipeline, which could result in a tighter rental supply in the coming years.”

★ ★ ★ ★ ★

“Higher construction costs can delay or deter new multifamily development, especially for projects operating on tight profit margins.”

★ ★ ★ ★ ★

“The sharp rent growth in cities like Miami and Nashville can largely be attributed to increased demand since the pandemic, fueled by the rise of remote working.”

★ ★ ★ ★ ★

“The decline in construction activity will reduce future rental supply, exerting upward pressure on rents.”

V.

Long-Term Outlook and Strategic Responses

“The fact that rents remain elevated above pre-pandemic levels suggests that rental prices are likely to remain high in the near future.” —**Jiayi Xu**

★ ★ ★ ★ ★

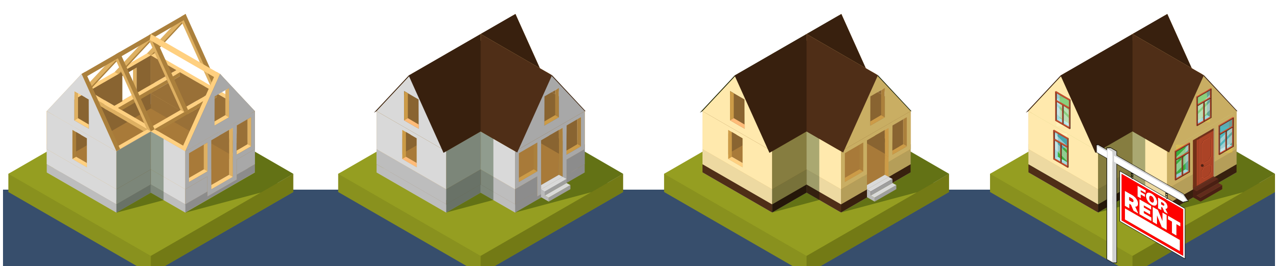
“Providing high-quality amenities such as fitness centers, communal gardens, and recreational facilities helps attract and retain tenants.” —**Doug Ressler**

★ ★ ★ ★ ★

“Policies that reduce construction costs—such as tax incentives and subsidies—can encourage new development, boost rental supply, and help improve affordability.” —**Jiayi Xu**

★ ★ ★ ★ ★

“Financial sectors could create tailored financial products for multifamily developments with affordability initiatives.” —**Jiayi Xu**



Gross Rental Yields

- Gross rental yields are declining in nearly 60% of counties nationwide. *(Rob Barber, ATTOM)*
- Median annual gross rental yield for counties with populations under 1 million: 7.5%. Median annual gross rental yield for counties over 1 million population: 6.1%. *(Rob Barber, ATTOM)*

Regional Watch: High Growth Cities

- Miami's unemployment rate stood at 3.2% in February 2025; Nashville's at 2.9%, fueling rent surges. *(Jiayi Xu, Realtor)*

Construction Pipeline Warning

- The U.S. is experiencing the lowest number of multifamily construction permits since 2017. *(Jiayi Xu, Realtor)*

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STAYING NIMBLE IN A SHIFTING MARKET

With a focus on single-family rentals and a fully integrated investment platform, Ninety9 Capital Founder and CEO Alex Hemani discusses how disciplined strategy, operational control, and vertical integration have helped the firm thrive amid an unpredictable real estate landscape.

By **DAVID WHARTON**

In a real estate market defined by rising costs, squeezed margins, and unpredictable economic shifts, Alex Hemani is betting on focus and flexibility. As the Founder and CEO of Ninety9 Capital, Hemani has spent nearly two decades refining a model built around value-add affordable housing real estate. But in today's environment, it's not just about the asset class—it's about control.

Hemani's Ninety9 Capital is a Dallas-based real estate investment firm that manages funds supported by vertically integrated companies specializing in real estate acquisitions, value-add construction, property management, title, and brokerage. A successful serial entrepreneur, Hemani previously built and sold companies within the financial and travel industries before pivoting into the real estate investment space more than two decades ago.

With a career spanning more than two decades, Alex has become a respected leader in the real estate industry, known for his innovative approach to property investment and management. His expertise in identifying high-potential real estate opportunities and commitment to long-term value creation have earned him a reputation for delivering consistent returns to his investors. Over the years, he has successfully executed nearly $1 billion in real estate transactions with many projects' annualized returns surpassing 50%.

In this conversation with *MortgagePoint*, Hemani explains why vertical integration is critical for boosting investor returns, how his team is approaching distressed multifamily opportunities, and why the hype about office conversions may not be all it's cracked up to be.

DAVID WHARTON, *Editor-in-Chief of* MortgagePoint, *has 20 years' experience in journalism, having worked for the Five Star Institute since 2017. Wharton has an extensive and diversified portfolio of freelance material, with published contributions in both online and print media publications. He can be reached at David.Wharton@thefivestar.com.*

Q: How has your company's vertically integrated structure allowed you to deliver returns during volatile periods?

Hemani: I'm going to rewind to the non-vertical structure first. When you look at the 2010s, a lot of the private equity firms were more of a three- or four-man team, and they outsourced everything. You had a team, and you outsourced the acquisitions to some brokerage; you outsourced construction to some construction company. For management, you outsourced the property management to some third-party property management company in those days, because there was so much margin, or things were being sold at a very discounted price. You could get away with that kind of stuff. Today, the market has changed. If you are not vertically integrated, what ends up happening is, you don't have control of the returns for your investors.

For example, let's just let's just stick to construction for a second. If you budgeted "I'm going to spend X amount in construction or value add,"

> "When you're vertically integrated, all of your companies are focused on returns for the investor. In that scenario, sometimes our construction company will eat that cost because it'll affect the investors' returns. There is no one to blame but us, because we are controlling the full process from beginning to end."

Alex Hemani
Founder and CEO,
Ninety9 Capital

then halfway through the project, your General Contractor comes back to you and says, “My material costs went up,” or “I can’t deliver on the timeframe.” Who gets affected by all of this? The investor does. The investors’ return just got smaller and smaller because you, as a private equity firm, outsourced it to some third-party construction company that plays these games halfway through. I’m not saying they did it on purpose, but life happens, right?

When you’re vertically integrated, all of your companies are focused on returns for the investor. In that scenario, sometimes our construction company will eat that cost because it’ll affect the investors’ returns. There is no one to blame but us, because we are controlling the full process from beginning to end.

Same thing with property management. If I’m just outsourcing it to a third-party property management company, and we’re not vertically integrated, what happens in that scenario is that the property management company’s goal is to make as much money for the property management company—not to look out for the owner of the asset or the investor, because they’re a property management company. They want to charge. They want to do whatever they can.

When you’re vertically integrated, all of your divisions are aligned to provide the best return for the investor.

Q: What core strategies or asset types have contributed most to your and your company’s performance?

Hemani: We have always been successful in the affordable housing space. Single-family homes have been good for us for the last decade, and that’s what we continue to focus on. From 2006 onwards, single-family homes have been our core strategy—buying homes at discounted prices that need work and adding value to them before turning them into rentals or selling them. We still do that today. We can still find assets at a cheaper price because we play in the value-added space. You have to see where the landscape of the affordable housing space is going and what sectors are looking like.

The sectors that are in trouble right now are the affordable housing space in the multifamily space. You’ve got a lot of these syndicators that came out of nowhere and bought these multifamily affordable housing complexes at the top of the market. None of them are panning out, though, with many being foreclosed on by lenders who are taking those assets back. But the lenders can’t take them all back at one time, because that would put the lenders under, but they’re starting to take them back.

We’re still in the single-family space, of course, but now we’re getting into multifamily because that’s where the discounted deals are coming through due to mistakes made by other operators and investors in the last few years.

Q: Given your emphasis on long-term value creation, what is your view of ESG or green upgrades in the context of your renovation and asset management strategy?

Hemani: We’re currently focusing on what we know works. If you want to put up solar panels, that idea is often too expensive. The cost of making things green hasn’t come down to where it makes sense yet. Cost always comes down on everything over time, but with the current administration, there’s no subsidies coming. So, until those costs come down, you will not see many operators move towards that.

Q: Some developers are exploring adaptive reuse and office-to-residential conversions. Is that an area you’re exploring?

Hemani: We actually bought an office building to convert to residential, but we didn’t end up doing it. We got the permits. It sounds great on paper, but it’s a really difficult task. The floor plan has to be a certain way. It’s not as easy as people think. It was a nightmare just to get permits, and the cost of doing it is significant. Furthermore, not every office building is designed well to make that conversion. It’s only a certain type that that even qualifies to convert. And again, you have no help from subsidies, so it’s all you. The numbers just don’t pan out, and the lift is heavy.

Q: Looking across the next 12–24 months, where do you see the biggest disconnect between perception and reality in real estate investing—and how are you positioning Ninety9 Capital to capitalize on it?

Hemani: It’s difficult to project, but the construction cost of a house is going to continue to increase, period. Material costs will likely continue going up because of the tariffs being put in place. Also, as you carve down the migrant labor workforce, that will likely drive up the cost of building a home. I don’t see costs coming down, only going up.

We have a lot of new multifamily units coming online, but remember—these were all started a couple of years ago. The new permits that are being pulled are not as plentiful. Home builders aren’t going to build as many homes, and you’re going to have construction costs for new apartments going up because the rates remain high. Once the supply is used up and there’s no new supply coming online, rents will go up. After probably another 24 months, you will start seeing rents start to increase on an annual basis due to a lack of supply. MP

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RETHINKING RENTAL: NRHC'S DAVID HOWARD ON SUPPLY, INNOVATION, AND POLICY

With affordability at a premium and supply lagging, David Howard of the National Rental Home Council outlines how industry and policy can work together to expand housing options.

By **DAVID WHARTON**

David Howard is CEO of the National Rental Home Council, a nonprofit organization representing the interests of the single-family rental home industry. In this capacity, Howard is responsible for managing all aspects of NRHC's operating priorities and directing the organization's legislative and public policy objectives.

Before joining NRHC, Howard served as Chief Development Officer of the Home Builders Institute (HBI), the workforce affiliate of the National Association of Home Builders (NAHB), where he was responsible for the organization's overall fundraising, business development, constituent outreach operations, and government affairs activities. In this capacity, he also oversaw the strategic management and implementation of all philanthropic and corporate fundraising and development programs.

Howard has also served in executive roles at the Urban Land Institute (ULI), an international research and policy organization supporting sustainable urban development and responsible land use practice, and the National Association of Real Estate Investment Trusts (Nareit), the trade association representing the REIT and publicly traded real estate industry.

DAVID WHARTON, *Editor-in-Chief of* MortgagePoint, *has 20 years' experience in journalism, having worked for the Five Star Institute since 2017. Wharton has an extensive and diversified portfolio of freelance material, with published contributions in both online and print media publications. He can be reached at David.Wharton@thefivestar.com.*

Howard spoke with *MortgagePoint* about the chronic housing shortage, the rise of build-to-rent communities, and how institutional investors are innovating in the single-family rental space.

Q: Can you tell me about what the National Rental Home Council does?

Howard: The National Rental Home Council is a D.C.-based trade association that represents the single-family rental housing industry. Our members include owners, operators, and builders of single-family rental homes and single-family rental home communities. We do a lot of advocacy work, policy work, and lobbying, both here in D.C. and in state capitals around the country. We exist to develop and share best practices throughout the membership and the industry.

Q: What are some of the key trends shaping institutional investments and single-family rental?

Howard: The biggest issue facing housing today, writ large, and single-family rental housing within that space, is supply. There just isn't enough housing because of a lack of construction that has been accumulating over the past five to 10 years. We find ourselves in a place now where there just isn't enough housing—multifamily, owner-occupied single-family housing, and in our case, single-family rental housing. When people initially talk about housing supply, they do so in the context of homes available for purchase; there's not enough housing out there for

people to buy. Affordability is a related issue, but for those of us who live in the single-family rental housing world, the lack of supply is as much of a problem, if not more of a problem, than it is in the owner-occupied market.

People need a place to live. Household formation doesn't stop based on what the broader trends in the economy are doing. It might slow down, it might accelerate, but there are certain things that you really can't control in this world, and needing a place to live is one of them. We've had a chronic under-supply of homebuilding for several years, and it's starting to catch up with us. That's the big issue that's impacting the world of single-family rental housing, and housing at a broader level as well. There are some things that we are doing within the industry to try to address that.

We look at single-family rental housing as a part of the solution to ails the broader housing market. We're providing housing that is more affordable for families in locations where people want to be because those homes might be in proximity to places of employment or transportation quarters. Often it comes down to things like where people want to have their kids in school, they want to be in certain neighborhoods, they want to be in certain communities. And given where affordability is today, oftentimes it's in the better interest of families and individuals to rent than buy.

One of the things that we're doing to try to address this lack of supply is build-to-rent. Building homes to rent has been around forever, but what's new in this space is the building of entire communities for rent. You'll have a home builder who will build 150 homes with a little club and walking paths and all of that, and all of the homes will be for rent instead of for sale. That's a trend that's starting to catch on, particularly in places like the Southeast, Southwest, and Texas, as a way of trying to address the fact that there just isn't enough housing out there.

Q: How has the role of institutional investors in the housing market evolved over the past five years, and where do you see it heading next?

Howard: Institutional investors play an important role in the single-family rental housing industry, and it's a role that is becoming more important. As we look to address some of these structural challenges confronting the housing markets, what institutions do very well is provide capital to make sure that housing is available for those who need it the most. Institutions are committed to providing long-term quality, dependable, single-family rental housing. They're committed to investing in their homes, they're committed to working with residents, to caring for their residents. They bring a lot of innovation to the business of single-family rental housing.

The business of single-family rental housing has also been around forever, but it's always existed in this gray space between owner-occupied housing and apartment living. What institutions have done is they've helped to define what has traditionally been a middle ground in the housing market, this world of single-family rentals that has been dominated by small, local, mom-and-pop owners and investors. What institutions have done is, through their scale, through their access to capital, through their ability to direct capital to certain markets, they've brought a lot of innovation and new forms of technology to the business of managing single-family rental homes.

For decades, people rented homes the same way that they did 50 years ago. The things that institutions bring to the market are new ways of doing business and new ways of managing portfolios of single-family rental homes. That's an important part of the puzzle that a lot of people don't see. But the reality is, you miss a lot of what's happening on the ground, what's happening in the neighborhoods, what's happening in the communities. We know, for example, that our members who tend to be larger companies in the industry invest $30,000 on average in every home that they purchase—in new windows and landscaping and ways to fix up the property. The average homeowner, for comparison, invests about $9,000 in the homes that they purchase. All of this goes to improve the properties, improve the resident experience, and raise property values throughout the neighborhood. That's something the institutions don't get enough credit for, to be honest.

"For decades, people rented homes the same way that they did 50 years ago. The things that institutions bring to the market are new ways of doing business and new ways of managing portfolios of single-family rental homes."

—**David Howard,**
CEO, National Rental Home Council

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Q: How do you respond to criticisms sometimes leveled at institutional investors, such as that they're competing with homebuyers for already limited affordable housing stock?

Howard: It's a good question. To some degree, this has been one of those issues that have gotten mixed up in a lot of different, seemingly unrelated issues that have impacted the economy and the world of policy over the past few years, and COVID-19, frankly, had a lot to do with that. At the beginning of COVID-19, there was a lot of focus on big companies, whether they were in the housing market, whether it was Big Tech, whether it was Big Oil, whether it was Big This or Big That. All of a sudden, big was bad. Institutions in the rental housing space, both multifamily and single-family, got wrapped up in that.

People like to have a villain. And there's always been this us-versus-them mentality when it comes to renters and landlords and property owners. And look, some landlords out there are not doing the right thing.

We do a lot with our members to ensure that they're focused on the resident experience, property management, and things like that in the neighborhoods and communities where their homes are located. But there are some out there who are not part of NRHC or organizations like NRHC, and it's hard to police and monitor.

When we have an opportunity, whether we're talking with the media or policymakers, to say, "The housing market needs help, and we want to be a part of that solution." Let's get past some of these narratives. Institutions are not buying every home in every neighborhood across the country. They're not competing with homebuyers, they're not hurting homeownership. What they are doing is providing quality, well-located, affordably priced housing where people want to live.

Q: How have rising interest rates and tighter credit conditions impacted the business models of NRHC members?

Howard: Our members are not immune to what's happening in the broader economy. When it's more expensive for you or me to purchase a home because mortgage rates are close to 7%, it's also more expensive for institutions to purchase homes. When the cost of capital is higher, you see less activity. Over the past couple of years, you've seen a fairly dramatic decrease in the number of homes that our members are purchasing and that the larger companies in the industry are purchasing. At the same time, you've seen the drop-off also in the number of homes that smaller investors are purchasing. That's directly attributable to the cost of capital. It's just more expensive to purchase. At the same time, you've also seen more of a focus on the building of new homes because of how the financing dynamics work out. It can be less expensive to build homes from scratch than it is to go out and purchase a home.

Q: With the ongoing evolution of build-to-rent communities, how do you see that segment complementing or disrupting traditional homeownership models?

Howard: Build-to-rent is a win-win for owners of single-family rental homes, builders of single-family rental homes, and also residents who choose to live in newly constructed single-family rental home communities. As a resident, you're living in a brand-new home with all the bells and whistles that a new home offers. Everything is clean and modern and everything works.

