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MortgagePoint Magazine

NOVEMBER 2024

PUTTING OUR FOCUS ON THE BORROWER'S EXPERIENCE

While technology is upgraded and elevated in the mortgage space, nothing can replace the deep understanding of a borrower's needs that only a lender can have.

HOW DIGITAL TECHNOLOGY HELPS KEEP THE AMERICAN DREAM ALIVE FOR MILITARY BORROWERS

EXPERT INSIGHTS

DUTCH MENDENHALL

Founder of RADD Companies

TAKING THE PULSE OF MORTGAGE SERVICING

Industry Leaders on What's Ahead

MortgagePoint speaks with servicing executives about the current state of the industry, the challenges they are currently navigating, and what they expect for the year ahead.

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MORTGAGE SERVICERS ON THE STATE OF THE INDUSTRY

As I write this, we're only a few days past the 2024 Presidential election, and the internet is wall-to-wall with think-pieces attempting to predict what we can expect from President's second term when it comes to everything from housing to immigration. While we'll have to wait until January to hear President Trump's next State of the Union, in the weeks leading up to the election, we set out to assemble our own State of the Industry, gathering insights from subject-matter experts representing two of Five Star's membership groups: the National Mortgage Servicing Association (NMSA) and the Mortgage Servicing Executive Alliance (MSEA).

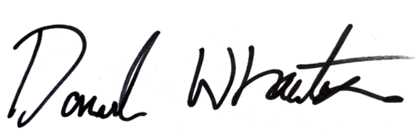
You can read their thoughts in this month's cover story, featuring insights from our panel of experts: Mike Blair, EVP & COO, LoanCare; Wes Iseley, EVP and Senior Managing Director, Carrington Mortgage Holdings LLC; Michael Keaton, SVP, Subservicing Business Development, Onity Group Inc.; Jason Kwasny, Chief Servicing Officer, Servbank; Brent Potter, Operations Executive Director Default Servicing, ServiceMac; Gagan Sharma, CEO, BSI Financial Services; and John Vella, Chief Revenue Officer, Selene Finance.

Also in this month's edition, check out "How Digital Technology Helps Keep the American Dream Alive for Military Borrowers." In this piece, Joey McDuffee, VP for Blue Sage Solutions, discusses how recent innovations in mortgage technology are making homeownership more accessible to military families.

Next up, we have "Putting Our Focus on the Borrower's Experience" by Pedro Garcia, CEO of Mortgage Cadence, an Accenture company. While technology is upgraded and elevated in the mortgage space, Garcia explains why nothing can replace the deep understanding of a borrower's needs that only a lender can have.

Also in this issue, enjoy an exclusive Q&A with Stanley C. Middleman, Freedom Mortgage's President and CEO, who discusses lessons from his long career in mortgage, as well as a profile of D.J. "David" Mulkay, the new Director of Five Star's Legal League.

You'll find all of that and more inside these pages. Welcome to the November 2024 edition of *MortgagePoint*.



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ZIONS BANCORPORATION PARTNERS WITH SNAPDOCS TO DIGITIZE LENDER MORTGAGE CLOSINGS

Zions Bancorporation and Snapdocs announced their collaboration to digitize the lender's mortgage closings. Snapdocs was chosen by the Zions network of banks due to its capacity to promote high adoption rates of digital closings, maximize operational effectiveness, and offer experiences for loan officers, settlement partners, and borrowers.

"We're proud to support Zions as they embrace digital closings and QC automations to gain a distinct advantage in today's competitive environment," said Michael Sachdev, CEO of Snapdocs. "We look forward to helping them maximize productivity and efficiency while providing exceptional experiences for their customers."

Zions, which has operations in 11 western states, was looking for a digital closing provider that could grow and execute digital closings throughout its network. In just one month of working with Snapdocs, which provided training and white-glove support for all local brands, Zions accomplished over 75% adoption of hybrid closings.

Zions has reported a 100% scanback rate with settlement partners and a 100% eSign success rate since its introduction, which means that no borrowers have chosen to opt out of a digital close. Hybrid closings have also resulted in an 80% decrease in errors in closing paperwork, according to the lender.

"At Zions, we're committed to delivering the best customer service to our borrowers. This collaboration with Snapdocs allows us to significantly enhance our closing process and make the home buying experience more trustworthy and accessible," said Mike Pell, EVP of Enterprise Mortgage at Zions. "The speed at which we've adopted hybrid closings demonstrates the effectiveness of the Snapdocs platform and their dedication to our digital closing success."

Zions is also an early user of the new Funding Quality Control (QC) product from Snapdocs. The Funding QC software ensures the authenticity of crucial funding documents by automating funding and post-closing quality control checks using proprietary artificial intelligence (AI). The Zions team used to hand-examine each page for every closing. Funding QC's team can now concentrate solely on the issues that the Snapdocs platform has detected, as the number of pages requiring manual review has been reduced by 98%.

For Zions, this has resulted in substantial time savings and a significant increase in operational efficiency. The lender's future goals include implementing Remote Online Notarization (RON) and eNote digital closings, as well as increasing adoption even further.

CORELOGIC LAUNCHES PLATFORM FOR PROPERTY, PORTFOLIO, AND MARKET INSIGHTS

CoreLogic has announced the launch of Araya, a property and location intelligence platform built for the age of AI.

Designed for over five million professionals in the real estate sector, such as loan officers, appraisers, mortgage originators, servicers, insurance underwriters, developers, agents, brokers, real estate attorneys, and housing regulators, Araya utilizes AI-powered analytics to combine CoreLogic's data with insights about properties, markets, and portfolios.

"CoreLogic's investment in Araya reflects its vision to make an impact, delivering the critical property, portfolio, and market insights that empower professionals to make confident, informed decisions in the $40+ trillion U.S. housing industry," said Devi Mateti, President of Enterprise Digital Solutions at CoreLogic. With decades of experience serving property professionals, we understand the need for trusted, top-tier data, AI technology, and industry-leading solutions that keep pace with a dynamic real estate landscape."

Araya offers insights on individual properties, a wide understanding of the market, and an analysis of the total risk and opportunity in client portfolios. It is built upon a database that covers 99.9% of U.S. properties. With the help of solutions like Climate Risk Analytics, Precision Marketing, Property Intelligence, Market Intelligence, and more, users can navigate dynamic housing conditions and come to quicker, more assured conclusions. Araya combines historical data with predictive algorithms to provide detailed market trends and property characteristics at a glance, facilitating both short-term and long-term strategic planning.

EXPANDED PARTNERSHIP WITH EQUIFAX, GOOGLE CLOUD PROVIDES ACCESS TO DATA INSIGHTS

With the support of BigQuery, Google Cloud's unified data platform, Equifax has announced the expansion of its partnership with Google Cloud to securely deliver anonymized, differentiated data assets on the Google Cloud Analytics Hub, a data exchange intended to facilitate effective and secure data sharing amongst organizations. Equifax is making its data available through Analytics Hub, giving developers instant access to Equifax insights that will hasten the development of new products. To support decision-making throughout the company, the alliance will also allow business users and data analysts to safely access, share, and query data within Google Cloud's infrastructure.

"At Equifax, we believe that more data drives smarter decisions," said Todd Horvath, President of U.S. Information Solutions at Equifax. "By making our differentiated data available on Google Cloud's Analytics Hub, we are not only helping our customers make predictive and informed decisions, but we are increasing the speed and agility of those decisions by meeting them on their channel of choice."

Through the Google Cloud Analytics Hub, customers may securely access anonymized Equifax datasets through search and discovery on the Google Cloud Marketplace.

The first datasets will consist of:

- **U.S. Consumer Credit Trends**, which provides a unique perspective into anonymized, time-series credit data. These datasets cover the U.S. consumer credit population and are specifically attributed for trending, market analysis, benchmarking, and research purposes across loan types such as auto loans and leases, bank cards, first mortgage originations, and student or personal loans.
- **Equifax Analytic Dataset**, which is an unbiased, anonymized statistical sample of loan-level credit data and a representation of the U.S. credit active population. These insights enable users to better model delinquency, default, loss severity, and prepayment.
- **B2bConnect Commercial Marketing Data**, which includes verified firmographic information on more than 61 million U.S. businesses and 185 million global businesses, such as vertical industry coding, revenues, number of employees, corporate hierarchy, and many other valuable attributes for better targeting of sales and marketing activities.

"Google Cloud and Equifax have a longstanding commitment to improving business decision-making with data," said Stephen Orban, VP of Migrations, ISVs, and Marketplace at Google Cloud. "Our expanded partnership will bring powerful new datasets to Analytics Hub, such as credit trends that financial institutions can easily apply in BigQuery to better evaluate market and credit performance to enable smarter decisions."

NEW FLOIFY VERIFY PLATFORM DESIGNED TO SIMPLIFY THE MORTGAGE ORIGINATION PROCESS

Floify has announced the launch of Floify Verify, a native electronic verification of income and employment (VOIE) service powered by Argyle. Floify Verify, which was created to expedite the mortgage origination process, enables brokers and lenders to verify employment and income at a reasonable rate without having to deal with extra third-party vendors.

Lenders can prioritize their business goals, such as expediting loan processing or maximizing cost savings, thanks to Floify Verify's built-in features. To cut down on delays and speed up loan approval, lenders that prioritize speed can incorporate Floify Verify straight into the loan application process. Lenders who want to control expenses can also set up Floify Verify to be started by loan teams at a later stage, like following a financial pre-screening. This way, they can strike a balance between borrower experience, cost-effectiveness, and efficiency.

"VOIE has been a pain point for many of our customers, with legacy verification methods achieving low success rates at a high price point. These methods are ill-suited to today's workforce and too expensive at a time when origination costs have risen to untenable levels," said Sofia Rossato, President and General Manager of Floify. "In response, we've partnered with Argyle to offer an elegant and cost-effective way for lenders to verify income and employment in the Floify environment without the hassle of managing additional vendors."

Reports issued by Floify Verify may be eligible for representations and warranty relief from Freddie Mac and Fannie Mae about qualified loan components. This is because Argyle, the company that powers Floify Verify, is an approved report supplier to Freddie Mac's Loan Product Advisor (LPA) asset and income modeler (AIM) and Fannie Mae's Desktop Underwriter (DU) validation service.

Lenders can see borrower-permissioned documents, like pay stubs and W-2s, at 60–80% less expense with Floify Verify compared with legacy suppliers and manual verification techniques. Additionally, the system offers free on-demand re-verification for things like agency loans, which require 10-day pre-closing verification.

"Argyle is proud to extend a modern verification experience to more borrowers and originators through our collaboration with Floify," said Shmulik Fishman, Founder and CEO of Argyle. "Floify Verify, powered by Argyle, equips lenders with a faster, more efficient way to handle VOIE, shaving up to a week off closing times and dramatically cutting costs—all while reducing the risk of loan buybacks."

FIRST AMERICAN TITLE LAUNCHES TECHNOLOGY PLATFORM FOR TITLE AGENTS

First American Title Insurance Company has announced the launch of a reimagined AgentNet, a technology platform that offers the goods and services that First American title agents value most in a centralized, user-friendly location. Title agents may now more readily access business-critical capabilities thanks to the new platform's easy navigation,

> “AgentNet provides our title agents with the tools they find most valuable in a platform that is straightforward and simple to use, so they can deliver the certainty and trust needed to power seamless real estate transactions for their customers and grow their businesses.”
>
> —**Stephen Vincini**, President, First American Title's Agency Division

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which builds on the virtues of the current AgentNet program and minimizes the complexity that comes with using several systems.

“Our title agents wanted a simplified way to access our industry-leading tools that complements how they operate their businesses, so we completely reinvented AgentNet based on their feedback and our deep understanding of their needs,” said Stephen Vincini, President of First American Title's Agency Division. “AgentNet provides our title agents with the tools they find most valuable in a platform that is straightforward and simple to use, so they can deliver the certainty and trust needed to power seamless real estate transactions for their customers and grow their businesses.”

The AgentNet platform will feature three kinds of goods and services at launch including:

- **AgentNet Services:** The digital storefront for First American Title's products and services that paves the way for seamless title transactions, with a time-saving order entry process, flexible report and remit options, and real-time order insights that will soon include proactive fraud alerts. AgentNet Services also includes solutions to support time-sensitive and complex transactions and instant access to back-office services and title experts whenever they're needed.
- **AgentNet Knowledge:** A one-stop destination for First American Title's underwriting guidance, education, and CE/CLE training courses. More than just a repository of information, AgentNet Knowledge provides title agents with First American Title's industry-leading underwriting expertise, from bulletins and forms to cybersecurity and fraud prevention resources, delivering a best-in-class experience that sets the foundation for AI capabilities.
- **AgentNet Production:** A brand-new product, which is a comprehensive, cloud-based title and escrow closing solution designed to simplify real estate closings from order origination through post-closing. Its intuitive navigation caters to all experience levels, from new hires to high performers. The web-based, work-from-anywhere software supports basic transactions and can be customized for more complex, multistate title agency business models with more advanced functional needs, including supporting transactions involving other underwriters besides First American Title.

CANDOR TECHNOLOGY ANNOUNCES EXPANSION OF ITS LOAN ENGINEERING SYSTEM TO INCLUDE FHA LOANS

Federal Housing Administration (FHA) loans are now part of the Loan Engineering System (LES) offered by Candor Technology. In a first for the industry, Candor's LES provides a warranty on income computations and cleared conditions for funded FHA loans in addition to automating underwriting decisions.

The loan origination software used by lenders may compute income, assets, and other qualifying credit criteria while cross-referencing FHA requirements thanks to Candor's LES, which connects with it effortlessly. The solution is supported by a warranty from an AAA-rated insurer for a maximum of 60 months after closure and creates and clears dynamic, loan-specific conditions.

“There is no other automated underwriting technology that helps lenders make decisions on FHA loans like ours,” said Mark Hinshaw, CEO of Candor Technology. “We're excited to lead the way with this groundbreaking technology. Our LES capitalizes on the power of AI, enabling originators to make faster, more confident decisions, ultimately enhancing the borrower experience."

Revolutionizing FHA Loan Underwriting

Loan officers can obtain customers more quickly than ever before thanks to the LES' ability to thoroughly underwrite a loan in as little as 90 seconds, even at the point of sale, thanks to sophisticated expert system technology.

"At Candor, we're committed to redefining mortgage industry standards," Hinshaw added. "Rice Park Capital Management's recent investment underscores our focus on customer-centric innovation and industry leadership. We're not the Candor of old—our new direction is rooted in pushing the industry forward with cutting-edge solutions at a time when industry employment is at a 10-year low despite falling rates. It's time for lenders to take another look at Candor."

DATAVERIFY INTEGRATES WITH ICE LENDING PLATFORM TO MITIGATE RISK AND FRAUD EFFICIENCY

DataVerify has launched a new integration that is accessible through the ICE digital lending platform's marketplace and makes use of the most recent API framework for mortgage technology from Intercontinental Exchange (ICE). With the use of safe API-enabled technology, industry players may now interface with ICE solutions and offer their services to loan originators and servicers.

The ability to use DataVerify products within Encompass by ICE Mortgage Technology is made possible by this integration, which benefits mutual customers of DataVerify and ICE Mortgage Technology and significantly improves user experience and underwriting efficiency.

"This integration with ICE Mortgage Technology showcases the investment DataVerify has made in powerful technology to help meet the evolving needs of our lenders and reaffirms our shared commitment to driving efficiency in the industry," said Paul Harris, President of DataVerify. "These efficiencies help make the path to homeownership more streamlined and accessible."

Users can use a range of products from DataVerify and its affiliates, such as verification services, flood zone determinations, and fraud and risk mitigation services, without ever leaving Encompass. These products are now seamlessly linked with the user's wider Encompass underwriting workflow. The DataVerify DRIVE platform within Encompass offers numerous new configurations, such as task-based workflow automation, custom field options, alert clearing in Encompass, and automation for scoring and re-scoring.

REDFIN EXPANDS FREE RENTAL TOOLS NATIONWIDE

Redfin has revealed that its nationwide rental listing feature has been enhanced, now offering free rental property listings to homeowners, investors, property managers, and agents throughout the U.S. These individuals may also contact potential tenants through Redfin's network of websites, handle the application and tenant screening processes, and manage their properties from a single location.

"Whether you're renting your home out for the first time or you're a seasoned investor or property manager, Redfin can help connect you with millions of people searching for their next place to call home across our network of sites," said George Perantatos, Senior Director of Product at Redfin. "Our rental listing tool is free and easy to use, and we now make it simple to collect applications and screen potential renters. As we make this feature available across the country, we're giving renters more great options for their next house, townhouse, or apartment."

Reach More Renters Through Redfin's Family of Listing Sites

In May, Redfin first made available its free rental tool on its website and mobile apps in 13 markets. To help property managers reach more tenants, rental properties will now automatically be advertised to renters searching on Rent.com and Apartment Guide in addition to being listed on Redfin.com.

Property managers can enter their address and list a rental for free on their website. After that, before posting the listing to Redfin's network, they will be required to submit a property description, add images, and offer some basic information about the house. Redfin's rental dashboard makes it easy for property managers to manage their listings. They can track inquiries from potential tenants, keep an eye on views, and edit or expand their listings.

Collect Applications and Screen Potential Renters in One Place

Redfin's technologies enable property managers to screen applicants using criminal, eviction, and credit reports certified by a third party before inviting them to apply. Property managers have free access to an application and tenant screening tool that is used by more than 500,000 property managers nationwide thanks to a partnership with TurboTenant. Redfin offers a smooth experience and expedites the process of filling vacancies by integrating it directly into the rental dashboard.

Property managers only need to tick a box and choose the background questions they want to ask when creating their rental listing to participate in renter applications and screening. Upon the listing's activation, prospective tenants can complete a comprehensive and user-friendly application.

MORTGAGE LENDERS UTILIZE FANNIE MAE'S 10-DAY PRE-CLOSE VOE REQUIREMENTS VIA ACCOUNTCHEK

AccountChek now supports new features to Fannie Mae's Desktop Underwriter (DU) validation service that streamline the digital pre-close verification of employment (VOE), greatly increase overall efficiency, and improve the borrower experience, according to Informative Research.

According to Fannie Mae's Selling Guide, lenders must finish a 10-day employment verification before closing. Lenders who use the DU validation service can now use an AccountChek deposit-based VOE report (DVOE) to satisfy this requirement as of September 20, 2024. In order to provide a more targeted and effective verification procedure, the report shows deposit transactions while leaving out other bank data activities. Loan case files where employment was first verified with an AccountChek asset verification report (VOA) are eligible for approval.

"We've witnessed the significant impact of utilizing AccountChek's asset verification for upfront processes. With Fannie Mae's latest updates allowing lenders to extend this streamlined approach to pre-close employment verification, we anticipate even greater operational efficiencies and cost savings," said Brian Francis, Head of AccountChek at Informative Research. "This update not only enables the use of AccountChek DVOE report, but by removing the DTI limit, it also expands the scope of loan casefiles eligible for asset-based income and employment validation, as well as providing findings to the lender regardless of the DU recommendation. These changes expand lenders' ability to use a single AccountChek order to verify income and employment on a loan."

A single AccountChek order filled out by the borrower can be used by lenders to create a DVOE report for the 10-day pre-close verification as well as a VOA report for asset, income, and employment verification. Despite being different, the procedure is made simpler because both reports are produced from a single AccountChek order.

"This collaboration provides a new way for lenders to digitally verify employment when using Desktop Underwriter," said Peter Skarnulis, Fannie Mae's VP of Single-Family Digital Management Solutions, "and is part of our continued focus on delivering value through the products and services that we offer."

DIGITAL RECAPTURE HELPS LOANCARE GROW, OPENING THE DOOR FOR LENDER SUCCESS

To keep their lending partners in the forefront of their minds, LoanCare has introduced

> "Whether you're a servicer who needs a BPO to determine next steps for loss mitigation, or an investor looking for an instant valuation to validate a portfolio decision, having access to the right solution at the right time—when time is of the essence—is key."
>
> —**Kenon Chen**, EVP of Strategy and Growth, Clear Capital

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Digital Recapture, a new suite of technologies that links homeowners with loan solutions that assist educate them about possible home equity or reduced interest rates.

Through customizable refinance options including a cash-out refinance, home equity line of credit, or rate and term refinance, LoanCare's Digital Recapture gives lenders a simplified way to connect with homeowners seeking affordable homeownership and financial flexibility. Lenders can take advantage of borrower interest and respond to lead notifications instantly.

Other conversion rate drivers include a dedicated Refinance Center within the homeowner portal and mobile app that serves as an information hub with recommended products and services, targeted digital promotions based on lender preference and homeowner eligibility, and real-time lender notifications of new application submissions.

"We're excited to introduce these retention tools as a significant enhancement to the homeowner digital experience while offering our clients a tactical way to boost engagement and loan origination as a part of their portfolio defense strategy," said Dave Worrall, President of LoanCare. "By providing homeowners with direct access to refinancing options and giving our clients real-time actionable leads, this program underscores our commitment to delivering value at every stage of the mortgage lifecycle."

The newest product from LoanCare's in-house digital platform, Digital Recapture, demonstrates the company's dedication to enhancing the homeownership experience by supporting and opening doors for lenders to succeed with its recapture solutions. Lenders may improve their recapture strategy and prolong borrower connections throughout the duration of their loan by offering more retention touchpoints along the customer cycle.

"We are actively working with lenders to capitalize on refinancing and retention opportunities by putting our knowledge, energy, and technology to use," Worrall said. "With our new Recapture features, we believe LoanCare is the only subservicer with the resources and captive capabilities to help lenders optimize portfolio performance and build lasting relationships with their customers."

CLEAR CAPITAL ANNOUNCES CLEAR CAPITAL PRODUCT PORTAL TO STREAMLINE VALUATION PROCESSES

The Clear Capital Product Portal, a self-service portal that speeds up and simplifies the valuation process by enabling consumers to order Clear Capital goods, has been launched, according to Clear Capital. The Product Portal's introduction shortens the time it takes for users to obtain trustworthy valuations and analytics goods to help them make decisions.

In the mortgage industry, increasing efficiency is critical to success. For instance, speed of service is crucial to a positive experience for homeowners choosing home equity financing, and time is of the essence when an independent appraisal assessment is needed for a correspondent loan. To give independent mortgage brokers, loan officers, loan processors, investors, and others rapid access to the company's top-notch goods anytime they're needed, Clear Capital developed the Product Portal. In only a few minutes, customers may register for the Product Portal and start placing orders. The Portal's self-service technologies facilitate a more effective team process by allowing users to collaborate and manage their orders within the platform.

"Whether you're a servicer who needs a BPO to determine next steps for loss mitigation, or an investor looking for an instant valuation to validate a portfolio decision, having access to the right solution at the right time—when time is of the essence—is key," said Kenon Chen, EVP of Strategy and Growth for Clear Capital. "The goal of our Product Portal is to simplify access to our world-class valuation and analytics products by creating a one-stop-shop with a full range of tools available. This is another step forward for us as we work to reduce friction in the valuation process for all industry players."

Clear Capital products available through the Product Portal include:

- **ClearAVM™** is one of the highest-rated, lending-grade AVMs on the market, relied upon by investors, lenders, and regulators. ClearAVM has powered more than 139 million valuations across the United States.
- **Collateral Desktop Analysis** (CDA®) removes pre-funding uncertainty and supports due diligence by reevaluating an appraisal to deliver a comprehensive loan file.
- **Residential Broker Price Opinion** (BPO) is the ultimate alternative to an appraisal for servicing, origination, and investments. It earned Morningstar's top rating, MOR RV1. Residential Evaluation is fully compliant with Interagency Appraisal and Evaluation Guidelines (IAG) and well-suited for origination loans on transactions of less than $400,00—including HELOC.
- **Property Condition Inspection** (PCI) provides rapid property condition updates. Local agents and brokers generate a risk summary report that visually highlights factors that could impact a property's marketability. PCI can be ordered alongside ClearAVM for an IAG-compliant evaluation.
- **Post Disaster Inspection** (PDI) estimates damage and repair costs after floods, fires, hurricanes, tornadoes, and other disasters — with turn times as short as two days.
- **ClearProp®** is an interactive analytics tool with nationwide coverage that enables quick, comprehensive property value conclusions.

Clear Capital also provides a Property Analytics API and a Property Valuation API for individuals seeking a comparable set of goods that can be integrated straight into their current system. Adopting and implementing contemporary property valuation solutions is made simpler by these industry-leading APIs, which link lenders, investors, and system providers through a single connection.

With real-time progress updates from order creation to completion, the Property Valuation API enables lenders and investors to monitor their property valuation orders during the whole order management process. From prequalification to closing, the Property Analytics API offers AVM capabilities that enable the addition of comparable or other property data for underwriting.

Movers & Shakers

Government

HUD APPOINTS 11 TO HOUSING COUNSELING FEDERAL ADVISORY COMMITTEE

The U.S. Department of Housing & Urban Development (HUD) has appointed 11 new members to its Housing Counseling Federal Advisory Committee. The Committee serves a critical advisory role to HUD by helping shape the direction of its Housing Counseling Program and providing guidance on how to better serve prospective buyers, homeowners, and renters with their housing needs. Members represent professionals from the mortgage and real estate industry, HUD-approved housing counseling agencies, and consumers.

The following new Committee members will serve three-year terms and begin their service in January 2025:

- **Tamara Gifford**, Director, Community and External Relations for Onity Group
- **Leigh Lester,** Founder and Executive Director of the Ubuntu Institute of Learning
- **Helene Raynaud**, SVP of Housing Initiatives for Money Management International
- **Elizabeth Karwowski Sdoucos**, CEO and Chief Customer Officer for CredEvolv
- **Hanna Tester**, Homeownership Director for Neighborworks Montana
- **Carol Ventura**, CEO and Executive Director for the Rhode Island Housing and Mortgage Finance Corporation
- **David Young**, Director of Capacity Building for Housing Action Illinois

These newly appointed members are joined by the following Committee members who have been re-appointed for additional three-year terms:

- **Lawrence Batiste**, Branch Manager and Real Estate Broker with the NID Atlanta Metro Regional Office
- **Carol Ann Dujanovich**, SVP and Director of the Reverse Mortgage Division, University Bank
- **Angie Liou**, Executive Director for the Asian Community Development Corporation
- **Paul Yorkis**, President of Patriot Real Estate Inc.

Sherri Eckles, who was appointed last year and serves as SVP of the Renovation and Construction Lending Programs at Norcom Mortgage, will also continue to serve on the Committee.

"We are pleased to announce our new Housing Counseling Federal Advisory Committee members, a diverse group of industry leaders dedicated to addressing the nation's pressing housing challenges," Assistant Secretary of Housing and Federal Housing Commissioner Julia R. Gordon said. "Their expertise will help guide our collective efforts, ensuring housing counseling is available, accessible, and tailored to meet as many people as possible."

HUD established the Housing Counseling Federal Advisory Committee in April 2015 to advise HUD's Office of Housing Counseling on how to carry out its mission. The Committee provides a forum for those involved in housing counseling to offer advice directly to the Deputy Assistant Secretary for Housing Counseling on ways to accomplish the objectives of HUD's Office of Housing Counseling. All Committee meetings are open to the public.

"We are excited to collaborate with the Committee to drive our mission forward and provide consumers with vital resources to secure, uphold, and preserve their homes," said Deputy Assistant Secretary of Housing Counseling David Berenbaum. "We'd also like to express our appreciation to the departing members for sharing their expertise to foster the impact of housing counseling providers nationwide."

Lenders/Servicers

MR. COOPER GROUP ANNOUNCES SENIOR LEADERSHIP CHANGES

Mr. Cooper Group has announced several senior leadership updates as the company continues to focus on innovation with investments in new technologies and artificial intelligence (AI) to better support customers on their homeownership journey.

Sridhar Sharma will assume the role of EVP and Chief Innovation and Digital Officer. Sharma has been with the company for the last decade serving as Chief Information Officer. Under his leadership, Mr. Cooper developed Pyro AI, the company's patented AI and advanced machine learning platform that has driven the company's ability to grow. In his new role, Sharma will continue to lead Mr. Cooper's digital-first strategy with an even stronger focus on developing and implementing AI and machine learning solutions to give customers and team members a more seamless experience while continuing to push the mortgage industry forward.

The company also welcomes **Jeff Carroll** as SVP and Chief Technology Officer (CTO) to oversee technology infrastructure operations with a focus on resiliency and scale to support the company's continued growth. Carroll has more than 20 years of experience leading technology operations, infrastructure, cloud platforms and technology modernization initiatives. Most recently, he served as SVP, Platform and Cloud Engineering, at Sabre where he managed the company's technology infrastructure and led platform modernization efforts resulting in cost efficiencies, enhanced security, and an optimized user experience.

"Our technology teams have done exceptional work to elevate and evolve the homeownership experience while driving Mr. Cooper to the forefront of the industry. The team's depth of experience and passion for discovering new and innovative solutions will truly transform the mortgage space and better serve American homeowners," said Jay Bray, Chairman and CEO, Mr. Cooper Group.

Kandhari

Graham

Mr. Cooper is also welcoming two new leaders who will collaborate to lead the company's data strategy and governance models to fuel responsible AI and machine learning across the company. **Prerna Kandhari** is joining as SVP, Data Engineering, and **David Graham** as SVP, Data Governance.

Kandhari joins Mr. Cooper with more than two decades of experience leading cross-functional teams at *Fortune* 100 companies focused on defining and implementing scalable big data platforms that power real time insights, machine learning (ML) and AI solutions with robust controls and governance frameworks. She most recently served as Director of Software Engineering at Capital One, and prior to that as Senior Director of Digital and Technology at CBRE.

Graham joins the company with more than 20 years of experience developing and executing comprehensive data strategies to drive business growth, transformation and innovation. He held several leadership positions at the Royal Bank of Canada and at Standard Charter Bank and has proven expertise in data governance, quality assurance, and data architecture to mitigate risks and leverage advanced analytics to provide business insights.

"With a focus on digital transformation, Mr. Cooper solidified our position as the biggest and best mortgage servicer in the country. We are very excited to deepen our technology leadership expertise and build on our momentum while unleashing the power of responsible AI to give our customers a better experience driven by new tools, data and products to help make homeownership more rewarding," said Mike Weinbach, President, Mr. Cooper Group.