You get all the amenities, but you also get the convenience and flexibility that renting offers. You don't have to come up with a down payment. Coming up with a $50, $60, $70,000 down payment is a major impediment. One of the primary reasons why there hasn't been more homebuying is that people can't come up with that down payment.

Renting a single-family home is about $1,000 less on average per month than paying a mortgage on a single-family home. We know that people tend to stay in build-to-rent homes longer than they do existing single-family rental homes.

Q: What legislative or regulatory developments is the NRHC most focused on right now, and how might these impact the broader real estate investment landscape?

Howard: It comes down to supply. We work closely with members of Congress and the administration on ways that we can unlock more investment geared toward increasing the housing supply. For example, one of the areas we're involved with is this idea of opening federal lands to housing development, which we think is something that will work very well in some locations.

We also do a lot of work on low-income housing and tax credit issues, encouraging builders to develop properties in certain locations that have been identified by local policymakers as those that where they want to see housing development. That's something that also extends to the state level. We're very involved in those states where our members are more active—places like Georgia, Texas, Tennessee, and Florida, which are places where you tend to see more in-migration.

People talk about institutional investors being in Charlotte, Nashville, and Atlanta, and places like that, and my response to that is, well, that's where people are moving. We know there's a direct correlation between in-migration and population growth and the demand for rental housing, for both multifamily and single-family. Because of that, we do a lot of work in [places like] Georgia at the state, county, and municipal levels on various issues related to rental housing.

Q: How are investors being impacted by spiking property insurance rates, especially in places heavily impacted by climate-related natural disasters such as Florida and California?

Howard: That's a really important question. When you look at markets like Florida, which happens to be a very important market for us and our members, property insurance has become a real problem. Also, now we're dealing with things like tariffs and a lack of immigration. I don't say this as a political thing, but when you cut off the flow of people coming into this country who traditionally have gravitated toward fields like construction and home-building, that's going to have an impact. So, there could be fewer people available to build homes.

Lumber and glass are more expensive to import, so that's going to have an impact on the cost of a new home, or an existing home when it comes to improvements and renovations. The institutional owner has a little bit of an advantage, in that if you own 5,000 homes in a market, you probably have enough scale to be able to obtain goods and services at a lower price than somebody who might own one or two homes. MP

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INVESTING BEYOND YOUR BACKYARD

Zach Lemaster of Rent to Retirement explains how rental strategies can help investors scale smarter across U.S. markets.

By **DAVID WHARTON**

Zach Lemaster is the Founder & CEO of Rent to Retirement, a turnkey investment company. Lemaster is a seasoned real estate investor and licensed broker with a large portfolio of rental properties across multiple markets, including single-family, multifamily, commercial, and new construction. Lemaster started investing in real estate while working as an Optometrist and captain for the U.S. Air Force. This eventually allowed him to retire early from his career in medicine to become a professional investor by strategically investing in markets that maximize cash flow, appreciation, and equity. Lemaster went on to build a successful wholesaling, flipping, and management business working across multiple markets, which led to the foundation of Rent to Retirement.

Q: What is the mission and focus of Rent to Retirement?

Lemaster: Our mission at Rent to Retirement is to make the best investment opportunities across the country accessible to everyone, and that was a function of my investing experience. When I started investing in real estate over 15 years ago, my wife and I started locally, but we quickly found out that we wanted to strategically invest in different locations throughout the country that fit our goals better, that had better return profiles, that were just better investment opportunities both for diversification and to achieve a better return on investment. We proactively sought out markets to invest in based on those criteria and then established local teams and systems in these areas to be able to scale our portfolio in the markets that offered the best returns.

What we quickly found is that there are a lot of people out there interested in investing in real estate that don't have the time, don't have the experience, don't have the knowledge to build out their own teams on their own end. There were many people that approached us about investing with us, following the path that we did for ourselves, strategically investing in locations that offered us return profiles.

DAVID WHARTON, *Editor-in-Chief of* MortgagePoint, *has 20 years' experience in journalism, having worked for the Five Star Institute since 2017. Wharton has an extensive and diversified portfolio of freelance material, with published contributions in both online and print media publications. He can be reached at David.Wharton@thefivestar.com.*

Q: What trends are you observing in the rental investment landscape right now?

Lemaster: It's been a crazy market over the past five years, with COVID-19, post-COVID-19, and interest rates increasing, which we've dealt with for the past two and a half years. There have been tax structure changes, and we're likely to see a lot of that in a positive way for investors this year as well. Obviously, with the new administration and questions around the economy, that's still causing some question marks.

Ultimately, at the end of the day, we focused on the fundamentals of real estate investing, which is buying good properties in good locations that have an undersupply of housing, and we work with good teams in those areas to manage the properties. That doesn't change. There's still an affordability crisis in the United States. We try to benefit the community and the economy by providing affordable housing in locations that have a deficit of housing

and that make sense for investors. This would be areas like Texas, Florida, and the Carolinas.

Since there's also an affordability crisis, we try to focus on the average price point. A new construction house is $300,000 in our community. The average price point in the United States. is around $400,000. We try to be below that median house price point to offer affordable housing solutions and make smart investments that we know will have tenants long term.

Q: What makes a rental property model attractive to investors, and what types of investors are most drawn to rentals?

Lemaster: I don't think it's changed. There's a significant amount of people today who are interested in alternative asset investing outside of solely relying on their 401(k) to retire and who want to take some more control over their financial future, and that's what real estate provides.

The average investor for us is someone who fits multiple profiles or a combination of these: they're someone who is a busy professional, they like the idea of real estate investing, and they don't want to be busy in their day-to-day job. They don't want to buy themselves another job managing a property. Or maybe they've had experience with self-managing a rental that didn't go well. But it's someone who is busy and doesn't want to buy themselves another job, but they like real estate as an asset class. We provide that opportunity where they can buy with us where they get the best returns, but our teams are managing everything for them, so they don't have to self-manage, especially from a distance.

Some people live in expensive markets like the coastal areas, where the average house price may be a million dollars, and it's just inaccessible for them, so then they're forced to look at other locations that do make sense. We also have the newer investors that are getting started, whether this is their first investment property or their first investment property out of state, where they're just looking to get started, scale, and diversify their portfolio in an efficient manner where they're not making the mistakes and having the common pitfalls that so many people do.

Q: How have recent interest rate fluctuations affected investor behavior and property acquisition strategies?

Lemaster: We should separate interest rates from how that's affecting the retail market, which is all the information we see on the news and the public stats that are put out versus the investor market.

"There are not a lot of new properties coming to the market because people don't want to sell. However, with many investors focusing on build-to-rent communities and assets, interest rates have reduced cash-flow analysis on the properties because mortgage rates are higher."

—**Zach Lemaster**, Founder & CEO, Rent to Retirement

It's important to look at the microeconomic scale of each market, which is what we try to do.

There are some markets we focus on where interest rates have virtually had no impact on properties, on the days on market. But as a whole, we're all aware that the interest rate increase has made homes less affordable for people, it's stagnated listings, and it's caused days on the market to slow down. There are not a lot of new properties coming to the market because people don't want to sell. However, with many investors focusing on build-to-rent communities and assets, interest rates have reduced cash-flow analysis on the properties because mortgage rates are higher.

We've also seen that parallel at the same time with many of the builders because we have partnerships to provide inventory from many of the national builders. D.R. Horton, LGI, Lennar, Toll Brothers, Sentry—these are all teams we're working with that provide us with inventory. They also provide significant builder incentives exclusive to our community because we do volumes with them and we're able to negotiate pricing that we pass on to the investor. Because they have excess inventory right now, they're providing additional builder incentives to buy down interest rates. That allows investors to still have positive cash flow, or they can also have price reductions on homes.

All that being said, we've seen a relatively small impact on the investor market because the builders are still motivated to provide unique buying opportunities that combat the higher interest rates that limit cash flow on these properties. Additionally, when we invest, we focus on the fundamentals of real estate investing. It's all about planning appropriately.

Q: How can investors adapt to potential market downturns or regulatory changes affecting real estate investments?

Lemaster: I don't think you could fully ever anticipate any changes if we don't know what's going to happen in the market, in the economy, in legislation. But one thing that has held true for many years is that people need a place to live. And if you adhere to the fundamentals of focusing on areas where the numbers make sense, where there's a deficit of housing, where there's a diversity of employers, where you have tax and legislative favorable scenarios for landlords, that can set you up for long-term success.

It's about focusing on the fundamentals of real estate, which is to buy assets where the income from the asset covers all your expenses and debt service. Then if you have reserves for the property and you're in an area that's positioned for success based on all the criteria we just talked about, that is going to set you up for success.

Q: What role does technology play in your operations, and how do you see it shaping the future of real estate investing?

Lemaster: So much is changing. If you think of 10 years ago, pre-Zillow, it was difficult to research a new market online. Unless you were flying out to an area to develop a team on your own, it was very difficult to build a portfolio in different locations throughout the country. That's changed a lot today, and that's a large part of what we do, to make it accessible for people to buy properties in areas and feel educated, confident, and familiar with the market, regardless of where they're located.

Things are becoming so expedited even with property inspections today, with leasing to tenants, sometimes you don't even need the old-school process of walking someone through the house because you can have a virtual tour, or you can have cameras and lockboxes that you can remotely control. AI plays a significant role in the marketing aspect for leasing, for sales, for everything. A lot is changing, but today it's significantly easier to buy properties sight-unseen and from a distance and feel confident. MP

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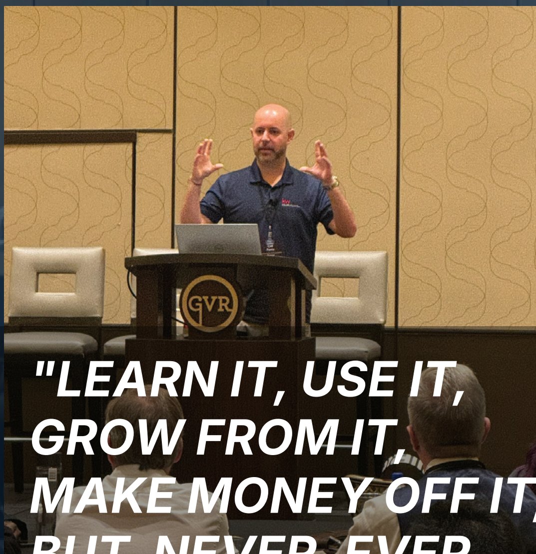

> ***"LEARN IT, USE IT, GROW FROM IT, MAKE MONEY OFF IT, BUT NEVER, EVER POST OR SHARE IT."***
>
> ***— On the topic of the exclusive nature of all the inforamtion shared at the event.***

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PIERRE BUHLER ON THE BANKING SECTOR'S CROSSROADS

As banks navigate rising recession risks, tightening credit, and tariff-driven uncertainty, the financial landscape is shifting. In this debut of our "Five Points" feature, Pierre Buhler of SSA & Company outlines five critical forces reshaping the sector—and what they signal for housing finance and the broader economy.

By **DAVID WHARTON**

Pierre Buhler, Managing Director at SSA & Company, brings over two decades of strategy and restructuring expertise to bear on some of the most urgent issues facing today's financial institutions. With a background steeped in guiding companies through transformation and turbulence—including founding operations intelligence provider CKM Analytix and serving tenures at Chase Manhattan Bank, Charterhouse London, AlixPartners, and Mitchell Madison Group—Buhler offers a clear-eyed view of where the banking industry stands several months into 2025.

In this exclusive interview, he lays out five critical insights into the challenges banks face in an increasingly volatile global landscape—and what industry leaders must monitor to stay ahead.

1.

A Quadruple Threat to the Banking Sector

If the post-pandemic economy has been defined by complexity, Buhler believes the banking sector is now grappling with a convergence of four dominant—and potentially destabilizing—forces.

DAVID WHARTON, *Editor-in-Chief of* MortgagePoint, *has 20 years' experience in journalism, having worked for the Five Star Institute since 2017. Wharton has an extensive and diversified portfolio of freelance material, with published contributions in both online and print media publications. He can be reached at David.Wharton@thefivestar.com.*

"We have a risk of a recession," Buhler said. "That's a global risk, and that risk is increasing ... I would expect that this year we'll see a recession. Hopefully, not a complete depression."

Alongside recession fears, Buhler notes concerns about credit quality, with delinquencies beginning to tick upward. "When you see the 30 to 90 days or the above 90 days delinquency on some loans seems to be increasing, that tells me there seems to be vulnerability on credit quality."

The specter of prolonged interest rate volatility is a third concerning factor. Buhler explains that "Interest rates remain high and very volatile. I don't believe the volatility will necessarily go away when you think about the dance that happens between the deficit, between the yield, between the potential risks that we have."

Finally, tariffs remain an elephant in the room—especially those affecting imported materials, which are threatening to drag down critical sectors such as construction. "The tariffs are presenting a dark cloud above what we see," Buhler said. " A lot of materials get imported from China at 145%. That's a disaster. That's a disaster for construction. It's not just the people. The cost of materials is about to go up."

2.

What the Industry Should be Watching

With headwinds mounting, Buhler emphasizes the importance of closely monitoring bank earnings—es-

If the post-pandemic economy has been defined by complexity, Buhler believes the banking sector is now grappling with a convergence of four dominant—and potentially destabilizing—forces.

"From a government standpoint, the policy changes will tend likely to be more towards liberalization and elimination of boundaries versus creating new limitations."

—**Pierre Buhler**, Managing Director, SSA & Company

pecially specific balance sheet indicators that can flag emerging vulnerabilities.

"I'm looking at the common equity tier 1 capital ratios (CET1) like a hawk from a balance-sheet standpoint. Any variation on that would be important," said Buhler, adding that "if it degrades, it'll tell us a lot."

Buhler notes that capital ratios are critically important as "they summarize the flexibility that a bank might have in its balance sheet to do certain things. JPMorgan Chase is in the upper 15%," explains Buhler, "and I was looking at another small bank, which is at 9%. That's an enormous spread if you think about that."

Buhler is also watching shifts in consumer behavior—particularly the types of debt and credit consumers are seeking out. "We are moving some potentially long-term debt into very short-term instruments that are not measured consistently by all the banks or by the market in general." Buhler notes that if credit card balances continue increasing, we could be at risk of "getting back to a subprime situation."

These signals, Buhler warns, could offer early warning signs of larger economic turmoil to come.

3.

Non-Banks Primed to Step Up?

Buhler told MortgagePoint that traditional banks and lenders are already showing signs of caution amid current economic uncertainties.

"The banks are extremely conservative and are remaining very conservative, which will further the availability of loans as they take the minimum amount of risk they can take," Buhler explains.

As banks retreat, non-bank financial institutions may increasingly step in to fill the void. "There will always be players willing to take more risks."

Buhler notes that, while this may boost short-term liquidity in underserved sectors, these players face higher risk—and are unlikely to benefit from the same safety nets afforded to regulated banks.

Buhler does note a silver lining, however: the industry's vastly improved ability to use data to manage risk. "The ability that the banks have to exploit data ... allows them to micromanage at a much lower level, which was not possible [in 2008]. They don't just need to smell the coffee. They can see the color of the coffee and the size of the grain."

4.

Policy Uncertainty and Geopolitical Fallout

With ongoing uncertainties in the regulatory environment adding to the industry's stress points, Buhler said that reductions in federal spending could be another factor to send ripples throughout the financial system.

The Trump administration's push for deregulation may help boost efficiency in various areas, but it also removes safeguards. "From a government standpoint, the policy changes will tend likely to be more towards liberalization and elimination of boundaries versus creating new limitations," Buhler said. "At that level, I don't believe it'll necessarily impede the businesses and the banks. It may not benefit the final consumer, but from a purely economic standpoint, it could create more efficiency."

5.

Who Bears the Brunt?

With so many macroeconomic factors in play, Buhler expressed concerns about who will be most affected by the waves being created.

"We have to wonder who will suffer the most," Buhler said. "I don't believe it's an equal risk for everyone."

Buhler pointed to rising credit card rates and shrinking access to credit as likely outcomes in the months ahead.

"You're about to see interest rates on credit cards going through the roof," Buhler said, noting that the economic shifts will likely compound to make less fortunate people, even less fortunate." MP

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Left to Right: DAVID LAMBROPOULOS, ESQ.; KENYA BATES, ESQ.; JESSICA MANIS, ESQ.; STACEY WEISBLATT, ESQ.; PATRICK O'BRIEN

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PREPARE NOW TO AVOID OPERATIONAL LAG

John Cady of Citywide Home Mortgage explains that an uncertain market cycle is exactly when lenders should prepare for an inevitable rebound.

By **JOHN CADY**

When will the mortgage market see its next upswing? At this point, who really knows? We do know this, however … it will eventually rebound. No, it likely will not be an even recovery, but rates will come down and volume will increase at some point.

Hunkering down and waiting, however, is not the approach successful lenders are taking. Anyone can cut expenses and eliminate costs during market slowdowns. But then what?

In all likelihood, that eventual market rebound will signal the start of an inevitable surge of staffing up that we always see at that point in the course of things. After all, more volume requires more operational capacity and greater throughput. And that wave of recruiting, hiring, training, and deployment also unfailingly leads to hiccups, uneven service levels and inconsistent quality while we wait (again) for things to even out.

Except …

It's not the mid-2010s anymore. This eventual rebound and how the mortgage industry responds to it will be unlike the previous pivots. You'd have to have lived in a cave for the past five years not to realize that we simply don't originate mortgages the way we used to. A huge part of that can be credited to the introduction of a breathtaking wave of new technology. But it can also be attributed to the fact that, finally, most lenders realize that doing things the way we always have in the past is now the roadmap to a quick exit from the space. The borrower expects more. The secondary market expects more, and they will find it from the competition if we do not evolve.

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The most successful lenders have already implemented effective technology and modernized their workflows. Operational strategy is no longer something we talk about while simply continuing the "lather, rinse, repeat" of the past 20 years. The way we deliver a mortgage product has become just as important as the product itself. And that will be important to remember for businesses seeking to avoid the traditional operational lag that once came with an upswing.

It's Not Just About Tech, But How You Use It

Technology has become the backbone of the modern mortgage operation. The lenders poised for the quickest and most sustainable success have already been investing in solutions that enable efficiency, transparency, and scalability.

- **Automated processes:** Automation is critical for handling an uptick in volume without seeing a decline in service quality. From underwriting to document collection, lenders are turning to tools that reduce manual intervention. Automated workflows allow tasks like income verification, credit assessments and document checks to proceed with minimal human oversight, speeding up the approval process, and freeing staff for more complex tasks.
- **Intelligent decisioning tools:** With artificial intelligence (AI) and machine learning, lenders can prioritize high quality applications, identify bottlenecks, and accurately estimate processing times. This real-time insight helps teams focus on high-priority files, improving throughput.
- **Enhanced customer portals:** Today's consumer expects any purchase or loan, whether it involves a car, a student loan, or even an appliance, to

It's not the mid-2010s anymore. This eventual rebound and how the mortgage industry responds to it will be unlike the previous pivots.

happen quickly and smoothly. Borrowers have come to demand seamless digital experiences. Upgrading client-facing portals with user-friendly interfaces, real-time updates, and secure document uploads is already helping the top lenders to meet those rising expectations reducing calls and emails for status updates.

It all starts with the recruiting and hiring process. Waiting for a full rebound before hiring will ensure that you are slow out of the blocks when that upswing does finally happen.

If You're Not Agile, You Won't be Successful

There's no question that an effective workflow means the difference between smooth scaling and operational chaos. During a market rebound, lenders must adapt their workflows to be scalable, flexible, and robust.

For example, top lenders have already begun centralizing key functions, such as underwriting and quality assurance. A centralized approach ensures consistency, reduces redundancies, and allows teams to scale operations without losing control over quality.

Lenders have also already been implementing intelligent queue management, which ensures that resources are allocated efficiently. Files are prioritized based on readiness, borrower timelines or regulatory deadlines, reducing bottlenecks, and optimizing workflow.

Your Tech Is Only as Good as Your Team

You've heard the old saying "Garbage in. Garbage out." I've found over the course of my career that this is 100% true. While technology and workflow are vital, the human element remains irreplaceable. Recruiting, retaining, and empowering a talented team is essential for maintaining service quality during a surge in volume. You can invest in the shiniest, most highly touted system or app, but if your team is not prepared to use it optimally (or at all, in some cases), you have just wasted your investment and time.

It all starts with the recruiting and hiring process. Waiting for a full rebound before hiring will ensure that you are slow out of the blocks when that upswing does finally happen. How often have you heard something along the lines of "We'd love to implement a new LOS, but we're too busy taking and servicing orders." Top lenders, in contrast, are building candidate pipelines in advance. They focus on recruiting individuals with skills in key areas such as underwriting, processing and sales, ensuring they can ramp up quickly as demand increases.

How many people you have on your team may be important, but are they operating at top efficiency? Staff cross-training creates a versatile workforce capable of stepping into different roles as needed. For example, a loan processor who understands underwriting can step in temporarily to handle increased file volumes during peak periods.

It's also critical to ensure the team members you've worked so hard to recruit, hire, and train not only want to stick around, but to develop into your next generation of leadership as well. A strong company culture attracts top talent and keeps teams motivated during busy times. Leaders are fostering environments where LOs feel supported through mentorship programs, ongoing training, and accessible resources. We've all seen it: an engaged employee is more productive and committed to delivering exceptional service.

With that in mind, offering clear pathways for advancement ensures employees view their roles as long-term investments. This reduces turnover during critical periods of growth and creates a well-trained workforce capable of scaling with the company. How many examples have we all seen of mortgage businesses that churn through team members, only to find their operating costs skyrocketing with the constant expenditure of time and cost to find new employees? In my experience, it's a theme that's been a little too common in the mortgage universe.

A Lean Operation Doesn't Necessarily Mean "Short-Staffed"

Lean operations reduce waste and improve efficiency, but in a strategically effective operational model that relies on sustainability, it also requires teams to have the tools and authority to make decisions.

Successful lenders seek out and eliminate unnecessary steps and redundancies in their processes. For instance, digitizing manual workflows and consolidating platforms reduces the friction that can slow down production.

Some firms also have yet to learn how to get out of their own way. Rigid hierarchies slow down decision-making adding time and, eventually, cost to your operation. By giving employees clear guidelines and the authority to resolve common issues, lenders improve responsiveness and reduce delays. For example, allowing underwriters to approve exceptions within predefined parameters speeds up approvals without sacrificing oversight.

Finally, feedback from frontline staff helps identify pain points in workflows and refine processes in real time. We can't fix something if we don't know what's really broken.

Have a Plan, Then Execute It Impeccably

Becoming a market leader in today's mortgage universe is more likely for those who treat scaling as a deliberate strategy instead of a reactionary process. We've been a knee-jerk kind of industry far too often in the past. But I've seen it time and time again. The best in the business always have a plan (as well as a Plan B, C, and D).

Proactive firms engage in scenario planning to anticipate different levels of demand. This includes preparing for optimistic, moderate, and conservative growth scenarios, ensuring operational plans can adapt as needed. That's especially important in such uncertain times.

We've all heard the phrase "throw it over the fence." Usually, when I've heard it, there has been an undertone of negativity or embarrassment to it, as if that process would be best performed in house. But we all outsource. It's actually a necessary ingredient for success. Trusted third-party service providers can help bridge the gap during periods of high volume. These partnerships allow lenders to scale quickly without the long lead times required to hire and train new employees. The best operations carefully vet their vendors, make their expectations clear and then actively monitor their performance.

Ultimately, a market rebound is not just an operational challenge—it's an opportunity to win borrower loyalty. Lenders who provide excellent service during this critical time will earn repeat business and referrals.

It starts with proactive communication. Borrowers appreciate regular updates, especially during busy times. Automated messaging systems, including bots, apps, and even AI technology, can keep clients informed without overwhelming staff.

That being said, even with automated systems, personalization remains essential. Ensuring borrowers can easily reach a knowledgeable team member for assistance builds trust and satisfaction. For most borrowers, a mortgage loan is part of the largest transaction of their lives. They don't want to entrust such a complex process completely to a chat bot or automated text message.

Finally, those who fail to learn from the past are doomed to repeat it. We have a universe of lessons available to us after the previous market rebounds. The best lenders pay attention and learn from previous cycles. By analyzing what worked—and what didn't—during similar circumstances in the past, they refine their strategies to avoid common pitfalls.

That starts with conducting thorough reviews of prior peak periods, which can show us where we succeeded and where we came up short. Whether it's technology gaps, staffing issues, or workflow inefficiencies, understanding the root causes of past challenges helps lenders prepare more effectively. Additionally, comparing performance metrics against industry peers provides valuable context. Top-performing lenders use benchmarking to identify competitive advantages and areas where they need to catch up.

In the Next Upcycle, the Most Flexible Will Succeed

Let's face it. Even the best and most prepared businesses will still experience some level of operational lag during a market rebound. That is true especially if we see a surprisingly sharp pivot.

However, with the right mix of technology, workflows, and strategic foresight, lenders can not only weather the early surge in demand but also set the stage for sustained growth. By adopting proactive strategies and committing to continuous improvement, the best lenders will position themselves as industry leaders, delivering exceptional service and results during this pivotal time.

For organizations willing to make these investments now, the payoff will come not just in the form of immediate gains but also in long-term resilience and borrower trust. In an industry where agility and adaptability are key, the winners will be those who are prepared to move decisively as the market accelerates. MP

THE GIG IS UP: TIME FOR LENDERS TO RETHINK INCOME VERIFICATIONS

As more Americans generate income from multiple sources, new challenges are growing for lenders, as traditional underwriting models were not built for borrowers with varied or unpredictable income.

By **CURTIS R. KNUTH**

For decades, federal employees were seen as the ideal mortgage borrowers—individuals with steady jobs, reliable income, and low risk. But massive workforce reductions over the past several months have begun to challenge that assumption. Many former government workers are turning to contract work, freelance gigs, or a mix of part-time jobs to make ends meet, and they are not alone.

Across the country, more Americans are generating income from multiple sources. And it is creating new challenges for lenders because traditional underwriting models were not built for borrowers with varied or unpredictable income. As these borrowers become more common, how can lenders adapt their processes to keep up?

Underwriting Under Pressure

Traditionally, a full-time W-2 job gave underwriters everything they needed to calculate income and determine their ability to repay, but that's no longer a reality. Today's workforce is changing fast, and mortgage lenders are feeling it.

More Americans than ever are embracing gig work, freelancing, or self-employment, driven by both economic shifts as well as a desire for greater flexibility and autonomy. A 2024 report from AllWork and TeamStage estimates that gig workers now make up 36% of the total U.S. workforce, while 15% are fully self-employed. And these numbers are expected to grow.

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Federal layoffs have been a recent flashpoint. According to Reuters, layoffs in the federal workforce have surged more than 41,000% in February 2025 compared to the same month last year. More than 100,000 federal employees have been laid off or have accepted buyouts, and many are now shifting to freelance work and contract roles.

For lenders, this shift presents real challenges. While verifying one source of W-2 income is straightforward, verifying income from multiple part-time jobs, 1099 contracts, or business earnings is not. Each source may have its own documentation and timeline, and many don't feed into traditional payroll databases or employer reporting systems. To build a full financial picture, underwriters often chase down tax returns, bank statements, and letters of explanation—tasks that inevitably drive up loan costs.

Traditional underwriting models were never designed for this level of complexity. Even when a borrower has stable earnings, automated systems that flag income gaps or inconsistencies can cause delays or denials. Borrowers with multiple income streams often struggle to explain their income simply because it doesn't fit the old mold, which can cause lenders to risk losing qualified applicants, particularly at the point of sale.

To support a borrower base that looks very different than it did just a few years ago, lenders are required to rethink how they assess income—because traditional methods are no longer cutting it.


More Americans than ever are embracing gig work, freelancing, or self-employment, driven by both economic shifts as well as a desire for greater flexibility and autonomy.

> **The pressure to modernize income verification isn't just an operations issue. Borrowers expect a fast, simple mortgage process, and lenders must meet those expectations without additional risk or cost. That's a tough balance to strike.**

The Need to Evolve

The pressure to modernize income verification isn't just an operations issue. Borrowers expect a fast, simple mortgage process, and lenders must meet those expectations without additional risk or cost. That's a tough balance to strike.

Speed alone is a huge issue. Borrowers shopping for a mortgage are frequently comparing rates and offers, and whether a lender can verify income and issue a preapproval in hours can make or break a deal. The longer it takes to verify a borrower's income, the greater chance they will move on to the next lender.

Meeting regulatory requirements is another problem. While the compliance landscape for lenders is shifting, lenders still need to ensure that a borrower's income is real, stable, and accurately reported, no matter the source. Mistakes when calculating income can lead to repurchase risk, too. Showing that income assessments are based on verified data and consistent logic is hard to do when relying on manual processes, spreadsheets, and emails.

Fraud prevention is also a growing concern. Income fraud—one of the factors behind the 2008 housing crisis—is not only growing but becoming more sophisticated with forged paystubs and edited PDFs showing up in loan files. Verifying income directly from the source helps reduce that risk, yet many lenders still rely on documents provided by the borrower. Without a clear chain of custody, it becomes harder to prove that the information used to make a loan decision was accurate at the time of underwriting.

Manual processes come with real costs, too. Loan officers, processors, and underwriters can spend hours chasing documents, requesting verifications, and reviewing income data. Each step adds time and labor, while delays and errors can lead to missed closing dates and buybacks, all of which hit a lender's bottom line.

Fortunately, lenders now have better options for verifying income than chasing down documents and manually reviewing paystubs. Tools are available to help lenders validate income directly from the source and do it in less time, with fewer steps, and with greater accuracy.

New Challenges, New Solutions

A game-changing tool many lenders are now using is the online or web enabled IRS-8821/4506-C process, which allows borrowers to grant lenders access to their tax transcripts for multiple years. The data comes straight from the IRS, which eliminates the need for borrowers to upload documents and removes the risk of altered or incomplete information. Unlike traditional transcript requests, such as the form-based 4506-C or 8821 Form, the IRS created an authentication process for the borrower to instantly release (or not release) their transcripts to the entity making the request. This keeps the borrower engaged during the application process and reduces costs to a minimum.

The same approach can be applied to credit and employment data. More borrowers are giving their lenders permission to access their financial information through trusted connections, whether it is a payroll provider, banking platform, or credit reporting agency. Once verified, this data can be pulled automatically and integrated into the lender's system—which means processors and underwriters no longer need to chase down information themselves or second-guess what the borrower provided.

Verification cascades are helping as well. These are automated systems that attempt the fastest, most cost-effective verification methods first, then move to alternatives only if needed. If payroll data is not available, for example, the system may try a permissioned bank statement or initiate a manual outreach to an employer. The goal is to verify income or employment without creating extra work for the borrower or the lender.

New innovations like Encompass' Automated Service Ordering (ASO) can take this a step further by triggering verifications based on certain loan conditions. This helps lenders avoid ordering services they don't need, while ensuring that required verifications happen without delays. The borrower experience improves, and so does efficiency on the lender's side.

Today's innovative solutions also deliver long-term, organization-wide benefits. Servicing teams, for example, can benefit from having validated income documentation on file when a borrower requests a loan modification. Modern income verifications can reduce rework, speed up loss mitigation, and support better outcomes for both the lender and the borrower.

Going About It the Right Way

Of course, technology alone will not solve income verification challenges. It must be implemented in a way that fits into existing workflows and supports the people who use it every day. That starts with making sure new tools work inside the systems lenders already rely on, like their LOS or POS. If a verification product cannot integrate with a lender's technology stack, it will likely cause more problems than it solves.

Another best practice is aligning the technology with existing processes. Lenders do not need to change how they do everything overnight. Many verification tools can be phased in, starting with high-risk loan types or borrowers with complex income, which allows teams to learn and adjust without disrupting production. It also gives processors and underwriters a chance to see how much time they save when data comes in already verified and formatted for easy review.

For the technology to deliver real value, staff needs clear instructions on how to use it. That includes knowing when to trigger a verification request, how to interpret the results, and what to do if a borrower declines to give permission. Good training helps teams avoid delays and ensures the lender gets the full benefit of automation.

Operationalizing verification tools the right way also means tracking performance. Lenders should look at how often verifications succeed on the first attempt, how long they take, and whether they are reducing errors or creating more work. This data can help lenders refine their approach and make better decisions about when and how to use each tool. The right tools, paired with the right processes, help teams move faster and with greater confidence.

The Time Is Now

The bottom line is that the way Americans earn is shifting, and while this presents new challenges for lenders, it also creates an amazing opportunity.

Verifying income no longer has to be a slow or uncertain process. With better tools and smarter workflows, lenders can get a clear and complete picture of a borrower's financial situation without adding friction. Access to real-time data, flexible technology, and permissioned systems makes it possible to verify income more quickly, more accurately, and with fewer manual steps.

Adapting does not have to mean overhauling everything, and there's no single playbook for how to modernize income verifications. But there are more tools and partners than ever to help lenders figure out what works best. One thing is certain—lenders who adapt quickly will be best positioned to serve today's borrowers—and win tomorrow's market. MP

HANDLING INSURANCE CLAIMS FROM A LENDERS PERSPECTIVE

Attorney T. Robert Finlay discusses the importance for lenders in understanding their rights and obligations regarding insurance proceeds, and how to guide their clients in insurance-related matters.

By **T. ROBERT FINLAY ESQ.**

There is much uncertainty surrounding the recent wildfires that devastated many properties in our Southern California community. As efforts begin to rebuild the destruction and loss caused by these fires, many lenders are looking for guidance on how to balance protecting their security with the needs of the borrower. To determine how to strike that balance, it is important for lenders to first understand their rights and obligations regarding the insurance proceeds. The goal of this article is to give lenders the necessary information so they can determine how best to work with their borrowers.

Communication Is Key

Regardless of who is entitled to the insurance proceeds, whether the borrower intends to rebuild or if the loan is in default, open communication with the borrower is key to efficiently resolving insurance issues and avoiding future disputes over the proceeds. It is important to ask borrowers questions like—whether they have made a claim, the carriers' response, whether the borrower intends to rebuild, does the borrower have a plan to make monthly payments while waiting on the insurance proceeds, has the borrower applied for any federal, state or local grants, etc. Ideally, these discussions can help lenders and borrowers reach a mutually acceptable plan for handling the insurance proceeds.