> "Our technology teams have done exceptional work to elevate and evolve the homeownership experience while driving Mr. Cooper to the forefront of the industry."
>
> —**Jay Bray**, Chairman and CEO, Mr. Cooper Group

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FAIRWAY NAMES NEW HEAD OF RECRUITMENT

Loan Originator **David Lazowski** has been promoted to the role of President of National Recruiting and Growth at Fairway Independent Mortgage Corporation, which was ranked number one among mortgage origination companies for customer happiness in the J.D. Power 2023 U.S. Mortgage Origination happiness Study.

"Laz is the consummate mortgage professional, and we are excited to support him in his new role," said Steve Jacobson, CEO and Founder of Fairway. "Being part of the Fairway family for almost two decades, Laz absolutely embodies Fairway's core values of humility and staying balanced."

Lazowski (also known as "Laz") is a notable loan originator, branch manager, and division leader over his 18 years with Fairway. In addition to leading his team at Fairway, Lazowski's new position as President of National Recruiting and Growth will involve recruiting and other strategic initiatives to promote Fairway's national expansion.

"My passion for Fairway has never been higher! I understand what loan officers need to be successful at the ground level," Lazowski said. "My goal is to support Fairway's vision of making this the best place to work and to give opportunities."

GUILD MORTGAGE APPOINTS NEW SVP OF COMMUNITY LENDING SOLUTIONS

Nora Guerra has joined Guild Mortgage as SVP of Community Lending Solutions, further solidifying the company's dedication to fulfilling the promise of homeownership. Guerra has more than 25 years of mortgage sector leadership experience, most recently as the Senior Manager of National Affordable Lending at Freddie Mac.

"Nora Guerra has long been a champion in our industry, educating and leading initiatives to help make homeownership an achievable goal for everyone," said Terry Schmidt, CEO of Guild Mortgage. "Her values and passion align perfectly with Guild Mortgage's mission and vision, and we look forward to leveraging her expertise and experience to advance Guild's mission to make homeownership more attainable and sustainable for individuals and families."

In her role as SVP of Community Lending Solutions, Guerra will oversee, create, and broaden policies, programs, and projects that promote affordable homeownership, such as mortgage lending, down payment aid, financial literacy, and community engagement.

"I've been fortunate enough to work side-by-side with Guild Mortgage for years as passionate advocates for attainable housing," Guerra said. "By officially joining the Guild team, we have the opportunity to help shape communities across the nation with stability, liquidity, and affordability to truly deliver the promise of home."

In 2023, Guerra received the *Diversity Journal*'s Latino Leadership Award in recognition of her unwavering advocacy

"By officially joining the Guild team, we have the opportunity to help shape communities across the nation with stability, liquidity and affordability to truly deliver the promise of home."

—**Nora Guerra**, SVP of Community Lending Solutions, Guild Mortgage

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for housing equality for Latinos and her work to raise the financial literacy of Latino high school and college students. She also received the National Association of Mortgage Brokers (NAMB) Leadership and Partner of the Year Award, the Freddie Mac CEO Award for her efforts to promote homeownership in the housing industry, and the Norma Shorrock Award of Education and Innovation from the National Association of Professional Mortgage Women (NAPMW) in the past year.

WATERSTONE MORTGAGE PROMOTES NEW CFO

Waterstone Mortgage Corporation has named **Jim Harper, CPA**, as the company's new Chief Financial Officer. Harper has more than 25 years of experience in the financial services industry, including seven years of work within the mortgage industry. He recently joined Waterstone Mortgage as VP–Accounting & Finance in June 2024.

"Jim has been an integral part of our team for the past several months, and his leadership, financial expertise, and dedication to our company's success make him the ideal candidate for this role," Waterstone Mortgage President & CEO Jeff McGuiness said. "His promotion reflects our confidence in his ability to ensure the seamless continuation of our financial planning and oversight while bringing innovative ideas to the table."

Before joining Waterstone Mortgage, Harper served as the CFO for Summit Mortgage Corporation and the Lead Financial Officer for Ameriprise Financial.

In his new role as CFO for Waterstone Mortgage, Harper will serve as the company's liaison for WaterStone Bank, overseeing all corporate accounting functions and providing financial direction for the lender's branches nationwide. As a member of the executive team, he will also provide reliable and actionable financial data to support the organization, while developing his team's skills and capabilities.

"I am thrilled to lead the accounting and finance organization at Waterstone Mortgage," Harper said. "I look forward to contributing to the company's high-quality reputation in the industry and its long-track record of growth, financial stability, and customer satisfaction."

Headquartered in Pewaukee, Wisconsin, Waterstone Mortgage Corporation focuses primarily on purchase loans, and offers a variety of home loan programs, including conventional, FHA, VA, and USDA loans; along with several no- and low-down-payment options and many specialty programs for medical professionals, first-time homebuyers, and more. Founded in 2000, the company currently lends in 48 states.

FIRST HORIZON WELCOMES NEW DEPUTY GENERAL COUNSEL

First Horizon Corporation has named **Lang Wiseman** as Deputy General Counsel, effective November 1, 2024. Wiseman will transition into the General Counsel position on January 1, 2025, succeeding Charles Tuggle, who will retire in 2025 after 16 years of service.

Wiseman comes to First Horizon from the law firm Baker Donelson Bearman Caldwell & Berkowitz PC, where he represented a diverse portfolio of clients across various sectors, including financial services, manufacturing, healthcare, transportation, automotive, energy, real estate, educational institutions and local governments. His expertise equips him with a unique perspective on regulatory challenges, economic incentives and strategic litigation. He has a proven record of advising clients on complex matters involving governmental relations, public affairs and crisis management.

"We are thrilled to have Lang join the team," said Bryan Jordan, President, Chairman, and CEO of First Horizon. "His extensive experience and strategic mindset will be crucial as we continue to operate in a dynamic political and regulatory environment."

A native of Tennessee, Wiseman's academic journey began with a basketball scholarship at the University of Tennessee, culminating with his graduation from Harvard Law School. His professional career includes his service as Deputy Governor and Chief Counsel under Governor Bill Lee from 2019-2021. As a founding partner of Wiseman Bray PLLC, he garnered experience in business and commercial litigation, bank workouts and dispute resolution. He has held various prestigious roles, including counsel to the U.S. Senate Governmental Affairs Committee and a law clerk for the Honorable Harry W. Wellford of the U.S. Court of Appeals for the Sixth Circuit.

His commitment to service is reflected in his extensive civic and nonprofit leadership roles, including currently serving on the Governor's Council for Judicial Appointments (Chairman), the University of Tennessee Board of Trustees, the Governor's Nuclear Energy Advisory Council, the Tennessee Artificial Intelligence Advisory Council (Chair, Policy Subcommittee), the Governor's Office of Faith-Based & Community Initiatives Board of Directors and the University of Tennessee Research Foundation Board of Directors, to name a few.

"Charlie has played a significant role in the company's growth and success, not only leading our legal team, but by providing wise counsel and unwavering support to all aspects of the organization," Jordan said. "We wish him the best as he embarks on this new chapter in his life."

PLANET HOME LENDING NAMES NEW EVP

Planet Home Lending has hired **Bill Shuler** as EVP and Chief Information Officer. With more than 25 years in the financial services industry and decades of mortgage leadership, Shuler will be tasked with driving Planet's technological growth and enhancing its operational efficiency.

"Bill's extensive experience in leveraging technology to grow organizations in a practical, secure manner made him the ideal choice for Planet," said Michael Dubeck, CEO and President of Planet Financial Group, parent of Planet Home Lending. "His ability to bridge business and IT, along with his commitment to compliance and integrity, makes him an invaluable addition to the executive leadership team as we continue to strengthen our multichannel platform."

Throughout his career, Shuler has specialized in business strategy and systems renovation that increases productivity, decreases costs, and aligns operating units.

"My focus has always been on creating pragmatic IT solutions that support dynamic business growth, and I am ready to build strategic partnerships across all areas of Planet and help solidify the foundation for that growth," Shuler said. "My goal is to execute a technological strategy that not only streamlines business processes but enhances security and customer experience while reducing costs and aligning with industry standards."

Before joining Planet Home Lending, Shuler was President of WPS Advisors, providing boutique advisory and consulting services to top-tier mortgage companies and private equity firms. Previously, he was the Executive Managing Director and CIO at Home Point Financial, where he restructured information technology services, leading to significant productivity increases, cost reductions and increased business profitability. Shuler has also had CIO leadership roles at GMAC Mortgage/GMAC ResCap, National City Mortgage, and Homeward Residential Inc., where he also served as Chief Administrative Officer and Chairman of their offshore captive in Pune, India.

» *Service Providers*

MBA SWEARS IN NEW LEADERSHIP

Laura Escobar, President of Lennar Mortgage, has been sworn in as 2025 Chair of the Mortgage Bankers Association (MBA).

"Representing the real estate finance industry as MBA Chair is truly one of the greatest honors of my career. With Christine Chandler's and Owen Lee's leadership and support, I am confident that we will make meaningful progress in addressing the many challenges and opportunities facing our industry," Escobar said. "I am committed to developing new ideas and strengthening MBA's ongoing commitment to increasing housing supply and affordability for ownership and renting as well as investing—through mortgage education and training programs—in the next generation of industry leaders."

Escobar, a 37-year industry veteran, has held leadership positions with both bank-owned and independent mortgage companies overseeing all aspects of mortgage banking. She has served as President of Lennar Mortgage, the mortgage lending subsidiary of Lennar Corporation, since 2018, leading a team of more than 1,100 associates in 54 locations across 26 states. Escobar joined Lennar Mortgage in 2002 as Branch Manager; in 2004, she was promoted to SVP managing the Eastern Region; and in 2016, she became EVP, overseeing operations and production of the compa-

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ny's Builder Division. Escobar currently serves on several advisory boards and committees, including MBA's 2023-2024 Board of Directors and its MORPAC Steering Committee, as well as the TransUnion Mortgage Advisory Board, Fannie Mae AHAC, Ellie Mae Executive Advisory Board, NAHREP, NAMMBA Visionary Ambassador, and at the United Way's chapter–Women United.

Christine Chandler, EVP, Chief Credit Officer and COO with M&T Realty Capital Corporation (RCC), and **Owen Lee**, CEO at Success Mortgage Partners Inc., (SMP) were also sworn in as Chair-Elect and Vice Chair, respectively.

Chandler has been with M&T since 1991 and has more than 30 years of experience in commercial real estate finance. Since 2018, she has been responsible for making credit decisions for M&T RCC multifamily and healthcare transactions underwritten in the Fannie Mae and Freddie Mac and Federal Housing Administration (FHA) platforms, as well as managing the company's operations and its Asset Management Group and Transformation team. Prior to that, Chandler served 13 years as the M&T RCC Chief FHA Underwriter, was a senior Fannie Mae DUS Underwriter, and previously spent several years managing the closing and delivery for FHA and Ginnie Mae transactions. Chandler has also served as a relationship manager in the company's commercial real estate division, focusing on construction and permanent portfolio lending.

Active in various committees and groups related to the mortgage banking industry, Chandler is a voting member of MBA's Board of Directors, served as 2023 Chair of MBA's Commercial Real Estate/Multifamily Finance Board of Governors (COMBOG), and was appointed to MBA's DEI Committee in 2022 and its Audit Committee in 2021. She is a sought-after speaker at industry conferences and is a passionate advocate for mPower.

Lee co-founded Success Mortgage Partners (SMP), located in Plymouth, Michigan, with his father, Vincent, in 2002 and serves as CEO. Under his leadership, SMP has closed billions of dollars of mortgage loans yearly since 2016, is licensed in 42 states, and has more than 600 employees. Lee is also Managing Member of Title Partners LLC, a full-service title insurance and escrow services agency.

An active leader in the mortgage and financial services sectors, Lee serves on MBA's Board of Directors, is Co-Chair of its Independent Mortgage Bankers Executive Council, and is currently the 2023-2024 Chairman of MORPAC, MBA's political action committee, where he has been a successful political fundraiser, helping to advance the association's top legislative priorities. Lee is also a member of the Board of Directors of The Mortgage Collaborative's Technology Fund, a venture capital investment group specializing in the mortgage technology space. He also sits on the Board of Directors of TrAIned, a mortgage technology firm in Pittsburgh.

SERVICELINK ADDS NEW SVP OF PRODUCT INNOVATION

ServiceLink has announced the appointment of **Hemanth Panyam** as SVP of Product Innovation. Panyam, a data-oriented, hands-on leader, who has more than 20 years of product innovation, management, and strategy experience. Over the course of his career, he launched multiple 0-1 products and scaled numerous SaaS technology products for some of the nation's largest technology-led services and businesses in the healthcare and financial sectors. His expertise in product management and strategy includes scaling multiple SaaS and technology consulting businesses from $0 to $300 million in revenue across various industries and geographies.

As SVP of Product Innovation for ServiceLink, Panyam will be responsible for bringing new, innovative products and services to life at ServiceLink, teaming up with operations and sales to meet the needs of the company's clients. Panyam will report directly to CTO Kiran Vattem and build a team that is focused on systematically identifying ways to improve and innovate the mortgage space through products and services.

"I am excited to bring my extensive knowledge and experience to ServiceLink that is grounded in technology and innovation that challenges the status quo. I look forward to deeply examining client-consumer touchpoints to analyze and then create disruptive innovations that will impact the mortgage landscape," Panyam said. "I want to make a meaningful impact in people's lives by removing friction and elevating their experience in the mortgage space."

Over the course of his career, Panyam worked across the healthcare, retail, and fintech industries, building cutting-edge technology products. His efforts have taken him across the world, where he founded, led, and scaled the digital products and solutions for a U.S.-based *Fortune* 200 firm in Australia and New Zealand, built and exited a retail start up that he co-founded and played a pivotal role as the first member of the India team for a startup that went on to make waves in the healthcare technology space. He excels at creating multiyear product strategies and leading large teams through the build, launch, and scale processes.

XACTUS NAMES NEW CHIEF MARKETING OFFICER

Fintech and verification solutions provider Xactus has announced the appointment of **Sasha Stair** as the company's new Chief Marketing Officer.

"This is a pivotal moment for our organization," said Shelley Leonard, President of Xactus. "Having a Chief Marketing Officer who can seamlessly partner with our sales team and across all areas of the business is crucial for our growth. Sasha's deep marketing expertise, industry connections, and strategic vision make her uniquely qualified to help drive Xactus forward."

With more than two decades of experience in mortgage fintech and strategic growth, Sasha is set to elevate Xactus' marketing initiatives and strengthen its position in the industry. Sasha brings a distinct perspective, honed through her diverse background and extensive expertise in mortgage fintech. She has held prominent leadership roles at Snapdocs, Common Securitization Solutions, and Black Knight Financial, where she played a key part in driving organizational growth and ensuring lenders maximized the value of each platform.

Sasha's proven ability to lead from strategy to execution has been instrumental in helping fintechs navigate and thrive in a challenging and evolving market. Complementing her significant experience, Sasha has built strong industry relationships and earned recognition for her thought leadership. Her recent achievement of obtaining her MBA Certified Mortgage Banking certification, along with her regular speaking engagements at industry conferences and on podcasts, further demonstrate her commitment to advancing the field.

Under Sasha's leadership, Xactus will enhance its focus on customer-centric marketing strategies, leveraging integrated technology solutions to deliver greater ease, speed, and cost efficiency for lenders. Her vision is to create a comprehensive marketing approach that amplifies Xactus' brand presence, fosters growth, and deepens customer engagement through meaningful partnerships.

Xactus currently has more than 6,500 clients, ranging from the largest bank and non-bank mortgage originators to credit unions and mortgage brokers. Xactus collaborates closely with its clients to digitally integrate a 360-degree approach to verification across their workflows so lenders can easily access the technology necessary to meet consumer demands for a modern mortgage experience.

RISKSPAN EXPANDS ITS LEADERSHIP TEAM

RiskSpan, a provider of data and risk management analytics for securities, loans, and private credit, has added **Jennifer Press** to its leadership team as Chief Strategy Officer. In her new role, Press will collaborate with teams across the company to align efforts in achieving strategic goals, with a particular focus on expanding capabilities and presence in private credit and asset-backed finance. Her deep expertise in structured finance and private credit will be pivotal in driving RiskSpan's strategic growth in these rapidly evolving sectors.

A seasoned veteran of the structured finance industry, Press brings a wealth of experience in structured finance and private credit markets, including residential mortgage assets, personal loans, collateralized loan obligations (CLOs), and other consumer and business loans. Throughout her career, she has provided services to asset managers, insurance companies, private equity sponsors, credit funds, hedge funds, banks, specialty finance companies, administrators, and trustees.

"We are thrilled to welcome Jen to our team," said Bernadette Kogler, CEO of RiskSpan. "Her unparalleled knowledge of the asset-backed finance space and proven leadership will be invaluable as we continue to expand our offerings and meet the evolving needs of our clients."

Before joining RiskSpan, Press was a Managing Director in Lincoln International's valuation & Opinion practice, and she spent more than a decade at Duff & Phelps in its alternative asset advisory practice. Previously, Press was a Senior Trader and Portfolio Manager for Tower Research Capital's distressed mortgage and ABS fund. Earlier in her career, she was a Senior Trader at Marathon Asset Management and JP Morgan.

KENSINGTON VANGUARD NATIONAL LAND SERVICES ADDS FORMER NEW YORK YANKEE TO ITS TEAM

Kensington Vanguard National Land Services has announced that **Jim Leyritz** has joined the company in its New York office.

"I'm used to playing for the best and making this move puts me in the optimal position to continue on that path," Leyritz said. "By teaming up with a first-class organization like Kensington Vanguard, the opportunities for achievement are limitless. I am confident that together we're going to knock it out of the park."

Leyritz brings more than a decade of experience in the title insurance industry and serves on the board of several nonprofit charities. Prior to title insurance, he had a 15-year professional Major League Baseball career including being a three-time World Series champion with the New York Yankees.

"Jim's experience and success in both the title insurance industry and on the ballfield make him an extremely valuable addition to our team," said Jarett Fein, co-CEO of Kensington Vanguard National Land Services. "We are excited to have him on board and look forward to all he has to offer."

Kensington Vanguard National Land Services operates three divisions, a Commercial Division, Residential Division, and 1031 Exchange Services Division, through wholly owned subsidiary Legal 1031 Exchange Services.

ASCRIBE BOLSTERS ITS SALES DIVISION

Ascribe, a provider of residential and commercial valuation, evaluation, property inspection, and REO services to mortgage lenders and servicers, has appointed mortgage industry veteran **Lora Helt** as SVP of National Sales.

"Ascribe's expansion strategy has always included acquisition and organic growth," said Mark Johnson, President of Ascribe. "We were looking for someone with a history of growing client relationships regardless of the mortgage cycle. I have known Lora for years, and she is the perfect fit for this role."

Helt's career includes executive roles with Altisource and Bradford Technologies, as well as certification and experience as a licensed residential appraiser.

"It was always our plan to build out the team with highly experienced, respected professionals who know and understand our clients' unique issues," said Jake Nice, CEO of Ascribe. "Everyone at Ascribe is proud to welcome Lora to the team."

Helt added, "The number one draw for me to Ascribe was the quality of the people that have been brought together on this team. From the executives to staff, everything is best in class at Ascribe, which is really rare. Together, I know we can make a big difference with this business. I'm thrilled for this opportunity."

USMI APPOINTS NEW CHAIRMAN OF THE BOARD

U.S. Mortgage Insurers (USMI), the association representing the nation's leading private mortgage insurance (MI) companies, has announced that **Rohit Gupta** will serve as the association's new Chairman of the Board. Gupta is currently President, CEO, and Director of Enact Holdings Inc., and previously served as USMI's Chairman of the Board from 2014-2016. He succeeds Adolfo Marzol of Essent Group Ltd.

"The role the private MI industry plays in providing first-time and low- to moderate-income borrowers with access to affordable and sustainable mortgage credit cannot be overstated, particularly in the current high-interest rate market. Our industry remains focused on advancing accessible and affordable homeownership for underserved communities, while ensuring the safety and soundness of the housing finance system," Gupta said. "I look forward to once again serving as Chair and working with USMI's Board, staff, and external stakeholders."

Previous to his current role, Gupta held the positions of Chief Commercial Officer, SVP of Products, Intelligence and Strategy, as well as VP of Commercial Operations at Genworth Mortgage Insurance Corporation.

"Rohit's deep mortgage insurance expertise, public policy experience and passion for the valuable role our industry plays will facilitate continued success in the important work of USMI," Marzol said. "I am honored to pass the torch to Rohit."

USMI President Seth Appleton added, "Rohit's dedication to affordable and sustainable homeownership backed by private capital is invaluable to USMI's efforts moving forward. Rohit's previous experience as Chairman of the Board makes this a seamless transition and positions the organization for continued success."

» *Attorneys*

STERN & EISENBERG NAMES HEAD OF DEFAULT SERVICES

Stern & Eisenberg have announced the election of **Dave Lambropoulos Esq.** to the position of President of Default Services. Prior to this appointment, Lambropoulos served as the Managing Attorney of New Jersey for 12 years at Stern & Eisenberg. Throughout his tenure, his team consistently delivered exceptional results, achieving top rankings in client default challenges. Prior to joining Stern & Eisenberg and entering private practice, Lambropoulos was honorably discharged from the United States Marine Corps, following multiple combat deployments to Iraq.

In his new role as President of Default Services, Lambropoulos will oversee professional talent development and compliance functions as a member of the Stern & Eisenberg executive team.

"This vote demonstrates the confidence we have in Dave leading our default team professionals while I assist his teams with our clients' more complex matters, including defense cases and other needs, presented to the firm," Stern & Eisenberg Managing Shareholder, Founder and Executive Steven Eisenberg said.

Patrick O'Brien, CMS, Stern & Eisenberg's COO, explained, "Dave's proven leadership will serve as a catalyst as we continue growth in our default practice area. Dave brings a disciplined approach that fosters collaboration and accountability. I am eager to accomplish our organizational goals together while delivering outstanding results for firm clients."

Lambropoulos is a distinguished litigator with extensive expertise in commercial and residential foreclosure practice, title litigation, landlord/tenant disputes, real estate transactions, sale and asset purchase transactions, condominium and homeowner's association issues, and bankruptcy practice.

"I am grateful for my partners' confidence in my ability to serve as President of Default Services," Lambropoulos said. "I am excited by the challenge presented by this position and am committed to delivering for the firm, its clients, and partners."

Stern & Eisenberg provides legal representation in a variety of matters throughout the firm's multistate footprint through its offices in New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, West Virginia, and Washington, D.C. The firm focuses on creditors' rights, including representation of secured creditors in connection with residential and commercial foreclosures, bankruptcy and bankruptcy litigation, REO and post-foreclosure conveyancing, loss mitigation/loan modifications, evictions, as well as other general practice areas including, but not limited to, real estate and business law; commercial and corporate litigation, real estate closings, estate planning and administration throughout the firm's larger footprint.

> **"I am excited by the challenge presented by this position and am committed to delivering for the firm, its clients, and partners."**
>
> —**Dave Lambropoulos Esq.**, President of Default Services, Stern & Eisenberg

Industry Update

NYCB CHANGES NAME TO FLAGSTAR FINANCIAL

New York Community Bancorp Inc. (NYCB), the holding company of Flagstar Bank, has announced that its Board of Directors has approved and adopted an amendment to the company's Amended and Restated Certificate of Incorporation, changing the company's name to Flagstar Financial Inc.

"We are excited to announce our new holding company name and stock symbol, marking another milestone in our ongoing transformation," Flagstar Chairman, President, and CEO Joseph Otting said. "Over the past six months, the Board of Directors and management have made remarkable progress in laying a strong foundation for the future. We've diversified our business model, established relationship-driven businesses, and continue to recruit top-tier talent with expertise in advancing our vision. Our new company name complements the re-branding of the Bank and our branches we implemented earlier this year. This name change is a continuation of those efforts and unifies the company and our vision into a single brand."

As a result of the name change, which became effective October 25, the company expects that its common stock, which trades on the New York Stock Exchange (NYSE), will cease trading under the ticker symbol "NYCB" and commence trading on the NYSE under the ticker symbol "FLG," effective as of the open of business on October 28.

FLAGSTAR FINALIZES SALE OF MSR AND TPO BUSINESS TO MR. COOPER

Flagstar Bank, the bank subsidiary of Flagstar Financial, has announced that it has closed the previously announced sale of its residential mortgage servicing/subservicing business, mortgage servicing rights (MSRs), and the third-party origination platform to Mr. Cooper Group Inc. for approximately $1.3 billion in cash.

The transaction is expected to increase the company's CET1 capital ratio by approximately 60 basis points on a proforma basis as of September 30, 2024.

"We are very pleased to announce the successful sale of our mortgage serving business and third-party origination platform to Mr. Cooper," Flagstar Chairman, President, and CEO Joseph M. Otting said. "The completion of this sale reflects another significant milestone toward our strategy to simplify our business model and transform Flagstar into a regional bank focused on the core business of retail banking, commercial and private banking, and commercial real estate lending. The Bank will continue to provide residential mortgage products through our retail origination channels and the Private Bank, with particular focus on serving our branch and private banking customers."

Flagstar Financial, headquartered in Hicksville, New York, had $114.4 billion in assets, $73 billion in loans, deposits of $83 billion, and total stockholders' equity of $8.6 billion as of September 30, 2024.

ROCKET MORTGAGE AND ANNALY CAPITAL ENTER SUBSERVICING RELATIONSHIP

Rocket Mortgage and Annaly Capital Management Inc. Have announced the companies have entered into a subservicing agreement where Rocket will handle all servicing and recapture activities for a portion of the mortgage servicing rights (MSRs) held by Annaly.

Rocket Mortgage is expected to begin servicing loans for Annaly as early as December 2024.

"Rocket is committed to the entire homeownership experience from budgeting and credit building, to home search, financing and servicing. We tru-

"We are honored to be working with Annaly and look forward to providing their serviced clients the same exceptional experience that has made Rocket a perennial recipient of J.D. Power's servicing award."

—**Bill Banfield**, Chief Business Officer, Rocket Companies

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ly believe in building relationships with our clients that last a lifetime—whether through new mortgages or servicing loans," said Bill Banfield, Chief Business Officer of Rocket Companies. "We are honored to be working with Annaly and look forward to providing their serviced clients the same exceptional experience that has made Rocket a perennial recipient of J.D. Power's servicing award."

Rocket Mortgage has ranked highest for client satisfaction in J.D. Power's mortgage servicer study for 10 year—earning first-place in each category measured by the study in 2024. Rocket Mortgage has maintained a portfolio of $534.6 billion or 2.6 million serviced loans as of June 30, 2024.

"Annaly is pleased to enhance its mortgage servicing rights platform with our new relationship with Rocket," said Steve Campbell, President & COO of Annaly. "We are proud to have constructed one of the most durable and high-quality portfolios of MSR in the market and this partnership will allow us to benefit from Rocket's industry-leading servicing capabilities and retention rates. We are excited to have access to the best-in-class experience that Rocket is known for, which continues to improve given their ongoing investments in technology."

Annaly has nearly $75 billion in assets invested across its Agency MBS, Residential Credit and MSR strategies. Annaly has built an MSR platform, which holds servicing for approximately 608,000 loans, totaling $192 billion in unpaid principal balance and $2.8 billion in market value as of June 30, 2024.

CONSOLIDATED ANALYTICS ACQUIRES INVESTOR CLAIMS SOLUTIONS

Consolidated Analytics (CA), a Santa Ana, California-based provider of comprehensive mortgage services and data analytics, has announced the acquisition of the assets of Investor Claim Solutions (ICS), a firm specializing in investor claims solutions and loss analysis recovery.

CA is an end-to-end mortgage services platform that delivers value to clients in origination, servicing, and capital markets, from asset-level analysis to enterprise optimization. A provider of real estate valuation, risk management, and advisory services, our comprehensive suite of solutions encompasses due diligence, residential and commercial valuation, collateral risk assessment, and regulatory compliance, enabling our clients to stay ahead in today's dynamic market.

"This acquisition aligns with our strategic vision to broaden our service offerings and deliver unparalleled value to our clients," said Arvin Wijay, CEO of Consolidated Analytics. "Our combined expertise and resources will enable us to offer more comprehensive and innovative solutions, ultimately helping our clients achieve greater success."

Acquiring ICS' assets will enhance Consolidated Analytics' existing investor claims solutions and loss analysis recovery capabilities, and through incorporating ICS' established solutions, Consolidated Analytics will continue to provide its clients, including mortgage servicers, investors, and financial institutions, with an even more extensive suite of services.

Since its inception, ICS has established itself as a trusted partner in the mortgage sector, known for efficiency and accuracy in handling investor claims. Consolidated Analytics will enhance its ability to manage complex mortgage claims processes, including FHA, VA, USDA, FNMA, FHLMC, MI, and loss analysis.

"We are excited to combine ICS, a move that aligns perfectly with our commitment to providing unparalleled service to our clients," said Michael Chew, Division President of Consolidated Analytics. "This acquisition allows us to expand and continue to grow with an incredible company. Our combined expertise will enable us to serve our clients better and more efficiently."

The ICS team will bring extensive knowledge and expertise to the existing CA Claims Solution, a division that provides mortgage investor claims management services. The combination of Consolidated Analytics and ICS underscores a shared commitment to client success and being the leader in quality investor claims offerings.

"Joining Consolidated Analytics just makes sense. It allows us to expand on what we started and continue to build with an incredible company, providing broader services to our clients," said Kimberly Williams, former CEO of ICS and now SVP of CA Claims Solution. "Our clients will benefit from the increased resources, technological advancements, and industry expertise that CA brings to the table."

SITUSAMC SELLS MAJORITY OWNERSHIP OF INSURANCE ENTITY TO VINELIGHT VENTURES

SitusAMC, a provider of services and technology to the commercial and residential real estate finance industry, has sold majority ownership of its loan insurance entity, Securent Risk Retention Group Inc. and its related data, brokerage and services business, Risk and Insurance Services LLC, to VineLight Ventures LLC.