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Types of Insurance Coverage

Generally, borrowers obtain their own insurance policies that are for the benefit of themselves and their lenders. But other types of policies can come into play. Understanding the different types of coverage and how they affect the lenders rights and obligations is an important starting point.

Borrower Insurance

Lenders are usually protected under the borrower's insurance policy as either the "loss payee" or under a "lender endorsement." Lender endorsement provisions are generally more robust, but often add additional requirements at the front end. That said, both provisions are intended to protect lenders in the event of an insurable loss. Some important issues to consider with a borrowers' policy include:

» Does the policy provide for replacement value or the cost to rebuild? The answer may affect the amount of available insurance proceeds.

» What if the borrower's policy lapses without the lenders' knowledge? Often, the insurer will let lenders know when a policy lapses. But, to protect themselves, lenders must be vigilant in tracking their borrowers' policies to avoid any lapses in coverage.

» What if the borrower drops the lender from the policy? Again, the insurer will usually notify lenders if they are being dropped as a loss payee, but our firm has unfortunately seen instances where the borrower drops the lender from the policy without any notice. Again, lenders must be vigilant in tracking policies.

» What if the borrowers' policy is insufficient to protect the lender? Do you

> "Regardless of who is entitled to the insurance proceeds, whether the borrower intends to rebuild or if the loan is in default, open communication with the borrower is key to efficiently resolving insurance issues and avoiding future disputes over the proceeds."

increase your coverage every year to account for the increased value of your home? Probably not and neither do your borrowers. As a result, over time, coverage often lags the cost to rebuild or replace the home. If the damage has already occurred, there is nothing a lender can do to recover from the lack of sufficient coverage. But, to avoid this risk going forward, Lenders should review the coverage under their Borrowers' policy annually.

Force-Placed Insurance

When borrowers fail to maintain their own insurance, lenders will generally step in by force-placing insurance on the property. The cost of the force-placed policy is usually passed on to the borrower, which gives both the borrower and lender an interest in the policy (and the proceeds).

Additional Lender Insurance

Nothing prohibits Lenders from adding coverage at their own expense. Whether it makes sense to do so is a business decision for the lender. The proceeds of this type of policy should belong exclusively to the insured lender and arguably do not have to be applied to the underlying loan.

REO Insurance

Coverage under most borrower policies terminates upon transfer of title via the foreclosure sale. Therefore, its essential for lenders to plan in advance to have their own post-foreclosure policy (REO Policy) kick in immediately on the day of the foreclosure sale. Because the borrower no longer has an interest in the property and the insured under the policy is the lender, the borrower has no interest in the insurance proceeds from the REO Policy.

Master Insurance

Some lenders have master insurance policies that cover all sorts of situations, including damage to properties securing the lenders' loans. To determine if the lender has that coverage, we suggest contacting your insurance broker in advance. Assuming there is coverage, the lender is likely to be exclusively entitled to any proceeds from the master policy.

While there may be other forms of insurance that could apply following the loss of the borrower's property, these are the most likely types of policies. Whoever is entitled to any insurance proceeds will depend on the type of policy and the language in the Deed of Trust.

Who Is Entitled to the Insurance Proceeds Following a Loss?

As mentioned above, the Lender is exclusively entitled to the insurance proceeds from an REO, Extra, or Master Policy. The deed of trust will control who is entitled to insurance proceeds from a Borrower or Force-Placed Policy.

Broad Provisions Favor the Lender

Many courts have held that when insurance provisions under the deed of trust broadly assign all insurance proceeds to the lender, despite whether or not the lender requires the borrower to obtain a specific type of insurance coverage, the lender will be named as a loss payee and can collect the proceeds. Broad provisions typically take the form of "all sums due or payable ... for injury or damage to such property." As one court held:

> *"The deed of trust did not require the borrower to maintain earthquake insurance but stated that if the borrower obtained insurance not required under the deed of trust, the lender must be named as loss payee, and the lender could apply the funds to the secured debt or to repair the property. The court held that the lender was entitled to receive and control the proceeds accordingly."*

Specific Coverage Provisions Favor the Borrower

Typically, neither party has an interest in the insurance policy obtained by the other party that is not specified in the deed of trust. If a deed of trust that does not require a borrower to obtain a specific form of insurance (i.e., earthquake coverage) nor broadly states that all insurance proceeds shall go to the lender, then borrower is entitled to the proceeds for the earthquake insurance that was not required under the deed of trust. As the court held following damage from the 1994 Northridge earthquake:

"The court held that the provision did not apply to earthquake insurance proceeds because the paragraph containing the provision concerned only insurance required by the lender, and the lender did not require the owner to obtain earthquake insurance."

Provisions Giving the Borrower the Right to Use Proceeds to Repair or Rebuild

Many deeds of trust contain language along the following lines:

Insurance proceeds "will be applied to restoration or repair of the property, if the lender deems the restoration or repair to be economically feasible and determines that lender's security will not be lessened by such restoration or repair."

Under this language, the lender has the sole discretion to determine whether the repair is "economically feasible." Unfortunately, there are very few cases determining exactly what that means. However, it is likely that a court would apply the covenant of good faith and fair dealing to the contract, ensuring that the lender must exercise its discretion in good faith. In other words, lenders with this language in their deeds of trust should not unreasonably refuse to let the borrower use the funds to repair or rebuild the property.

Other standard deeds of trust will contain similar language, providing that the funds can be used to repair the property so long as the lender's security is not impaired. Under this language, so long as the land value of the property is sufficient to secure the Lender's Deed of Trust, the lender's security interest is arguably not "impaired." As a result, the lender is arguably required to let the borrower use the insurance proceeds to repair or rebuild the property. But, if the land value is insufficient to cover the loan amount, then the lender can require that the proceeds be used to pay down the loan.

Loose Ends!

Unfortunately, many deeds of trust and the courts that have weighed in on these issues don't answer every question that might pop up. For instance:

- Who is entitled to the insurance proceeds designated to cover personal property or alternative living?
- Assuming the deed of trust contains the rebuild language discussed above, is the lender required to apply the insurance proceeds to pay the loan down to the point where the security is no longer impaired and then let the borrower use the remaining funds to repair or rebuild the property?
- What if the lender and borrower disagree on whether the security is impaired or not or whether repair is economically feasible?
- Who is obligated to pay for the cost of the public adjuster?
- Since the answers to these questions depend on several factors, we recommend contacting your preferred counsel or our office to discuss your specific situation.

Handling the Insurance Proceeds

Now that the lender has determined who is entitled to the insurance proceeds, the next challenge is getting the insurance proceeds and then determining what to do with the funds. Unfortunately, this is where problems, such as those discussed below, often arise.

Getting Proceeds From the Insurer

In the case of a borrower-purchase policy, the lender is often in the dark as to what is happening with the claim. That is one of the reasons why it is so important to establish an open line of communication with the borrower from the outset of the loss. Once the claim has been approved, the insurance carrier will generally send the insurance check to the borrower, made payable to both the borrower and the lender.

» Don't ever endorse the check and then give to the borrower to endorse. It sounds obvious, but it has happened (more than once)!

» What if the borrower refuses to endorse the check? Unfortunately, this happens quite often. Depending on the language of the lender's deed of trust, refusing to turn over the insurance proceeds could constitute a default under the deed of trust, giving the lender the right to foreclose. The lender can also sue the borrower to turn over the insurance proceeds. While unlikely, the lender can also ask the insurer to reissue the check directly to the lender.

» What if the borrower forges the lender's name? Unfortunately, this too happens way too often. Ideally, the bank who is presented with the check will catch the forgery and refuse to cash it. But, if that does not happen, the lender has claims against the borrower, the bank and, potentially, the insurer. The key is to move quickly when this happens.

» What if the insurance company refuses to timely pay (or fails to pay the full claim)? Of course, this never happens as insurance companies are known for timely honoring their insurance obligations! The best solution is for the lender and borrower to work together to apply pressure on the insurer to timely and fully pay the claim. But, in some instances, no amount of pressure will work. In those instances, the lender may have to sue the insurer to get paid. Unfortunately, our firm has had to do that many times over the years.

» Holding the insurance proceeds pending repair or rebuild. Lenders can hold the insurance proceeds similar to how a construction lender handles construction funds, by putting reasonable restrictions on the release of the funds, such as having to meet certain thresholds before the release of additional funds. In fact, lenders may want to consider using a construction fund manager to handle the funds.

» What does it mean to apply the funds to the loan? Assuming the lender is entitled to apply the insurance proceeds to the loan, the terms of the deed of trust will control how the funds should be applied, i.e., to advances, interest, late charges, principal, etc. Of course, there is nothing preventing the lender from agreeing to an alternative application with the borrower. For instance, the lender and borrower could agree that the funds will be held in escrow, to be applied to monthly mortgage payments as they come due.

Additional Considerations and Issues

So far, this article has addressed the standard scenario where there's a loss on a current loan. But there are some additional twists and turns that can come into play, including:

» Is the borrower still obligated to make payments while waiting for the insurance proceeds or repairing the property? Yes—the borrower is still contractually obligated to make monthly payments on the loan after experiencing a partial or complete loss. Of course, making mortgage payments may be difficult, if not impossible, for borrowers who find themselves having to pay for alternative housing. While not contractually required, lenders may opt to work with borrowers on a limited forbearance while borrowers come up with a long-term plan with regards to the property. Note—local or state regulations are in the works that may require some lenders to forbear from foreclosing for specific periods of time. Before initiating foreclosure on a property affected by the fires, we encourage lenders to consult with counsel.

» What if the loan matures while waiting for the insurance proceeds? Like with monthly payments, the loss of the property via fire does not alter the parties' contractual rights. As a result, the borrower is still obligated to pay off the loan when it matures. Again, nothing prevents the lender and borrower from working out alternative arrangements.

» Can the lender foreclose on a property affected by the fire? Unless prohibited by a state or local ordinance (see above), yes. But check with your counsel first.

» If foreclosing, does the damage to the property impact my bidding strategy at the foreclosure sale? Yes—if you only take away one thing from this article, this should be it! California (and many states) have what we call the "full credit bid rule." In a nutshell, if a lender bids the full amount that it is owed at the foreclosure sale, it is deemed to have been made whole. Similarly, if the lender bids, say, $100,000 less than the full debt, the amount of recoverable insurance proceeds is limited to $100,000. Insurance companies regularly use this theory to limit or avoid paying on claims.

To avoid making a costly mistake, it is important for lenders to access the damage to the property and bid an amount that is low enough to preserve their right to any insurance proceeds. But—don't bid too low. SB 1079, enacted in 2021, allows certain eligible bidders to outbid the highest bid at the foreclosure sale within 45 days following the foreclosure sale. If that happens, the foreclosing lender cannot increase its bid (it does not qualify as an eligible bidder) and risks losing the property for less than what it may be worth. To be safe, lenders should bid as close to the actual value of the property as possible after, of course, consulting with their counsel.

» What happens if the property was lost post-foreclosure, but before the 45-day period for upbids expires? Under a recent revision to Civil Code § 2924m, the borrower's insurance remains in effect during the 45-day limbo period.

» Does the borrower have any claim to insurance proceeds post-foreclosure? Generally, no. But see discussion on the full-credit bid rule.

» Does the fact that the loan was in default at the time of the loss impact the insurance process? Generally—no. As discussed above, contractual obligations continue. That said, the language of the deed of trust will control. In some instances, the deed of trust may require that the insurance proceeds be first used to cure any default. We recommend that lenders check the deed of trust and confirm with counsel as needed.

» If the lender is under-insured, can it simply sue the borrower for the added loss? In most instances—no. California's anti-deficiency statutes coupled with the One-Action Rule work together to limit a lender's right to sue the borrower for a loss. Lenders are usually limited to the available insurance proceeds and the value of the remaining property to repay the loan.

Losing one's home to a fire or any other natural disaster is truly tragic. The devastation is often compounded by the risk of losing what is left of the property to the Lender for failing to pay the loan. To limit the impact on the borrower, lenders are encouraged to openly and regularly communicate with their borrowers to achieve a mutually agreeable solution. But, to do that, lenders need to know their rights and obligations following the loss. Hopefully, this article will help lenders better understand what they can and cannot do with respect to their loan and the insurance proceeds, allowing them to work intelligently with their borrowers to craft a mutually agreeable solution. **MP**

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

Insurance expert Chris Schafer discusses changes in the home insurance space, as climate change and risk continue to impact rates nationwide.

By **ERIC C. PECK**

Chris Schafer is Insurify's Senior Editor for home insurance. He is a seasoned writer/editor with past experience across the insurance, SAS, finance, Medicare, logistics, marketing/advertising, and many more industries. He is passionate about breaking down complex subject material to make valuable information accessible to everyone.

Schafer began his career as a journalist, managing two weekly newspapers, then moving into marketing and content marketing roles. Before joining Insurify, Chris served as the content strategy manager at Siteimprove, and as the content manager at Brandpoint, where he managed a team of content creators.

Away from work, Schafer is an active hockey player and proud father of two rambunctious little girls. He holds a bachelor's degree in English with a minor in mass communications from the University of Minnesota.

MortgagePoint recently had a chance to catch up with Schafer to discuss his time in the industry, and current trends that he is seeing impacting the insurance space.

Q: How did you first get your start in the industry?

Chris Schafer: Evelyn Pimplaskar, our Director of Content, is an old friend of mine. The chance to work with her again was too good to pass up. Now that I'm here at Insurify, I find insurance fascinating because the industry, in its current state, isn't set up to adequately conquer the challenges it faces.

Q: What attracted you to the home insurance side of the market?

Chris Schafer: The insurance industry is undergoing dramatic change. I find it fascinating to see how the rating models are shifting and will mold the industry in the years ahead. Right now, housing is all about a desirable location. But when a storm hits, that location can be very problematic. These challenges go beyond just waterfront property. In the Midwest, convective storms have become more damaging, increasing risk and raising rates. I'm interested to see how the industry adjusts to these increasingly growing risks.

Q: Did you have any mentors as you rose through the ranks in the industry?

Chris Schafer: Evelyn Pimplaskar has been a mentor to me, both in insurance and in content. I came from a news background, and mastering content really means stepping away from the cold shoulder that news often emanates and creating a more welcoming, conversational tone. We want people to interact with our content and leave a little better prepared to tackle their world. That is true for content in any industry.

Q: In the current market, what do you see as possible market corrections to amend the affordability crisis?

Chris Schafer: There are many possible market corrections that could help amend the affordability crisis. I think the most feasible market correction right now is increased policies moving to government Fair Access to Insurance Requirements (FAIR) plans, and those plans accruing revenue through premiums, as well as additional tax channels. We could also see a push for high-risk home insurance, similar to the auto market. There has also been talk of wider cost sharing by insurers who cover the entire nation and asking policyholders in all states to pay a little more to fund those in high-risk areas. I do not know if that is feasible. Asking someone who lives in Iowa to pay more so someone else can live on the ocean in Florida is not going to be popular.

Q: What advice do you have for homeowners who are currently unable to attain insurance on their homes? Are there alternatives to having their policies dropped?

Chris Schafer: Seek out your state's FAIR plan. FAIR plans are designed to be a safety net. If you are unable to secure coverage in another way, pursue a FAIR plan policy. Do not go without insurance. You will pay for it in the end.

Q: Do you feel the government is doing enough to protect homeowners in at-risk areas? What more can be done by both the government and the industry to protect this population?

Chris Schafer: I do not think the government is doing enough to protect homeowners right now, but I also do not believe anyone has a compelling solution. When we look at states like California and Florida, they could not be any more different politically. But both are embroiled in an insurance crisis. This tells me neither party has a solution for the challenges we are actively facing.

Q: As climate change continues to evolve, is there an affordable solution on the horizon for those who have seen their policies skyrocket?

Chris Schafer: I think the definition of "affordable" in insurance is about to change dramatically. Extreme weather has really altered the insurance landscape. Insurance companies have reevaluated how they rate extreme weather risk. Some have excluded certain weather perils from their coverage. Homeowners have seen premiums increase by 20% between 2021 and 2023. Our new normal is going to become more expensive. In certain areas of the country, home insurance rates are starting to play an integral part in determining whether you will be able to afford a home.

Q: Is the number of locations targeted as most at-risk for natural disasters increasing or decreasing? What are some of the risks these homeowners face in these regions?

Chris Schafer: I would say, the number of locations considered at-risk of natural disasters are increasing. The frequency and severity of weather events have continued to increase across the nation. There are convective storms in the Midwest, causing roof damage. Wildfires in the West are projected to increase 14% by 2030. Hurricanes plague the South, and the Northeast has had to endure storm surges.

Q: What does the future hold for the homeowner insurance market moving forward?

Chris Schafer: In 2025, home insurers will continue to increase rates to try to align rates with localized climate risk. This year, reinsurers started changing their requirements at a regional and state levels to address more localized severe weather patterns and associated risk where they have not before. I expect that pattern to continue in 2025. Coverage offerings will continue to evolve, and homeowners are likely to participate in rebuilding or replacement costs to a greater degree. MP

Lending/Originations

DESPITE COST BARRIERS, HOMEOWNERSHIP STILL KEY TO THE AMERICAN DREAM

Despite rising home prices and financial strain, 82% of Americans still consider owning a home part of the American Dream, according to Bankrate's 2025 Home Affordability Survey. That figure is up from 78% in 2024 and surpasses aspirations like retirement (71%) or a successful career (66%).

Americans consider homeownership the cornerstone of the American Dream, more so than anything else. This belief hasn't wavered and has only gotten stronger despite increasing affordability challenges," said Greg McBride, Chief Financial Analyst at Bankrate.

Affordability is the top obstacle for would-be homeowners. Among non-homeowners who desire to buy, 83% cite cost-related issues. Specifically, 59% say their income isn't enough, 55% point to high home prices, and 46% say they can't afford a downpayment or closing costs. For aspiring homeowners, 81% call these upfront expenses a significant barrier.

Saving enough feels out of reach for many: 20% of non-homeowners believe they'll never save enough for a down payment. Others expect to need several years—12% say at least 10 years, while only 4% say they'll save enough within a year or two.

Still, 64% of Americans say they'd be willing to make lifestyle changes for affordable housing. Among these, 29% would downsize, 24% would move out of state, and 19% would consider moving farther from family and friends. Gen Zers were most likely to say they'd relocate for affordability.

Current homeowners report having reached their goals mostly through saving: 44% said they intentionally saved for a down payment, while others relied on grants (17%), family gifts (15%), or additional income (10%).

Although owning a home may sound like a dream to most, the report shows that regrets about homeownership are common. Among homeowners with regrets, 40% cited maintenance and hidden costs. Others regretted buying too small a property (18%), paying too much (14%), or having a mortgage that's too high (13%).

Despite these regrets, 69% of homeowners say they'd buy their current home again. That number rises to 77% among Gen Z and 76% among millennials.

Even with the obstacles, aspirations remain strong, underscoring a lasting cultural value. As McBride noted, "This belief hasn't wavered and has only gotten stronger despite increasing affordability challenges."

MAKING THE MOST OF DOWN PAYMENT ASSISTANCE PROGRAMS

The latest Q1 2025 Homeownership Program Index (HPI) report from Down Payment Resource (DPR) found the number of entities offering homebuyer assistance programs increased by 55 year over year (YoY). The number of programs increased by 43 during the first quarter, bringing the total number of available programs to 2,509.

Downpayment assistance (DPA) can be used by lenders to lower a homebuyer's loan-to-value (LTV) ratio by an average of 6%. The average benefit is $18,000.

"Rates are still high, and prices keep climbing, but we're seeing expanded program offerings, new providers, and greater flexibility in how funds are used—not just for down payments, but also to cover closing costs, lower the rate or meet other buyer needs," said Rob Chrane, Founder and CEO of DPR. "More programs now include manufactured and multifamily homes, opening new paths to affordability and steady income. For lenders, that means more ways to qualify buyers and close loans in a tough market."

The latest Freddie Mac Primary Mortgage Market Survey (PMMS) found the 30-year fixed-rate mortgage (FRM) at 6.83% as of April 17, 2025, up from the previous week when it averaged 6.62%. A year ago at this time, the 30-year FRM averaged 7.1%.

An examination of the existing 2,509 homebuyer assistance programs on April 4, 2025, resulted in the following key findings:

- Forty-three homebuyer assistance programs were added in Q1 2025, a 2% increase from Q4 2024: 952 programs (38%) are available to repeat buyers; 240 programs (10%) do not have income restrictions, increasing the number of buyers who might qualify for assistance; and 29 programs support first-generation homebuyers, an increase of 16% over the last quarter.
- "Other homebuyer assistance" programs increased 35% from the previous quarter, below-market-rate (BMR)/resale-restricted programs increased 18% and grant programs grew 7%. BMR/resale-restricted programs offer housing at prices lower than the open market, with restrictions on resale to ensure affordability for future buyers, typically low-to moderate-income households.
- Eighty percent of DPAs in Q1 were deferred payment programs, a 3% increase from the previous quarter. With a deferred payment loan, borrowers don't make monthly payments, and the balance is typically due when they sell or refinance or the loan matures. Many of these loans are also forgivable. Fifty-three percent of DPAs in Q1 offered partial or full forgiveness over time, as long as the homeowner meets certain requirements, such as maintaining primary residency.
- A total of 990 programs (39%) were offered through local housing finance agencies (HFAs), virtually unchanged from the previous quarter. Nonprofits accounted for 21%, a 2% increase over the previous quarter. State FHAs represented 18%, a slight drop from the previous quarter.
- The number of programs supporting manufactured housing grew 6%, from 914 in Q4 2024 to 971 in Q1 2025. Manufactured homes are considered to be an affordable housing supply since they are significantly cheaper to purchase than site-built homes, with average costs per square foot around $87 versus $166 according to the Manufactured Housing Institute.
- A total of 833 programs supported the purchase of multifamily housing, a 3% increase from the previous quarter. Of these, a growing number of programs support purchasing three-unit homes (562) and four-unit homes (536). Investing in multifamily properties can generate cash flow and potentially offer tax advantages to buyers.
- Twenty programs offered special funding to surviving military spouses, an 18% increase from the previous quarter, while energy efficiency programs grew by 17%. Other incentive programs included 69 for educators, 56 for protectors (jobs focused on safeguarding people, property, or information), 50 to assist military veterans, and 50 for Native Americans.

Published quarterly, DPR's HPI surveys the funding status, eligibility rules, and benefits of U.S. homebuyer assistance programs administered by state and local housing finance agencies, municipalities, nonprofits, and other housing organizations. DPR communicates with more than 1,300 program providers throughout the year to track and update the country's wide range of homeownership programs, including down payment and closing cost programs, Mortgage Credit Certificates (MCCs), and affordable first mortgages, in the DPR database.

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MULTIFAMILY PERMITS FALL BELOW PRE-PANDEMIC LEVELS

According to a new Redfin analysis of U.S. Census Bureau data, developers obtained permits to build 12.4 multifamily housing units for every 10,000 people in the United States over the past year. That total is down 27.1% from 17 units per 10,000 people during the pandemic building boom, and down 5.5% from 13.1 units in the years leading up to the pandemic.

For the study, Redfin analyzed Census Bureau data covering building permits for multifamily units in buildings with five or more units.

The ability to work remotely during the pandemic allowed millions of Americans to relocate, resulting in an upward drive in rental demand. As a response, builders ramped up construction in response—primarily in areas like Austin and Tampa, Florida—leading to a record number of new apartments being completed in 2024. Today, rents are flattening and borrowing costs are high, making building less attractive.

"New apartments are being rented out at the slowest speed on record, and builders are pumping the brakes because elevated interest rates are making many projects prohibitively expensive," Redfin Senior Economist Sheharyar Bokhari said. "At some point in the next year, the slowdown in building will mean that renters have fewer options—potentially leading to an increase in rents."

Despite the fall in rents, developers are still targeting Austin for growth. The Texas metro granted permits to build 64.5 multifamily units for every 10,000 people over the past year—the highest level among the 78 U.S. metros with populations of at least 750,000. Austin was followed by four more Sun Belt metros:

» Cape Coral, Florida (59.6)
» North Port, Florida (53.3)
» Raleigh, North Carolina (41.1)
» Orlando, Florida (40.7)

Despite the fall in rents, developers are still targeting Austin for growth. The Texas metro granted permits to build 64.5 multifamily units for every 10,000 people over the past year—the highest level among the 78 U.S. metros with populations of at least 750,000.

Conversely, Stockton, California, recorded no new permits in the past year—the lowest of the metros analyzed, followed by:

» Bakersfield, California (0.8 units per 10,000 people)
» El Paso, Texas (1.6 per 10,000 people)
» Providence, Rhode Island (1.6 per 10,000 people)
» Baton Rouge, Louisiana (1.9 per 10,000 people)

Nearly two-thirds (63%) of the metros analyzed posted a decline in multifamily construction since the pandemic. Stockton, California, experienced the biggest drop, with permits per 10,000 people falling to zero from 5.7—a decline of 100%. Stockton was followed by:

» Colorado Springs, Colorado (-82% to 8.6 units per 10,000 people over the past year from 47.7 during the pandemic)
» Boise City, Idaho (-64% to 12.6 from 35.2)
» Minneapolis, Minnesota (-62% to 13.6 from 35.6)
» Jacksonville, Florida (-61% to 15.9 from 40.9)

Oklahoma City, Oklahoma, led the list of metros posting the largest increase, growing 193% from 1.7 units permitted per 10,000 people during the pandemic to 5.1 over the past year (still below the national average of 12.4 units permitted per 10,000 people, something the next four cities also have in common). Oklahoma City was followed by these metros posting the highest permit growth:

» Pittsburgh (+184% to 8.8 units per 10,000 people over the past year, from 3.1 during the pandemic)
» Hartford, Connecticut (+102% to 9.4 from 4.6)
» Baton Rouge, Louisiana (+90% to 1.9 from 1.0)
» Milwaukee, Wisconsin (+88% to 11.8 from 6.3)

CRE VOLUME ON THE REBOUND?

According to the Mortgage Bankers Association's (MBA) 2024 Commercial Real Estate/Multifamily Finance Annual Origination Volume Summation, total commercial real estate (CRE) mortgage borrowing and lending is estimated to have totaled $498 billion in 2024, a 16% increase from the $429 billion in 2023, and a 39% decrease from $816 billion in 2022.

MBA's survey tracked $411 billion of loans closed by dedicated commercial mortgage bankers in 2024—a 34% increase from the $306 billion reported in 2023. Activity from smaller and mid-sized depositories is estimated from other data sources to arrive at the $498 billion estimate for the total market.

"Commercial real estate lending rebounded to $498 billion in 2024, up 16% from the prior year, and driven largely by multifamily activity and continued strength from dedicated mortgage banking firms, which closed $411 billion in loans," said Reggie Booker, MBA's Associate VP of Commercial Real Estate Research. "While still below 2021's record originations activity, the market showed renewed momentum. With an estimated $957 billion in CRE mortgage maturities coming due this year, demand for refinancing and new capital will be key drivers of market activity."

Among different property types, multifamily properties saw the highest volume last year, with an estimated $326 billion of total lending and $219 billion directly tracked by dedicated mortgage bankers. First liens accounted for 92% of the mortgage bankers' dollar volume closed.

Dedicated mortgage banking firms reported closing $411 billion of CRE loans in their own names and serving as intermediaries on $303 billion. Firms reported serving as investment sales brokers for $247 billion of deals.

Depositories were the leading capital source for CRE mortgage debt, followed by life insurance companies and pension funds, private label CMBS, government-sponsored enterprises (Fannie Mae and Freddie Mac), and investor-driven lenders.

The CBRE Lending Momentum Index, which tracks the pace of CBRE-originated commercial loan closings in the United States, rose by 21% from Q3 2024 and 37% year over year, reflecting a strong recovery in lending activity. Commercial real estate lending momentum accelerated in the fourth quarter of 2024, supported by a substantial wall of capital and strong fundamentals across most sectors, with maturing debt expected to drive further improvement in 2025, according to the latest research from CBRE.

In Q4 2024, the average spread on closed commercial mortgage loans was 184 basis points (bps), representing a 49 bps decline year over year and a one bps increase from Q3 2024. Spreads on multifamily loans narrowed by 12 bps during the quarter to 156 bps, marking the tightest spreads since Q1 2022, primarily due to compression in agency loan spreads.

"While there was an uptick in market activity in the fourth quarter, the 80 bps shift in 10-year Treasury rates and revised rate expectations, led to recalibrations in credit and equity, resulting in the deferral of some deals. Despite this, a substantial wall of capital continues to support competitive spreads across a wide spectrum of credit markets, from CMBS SASB and Conduit to

CLOs, Agency, LifeCo, Bank, Repo, and Debt Funds," said James Millon, U.S. President of Debt & Structured Finance for CBRE. "Looking ahead to 2025, we expect a more dynamic refinancing and investment sales market, fueled by maturing debt, capital reallocation in closed-end funds, and strong fundamentals across most real estate sectors. We are particularly optimistic about the resurgence of the office occupier market for top-tier assets in major CBDs. Lenders are likely to leverage loan sales to create liquidity for strategically positioned assets and asset management-intensive properties approaching restructured maturity extensions, allowing them to navigate the evolving market landscape."

SNAPSHOT: NET PROFITS FOR INDEPENDENT MORTGAGE BANKERS

Compared to 2023, when they reported an average loss of $1,056 per loan, independent mortgage banks and mortgage subsidiaries of chartered banks recorded an average profit of $443 per loan in 2024, per the MBA.

In 2024, 68% of the companies in the study reported pre-tax net financial profits, up from 36% in 2023 and 53% in 2022, when both the production and servicing business lines were included. The proportion of businesses reporting net financial profits in 2024 would have dropped to 56% if it weren't for the income from the servicing division of the company.

"While overall production profits were positive, some lenders are still struggling in this tough market environment. For example, for the sub-group of lenders with an annual production volume of less than $500 million in 2024."

Key Findings of MBA's 2024 Annual Mortgage Bankers Performance Report:

- Average production volume was $2.1 billion (6,259 loans) per company in 2024, up from $1.9 billion (6,021 loans) per company in 2023. On a repeater company basis, average production volume was $2.4 billion (7,284 loans) in 2024, up from $2.0 billion (6,380 loans) in 2023.
- In basis points, the average production income was 10 basis points in 2024, up from a loss of 37 basis points in 2023. Since the inception of MBA's Annual Performance Report in 2008, net production income by year has averaged 47 basis points ($1,077 per loan).
- The refinancing share of total originations (by dollar volume) increased to 16% in 2024 from 11% in 2023. For the entire mortgage industry, MBA estimates the refinancing share last year increased to 27% from 16% in 2023.
- The average loan balance for first mortgages reached a study-high of $357,631 in 2024, up from $331,437 in 2023.
- Total production revenues (fee income, net secondary marking income, and warehouse spread) were 345 basis points in 2024, up from 329 basis points in 2023. On a per-loan basis, production revenues were $11,520 per loan in 2024, up from $10,202 per loan in 2023.
- Total loan production expenses—commissions, compensation, occupancy, equipment, and other production expenses and corporate allocations—decreased to $11,076 per loan in 2024, down from $11,258 in 2023.
- Net servicing financial income, which includes net servicing operational income, as well as mortgage servicing right (MSR) amortization and gains and losses on MSR valuations, was $301 per loan in 2024, up from $263 per loan in 2023.
- Including all business lines, 68% of the firms in the study posted pre-tax net financial profits in 2024, up from 36% in 2023.

AMERICAN HOMEBUYERS SHOW THEIR KNOWLEDGE GAPS

There are two parts to any purchase: the educational aspect and the financial aspect. When buying a home, you'd hope that everyone—especially first-time homebuyers—has done their homework and comes in with a firm grasp of the process and its jargon. Yet a recent study from JW Surety Bonds showed some large knowledge gaps that challenge homeowners and could turn their American Dream into a nightmare (or at least some sleepless nights).

- 76% of homeowners lacked homeownership literacy until after buying their home.
- One in three homeowners don't know their mortgage interest rate.
- 22% of homeowners are unsure of their monthly mortgage payment.
- More than one in four homeowners (27%) were surprised by unexpected fees during the homebuying process.
- One in five prospective homebuyers have delayed purchasing a home due to confusion around financial literacy.
- One in eight prospective homebuyers cannot accurately define "mortgage," and 43% are unsure about the meaning of "mortgage rate."
- One in four Generation Z renters get their homebuying knowledge from TikTok.

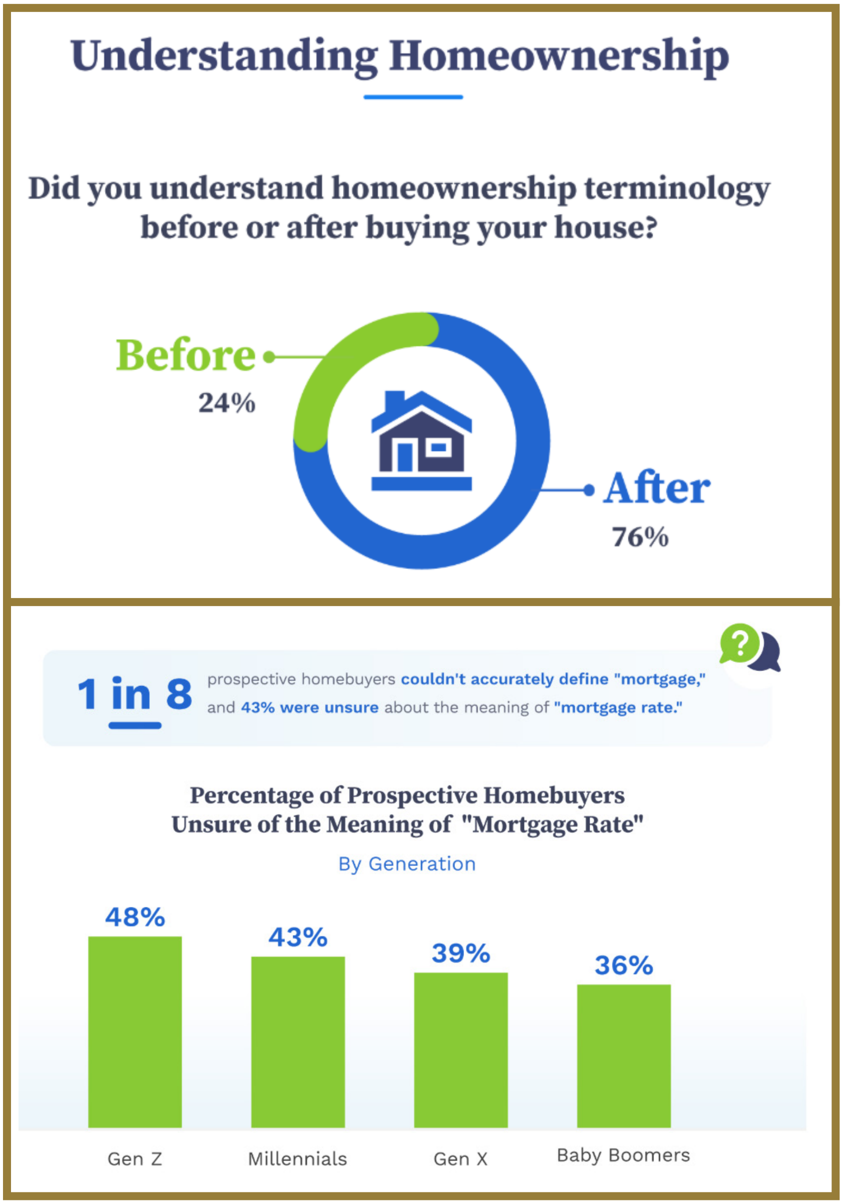
JW Surety Bonds found significant knowledge gaps among homeowners, including the unexpected challenges and financial surprises many discovered after purchasing their homes.