The transaction injects Securent with additional equity capital and helps position the company to grow and meet the rising demand for its products and services, especially in the RMBS market. Justin Vedder will remain President of Securent, and will continue to lead the day-to-day operations and strategic vision under the new ownership.

VineLight's Principals, Bryan Binder and Jason Garmise, have extensive experience in the industry having previously founded and sold CastleLine, a provider of mortgage data and insurance products. Binder and Garmise also have a long-standing relationship with Vedder, since their time together at CastleLine. Additionally, SitusAMC will maintain a minority stake in the company with a seat on the holding company's Board.

Founded in 2021, Securent provides comprehensive risk management, data analytics and insurance programs, protecting mortgage participants including lenders, investors, RMBS issuers, and warehouse lenders against liabilities and losses associated due to errors, omissions, or fraud introduced in the manufacturing process. Securent's insurance policies cover a range of loan structures including securitizations, Fannie Mae and Freddie Mac loans, MSRs, and M&As, and cover a range of defects, including underwriting defects, compliance violations, fraud and misrepresentation, and appraisal errors.

Through Securent's loan insurance programs, clients are effectively able to mitigate repurchase risk and losses; expedite transaction timelines and reduce funding costs; scale their business through channel and product expansion; and increase profitability and reduce enterprise uncertainty.

"Repurchase demands continue to be a material impediment and concern for mortgage company leaders, and fraud related risk will continue to be a challenge throughout the mortgage manufacturing process, especially in RMBS structures," said Justin Vedder, President, Securent. "The combination of Securent's proven offering, VineLight's expertise in building businesses, and the additional capital infusion will allow us to grow and continue provide industry leading solutions to the market."

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"Repurchase demands continue to be a material impediment and concern for mortgage company leaders, and fraud related risk will continue to be a challenge throughout the mortgage manufacturing process, especially in RMBS structures."

—**Justin Vedder**, President, Securent

FAIRWAY ESTABLISHES $1M HURRICANE RELIEF FUND

Fairway Independent Mortgage Corporation has put together a $1 million relief fund following the devastation caused by Hurricane Helene.

Fairway CEO and Founder Steve Jacobson announced the formation of the fund: "Having experienced multiple hurricanes over the course of a 28-year career in mortgages, we know how these storms can disrupt lives. Our industry has a responsibility to help when needed, and right now, the help is needed."

Jacobson also challenged other lenders and brokers to match Fairway's efforts.

"We hope the entire industry gets behind this," Jacobson said. "It's time for unity—if we are really here to help and serve others, why not come together when it is needed?"

Fairway is making assistance available to those who have received loans through Fairway, as well as Fairway employees who have been negatively impacted by damages caused by Hurricane Helene.

CONVERGENCE COLLABORATIVE FORMED TO ADDRESS THE RACIAL HOMEOWNERSHIP GAP

The Mortgage Bankers Association (MBA), along with 13 industry stakeholders, have announced the formation of the CONVERGENCE Collaborative, a coordinated effort to identify and develop solutions to help close the racial homeownership gap. Over the next three years, the CONVERGENCE Collaborative will deploy more than $1 million annually to build on the existing network of location-based CONVERGENCE sites focused on expanding minority homeownership.

MBA will be joined in the CONVERGENCE Collaborative by the American Land Title Association (ALTA), DHI Mortgage, Fannie Mae, Fifth Third Bank, Freddie Mac, Lennar Mortgage, National Association of Realtors (NAR), Navy Federal Credit Union, Pulte Financial Services, Taylor Morrison Home Funding, U.S. Mortgage Insurers (USMI), and Wells Fargo Home Lending. Each stakeholder organization in the CONVERGENCE Collaborative will have an equal say in key strategic and operational decisions, with the goal of leveraging their collective resources, expertise, and insights to have a more significant impact.

"The barriers to minority homeownership require a collective effort. In recognition of this challenge, we believe the approach embodied in the CONVERGENCE framework can have a greater impact with this new industry partnership," said Bob Broeksmit, MBA's President and CEO. "By working together, we can produce more and faster results that will reduce the racial homeownership gap."

The current CONVERGENCE cities—Memphis, Tennessee; Columbus, Ohio; and Philadelphia—are part of a major initiative launched by MBA in 2019. CONVERGENCE initiatives involve cross-sector partnerships featuring local and national partners from the private, public, and nonprofit sectors working together to close the information, trust, market, and resource gaps that create barriers to homeownership for Black, Hispanic, and other underserved consumers. These pilot sites amplify and leverage existing tools and resources as well as test and incubate new solutions to improve access to homeownership. Homebuyers utilizing these programs have access to both online tools, such as a down payment assistance finder, and in-person resources, such as homebuyer education courses.

The goal of the CONVERGENCE Collaborative is to expand and utilize the CONVERGENCE network to create evidence-based tools and roadmaps to help all industry stakeholders better reach aspiring minority homeowners. Over the next three years, the Collaborative will use the CONVERGENCE network to create a robust "Knowledge Community," the learnings from which will help inform new and innovative strategies, tactics, and partnerships.

"The housing industry coming together collaboratively is bringing fresh ideas and new approaches to address the homeownership gap in CONVERGENCE communities. As a result, this effort will have a lasting impact on generations of families," said Diane Tomb, ALTA's CEO. "As longstanding partners in CONVERGENCE, we've seen firsthand the value of this approach."

TAKING THE PULSE OF MORTGAGE SERVICING: INDUSTRY LEADERS ON WHAT'S AHEAD

MortgagePoint speaks with servicing executives about the current state of the industry, the challenges they are currently navigating, and what they expect for the year ahead.

By **DAVID WHARTON**

The mortgage servicing landscape has long been a crucible of change, where today's decisions lay the groundwork for the industry's future. Servicing teams must manage shifting delinquency rates, regulatory demands that may pivot with each new administration, and ever-increasing operational costs while keeping their fingers on the pulse of the modern consumer and advancing technology. In this month's cover story, *MortgagePoint* gathered perspectives from industry executives who shared how they're navigating these challenges and what they expect servicing teams may encounter in the year ahead.

Many of this month's subject matter experts were drawn from two of the Five Star Institute's industry membership groups: the National Mortgage Servicing Association (NMSA) and the Mortgage Servicing Executive Alliance (MSEA).

With a membership comprising more than 90% of the mortgage servicing market, the NMSA is a nonpartisan organization driven by senior executive representation from the nation's leading mortgage servicing organizations, formed to effect progress and change on the key challenges that face the mortgage servicing industry. By bringing together decision-making executives from across the nation, the NMSA drives the conversation on shaping the American housing industry for the benefit of homeowners.

Formed in 2023, the MSEA is a platform for nurturing the next generation of mortgage leaders. MSEA offers exclusive access to mentorship, collaboration, and professional growth opportunities within a network of industry experts and visionaries.

Here's what our panel of mortgage servicing executives had to share.

DAVID WHARTON, *Editor-in-Chief of* MortgagePoint, *has 20 years' experience in journalism and previously worked at Thomson Reuters as an Associate Content Editor, focusing on producing media content related to tax and accounting principles and government rules and regulations for accounting professionals. He has worked at Five Star since 2017, having previously served in Associate and Managing Editor roles. Wharton has an extensive and diversified portfolio of freelance material, with published contributions in both online and print media publications. He is a graduate of the University of Texas at Arlington, where he received his B.A. in English and minored in Journalism. He can be reached at David.Wharton@thefivestar.com.*

EXECUTIVE EXPERT

Mike Blair

EVP & COO, LoanCare

As LoanCare envisions the mortgage servicing industry evolving in 2025, several key themes emerge that will shape our strategy and adaptability in meeting upcoming challenges. Our strategic approach has been focused on addressing these trends and challenges to ensure we remain at the forefront of the industry.

1. Evolving Industry Landscape and Key Trends

Digital Transformation: Technological advancements will continue to drive change in the mortgage servicing industry. Borrowers will expect a seamless, digital-first experience, and servicers must adapt by investing in advanced technology solutions.

Generative AI and Regulatory Considerations: AI-driven solutions will continue to transform mortgage servicing, enhancing customer experience, and streamlining processes. However, with the increasing adoption of AI, regulatory scrutiny will also grow. Servicers must strike a balance between leveraging AI's potential while maintaining

compliance and addressing regulatory concerns.

Return of the Graceful Exit: In anticipation of some borrowers exhausting loss mitigation options, servicers must be prepared to help these borrowers transition out of their properties gracefully, especially those with accumulated equity. Providing guidance and support during this process will be crucial for servicers in 2025.

2. LoanCare's Strategy and Adaptability

Our approach involves investing in cutting-edge technology, including generative AI and machine learning, while closely monitoring regulatory changes to ensure compliance with emerging guidelines.

We are refining our loss mitigation and default management strategies to better assist borrowers who may need help exiting their properties, emphasizing empathy and personalized support.

3. Risk Mitigation Strategies

Diversifying our client base and loan portfolio helps mitigate risk in the face of economic fluctuations.

Continuously monitoring and assessing market conditions allows us to be proactive in our approach and adjust our strategies as needed.

Maintaining a strong focus on customer service and borrower support helps build trust and loyalty, ensuring long-term stability for LoanCare and our clients.

By staying attuned to these key trends and focusing on adaptability, LoanCare's focus on balancing technology advancements, compliance, and borrower support will enable us to navigate the mortgage servicing industry's evolving landscape effectively and deliver exceptional results to our clients.

EXECUTIVE EXPERT

Wes Iseley

EVP and Senior Managing Director, Carrington Mortgage Holdings LLC

Q: How do you envision the mortgage servicing industry evolving in 2025? What key trends do you anticipate will shape the landscape?

Next year will be highly focused on the consumer, with many companies expanding their customer-facing technology to include AI and chatbots to provide high-quality service levels through automation. We believe regulation will still be very strong, with a continued emphasis on consumer accessibility and ease of assistance/resolution of consumer concerns. The test will be how successful AI is at increasing customer satisfaction, or if people become frustrated with it, similar to voice response phone trees. How well they are set up will dictate how good the customer experience is. Additionally, many will be watching to see what kind of regulation regarding AI is adopted.

Q: How are you and your organization working to meet those challenges? How has your strategy evolved over the past year?

We are testing technology and seeking consumer feedback on changes made to improve our online presence and create a higher ease of use for our customers. We are doing more beta testing before releasing enhancements to ensure we're meeting consumer needs and expectations. For AI, we're working on our internal controls and regulations, while testing AI use cases within our organization. We're also continuing to focus on consumer education to build our partnership with our customers because we believe the more mortgage-savvy a customer is, the happier that customer will be.

Q: How are you preparing for potential economic downturns or fluctuations within the housing market? What strategies are you implementing to mitigate risk?

There is a continued shift in the industry as we move away from COVID protections enacted during the pandemic. This means some retraining of customers because customers seeking assistance with delinquency previously did not experience negative credit reporting and had a larger set of options for resolving delinquency, such as pandemic-era home retention options and the availability of HAF (Homeowner Assistance Fund) funds at the state level. Some of those retention options are no longer available, and others are less appealing to the customer due to higher interest rates.

We have expanded our team member training to [include talking to customers] about their home value and equity if the customer truly can no longer afford the home and none of the retention options are available or appealing to the customer. In some cases, selling the home will be the customer's best option while home prices are still strong. With the housing supply still tight, this should keep home values fairly stable, which means we expect many customers will continue to pay their mortgage ahead of unsecured debt. We again believe customer education is the best way to reduce risk. Homeowners insurance is another big topic, and by encouraging customers to shop the policy and to bundle policies where possible, we can partner with customers to make their homeownership costs as affordable as possible.

EXECUTIVE EXPERT

Michael Keaton

SVP, Subservicing Business Development, Onity Group Inc.

Q: How do you envision the mortgage servicing industry evolving in 2025? What key trends do you anticipate will shape the landscape?

I anticipate that mortgage servicers will begin making more use of AI, and I hope AI will be used to accentuate the homeowner's customer service experience. We've all used voice bots on the phone and chatbots on the web. I used a chatbot recently when I had an internet outage. It asked me some questions and then put me in a queue to speak with an agent. My request was categorized, but it didn't fulfill or resolve the reason for my inquiry. I believe AI done right will take that a step further. It will determine the conditions present on the loan, it will listen to our feedback, and then it will synthesize that combination of information to diagnose the problem and fulfill the request. When AI is done right, both the homeowner and the servicer come out ahead.

Q: How are you and your organization working to meet those challenges? How has your strategy evolved over the past year?

For over a year, we have been testing and training our voicebot and our online chatbot, both with the goal of using these tools to answer homeowner questions more quickly and enhance homeowner satisfaction. Both are in production, and we anticipate greater homeowner adoption of these self-service tools in 2025.

Q: How are you preparing for potential economic downturns or fluctuations within the housing market? What strategies are you implementing to mitigate risk?

We continually monitor the performance of our portfolio, as well as our subservicing population for trends large or small in delinquency and vacancy, as well as foreclosure timelines in judicial states. Everyone wins when we avoid foreclosure. We are constantly working to create and test new types of loss mitigation plans to help preserve homeownership.

Sharing my personal opinion, based on 32 years in mortgage subservicing, I'd say we need to keep a close eye on FHA delinquency trends. Credit card balances are at an all-time high. This will start to put a strain on the younger generation of homeowners. These homeowners typically have the smallest down payments—on homes purchased at the peak of the market. Micro-changes in FHA delinquency may give us a sense of broader impacts on delinquency overall.

EXECUTIVE EXPERT

Jason Kwasny

Chief Servicing Officer, Servbank

Q: How do you envision the mortgage servicing industry evolving in 2025? What key trends do you anticipate will shape the landscape?

I tend to look at this question in two different ways. 1) How do I believe it will evolve, and 2) how should it evolve? Historically, absent some "black swan" event such as COVID, I'd expect the mortgage servicing industry to continue to evolve on the "slow to adopt change" pace it has always been on. There will be a continuation of the consolidation we have seen over the past couple of years, and there might be some small

"Historically, absent some 'black swan' event such as COVID, I'd expect the mortgage servicing industry to continue to evolve on the 'slow to adopt change' pace it has always been on."

—**Jason Kwasny**, Chief Servicing Officer, Servbank incremental changes, but as a whole, the industry, and servicers in particular, will look much the same as they did at the end of 2024.

Now how it *should* evolve is the other side of that coin. As challenging as it was, COVID forced servicers to innovate and change rapidly to adapt to the needs of their customers and the market. This black swan served as a catalyst that saw more change over just a couple of years than what we had seen in the prior 10 years. This was a net positive for the industry and our customers. We saw an expansion in self-service offerings, advancements in user-friendly technology, and a clearer focus on the customer experience, just to name a few.