It's a challenging time to buy a home in the current U.S. housing market. Sixty percent of the homeowners surveyed reported they wouldn't be able to afford their home at today's market prices. Worse, most homeowners signed on the line without fully understanding what that would entail: 76% lacked homeownership literacy until after buying their home, with millennials being the most likely (80%) to have had this knowledge gap.

Homeownership literacy includes things like ongoing costs beyond the mortgage (e.g., property taxes, homeowners' insurance, maintenance), different mortgage types, and the responsibilities that come with property ownership, such as routine maintenance and potential HOA obligations.

Many didn't score well on the financial literacy of homeownership, either: 27% were surprised by unexpected fees during the homebuying process, 33% said they didn't know their current mortgage interest rate, and 22% were unsure of their monthly mortgage payment.

Worse, 40% of homeowners were not using an escrow account to pay their property taxes, which could expose them to large annual tax bills, and 36% didn't have an emergency fund for unexpected home repairs.



The financial aspects of homebuying have presented significant hurdles for many prospective homeowners. Only 33% said they've budgeted for all the homebuying costs needed, while 69% fear they'll be priced out of the market due to rising home costs. And 61% of potential buyers said they're adopting a "wait-and-see" approach, holding off until interest rates drop.

Basic terminology is also an obstacle for many prospective homebuyers: one in eight couldn't define "mortgage," a knowledge gap most pronounced among younger generations (18% of Gen Z prospective homebuyers couldn't define the term). And 43% of all prospective buyers couldn't define "mortgage rate." This lack of knowledge led to one in five prospective homebuyers delaying their home purchase.

What do renters feel they need to achieve before buying their first house? Over two-thirds (67%) of Gen Z said they had to achieve a certain salary level, and another 65% said they must have saved for a down payment. A quarter of Gen Z renters said they got their homebuying knowledge from TikTok.

Conversely, most millennial renters (75%) placed the highest importance on saving for a down payment, while another 54% said they needed to reach a separate savings goal. Gen X renters showed similar priorities to millennials, with 70% focused on saving for a down payment. Their secondary focus (51%) was on improving their credit score.

JW Surety Bonds surveyed 1,003 homeowners, prospective homebuyers, and renters in October 2024 to explore their homeownership literacy: 40% were homeowners, 30% were homebuyers, and 30% were renters. Their generational breakdown was Gen Z (11%), millennials (51%), Gen X (30%), baby boomers (8%).

Servicing

Q1 FORECLOSURE AUCTION VOLUME HITS SIX-QUARTER HIGH

Auction.com has released its Auction Market Dispatch for the first quarter of 2025, which found completed foreclosure auctions jumped 20% from the prior quarter, and 4% year over year to reach a six-quarter high, led by a January 2025 spike to a 21-month high. While volume may have dipped in February, the month of March closed strong with a 5% annual gain.

The Auction Market Dispatch is a quarterly report based on proprietary inventory, bidding, pricing, and survey data from Auction.com. The report found that foreclosure auction volume was up across all loan types except for loans insured by the U.S. Department of Agriculture (USDA). Loans insured by the U.S. Department of Veterans Affairs (VA) led the way with a 104% annual increase. The VA foreclosure auction spike came after a nationwide foreclosure moratorium on VA loans expired at the end of 2024.

The report found that scheduled foreclosure auctions rose 14% from the previous quarter to a five-quarter high. Despite the gains, the total completed auction volume remains at just 49% of its pre-pandemic level. Although foreclosure activity started strong in January, it softened in February and March, keeping the overall Q1 sales rate essentially flat quarter over quarter and down from a year earlier.

Scheduled foreclosure auctions, often an indicator of future volume, climbed 14% quarterly to 60% of pre-pandemic levels, the highest levels reported since Q4 2023. REO supply also rose, up 2% quarterly and 3% annually, reaching a six-quarter high, though still just 39% of pre-pandemic levels.

The foreclosure auction sales rates began Q1 on an upswing, reaching an eight-month high in January 2025, up a slight 1% year over year. However, February saw demand drop to a 26-month low, with rates falling 7% annually. March 2025 showed a partial recovery but remained 7% below prior-year levels.

REO (real estate-owned) auction activity was up modestly from the previous quarter, with bidders per asset increasing by 2%. But year-over-year comparisons remained negative across all three months, resulting in a 16% annual decline.

Half of the 76 major metro areas analyzed posted year-over-year declines in foreclosure auction demand (sales rate), led by:

- Chicago, Illinois (down 16%)
- Houston, Texas (down 42%)
- Dallas-Fort Worth, Texas (down 19%)
- St. Louis, Missouri (down 17%)
- Atlanta, Georgia (down 14%)

On the other end of the spectrum, 37 metro markets posted annual gains, with notable increases reported in:

- New York, New York (up 19%)
- Philadelphia, Pennsylvania (up 10%)
- Detroit, Michigan (up 3%)
- Washington, D.C. (up 8%)
- Minneapolis-St. Paul, Minnesota (up 4%)

The top-performing metros in Q1 2025 in terms of foreclosure auction sales rate were:

- Richmond, Virginia
- Milwaukee, Wisconsin
- Hartford, Connecticut
- Rockford, Illinois
- Providence, Rhode Island

The weakest performing metro markets in Q1 2025 included:

- Minneapolis-St. Paul, Minnesota
- Little Rock, Arkansas
- Beaumont, Texas
- Corpus Christi, Texas
- Mobile, Alabama

Price demand—the amount buyers at auction are willing to pay relative to the estimated after-repair value—flattened in Q1 2025. Foreclosure auction price demand held steady sequentially at 56.7%, up slightly from 55.9% in Q4 2024, but down from 59% year over year.

Monthly performance painted a more precise story of declines in foreclosure auction price demand, as the metric fell 2% year over year in January, 4% in February, and 6% in March.

REO price demand followed a similar pattern, having risen 3% quarterly, and 1% annually to 57.9%—but with monthly softening. After starting strong with an 8% year-over-year rise in January, gains flattened in February and turned to a 4% decline in March.

Of the 76 markets analyzed, 59% saw annual declines in foreclosure auction price demand in Q1 2025, including:

» Chicago, Illinois (down 4%)
» New York, New York (down 1%)
» Houston, Texas (down 14%)
» Philadelphia, Pennsylvania (down 7%)
» Dallas, Texas (down 8%)

Auction.com found that some bright spots emerged with 41% of markets posting year-over-year increases in foreclosure auction price demand, led by:

» Minneapolis-St. Paul, Minnesota (up 57%)
» New Orleans, Louisiana (up 7%)
» Baton Rouge, Louisiana (up 5%)
» Baltimore, Maryland (up 2%)
» Pittsburgh, Pennsylvania (up 2%)

Foreclosure auction completions surged 20% quarter over quarter to their highest level since Q3 in Q4 2024. States reporting the largest annual increases were found in:

» Arizona (up 151%)
» Utah (up 100%)
» New Hampshire (up 80%)
» Kansas (up 74%)
» Texas (up 73%)

Trends among top-volume states were uneven, with Texas, Illinois, and Michigan posting an annual increase, and New York and Ohio posting an annual decrease.

Among states with above-100 percent foreclosure auction volume recovery relative to pre-pandemic norms were Connecticut, Colorado, Wyoming, Alaska, Louisiana, South Dakota, Minnesota, Kentucky, and Utah.

TAX SEASON GIVES MORTGAGE PERFORMANCE A BUMP

The Mortgage Bankers Association's (MBA) monthly Loan Monitoring Survey for March 2025 revealed that the total number of loans now in forbearance decreased by two basis points from 0.38% of servicers' portfolio volume in the prior month to 0.36% as of March 31, 2025.

According to MBA's estimate, 180,000 homeowners are in forbearance plans, and the nation's mortgage servicers have provided approximately 8.6 million forbearances since March 2020.

"Overall mortgage performance improved in March, with more borrowers making their mortgage payments and fewer borrowers in forbearance and loan workouts compared to the prior month," said MBA's VP of Industry Analysis Marina Walsh, CMB. "This monthly improvement may be tied to several factors such as receipt of tax refunds and homeowner recovery from natural disasters."

The share of Fannie Mae and Freddie Mac (GSE) loans in forbearance decreased two basis points from 0.15% to 0.13% in March 2025. Ginnie Mae loans in forbearance decreased by one basis point from 0.84% to 0.83%, and the forbearance share for portfolio loans and private-label securities (PLS) decreased four basis points from 0.37% to 0.33%.

"The labor market is relatively healthy, which is helping mortgage performance remain strong," Walsh said. "However, compared to one year ago, there are fewer borrowers current on their mortgages. Also, more borrowers

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

—**Matt Layton**, SVP of Consumer Analytics, LegalShield in loan workouts—particularly those with FHA loans—are having difficulty staying current."

The percentage of servicing volume with loan workouts (completed in 2020 or after) was 6.47% in March 2025, slightly down from 6.49% the previous month and up from 6.11% one year ago.

Total completed loan workouts from 2020 and onward (repayment plans, loan deferrals/partial claims, loan modifications) that were current as a percent of total completed workouts increased to 67.83% in March 2025, up 147 basis points from 66.36% the prior month and down 765 basis points from 75.48% one year ago.

By reason, 76% of borrowers are in forbearance for reasons such as a temporary hardship caused by job loss, death, divorce, or disability. Another 21.4% are in forbearance because of a natural disaster. The remaining 2.6% of borrowers are still in forbearance because of COVID-19.

By stage, 64.0% of total loans in forbearance are in the initial forbearance plan stage, while 17.6% are in a forbearance extension. The remaining 18.4% are forbearance reentries, including reentries with extensions.

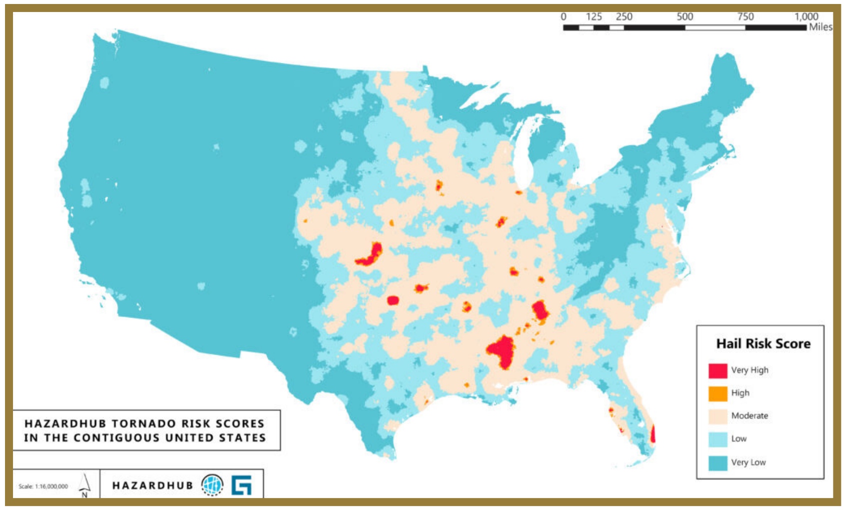
Total loans serviced that were current (not delinquent or in foreclosure) as a percent of servicing portfolio volume (#) was 95.56% in March 2025, up 40 basis points from 95.16% the prior month (on a non-seasonally adjusted basis), and down 35 basis points from 95.92% one year ago.

The five states reporting the highest share of loans that were current as a percent of servicing portfolio included:

» Washington
» Idaho
» Alaska
» Oregon
» Colorado

The five states reporting the lowest share of loans that were current as a percent of servicing portfolio included:

» Louisiana
» Mississippi
» Indiana
» West Virginia
» Alabama



WHERE ARE PROPERTIES MOST VULNERABLE TO SPRING STORMS?

Guidewire has released its updated spring weather and climate risk assessments to help insurers and homeowners better understand property vulnerabilities to tornadoes, hail, lightning, and flooding.

Each spring, particularly across the central and southeastern United States, a volatile mix of warm, moist air and cold, dry systems can quickly escalate into violent tornadoes, damaging hailstorms, and dangerous flooding. According to Guidewire HazardHub, these seasonal perils account for a growing share of property damage and insured losses nationwide.

Spring is the peak season for tornadoes, including the most violent events rated EF4 and EF5. According to the HazardHub Tornado Risk Score, approximately 4.8 million housing units in the United States—or 3.4% of all homes—are located in areas classified as high or very high risk for tornadoes.

HazardHub's analysis of NOAA tornado data shows the United States experienced 1,796 tornadoes in 2024, the second-most active year on record, following 2004. Over the past 15 years, April, May, and June have consistently been the most active months for tornadoes, accounting for the highest total number and the most severe events (EF4 and EF5). According to HazardHub analysis:

» April: 4,180 tornadoes (monthly average), including 30 EF4 or EF5 tornadoes
» May: 4,244 tornadoes (monthly average), including 24 EF4 or EF5
» June: 2,900 tornadoes (monthly average), including 17 EF4 or EF5

The United States typically experiences more violent tornadoes than any other country, with the greatest concentration in the central region known as Tornado Alley. While traditionally defined as northern Texas, Oklahoma, and Kansas, this high-risk zone has expanded eastward in recent years to include much of the Southeast and Ohio Valley.

Top States for Tornadoes (2020–2024)

» Mississippi (115 per year)
» Texas (96 per year)
» Alabama (90 per year)

Tornadoes caused $1.37 billion in property damage nationwide in 2023. Their destructive power often results in severe infrastructure damage and long-term community disruption.

According to Swiss Re, a global reinsurer offering insurance and risk management for large-scale events, in 2023, Severe Convective Storm (SCS) events led to a record $65 billion in insured losses—hail was the primary culprit.

HazardHub's Enhanced Hail Risk Score reveals that 99.72% of U.S. housing units are located in areas with at least some hail risk, though less than 1% are in high-risk zones. Wind and hail are the top causes of homeowners insurance claims, with hail alone accounting for about 20% of all P&C insurer payouts.

According to FEMA and the U.S. Senate Joint Economic Committee, flooding remains the costliest natural disaster in the United States in terms of total economic impact. According to FEMA and HazardHub:

» 90% of all natural disasters involve flooding
» 75% of presidential disaster declarations are flood-related
» Only 4% of U.S. homeowners carry flood insurance—despite growing risk from extreme rainfall and outdated FEMA maps

HazardHub identifies Texas, Louisiana, and California as the states with the greatest riverine flood loss potential and New Jersey, New York, and Virginia as the most vulnerable to coastal flood impacts. In terms of total flood losses, Texas, New Jersey, and Louisiana rank the highest.

Spring weather events are becoming increasingly destructive. Gallagher Re notes that insured losses from Severe Convective Storms in the United States have grown at a 9.6% annual rate since 2000, driven by factors like suburban expansion and increased property exposure in high-risk areas.

"Spring no longer means just warmer weather—it signals the start of the most destructive season for homeowners," said Tammy Nichols Schwartz, CPCU and Senior Director of Data and Analytics at Guidewire. "With HazardHub's property-specific risk scores, insurers can better assess exposure, and policyholders can take proactive steps to protect their homes."

Severe Convective Storms (SCS) can cause extensive property damage through wind, hail, lightning, heavy rainfall, and tornadoes. These events can also trigger secondary perils, such as mudslides—especially in wildfire burn areas—where subsequent storms pose heightened risks.

Common springtime losses include structural damage, fallen trees, shattered windows, power outages, water intrusion, and even mold or food spoilage, all of which may lead to additional living expenses. Seasonal increases in property transactions can also lead to more vacant homes, which are particularly vulnerable to undetected damage and often result in higher claims severity.