Back to the question of how the industry should evolve: I believe that it needs to continue to drive forward and innovate as servicers did during COVID, without a catalyst forcing them to do so. The key to that is to double down on technological advancements, particularly the adoption and integration of AI. Embracing and adopting AI has limitless benefits for both customers and the servicers themselves. Just to name a few things, automation and AI can streamline processes, make operations more efficient, and reduce the need for manual interventions. The use of data analytics will help servicers better understand customer needs, predict trends, and make more informed decisions, all of which reduce the cost of servicing. But in the end, the true and most powerful benefit is that it will enhance the customer experience. And just like how we don't get to pick our parents, the customer doesn't get to pick their servicer. On that basis, we owe it to them to deliver the best experience possible. Plus, if you are truly a servicer that cares, it is simply the right thing to do. That really should be the only catalyst we need in the industry to "evolve" by adopting and embracing AI.

Q: How are you and your organization working to meet those challenges? How has your strategy evolved over the past year?

At Servbank, we have and will continue to always be tech-forward, pushing the boundaries of what is possible using technology and caring people to deliver the best-in-class customer experience while offering full transparency and genuine and collaborative partnerships with our clients. [Next year] will be no different for us. We will continue to heavily invest in and expand on our already measured adoption of AI in all areas. The use of AI has already allowed us to significantly increase our operational efficiency, lowering our cost of service while improving accuracy across the board. Along with our culture of care and three lines of defense, AI will continue to strengthen our already solid compliance and exceed the standards of regulators, regardless of who is in office. But in the end, it's our customers and clients and their experience that is paramount.

Our utilization of technology and AI has allowed us to further enhance the customer and the client experience with more personalized and impactful service. As a result, we have seen our Net Promoter scores, one-call resolution rates, and customer satisfaction scores consistently reach record levels—levels that are on par with some of the largest and most beloved companies on the planet. This is something we are extremely proud of. It validates our operational philosophy and belief that if we continue to invest in and listen to our people and embrace a frictionless, tech-forward business model, we will create excellence for our customers and clients.

Q: How are you preparing for potential economic downturns or fluctuations within the housing market? What strategies are you implementing to mitigate risk?

To answer this question, you really must look at how companies and people fundamentally think. People and companies continue to think that what is happening “today” will continue in perpetuity. Humans and companies are flawed in that way. The status quo and recency biases are powerful and usually drive and dominate decision-making. This ultimately leads to minimal preparedness to absorb any shock or change. However, if you are a mortgage servicer, or any company worth your salt, change is something that you should always be prepared for. It should be expected and embraced, as we do at Servbank. We have it ingrained in our culture and have built our business around that, which positions us to be prepared for any sort of economic downturn.

Assuming, as a servicer, that you have a finite amount of financial reserves to weather market fluctuations as you adapt to change or a downturn, then it comes down to the speed at which you can adapt. This goes back to my earlier point about the adoption of technology and AI. The more you have leveraged its capabilities—as we have at Servbank—the more agile you can be. The response and acclimation to any market change can happen in a fraction of the time and at a lower cost than if you were still operating with antiquated technology and a “slow to change” business model. Tech aside, the more proactive you are, the more prepared you will be, and that proactivity should run the gambit from operational controls to regulatory compliance to customer outreach—the more proactive you are the better.

As an organization, you should regularly be scenario-planning and stress-testing your ship from stem to stern to evaluate the impact of various economic scenarios on the portfolio and business. Make sure you know your gaps, weaknesses, and tolerances. Always be looking to discover your blind spots. And back to the ship analogy, don’t be like the crew of the *Titanic* and operate under the assumption that you can turn the ship quickly enough to avoid an approaching iceberg—or even worse, operate with the hubris that you are “unsinkable.”

EXECUTIVE EXPERT

Brent Potter

Operations Executive Director Default Servicing, ServiceMac

Q: How do you envision the mortgage servicing industry evolving in 2025? What key trends do you anticipate will shape the landscape?

In 2025, there needs to be a strong focus on technological advances within servicing, maintaining compliance standards, and bringing the entire picture together to improve the customer experience. Simply put, we need to get on board with the technology that is available to us and raise the standard for customer experience.

Q: How are you and your organization working to meet those challenges? How has your strategy evolved over the past year?

We are working to accelerate the pace of change with clear strategies on when to build the technology internally and when to partner with an expert that has a product available. It’s not as simple as one or the other … in today’s environment, we must have a clear vision, strong strategic partners, and the ability to execute together.

Q: How are you preparing for potential economic downturns or fluctuations within the housing market? What strategies are you implementing to mitigate risk?

We continue to evaluate our high-risk processes and areas that have historically felt pressure during economic challenges to ensure we have proper automation and controls. Too many times in the past, our industry has waited until a crisis to invest in automation vs. being proactive. We also believe that, in those moments, we need to strike the right balance of self-service and old-fashioned customer care through conversations. Customers need to have easy access to assistance, but we must not underestimate the impact of a real conversation to understand their individual needs and match them with the right type of product.

EXECUTIVE EXPERT

Gagan Sharma

CEO, BSI Financial Services

Q: How do you envision the mortgage servicing industry evolving in 2025? What key trends do you anticipate will shape the landscape?

The servicing industry is set to undergo a transformative shift next year due to a constantly evolving regulatory environment and technological innovation. Artificial intelligence (AI) and machine learning, in particular, are rapidly being integrated into mortgage servicing processes and are already revolutionizing how servicers interact with data.

At a time of economic uncertainty, AI-powered tools are enabling servicers to predict borrower behavior more accurately, assess risks more effectively, and enhance overall operational efficiency. AI algorithms, for instance, can help servicers identify potential defaults before they occur, allowing for more proactive engagement with distressed borrowers.

We also anticipate new regulations and investor guidelines involving loss mitigation procedures, especially those involving loan modifications and borrower communications. For instance, the CFPB’s recent post-pandemic servicing rule, designed to streamline loss mitigation processes and help borrowers avoid foreclosure, will be a significant hurdle for servicers. So will the agency's increasing attention on mortgage servicing operations in general. Both developments will continue to drive demand for new technologies and partnerships that can help servicers adapt their operations to meet higher standards of borrower engagement and transparency.

Q: How are you and your organization working to meet those challenges? How has your strategy evolved over the past year?

Over the past year, we've honed our approach to subservicing by focusing on integrating advanced technological tools that help servicers manage their loan portfolios more effectively while improving the borrower experience. A prime example of our strategic evolution is our recent launch of Portfolio Guardian℠, a predictive model designed to identify when a borrower is likely to refinance. As mortgage rates are expected to drop below 6% by the end of 2025, tools like Portfolio Guardian will become increasingly essential. By accurately predicting refinancing behaviors, our clients will be able to proactively engage with homeowners looking to lower their mortgage payments, which can improve borrower retention and support stable portfolio growth.

Additionally, our ongoing enhancements to our proprietary technology suite, including ASSET360 and Libretto, have been central to our strategy. Libretto scours our loan portfolio daily to identify and rectify over 1,200 potential exceptions daily and then routes exception reports to operations, administration, and onboarding teams for resolution. We recently upgraded Libretto, our regtech solution that uses AI, optical character recognition (OCR), and workflow automation tools to improve the speed, accuracy, and compliance of the loan data-boarding process. Libretto now integrates new business rules with automated workflows to board loans faster with fewer exceptions and address those exceptions to minimize risks on the portfolio. Both technologies not only improve the precision of our servicing operations but also align with our goal to deliver top-tier borrower experiences and support our clients through dynamic market conditions.

EXECUTIVE EXPERT

John Vella

Chief Revenue Officer, Selene Finance

Q: How do you envision the mortgage servicing industry evolving in 2025? What key trends do you anticipate will shape the landscape?

Based on industry evolutions, we will continue to focus on client- and borrower-centric initiatives, which include ease of engagement, the ability to drive decisions sooner, and self-service capabilities that will allow our clients and borrowers to navigate more effectively.

More emphasis will be placed on efficiency enhancements gained through automation and artificial intelligence to lower the cost of service, loans per FTE, and improve margins.

The industry will see more refinance opportunities that will require recapture capabilities built on sophisticated data mining and analytics to stave runoff.

With the [presidential] election, there will be changes in the regulatory environment that will mandate policy, process, and oversight challenges. Compliance and legal resources will be needed to focus on training, policy enhancements, and change management.

Q: How are you and your organization working to meet those challenges? How has your strategy evolved over the past year?

We continue to invest in people, with the expansion of teams across our key operation functions, as well as our technology platform, with a laser focus on tools and applications that prioritize the client and borrower experience and journey.

Our evolution has centered around perfecting the core servicing and relationship functions that are critical to providing superior performance. This process requires discipline centered around prioritizing and executing major initiatives that will impact our clients, borrowers, and investors.

Q: How are you preparing for potential economic downturns or fluctuations within the housing market? What strategies are you implementing to mitigate risk?

We monitor the housing market and trends on an ongoing basis to allow us to react and adjust very quickly. Working with our clients and investors, we develop loss mitigation and retention strategies to adjust and advance in fluctuating markets. Critical to mitigating risk is our attention to detail on employee training and our compliance infrastructure. We continue to monitor borrower and loan behaviors that would signal patterns or potential issues so we can address downturns aggressively and early on as they occur. MP


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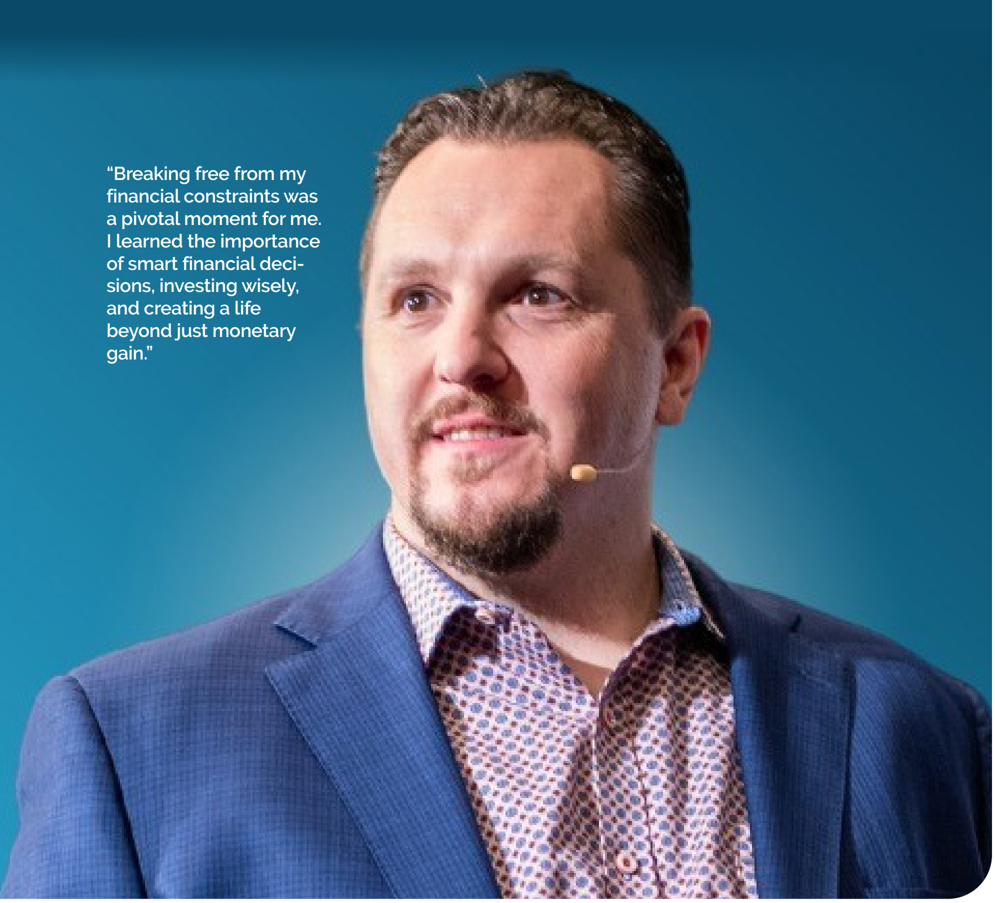

Expert Insights

DUTCH MENDENHALL, FOUNDER OF RADD COMPANIES

By ERIC C. PECK

Dutch Mendenhall is a leader and entrepreneur known for owning golf courses, agriculture, and real estate. Dutch Mendenhall empowers, inspires, and motivates fellow professionals and investors by providing the knowledge and opportunities to diversify and enhance their portfolios through alternative investments and financial education. He believes education is the key to unlocking the full potential of anyone's economic and investment legacy.

MortgagePoint had the opportunity to chat with Mendenhall about how he got his start in the industry, how to transition from renter to home owner, and the shape of the industry as we near the November elections.

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

Dutch Mendenhall: I got my start in real estate financing through a mix of personal experience and a bit of fate. Growing up, my dad was into real estate, and while he made some great investment choices, he often mismanaged them. This made me initially dislike real estate. I was more into baseball and sales and did real estate part time while speaking at seminars. My students challenged me to "put my money where my mouth is," so I did. This led to a successful investment deal for me and my students, catalyzing my journey into real estate investing.

I was working as a valet at one point, feeling completely disconnected from my life. I knew I had to take control and create my path. So, I wrote down my goals and took action. I moved from coaching baseball and being a corporate recruiter, to starting my own business in real estate.

Breaking free from my financial constraints was a pivotal moment for me. I learned the importance of smart financial decisions, investing wisely, and creating a life beyond just monetary gain. This realization drove me to build a thriving business, and help others achieve financial freedom.

My journey, which began with taking action on a frigid night as a valet, led to the creation of RADD Companies and a mission to empower everyday Americans to take control of their finances and achieve their own American Dream.

Q: What attracted you to the mortgage finance space?

Dutch Mendenhall: When I read the quote, "The wealth of a society can be judged by the quality of its public spaces and the access its citizens have to them," I thought about how our current societal structures often prioritize profit over people's wellbeing. The affordability crisis we are currently facing in the housing market is a prime example of this imbalance.

To tackle this, we need a multi-pronged approach. First, regulatory reforms can make a huge difference. Streamlining permits, updating zoning laws for higher-density housing, and offering tax credits for affordable housing can help increase the supply of homes where they are needed most.

Public-private partnerships are another powerful tool. When the government and private developers team up, they can create innovative and financially viable housing solutions that benefit everyone.

Infrastructure investment is key as well. Improving transportation, utilities, and public services in underdeveloped areas can make these regions more attractive for new housing developments, helping to spread demand more evenly.

> **Nowadays, people aren't taught finance, investing, or basic housing terminology and are left to the curve.**

Creative financing solutions are essential. Many don't have access to traditional financing options, and by expanding down payment assistance programs, shared equity models, and alternative lending platforms, we can help more individuals enter the housing market. Regulation Crowdfunding (Reg CF) is also a game-changer, democratizing investment opportunities, and funding innovative housing projects.

We also need to focus on workforce housing. Building affordable homes for middle-income earners—like teachers, healthcare workers, and first responders—helps stabilize communities. These initiatives can be supported through targeted subsidies and incentives.

Education is the most crucial element. Nowadays, people aren't taught finance, investing, or basic housing terminology and are left to the curve. By empowering individuals with financial knowledge, we can help them make informed decisions that align with their long-term goals. Educating investors about the benefits of supporting affordable housing projects can also drive more capital into this critical sector.

Ultimately, solving the affordability crisis requires a holistic approach. We can create a more equitable and sustainable housing market by addressing supply and demand, reducing regulatory hurdles, and offering innovative financial solutions. We must prioritize people's financial freedom over profits to truly enrich our society.