BANKRUPTCY INQUIRIES REACH PANDEMIC-ERA HIGHS AS TARIFF EFFECTS LOOM

According to LegalShield, bankruptcy inquiries jumped to their highest level since early 2020 in Q1, suggesting a possible summer filing boom. According to research from the legal services provider, additional tariffs and record-high U.S. consumer debt may further drive already-struggling American households over the edge.

According to LegalShield's Consumer Stress Legal Index (CSLI), the warning signs of bankruptcy coincide with a third consecutive quarter of high consumer stress, suggesting that increased financial

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"When you combine record debt, rising delinquencies, and prolonged financial stress, topped by price pressures driven by tariff uncertainty, the risk of a summer surge in bankruptcy filings becomes very real."

—**Matt Layton**, SVP of Consumer Analytics, LegalShield pressure consumers across the country are feeling has become and will be the "new normal" for millions of Americans.

"Bankruptcy inquiries hit the highest we've seen since early 2020, just before Americans' checkbooks were boosted by COVID checks from the government," said Matt Layton, LegalShield SVP of Consumer Analytics. "When you combine record debt, rising delinquencies, and prolonged financial stress, topped by price pressures driven by tariff uncertainty, the risk of a summer surge in bankruptcy filings becomes very real."

Since its July 2024 peak, the CSLI has stayed high, leveling off marginally to end Q1 2025 at 65.3, down from 67.3 at the end of 2024. Relatively solid employment figures and a sharp reduction in consumer finance inquiries during tax refund season may be hiding more serious issues, as bankruptcy and foreclosure inquiries rose prior to tariff announcements that rocked the markets.

Based on more than 35 million requests for legal services from LegalShield members, the CSLI provides a unique, up-to-date perspective on the financial health of American households.

What Does This Mean for Consumers?

1. Bankruptcy risk is rising rapidly.
   a. Index: 36.4 (up from 33.3 in Q4; 30.0 in Q1 2024)
   b. Insight: Record debt has buried many consumers. According to the Federal Reserve Bank of New York, at the end of 2024, the percentage of households that are 90+ days overdue on their auto loans and credit cards reached a 14-year high, and delinquencies are still rising. At $1.21 trillion, credit card balances reached a record high.
2. Mortgage pressure is intensifying for all Americans.
   a. Foreclosure Index: 41.3 (up from 40.1 in Q4; 36.2 in Q1 2024)
   b. Insight: Elevated mortgage rates and affordability constraints are stressing homeowners and freezing inventory.

Overall, the first half of 2025 may represent a turning point for many American households as they cope with new tariffs, growing costs, more debt, and persistently high interest rates.

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3. Consumer finance concerns are moderating temporarily.
   a. Consumer Finance Index: 97.9 (down from 108.5 in Q4; 99.7 in Q1 2024)
   b. Insight: Tax refunds and strong job growth gave consumers a temporary cushion—but risks remain as tariff-driven price increases are expected.
4. The housing market is signaling "softness."
   a. Housing Construction Index: 114.1 (down from 118.4 in Q4; 115.3 YoY)
   b. Housing Sales Index: 94.1 (down from 97.9 in Q4; slightly up from 92.3 YoY)
   c. Insight: Both buyer demand and builder activity are being stifled by higher material costs brought on by tariffs and higher mortgage rates. One of the best indicators of overall economic activity is the number of new housing starts. In addition to reducing future housing supply and driving up home prices, a decline in residential construction also hurts related businesses like labor markets, durable products, and building materials.

Overall, the first half of 2025 may represent a turning point for many American households as they cope with new tariffs, growing costs, more debt, and persistently high interest rates. By the end of 2024, U.S. bankruptcy filings increased 14.2% year over year, and according to data from LegalShield, filings may continue to increase.

Note: LegalShield's Bankruptcy Index has historically been two quarters ahead of actual bankruptcy filings.

THE STATE OF MORTGAGE DEFAULT RISK

According to Milliman, Inc.'s Q4 2024 results of the Milliman Mortgage Default Index (MMDI), the lifetime significant delinquency rate (for residences that are 180 days or more past due) for U.S.-backed mortgages has somewhat decreased.

After restating to 2.18% in Q3, the Q4 2024 MMDI fell to 2.12%.

The decline in default risk in Q4 2024 is a result of persistently strong borrower profiles, which include lower average loan-to-value (LTV) ratios for the quarter and somewhat higher average FICO scores. Because there were fewer cash-out refinance loans and purchase loans had better credit characteristics, borrower risk dropped from 1.46% in Q3 2024 to 1.39% in Q4.

"Even with the slight decline in default risk this quarter, it's important to consider how evolving economic uncertainty can impact mortgage performance," said Jonathan Glowacki, Principal at Milliman and co-author of the MMDI. "Mortgages are long-duration contracts, and economic events can impact both new mortgages and seasoned mortgages. We will continue to monitor loan performance to evaluate how policy decisions and regulatory changes are impacting the mortgage market."

The Q3 2024 MMDI statistics have been corrected from 2.12% to 2.18% to reflect lower-than-expected home price appreciation, as you can see when examining Q3 to Q4 movements. The MMDI is based on a baseline estimate of future home prices, and its values are updated in later releases to reflect changes in projections and actual circumstances.

MAJORITY OF U.S. HOMES LACK FLOOD INSURANCE DESPITE RISING RISK

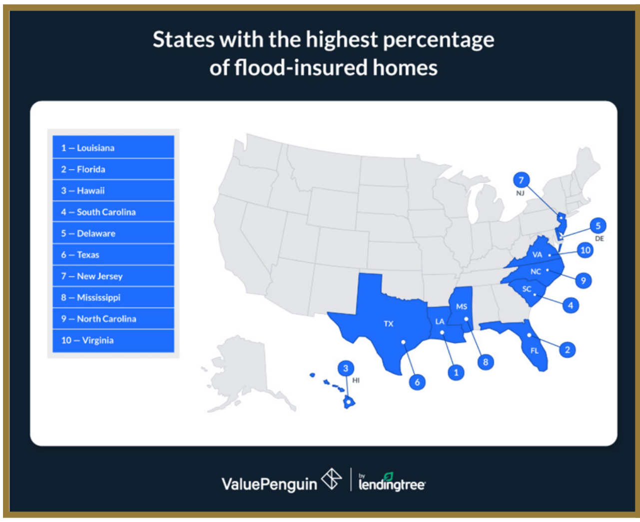
Flooding is the most common and costly natural disaster in the United States, yet 96.7% of homes lack flood insurance, according to a report by ValuePenguin. In 2024, the average home sustained nearly $34,000 in flood damage, with the most significant losses linked to Hurricanes Helene and Milton, which devastated parts of Florida, Georgia, Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

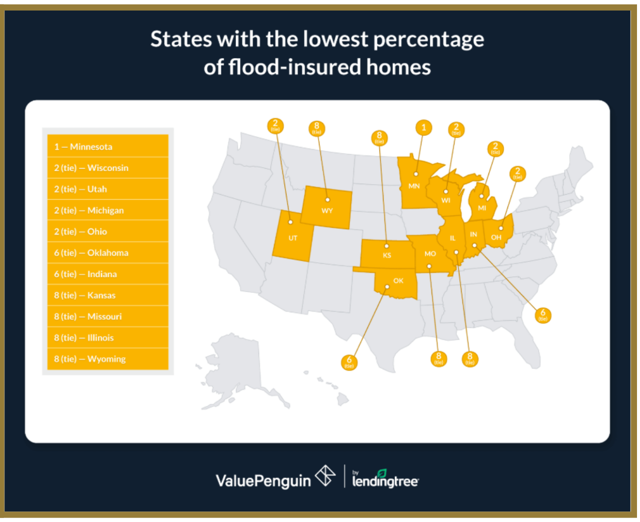
"Climate change continues to drive sea-level increases and make weather more extreme," ValuePenguin Insurance Expert and Spokesperson Divya Sangameshwar said. "Flood-prone areas around the country are expected to grow by nearly half in just this century."

Despite the rising threat, flood insurance isn't mandatory unless a home is in a FEMA-designated Special Flood Hazard Area (SFHA). This leaves many homeowners financially vulnerable. Just one inch of floodwater can cause $25,000 in damage, yet many still choose to go uninsured.

- Only 3.3% of U.S. homes (4.7 million) have flood insurance, and in 26 states, less than 1% of homes are covered. In Minnesota, Wisconsin, Utah, Michigan, and Ohio, coverage rates drop below 0.4%.
- 36 states saw a decline in flood insurance enrollment in 2024, with the biggest drops in Utah (-37.5%), North Dakota (-10.1%), and West Virginia (-87.6%).
- The average flood insurance claim in 2024 was $33,906, with the highest claims in Florida ($38,970) and North Carolina ($23,757).
- 6% of reported flood losses occurred outside SFHAs, proving that flooding isn't just a coastal problem. The District of Columbia (85.6%), Utah (81.3%), and Wyoming (61.6%) had the highest share of non-SFHA flood losses.

Sangameshwar warns that low flood risk doesn't mean no risk, and homeowners' and renters' insurance does not cover flooding. As climate-driven disasters intensify, the lack of coverage could leave millions financially devastated.





Government

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

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

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

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

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

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

National Housing Law Project (NHLP) Executive Director Shamus Roller released the following statement in response to the FY 2026 Budget: "All Americans, across race, place, and party, value the freedom to make a good living, care for our families, and live in a stable home. President Trump's proposed budget cuts life-saving programs that keep poor and working people housed, fed,

"President Trump's proposed 2026 housing budget will drive up homelessness and force apartment owners and operators out of business."

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

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and healthy. This comes on top of three months of unlawful attacks by Trump and Elon Musk on the basic infrastructure of our government. Congress must do its job, ignore Trump's budget proposal, and return to governing. That starts with a fully funded budget that protects us all from harm and prevents evictions of the most vulnerable families. Our country's budget must serve all of us and not just the billionaires."

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

- **Community Development Block Grant (CDBG) Program:** The Budget proposes to eliminate the CDBG program, which provides formula grants to more than 1,200 state and local governments for a wide range of community and economic development activities. Cutting the CDBG program will save an estimated $3.3 billion according to the Budget Request.
- **HOME Investment Partnerships Program:** The Budget seeks to eliminate the HOME program, a formula grant that provides state and local governments with funding to expand the supply of housing. Cutting the HOME program will save an estimated $1.25 billion annually.
- **Native American Programs and Native Hawaiian Housing Block Grant:** The FY 2026 Budget streamlines housing assistance for Native American programs and focuses available resources on the main formula grant to Tribes. Consistent with similar FY Budget proposals eliminating housing programs, the Native Hawaiian Housing Block Grant would be eliminated, saving approximately $480 million annually.
- **Homeless Assistance Program Consolidations:** The FY 2026 Budget consolidates the Continuum of Care and Housing Opportunities for Persons with AIDS programs into a more targeted Emergency Solutions Grant (ESG) program that provides short- and medium-term housing assistance, capped at two years, to homeless and at-risk individuals. Approximately $532 million would be saved by consolidating these homeless assistance programs.
- **Surplus Lead Hazard Reduction and Healthy Homes Funding:** This set of programs has unobligated balances that should be depleted prior to receiving further appropriations and would save approximately $296 million annually if cuts are approved.
- **HUD Self-Sufficiency Programs:** HUD's "Self-Sufficiency Programs" were designed to promote self-sufficiency among housing assistance recipients. Cutting these programs would save $196 million annually.
- **Pathways to Removing Obstacles (PRO) Housing:** Consistent with the Executive Order 14151, "Ending Radical and Wasteful Government DEI Programs and Preferencing," the FY 2026 Budget proposes to eliminate PRO Housing, which was used by the Biden administration to advance equity through affordable housing development programs. Cutting PRO Housing from the FY 2026 Budget would save approximately $100 million annually.
- **Fair Housing Grants:** The Budget looks to save $60 million annually through the elimination of the Fair Housing Initiatives Program (FHIP), which provides competitive grants to public and private fair housing organizations to advocate against single-family neighborhoods and promote radical equity policies. The Budget also seeks to eliminate the National Fair Housing Training Academy, which provides training for Fair Housing Assistance Program (FHAP) and FHIP professionals as well as funding to translate HUD materials to languages other than English.

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

> "Today's cancellation of the VASP mortgage assistance program for Veteran borrowers puts tens of thousands of veterans and their families with VA home loans at great risk of losing their homes."
>
> —**Alys Cohen**, Senior Attorney, NCLC

VA TERMINATES FORECLOSURE ASSISTANCE PROGRAM

May 1 marked the expiration of the Veterans Affairs Servicing Purchase (VASP) program, a mortgage assistance option that allowed a number of borrowers to obtain an affordable payment when delinquent on their mortgage.

On April 23, 2025, the U.S. Department of Veterans Affairs (VA) issued Circular 26-25-2, announcing the termination of VASP as of April 30, 2025 at 11:59 p.m. Effective May 1, 2025, the VA will no longer accept VASP submissions, and the VA announced it is rescinding the prescribed steps for considering veterans for hardship assistance, removing consistency, and transparency from the process.

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

"The men and women who wore our nation's cloth have faced adversity and challenges while defending our freedoms around the world. The last thing we should do is turn our backs on them when they need help staying in their homes," said Raul "Danny" Vargas, Founder, Chairman, and CEO of the American Latino Veterans Association.

The VASP program, launched on May 31, 2024, was designed to assist veterans experiencing severe financial hardship in avoiding foreclosure and remaining in their homes, with eligible borrowers given a fixed 2.5% interest rate, providing a consistent, affordable payment for the remainder of their loan.

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

"Today's cancellation of the VASP mortgage assistance program for Veteran borrowers puts tens of thousands of veterans and their families with VA home loans at great risk of losing their homes," said Alys Cohen, Senior Attorney at the NCLC. "The VA Home Loan Program is a benefit that Veterans have earned through service and sacrifice—it is meant to give them housing stability they deserve."

Those qualifying for VASP must have met the following criteria:

- The loan is three to 60 months delinquent when a servicer submits it into the program.
- The owner of the property or an immediate family member is living on the property.

- The mortgage holder is not in active bankruptcy (and neither is anyone else listed on the loan) when the servicer submits the loan into the program. The VA did accept a dismissed or discharged bankruptcy (Chapter 13 or Chapter 7).
- The mortgage holder has resolved the reason they were in default and can begin making monthly mortgage payments again.
- The mortgage holder and anyone else listed on the loan have a stable and reliable source of income.
- The VA-guaranteed loan is in a first-lien position, and the property doesn't have any liens or judgments that would risk a first-lien position.
- The mortgage holder has made at least six monthly payments since the start of the loan (or since any modification to it).
- The mortgage holder is the legal owner of record on the property.
- The mortgage holder and all others listed on the loan agree to the terms of the VASP modification.

"Financial hardship happens to everyone, and it's a bedrock principle of federal housing policy that borrowers with a financial hardship should be able to bring their loans current and avoid foreclosure if they can afford the new plan," said Mike Calhoun, President of the Center for Responsible Lending (CRL). "Congress quickly enacting a partial claim program would benefit veteran homeowners and the VA as well, since avoidable foreclosures on federally backed loans result in unnecessary government losses."

CFPB SHIFTS ENFORCEMENT PRIORITIES, REDUCES STAFF

The Wall Street Journal has reported that a letter was sent to Consumer Financial Protection Bureau (CFPB) staffers from Bureau Chief Legal Officer Mark Paoletta outlining how the agency will channel its focus on "tangible harm to consumers" by reallocating resources from enforcement and supervision activities that can be done by states.

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

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

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

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

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

"The Bureau must seek to return to the 2012 proportion and focus on the largest banks and depository institutions," Paoletta wrote.

According to news outlet Government Executive, the CFPB has issued Reductions in Force (RIFs) for roughly 1,500 of its personnel, amounting to approximately 88% of its workforce.

In addition to the RIFs, the Bureau reportedly slashed 50% of those responsible for inspection operations of the nation's financial services companies. Employees were informed they would be locked out by 6 p.m. on April 18, and would be separated from federal service by June 16, barring qualifications for other available positions.

Turnover at the Bureau began in February with the dismissal of CFPB Director Rohit Chopra by President Donald Trump, who had served in the role since being appointed by President Joe Biden in 2021 for a five-year term. Less than 48 hours after Chopra was removed as Director of the Bureau, Treasury Secretary Scott Bessent was named acting head of the CFPB.

Russell Vought, Director of the Office of Management and Budget (OMB), then took over as Acting Administrator of the CFPB, instructing Bureau staffers to work from home, while halting all CFPB enforcement efforts.

Jonathan McKernan, most recently a Director on the Board of the Federal Deposit Insurance Corporation (FDIC), was then nominated by the Trump administration as the next Director of the CFPB. McKernan's nomination has yet to be considered by the Senate.

The CFPB was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 in the wake of the financial crisis of 2007-2008. The role of the CFPB is to review the practices of companies, banks, and lenders in the financial services industry and work to protect consumers from predatory practices.

Authorized by Congress in 2010, the role of the CFPB is to reform predatory and deceptive financial industry practices that policymakers believed led to a wave of mortgage defaults, and ultimately to the crisis and subsequent Great Recession.

Market Trends

CONCESSIONS NEAR RECORD LEVELS AS SELLERS ATTEMPT TO WOO BUYERS

A new analysis from Redfin shows that in 44.4% of U.S. home sale transactions in Q1, home sellers made concessions to purchasers. That is only behind the 45.1% record high set at the beginning of 2023, and it is up from 39.3% a year ago.

Data given by Redfin buyers' agents nationwide, spanning rolling three-month periods from 2019 to the present, served as the basis for this analysis. When an agent notes that a seller offered something that helped lower the buyer's overall cost of buying the house, that is considered a concession. This could include funds for mortgage-rate buydowns, closing costs, and/or repairs. Situations where the seller reduced the advertised price of their house or did so as a result of a negotiation with a buyer are not included.

According to Portland, Oregon-based Redfin Premier Real Estate Agent Chaley McVay, most of the offers she writes for buyers ask the seller to make concessions, particularly if it's the buyer's first time buying a house.

"Buyers used to ask for concessions to cover little things like repairs. Now they're negotiating concessions so they can afford to buy a home," McVay said. "A lot of sellers are offering money for mortgage-rate buydowns, and I recently had one seller cover seven months of HOA fees for the buyer."

Due to a shift in the property market in favor of buyers, sellers are making more and more compromises. Due to high housing prices, high mortgage rates, and economic uncertainty, demand from homebuyers is slow. At the same time, with listings at a five-year high, sellers are up against increasing competition from one another. Generally speaking, purchasers have more negotiating power when they have more selections. Additionally, a lot of homes are overpriced, which means they stay on the market longer and force sellers to make compromises to find a buyer, according to Redfin brokers.

"Sellers are feeling nervous because a lot of them bought at the top of the market in 2021 and 2022 and will now be re-buying at a higher mortgage rate," McVay said. "They're worried about net proceeds. That's why I recommend my buyers ask for concessions instead of a lower sale price—it can be a win-win because then the buyer is catching a break, and the seller doesn't have to go below the price they had in their head."

In Q1, 71.3% of home-sale deals in Seattle involved concessions from sellers to buyers, the greatest percentage of any of the 24 major U.S. metropolitan regions Redfin examined. That is the biggest rise among the metros Redfin examined, nearly doubling the 36.4% share from a year ago.

"It's super common to see seller concessions for condos and new-construction townhomes, but less so for single-family homes—unless the single-family home has been sitting on the market for a while," said Stephanie Kastner, a Redfin Premier real estate agent in Seattle. "Condos have become a tougher sell because of skyrocketing HOA fees and insurance. And builders are offering concessions because it's in their best interest to keep sale prices high; they're willing to pay buyers' closing costs and maybe provide a free washer-dryer if it means they don't have to drop the listing price."

Portland, Oregon saw the next biggest increase, up 14.2 percentage points to 63.9%, which was the second-highest rate. Next came Los Angeles (+11 ppts to 56.1%); San Jose, California (+10.6 ppts to 16.7%); and Houston (+6.2 ppts to 46%). After Seattle and Portland, the highest concession rates are in Atlanta, San Diego, and Denver.

New York saw the biggest drop in concessions. Home sellers there gave concessions to buyers in just 5.5% of home-sale transactions, down 15.7 percentage points from a year earlier and the lowest share among the metros Redfin analyzed. The next biggest declines were in Miami (-13.1 ppts to 33.8%), San Antonio (-10.9 ppts to 44.4%), Tampa, Florida (-9.2 ppts to 33.9%), and Phoenix (-3.5 ppts to 51.2%).

Prices are currently declining in several areas of Florida and Texas, where housing markets have been cooling for some time. Because they have had more time to adjust to a slow market, sellers in Florida and Texas have begun pricing their properties lower from the outset, which means they frequently don't need to make compromises. Boston, Chicago, San Francisco, and San Jose have the lowest concession rates after New York.

When a seller lowers their asking price after putting their house on the market, accepts an offer below their asking price, or both, they may be making concessions and receiving less money than they had intended for their properties.

In addition to a concession, about one in five homes (21.5%) that sold in Q1 had a final sale price that was lower than the asking price, up from 18.5% in the same period last year. About one in six (16.2%) obtained a concession and a price reduction, compared to 13% the previous year. Additionally, around one out of ten (9.9%) had all three: a price reduction, a concession, and a final sale price that was lower than the initial list price. Compared to 8% a year ago, there is an increase.

Overall, a lot of last-minute home purchases are also happening as a result of growing economic anxiety. A little more than a year ago, over 52,000 home-purchase agreements in the United States were canceled in March, or 13.4% of all homes that went under contract that month. That is the third-highest March figure since 2017, with the biggest being in 2020, when the pandemic stopped the home market.

WHERE HAVE PROPERTY TAXES GROWN THE MOST?

In a new study on property taxes by Joel Berner, Senior Economist with Realtor.com, the median U.S. tax bill in 2024 was $3,500, up 2.8% from 2023's totals. As tax growth varies state-by-state, in some states, tax burdens are outpacing home price growth and others where property taxes are falling even as homes appreciate in value.

The study by Berner estimates that more than 40% of properties nationwide could save $100 or more by disputing their assessment value, with a median savings of over $500.

Property taxes, levied by counties, municipalities, and some state governments, provide funding for essential public services including schools, healthcare, and transportation infrastructure.

According to Realtor.com's data, from 2023-2024, the median property in the United States saw its tax bill grow by 2.8% and 73.6% of properties had tax increases year-to-year. The median tax burden in 2024 was $3,500, up from $3,349—due primarily to home price appreciation, with assessed values having increased by 2% over the same period, and 59.5% of properties nationwide had their assessment value go up. Interestingly, 23.4% of properties saw their tax bill go up from 2023 to 2024 without their assessment value increasing, suggesting a tax rate hike independent of home valuation.

The following five states saw the largest percentage increase in property taxes from 2023 to 2024 (see chart).

The following five states saw the largest percentage increase in property taxes from 2023 to 2024:

State	Median Tax Burden YoY	Median Assessment Value YoY
Georgia	15.6%	4.8%
Texas	7.8%	10.0%
Main	5.9%	0.8%
New Hampshire	5.6%	0.0%
Wisconsin	5.5%	0.0%

These five states saw decreases or no change to their median tax burden from 2023 to 2024.

State	Median Tax Burden YoY	Median Assessment Value YoY
Nebraska	-15.3%	8.3%
Michigan	-12.9%	12.8%
Kentucky	-1.1%	0.0%
Washington	-0.2%	8.2%
Tennessee	0.0%	0.0%

The following five states include the highest share of properties that could benefit from property tax protesting:

State	Share of Homes Identified for Protesting	Media Savings from Protesting
Texas	51.2%	$606.66
South Dakota	48.3%	$431.23
California	47.8%	$1,875.12
Iowa	47.3%	$368.91
Illinois	46.5%	$629.76

Tax burdens have grown at a faster pace than assessment value, with Georgia, Maine, New Hampshire, and Wisconsin experiencing tax rate hikes. Texas saw tax burdens grow at a slower rate than assessment values, signaling a cut in the effective tax rate. Nebraska and Michigan have seen growth in home values at the same time that property taxes fell significantly, meaning that effective tax rates there sharply decreased. The same is true for Washington, while Tennessee and Kentucky held steady year over year.

As properties become more valuable, their tax obligations increase, and in some places, local governments are bumping up effective tax rates. In others, assessment values are out of line with the true market values of homes, which presents homeowners with an opportunity to save.

Nearly 41% of properties could benefit from lowering their assessed value to their market value times their county's average assessed-to-market value ratio, keeping each property's effective tax rate the same. This large subset of the housing stock could see significant savings. The median property identified by this methodology could save over $539 per year, a 15.4% reduction of the median property tax bill of $3,500 in 2024.

Realtor.com reports Texas, California, and Illinois are three states that are relatively high in taxes, so even a slight change to assessment values could lead to significant tax savings.

For the analysis, tax records from 2023 and 2024 are collected from properties only where both years are available. Data is derived from the Realtor.com tax assessment database. Year-over-year changes are calculated at the property level and aggregated by state from there. Potential savings from property tax protesting are calculated by comparing the actual tax bill for a property for the most recent tax year against the product of that property's effective tax rate (actual tax bill divided by actual assessment value) and the property's hypothetical assessment value (market value multiplied by the average assessment-to-market value ratio for the property's county). Market values are the median of the most recent valuations from several valuation vendors.

SNAPSHOT: 2025's TOP RENTAL MARKETS

Soaring home prices, inflation, and heavy down payments are pushing more Americans toward renting as a long-term plan. Point2Homes analyzed the 75 largest U.S. metros using 25 key indicators that highlight both economy/housing and community/quality of life, also looking at attributes such as cost of living, job growth, local amenities, and community appeal.

Key Study Findings

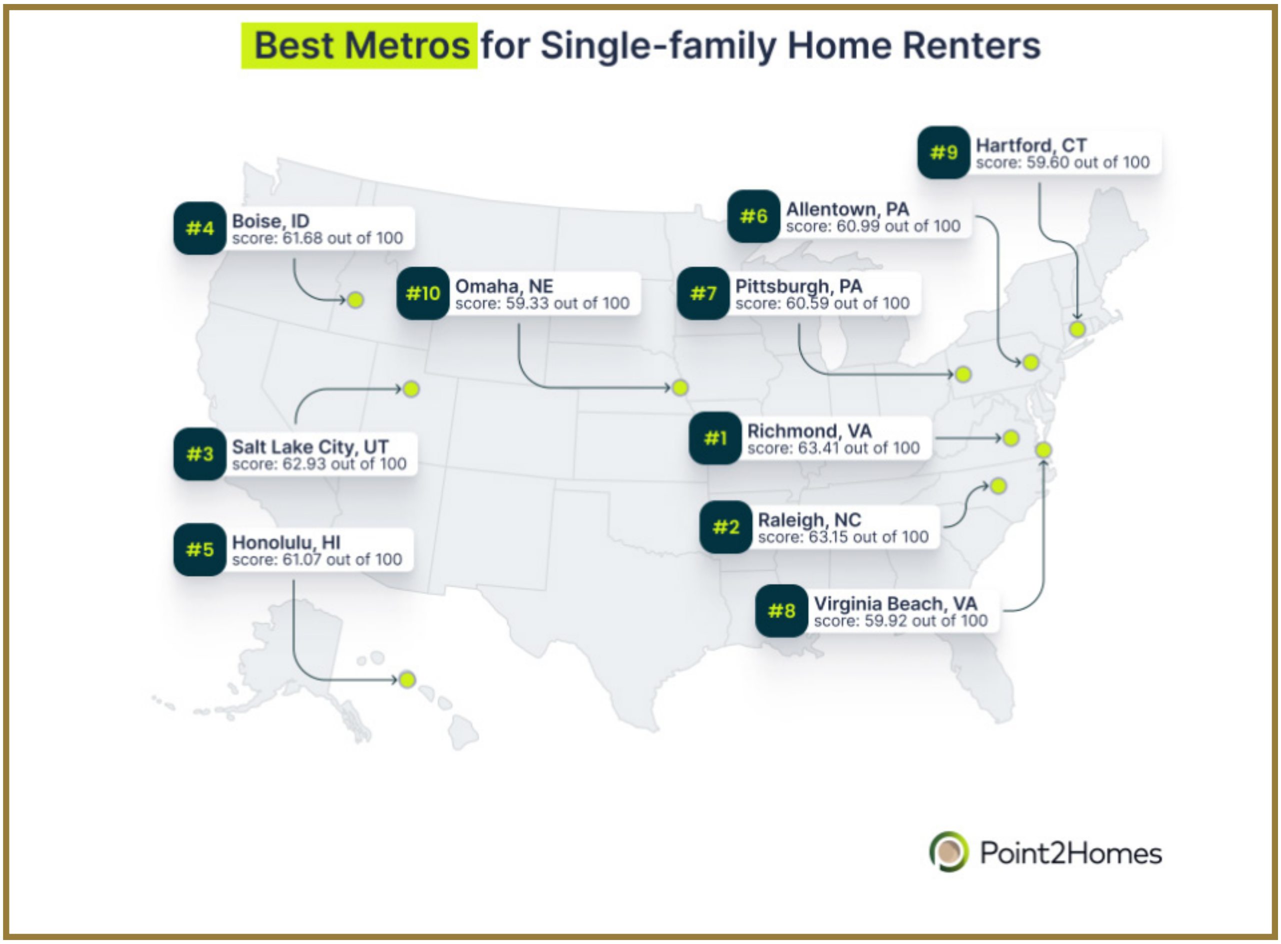
- Richmond, Virginia, and Raleigh, North Carolina, were the top metros for Americans renting single-family homes, offering renters stability and comfort without the burden of ownership.
- Pennsylvania and Virginia each claimed two top metros for single-family renters—Pittsburgh and Allentown, Pennsylvania-New Jersey were a close race, while Richmond and Virginia Beach led the way in their state.
- The Omaha and St. Louis metro areas ranked best at financial factors by boasting lower renters' insurance and unemployment rate, and more than half their single-family renters can comfortably afford housing costs.
- Oxnard, California, ranked best in terms of overall quality of life…but none of California's largest metros cracked the top best metros for single-family home renters.

Single-family rental households have grown by 31% throughout the last two decades, outpacing the 21% increase in owner-occupied homes, per Census data. This has led to an all-time-high surge in build-to-rent homes, newly constructed properties specifically designed for renting.

With renter households growing faster than homeowners nationwide, some metros manage to offer a mix of opportunity and quality of life. The East Coast claims half of the top 10 best metros for single-family home renters.

Nearly one-third of U.S. renter households are single-family home renters, and long-term renting is on the rise: renters now stay for 10 years or more in the same house for rent. That's all due to a perfect storm of rising home prices, limited housing supply, high mortgage rates, and rental prices that deter renters from moving. Unable to save for a down payment, they end up renting longer, especially those looking for the space, privacy, and comfort of a single-family home. So, where can single-family home renters get the most out of their renting experience? The top three U.S. metros for single-family home renters include:

- **Richmond, Virginia (63.41 points):** Richmond leads due to a combination of desirable attributes: a lower unemployment rate, a comfortable number of bedrooms and vehicles per single-family renter household, and good air quality. Professionally speaking, it recorded the second-highest year-over-year job growth at 3.4% and is home to eight *Fortune* 500 companies. Richmond scores big in both Economy & Housing (4th place) and Community & Quality of Life (10th place).
- **Raleigh-Cary, North Carolina (63.15 points):** Part of the Research Triangle, the metro is not only a hub for innovation and career growth, but it also currently has one of the lowest unemployment rates in the country. It also happens to have some of the most single-family rental homes under construction, with plans to expand its build-to-rent inventory tenfold to meet rising rental demand.
- **Salt Lake City-Murray, Utah (62.93 points):** This metro might have a higher cost of living, but more than 56% of renters can comfortably afford their monthly housing expenses. The area enjoys a low unemployment rate, job growth close to 2%, and an average



single-family renter household income of $93,345, all wrapped up in one of the best community indexes and the fourth-best walkability index.

» **Salt Lake City-Murray, Utah (62.93 points):** This metro might have a higher cost of living, but more than 56% of renters can comfortably afford their monthly housing expenses. The area enjoys a low unemployment rate, job growth close to 2%, and an average single-family renter household income of $93,345, all wrapped up in one of the best community indexes and the fourth-best walkability index.

The second-smallest metro on the list ranks as the fourth-best metro for single-family home renters, with the peace of mind of living in the safest metro on the list.

In Omaha, Nebraska, and St. Louis, Missouri, two of the best-ranked metros for economy and housing, more than 55% of single-family renters can comfortably afford their housing costs. The two areas also score well in cost of living, reasonable renters' insurance, and low unemployment rates. Omaha's recent economic surge doesn't hurt.

The Oxnard-Thousand Oaks-Ventura metropolitan area in California might fall short when it comes to the cost of living, but with its community well-being, safety, and walkability, the metro ranks highest in terms of community and quality of life. The second-best place for single-family home renters is Providence-Warwick, Rhode Island-Massachusetts, which combines New England charm with safety and strong community engagement.

No metro in Texas cracks the top 10 best metros for house renters; the closest being the Austin-Round Rock-San Marcos area, ranking 26th. As much as 58% of renters there can comfortably afford their monthly housing costs, making Austin one of the more financially viable options in the state.

Out west, California's Bakersfield-Delano metro is the only large metro in the country where over 51% of renter households are single-family. San Francisco and San Jose boast the highest single-family renter incomes ($150,340 and $194,154, respectively), as well as the best community well-being indexes.

Down Florida way, Miami offers walkability, robust job growth, and a low unemployment rate—plus, as expected, abundant entertainment options, while Lakeland-Winter Haven, the smallest metro on the list with just under 820,000 residents, has one of the highest percentages of house-renters at 39% to enjoy its spacious rental homes and minimal traffic delays.

The nation's largest metro, New York-Newark-Jersey City, ranks 40th overall but stands out for its high-income levels among single-family renters, excellent walkability, and an abundance of entertainment options.

"still putting the pieces back together"

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

★ ★ ★ ★ ★

"risk of a summer surge in bankruptcy"

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

★ ★ ★ ★ ★

"more ways to qualify buyers"

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

★ ★ ★ ★ ★

"stronger than last year"

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

★ ★ ★ ★ ★

"odds of a recession are higher"

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

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3. Education

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4. Exposure

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5. Inclusion

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

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