Q: What suggestions do you have for renters who are on the outside of the home buying market looking in?

Dutch Mendenhall: For renters who are eager to transition into the home-buying market, there are several strategic steps to consider. Firstly, it is essential to build a solid financial foundation. Start by managing and improving your credit score, which will impact your ability to secure favorable mortgage terms.

Education plays a pivotal role. Many individuals lack basic knowledge of finance, investing, and housing terminology, which can be a barrier to homeownership. It is crucial to educate yourself on these topics, seek advice from financial experts, and understand your options.

Saving for a down payment is often a significant hurdle. Look into down payment assistance programs offered by local and federal governments, which can provide financial support and reduce the upfront costs of purchasing a home.

Consider exploring alternative financing options, such as shared equity models or crowdfunding platforms like Reg CF. These innovative approaches can help bridge the gap and provide access to capital that traditional methods may not.

Location and timing are also key factors. Research emerging neighborhoods or areas undergoing revitalization, as these may offer more affordable housing options. Be flexible with your timeline and be prepared to act quickly when the right opportunity arises.

Lastly, engage with real estate professionals who can guide you through home-buying, from finding the right property to negotiating terms and closing the deal. Their expertise can be invaluable in navigating the complexities of the market.

By taking a proactive approach, educating yourself, and leveraging available resources, you can position yourself for success in the home-buying market. Remember, patience and persistence are essential to achieve your homeownership goals.

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

Dutch Mendenhall: Based on the recent data and market sentiment indicating a strong possibility of multiple interest rate cuts by the Federal Reserve in 2024, I foresee continuing this trend for the remainder of the year.

Investors and economists are increasingly pricing in a high probability of continued rate cuts, with expectations potentially extending to additional cuts by the end of the year. This shift in monetary policy is likely to impact various sectors differently, potentially benefiting smaller-cap and cyclical stocks and foreign equities due to the expected weakening of the U.S. dollar.

Overall, while economic indicators such as consumer sentiment and unemployment show some weakness, the prospect of rate cuts is seen as a proactive measure by the Fed to support economic growth without stoking inflationary pressures. This scenario sets the stage for a cautious market optimism, with careful attention to the Fed's upcoming decisions and their implications for investment strategies moving forward.

Q: What tools do you feel a mortgage professional needs to survive and thrive in today's marketplace?

Dutch Mendenhall: In today's mortgage game, you must have the tools to make every dollar count. I could tell you to expand your technical expertise, market knowledge, ethics understanding, communication skills, and adaptability, but that is obviously not helpful, and it is from ChatGPT.

It has to be about more than just closing deals. It is about paving the way for financial freedom that leaves a lasting impact. That means knowing how to leverage assets wisely—whether it is using property equity to fuel new investments or reinvesting profits to grow your portfolio smartly.

Diversify and spread your bets across different plays—real estate, alternative investments, and crowdfunding, to name a few. This cushions against market bumps and ramps up your potential returns over time. It is not just about making money today; it is about building a legacy that grows and keeps giving.

Having a vision is key. See investments as numbers on a screen and vehicles for change. It is about making money work for you and the community. When your investments align with both profit and purpose, that's when you are really making waves.

And let's not forget the people part. It's about transparency, fairness, and ensuring everyone gets a shot at the prize. You are not just succeeding in the mortgage or real estate business in general by creating opportunities that benefit everyone involved—from borrowers to the whole community. You are paving the way for a brighter financial future.

Q: What advice would you give to anyone looking to break into the mortgage finance industry today?

Dutch Mendenhall: As a real estate investor, I can provide an opinion on the mortgage finance industry, but I am not a financial advisor myself. If considering entering the mortgage finance industry, here are a few insights to keep in mind:

» Understand market dynamics and stay updated: Read the news daily for 15-30 minutes and look for connections between stories, business deals, and changing economics. Familiarize yourself with current trends such as interest rates, housing demand, and regulatory changes.

» Network effectively: Build relationships with mortgage brokers, real estate agents, and financial advisors who can provide referrals and insights into potential clients and market opportunities. Do not forget to follow up with those relationships every 90 days.

» Emphasize customer service and adaptability: Be prepared. If you watch the markets and respect and build relationships with your clients as you network with brokers and advisors, then fluctuations will not surprise you. You can adapt to clients' needs within three to six months before changes. Real estate is on a cycle, so understanding those dynamic periods will be easy to focus on and provide excellent service and advice to build trust and loyalty.

Entering any financial sector requires diligence, persistence, and a commitment to learning. By staying informed and prioritizing satisfaction, you can build a rewarding career in mortgage finance. MP

"Having a vision is key. See investments as numbers on a screen and vehicles for change. It is about making money work for you and the community. When your investments align with both profit and purpose, that's when you are really making waves."

HOW DIGITAL TECHNOLOGY HELPS KEEP THE AMERICAN DREAM ALIVE FOR MILITARY BORROWERS

Military borrowers face a number of obstacles on the path to homeownership; however, recent innovations in mortgage technology are making homeownership more accessible to military families.

By **JOEY MCDUFFEE**

Most people who have financed a home purchase probably wish the process was less stressful. But if there ever was one type of homebuyer who needed an easier, less complicated loan process, it is someone who actively serves in the U.S. military.

Unfortunately, those who have sacrificed the most to protect the American Dream for millions of others often find it more difficult to access their share of it themselves by being able to buy their own home. There are many reasons why this is the case, including rising home prices, and the fact that military personnel relocate frequently.

Fortunately, recent innovations in mortgage technology are making homeownership more accessible to military families, and typically, it is independent mortgage bankers and credit unions that specialize in serving military borrowers that are leading the way.

JOEY MCDUFFEE, *VP for Blue Sage Solutions, has been dedicated to the development, support, and sales of mortgage origination technologies for more than 25 years. His successful sales, implementation, and problem-solving skills blend a combination of business knowledge and technical acumen to provide the most ideal approach to issues facing lenders daily. McDuffee has worked with a variety of the largest banks and mortgage companies across the country, including Wells Fargo, Citicorp, and JP Morgan Chase, designing, and implementing mortgage origination technology solutions and assisting with transformational process reengineering. Prior to leading sales at Blue Sage Solutions, Joey worked worldwide, as Head of Sales at Wipro Gallagher Solutions, and holding numerous management, technical services, and training roles. Joey has published a number of industry articles, participated in expert roundtables, and has been a speaker and panelist at industry conferences.*

Why These Hurdles Exist

Military families face multiple challenges when navigating the home-buying process, but the fact that they are regularly transferred to different bases, and sometimes different countries, is by far the largest factor. Frequent relocations are often due to Permanent Change of Station (PCS) orders, which are official instructions issued by the military that mandate the relocation of an active-duty service member and any family members living with them to a new duty station.

Because military families can relocate as often as every year, many struggle to maintain good credit, which is a crucial factor in securing home financing—even if they have earned VA benefits. Repeated moves can disrupt the establishment of long-term financial relationships with local banks and credit unions, making it difficult to secure favorable loan terms. It can also lead to gaps in credit activity or the decision to rely on credit or out short-term financing at high rates simply to pay for life's essentials, which can negatively impact a service member's credit.

That's not all. Military compensation often includes various allowances, such as those for housing, clothing, and other needs, but these allowances are not always regarded as stable income by lenders. This may create problems when a military mortgage applicant is trying to prove they have reliable income for a loan approval. At the very least, it can lead to higher rates and less favorable loan terms.

The Urban Institute recently shed light on some of these challenges in a June 2024 report, "Barriers to Homeownership among Active-Duty Service Members." The report revealed that active-duty service members relocate at a much higher rate than the civilian population, with approximately 36% moving once every year compared to the civilian rate of 8.9%. This frequent relocation was a significant factor behind lower homeownership rates among military personnel, according to the report. In fact, the homeownership rate for active-duty members was just 41%, markedly lower than the general population's rate of 64.5%, the Urban Institute found.

Addressing these issues requires providing military borrowers with a mortgage experience that fits their unique

financial circumstances. Fortunately, some lenders are increasingly adopting modern digital technology, which enables them to provide better service and support to military borrowers seeking to realize their homeownership dreams.

One Lender's Approach

For decades, Service Credit Union has served the unique needs of military families seeking home financing. Originally founded in 1957 to serve the Pease Air Force Base community, Service Credit Union has a robust $5 billion in assets and an extensive network spanning more than 50 branches across New England and Germany. Today, it stands as the largest credit union in New Hampshire, dedicated to serving members around the globe.

Partly in response to the unique challenges servicemembers face, Service Credit Union recently implemented advanced digital technology to streamline the mortgage process for its members, especially those facing frequent relocations due to PCS orders. Last year marked a significant milestone with the deployment of a cloud-built, browser-based digital mortgage platform that capitalizes on automation to streamline the entire lending process—from application to post-closing.

The introduction of the platform in October 2023 transformed the way the credit union interacts with its members, regardless of where they are located. The platform includes a comprehensive, user-friendly point of sale (POS) system that allows military borrowers to shop for rates, loans, and pricing, submit an application, and sign documents online from any device. The POS system also guides borrowers through the process without a loan officer's assistance. All credit, pricing, conditions, and compliance checks happen automatically, and borrowers can receive digital disclosures ready to e-sign within minutes.

Service Credit Union's new platform includes integrated document management technology, which enhance the efficiency of loan processing and reduces operational costs. Equally as valuable, the platform's cloud-based nature and modular design allow it to be seamlessly integrated with the credit union's existing systems. While traditional, legacy LOS platforms often take six months or longer to deploy, Service Credit Union was able to go live on its new platform in just four months.

The new platform also provides military members with a personalized mortgage experience, no matter where they happen to be stationed. The automation tools embedded within the platform also helped the credit union's staff automate and expedite loan processing tasks, ensuring a streamlined process, and saving time and money for both borrowers and the credit union.

Service Credit Union is helping military servicemembers navigate the complexities of home financing and keeping the American Dream within reach for those who defend it. And other lenders can offer the same level of convenience and support, too—not just for their customers who are actively serving, but for all of them.

How Digital Technology Helps

Digital mortgage platforms offer considerable benefits not only to military members but also to the credit unions, banks, and other lenders that serve them.

For starters, a digital mortgage process significantly reduces the time it takes to process and underwrite loans. This speed is particularly important for military personnel, who may need to move quickly due to deployments or relocations. Because modern digital mortgage platforms are typically browser-based and built and delivered through cloud environments, the platforms enable lenders to scale their operations more effectively in response to fluctuating interest rates. Doing so prevents them from having to go through the ugly cycle of hiring and firing staff during significant shifts in the housing market.

Cloud-built platforms provide better security, allowing lenders to safely manage loan processing data across multiple systems. Additionally, they are often built on an open API architecture that facilitates real-time data exchanges with third-party service providers, creating more seamless integrations that help lenders simplify complex interactions. And they typically include intelligent document management tools that leverage automated document classification and OCR so lenders can compare borrower data with their own business rules and clear loan conditions quickly.

All of these features save lenders time and money, streamline the homebuying process for all parties, and improve customer satisfaction.

Doing Our Nation's Heros Right

Of course, every lender can benefit from adopting digital mortgage technology to deliver customized mortgage products to their borrowers, whether or not they are currently serving in the military. And with the Fed signaling it will drop key interest rates again, now is an ideal time to implement these innovations.

For lenders, lower rates would mean both a potential increase in loan volumes and an opportunity to offer more competitive rates and flexible terms. With digital mortgage technology, lenders can accomplish both goals while avoiding the bandwidth issues that plagued them during the last refi boom.

In short, it is a strategic moment for lenders to enhance their engagement with military borrowers. It is about more than creating greater efficiency and reducing costs—it is about making sure they have the same shot at homeownership as everyone else. Adopting modern digital mortgage technology brings lenders one step closer to providing peace of mind and stability to families who live a life of mobility and uncertainty.

Ultimately, by investing in digital technology, lenders can demonstrate their commitment to service that mirrors the commitment military families make to our country. This not only improves efficiency but also strengthens the foundation of our society by making homeownership an attainable reality for all. MP

THE 2025

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A FORCE CONFERENCE

Velocity: A FORCE Conference

February 24-25, 2025
The Worthington Renaissance
Fort Worth, TX

Velocity is an evolved, super-powered version of all that was great at REO Connect last year. The event is designed to serve professionals who work in the REO and adjacent markets—agents and brokers, asset managers, property management, attorneys, and servicers. It's named Velocity because it's powered through the expertise of FORCE members who have been in this market for years and thrived through these last few years. At this conference, FORCE leadership will gather the content and experts to teach others what it takes to build a business foundation that has *momentum* and *power*.

LEGAL LEAGUE SPRING 2025
SERVICER SUMMIT

Legal League Spring Servicer Summit

March 25-26, 2025
Hotel Crescent Court
Dallas, TX

Open to all Legal League 100 members, associate members, mortgage servicing professionals, and government representatives, the semi-annual Servicer Summits are the setting for the nation's elite financial services law firms to discuss default policies, procedures, and emerging issues with leading mortgage servicing executives. While the Fall Summit takes place in conjunction with the Five Star Conference, the Spring Summit is a standalone event. Join us for a day of education, networking, and engaging discussions about the pressing issues that impact financial services law firms.

GOVERNMENT Forum

Five Star Government Forum

April 16, 2025
The National Press Club
Washington, D.C.

Officials making critical decisions on the direction of the housing economy are working together with the mortgage industry to ensure that sensible regulations are in place to protect the industry and the customers that it serves. With representation from the CFPB, HUD, FHFA, Fannie Mae, Freddie Mac, Ginnie Mae, and others, Five Star Government Forum is a landmark annual event where leaders in mortgage servicing and the federal government engage in open dialogue about the industry's most pressing issues.

FSC25
THE 2025 FIVE STAR CONFERENCE & EXPO

Five Star Conference & Expo

September 29-October 1, 2025
Omni Dallas Hotel
Dallas, TX

Five Star Conference and Expo is the premier mortgage conference that attracts leading subject matter experts, legions of exhibitors, and thousands of professionals representing mortgage servicers, lenders, federal government agencies, financial services law firms, service providers, investors, and real estate organizations from across the nation. It's more than a conference; it is a community of likeminded professionals working towards the common goal of a stronger mortgage industry.

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PUTTING OUR FOCUS ON THE BORROWER'S EXPERIENCE

While technology is upgraded and elevated in the mortgage space, nothing can replace the deep understanding of a borrower's needs that only a lender can have.

By **PEDRO GARCIA**

The integration of artificial intelligence (AI) technology into the lending space has opened doors for countless possibilities. Loan options can be personalized, outcomes can be predicted, and all processes can be expedited at incredible rates. As AI continues to expand, it becomes increasingly important to focus on the quality of the customer experience. Maintaining a positive borrower experience is vital for cultivating long-lasting relationships where borrowers feel comfortable making a big financial step with their mortgage lender.

In the fiercely competitive home lending market, delivering exceptional customer experience has become the ultimate differentiator for lenders seeking to stand out and build lasting relationships with borrowers. As borrowers are increasingly empowered by technological advances, and continue to have access to endless lending options, lenders must go beyond simply offering competitive interest rates—there must be more to the relationship.

While technological advancements play a role, true differentiation stems from an unwavering dedication to elevating the borrower's journey at every touchpoint.

PEDRO GARCIA *is CEO of Mortgage Cadence, an Accenture company. He brings vast experience in financial services and banking to his role, having worked with clients around the world and serving as Global Client Account Lead for one of the largest global banking client accounts in Accenture. Pedro joined Accenture in 1985 and has specialized in managing mergers and acquisitions and large transformational programs for global financial services players.*

Getting the Borrower Experience Right

Technology serves consumers so proficiently in this day and age that it is easy to forget that it cannot solve every problem. This is especially true of the borrower experience. While technology plays a role, it cannot cultivate lasting, impactful customer relationships on its own.

To do that, it takes the seamless fusion of innovative solutions with unparalleled service. The combination of technology and service enables lenders to build trust, foster transparency, and, craft an outstanding borrower experience.

This commitment involves not only the seamless integration of technology, but also a deep understanding of the needs of the borrower. While technology is constantly upgraded and elevated, nothing can replace the deep understanding of borrower needs that only a lender can have. Feeling understood and seen by the lender fosters a genuinely great borrower experience, as it builds trust and lays a foundation for long-term partnerships. This long-term mindset is crucial, as it underscores the lender's commitment to the borrower's success beyond a single transaction.

By prioritizing the customer's needs and goals, lenders can position themselves as trusted advisors, guiding borrowers through the intricate lending process with clarity and confidence. This approach involves listening to the borrower's needs, understanding their specific financial goals, and offering tailored solutions, which just became easier with the help of AI applications.

The Role of Personal Interaction

In the digital age, where automation and AI are becoming increasingly prevalent, the importance of personal interaction cannot be overstated. Borrowers need a real person to guide them, and they have a better experience when there is someone walking alongside

them from start to finish. This personalized attention helps build a relationship that technology alone cannot replicate.

By cultivating a customer-centric culture that values engagement, lenders can turn routine interactions into meaningful opportunities for growth. Lenders need to remember that a positive customer experience goes beyond just addressing needs, especially if you are looking to create a long-term relationship that leads to a borrower's financial success.

Moreover, the human touch brings empathy into the equation, allowing lenders to understand the unique circumstances surrounding each borrower and tailor their services accordingly. This empathetic approach can significantly enhance the borrower's experience, making them feel valued and understood. Buying a home is often stressful for borrowers, as it involves significant financial decisions. Being able to encourage borrowers is something that AI and automation cannot effectively do—it is up to the lender to provide the personal touch each borrower needs.

Will AI Change the Borrower Experience?

It is clear that borrowers need real people, and they have a better experience when the lender provides them. But, as technology gets better at mimicking human capabilities, will the game change?

Many lenders are more interested in leveraging AI in smaller-scale applications—to elevate the borrower experience, streamline workflows, and eliminate process silos—than in using it to overhaul existing loan origination systems. This sentiment reflects the industry's growing recognition that legacy processes, often built around outdated technologies, can hinder progress, and impede the ability to deliver exceptional experiences. The vast amount of data that lenders manage makes it difficult for them to stay efficient, while simultaneously prioritizing security and regulations. Over time, company resources can become exhausted.

AI presents an opportunity to reimagine these processes, automating functions, and ultimately, reducing the cost of loan origination. We are leaning into the available AI tools and making the best use of them, but it will be some time before they can replace the human presence of a loan officer or processor, if they ever can.

> "AI can be a powerful tool for enhancing the borrower experience, but it should be viewed as a supplement to, not a replacement for, human interaction."

Leading banking industry players are looking to AI to generate cost reductions between 25% and 30%. They aim to achieve this by transforming workflows, leveraging big data and the cloud, utilizing market applications like Zillow and other real estate search engines, improving their mortgage core applications, and elevating the customer experience by integrating all these ecosystem components.

AI as an Enhancement, Not a Replacement

In the short term, AI will add process efficiencies that can reduce the cost to lend, allowing lenders to send savings back to the borrowers they serve, but even then, it will be technology combined with the lender's people and processes that move the needle on the borrower's experience.

AI can be a powerful tool for enhancing the borrower experience, but it should be viewed as a supplement to, not a replacement for, human interaction. AI can handle repetitive tasks, provide data-driven insights and process large amounts of information. All these actions come with improved accuracy and reduced human error. AI features drastically reduce processing times, freeing up loan officers to focus on more complex, personalized aspects of their job.

Moreover, AI can help lenders gain deeper insights into borrower behavior and preferences, allowing them to offer more personalized and relevant services. By analyzing data from various sources, AI can identify patterns and trends that may not be apparent to human analysts, providing lenders with valuable information to enhance the borrower experience.

The Future of Borrower Experience

As we look to the future, it is clear that the borrower experience will continue to be a key focus for lenders. The integration of AI and other advanced technologies will play a crucial role in shaping this experience, but the human element will remain indispensable, as loan officers bring empathy, understanding and trust to the forefront of relationships.

Lenders that can successfully combine cutting-edge technology with personalized service will be well-positioned to thrive in the competitive home lending market. By prioritizing the borrower's needs and leveraging AI to enhance, rather than replace, human interaction, lenders can create a truly exceptional borrower experience.

In this new era of technological advancements, customers are seeking out companies that are prioritizing customer service, transparency, and communication. Maintain a competitive edge by marrying the power of technology with the personalized service that can only come from people. MP

MEET D.J. "DAVID" MULKAY, DIRECTOR OF LEGAL LEAGUE

The Five Star Institute is proud to welcome D.J. (David) Mulkay as the newest Director of the Legal League. Mulkay has over 20 years of experience with financial services law firms and mortgage banks. This latest role overseeing Five Star's Legal League gives him the opportunity to leverage his experience on all sides of the industry to bring all parties together. As Director, Mulkay will work to strengthen the reach of the League's firms and associates through exposure, publications, networking, and training/education. He grew up all around but considers Texas his forever home. He is married with two little ones, Mckayla and Colt, and a puppy named Snacks.

To welcome Mulkay to the team, *MortgagePoint* spoke with him briefly to learn more about his background and what he hopes to bring to the Legal League.

Q: What are the keys to driving growth for financial services firms in today's market?

The key to driving business in today's market is about responsiveness, timeliness, willingness to grow, and compliance. Furthermore, the firms that answer the call and have Managing Partners fully engrossed in client services have always led the way. It has become very costly to service a loan in today's market, and the firms that can move a case in full compliance while remaining fast are garnering the most attention from servicers, who are always looking to cut costs—more so now than ever before. Lastly, as the consolidation of financial services firms increases, it is important to provide decision-makers the opportunity to utilize your firm for different practice areas and in different geographical footprints as well. It is a must to get your name out there and maintain a presence with a great reputation.

Q: You have talked about the importance of firms making themselves visible—could you expand on that and how it can make a crucial difference?

All too often I hear, "I didn't know they were now practicing in that state," or "I didn't know that firm also handled those other practice areas." As the firms in the industry have grown and people have shifted between different providers, the need for visibility and awareness has never been more necessary. Once a firm is preferred with most mortgage servicers, it is difficult to move away from that decision. However, if you are always available, known, and top of mind, it is easier for mortgage servicers of all sizes to maintain the continuity they have with their current network of law firms and service providers or make a quick switch if necessary (but with long-term thought in mind), further maintaining a current or even opening a new client to your firm.

Q: Tell me a bit about your past experiences with Legal League. What does the League do well? In what areas would you like to see it grow?

In the past, I have attended many Legal League events as a part of my time with JPMorgan Chase, as a representative of law firms, and as a service provider. Until recently, I did not understand the full picture, and my only idea was that the Legal League was a network of attorneys within the Five Star conglomerate that met occasionally and worked together in the industry. The League has been growing its network and its offerings, and since I have become ingrained, I could not be more excited. I was able to take the Servicer Certifications, sit in on the Servicer on-site training of over 80 FTEs at one of the country's largest subservicers, I have attended several of the webinars, and have seen how the network has started to refer work to one another, which is all just amazing. The growth in the last two years has been incredibly exciting, and I am looking to accelerate this celebration even further. We want to provide even more opportunities to connect with the GSEs, the servicers, and the service providers through our four verticals and by starting some new initiatives as well.

Q: What are the primary headwinds facing firms now, and how can they work to surmount them?

The industry has been riddled with starts and stops, moratoriums both expected and not and ever-changing policy over the last 20+ years. Firms can best align themselves with this new world by utilizing technology to get faster, utilizing experience to get better, and partnering with each other to conquer the current valley we are in now. Time has shown that these ebbs and flows have and will continue to happen, but it is the firms that prepare for the future changes while in flight that have maintained amazing tenure in the industry. MP

SEEING AROUND CORNERS WITH STANLEY C. MIDDLEMAN

By DAVID WHARTON

MortgagePoint speaks with Freedom Mortgage's President and CEO about his career, his new biography, and his insights into the "tidal nature of the economy."

Stanley C. Middleman serves as the President and CEO of Freedom Mortgage Corporation, one of the largest and fastest-growing independent mortgage companies in the country. He is a nationally recognized business strategist, investor, and philanthropist with over 30 years of experience in the mortgage banking industry. Since founding Freedom Mortgage in 1990, Middleman has grown the company into one of the nation's largest non-bank mortgage lenders/servicers and a top VA and FHA (government-insured) lender. Middleman is an active member of the MBA, where he serves on the MBA Board of Directors and previously on the MBA Residential Board of Governors. He has also served on numerous advisory boards in the mortgage industry, including the boards of Freddie Mac, Fannie Mae, and Ellie Mae. He is currently a member of the Housing Policy Executive Council.

At Freedom, Middleman has prioritized philanthropic efforts across multiple fronts. Established in 2013, Freedom Cares provides Freedom Mortgage employees, family members, friends, and customers with information on activities that benefit local communities, as well as active duty, reserve, and veterans of all branches of the military. Freedom Cares also encourages employees to take action for the betterment of their communities.

Since 2017, Freedom Mortgage has focused on four main philanthropic campaigns. The company runs a Holiday Toy Drive throughout the month of November. In early December, employees will volunteer at "Angel Tree Shops" at some Salvation Army locations to help parents and caretakers shop for gifts.

- 2012 - Toy Drive began
- 2013 - Rucksacks to Backpacks began
- 2015 - Food collection drive began
- 2017 - Project Gratitude began

As a top VA lender, Middleman and Freedom are focused on supporting nonprofits that benefit veterans and active-duty service members, including relationships with the USO, Salvation Army, and Home for Our Troops. The company also supports MBA's Opens Doors Foundation.

Middleman and his family also established the Middleman Family Pavilion, the second hospital for the Children's Hospital of Philadelphia, to serve those in the suburbs. Middleman also supports Temple (his alma mater), the Kimmel Center in Philly and the Philadelphia Art Museum.

Q: Tell me about how you first started in the industry and what put you on the path that has taken you along this professional road to where you are now.

Well, I needed to make a living, right? So, when you need a job, you get up and you go do something. I had been selling annuities, which is an insurance investment vehicle. Interest rates were high, and it was easy to sell investments when you were giving a 15% return. But as interest rates began to come back down in the early '80s, it became increasingly more difficult to sell annuities as an investment. I decided that the inverse relationship of investing was lending or borrowing. I initially got involved in mortgages as a way to fund annuities because people's values of their homes had gone way up. So, they had an opportunity to borrow money out of their homes to find money to invest, because the hard part about selling investments is finding people with money to invest.

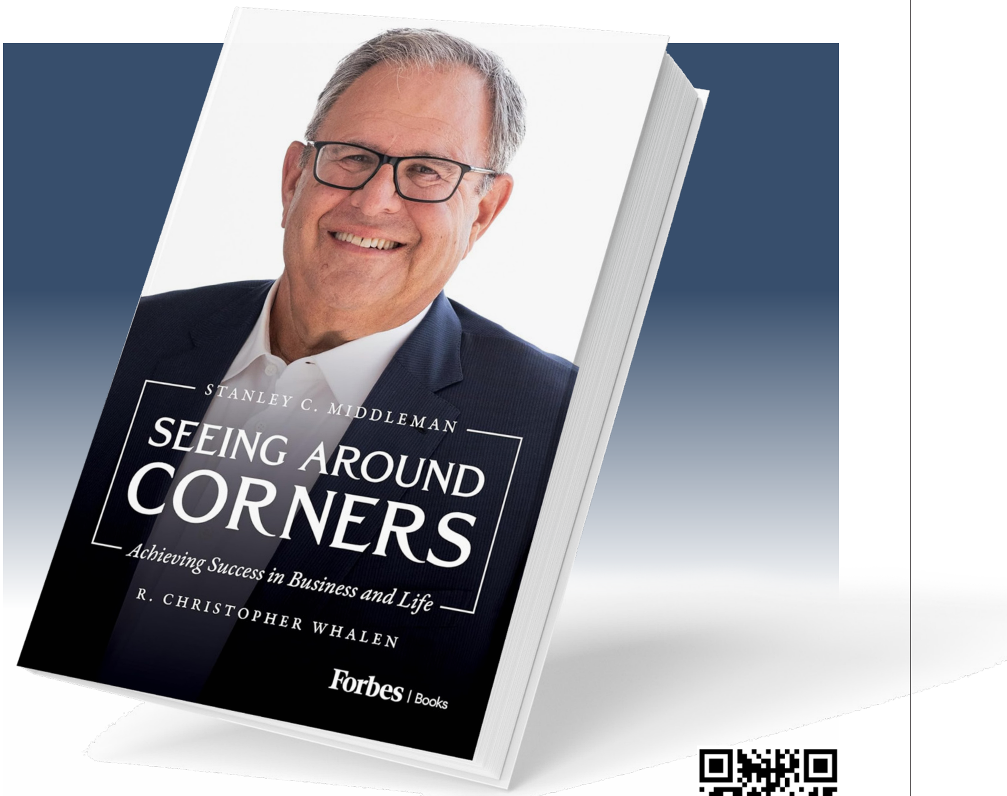
What I discovered was that it was easier to sell the mortgage coming off high interest rates than it was to sell the investment, and the investment was costing me mortgage sales. I ended up making more money on the mortgages than I was making on the investments. And voila, there I was.

Q: Could you talk about some of the biggest shifts that you've experienced in the industry during your time in the industry?

I've seen a lot of change. When we started in mortgage, we had rooms full of typists, and we had to type verifications of employment and verifications of income, send them to the employer, and get the bank references from the bank and get them back. We had typewriters, and we used carbon paper. It was a different world.

In 1993, the largest servicer of residential mortgages was the General Electric Capital Company. They were the first hundred-billion-dollar servicer. They were located in Cherry Hill, New Jersey, and they took up three big office buildings. Today, Freedom Mortgage services $650 billion worth of loans, and we do it with about 3,000 people.

It's very interesting to have been able to bear witness to the evolution of an industry that grew through technology, wisdom, and major advances. I've seen the savings and loan industry, which was the majority of all mortgage origination and servicing, but it was a fractured industry where virtually nobody had more than a percent or two of all the servicing and origination. It was a very localized business, to the point where it turned over to commercial banks and mortgage brokers, and then mortgage bankers, and today what we call nonbanks. We've seen a lot of changes over the years as we saw the birth and growth of an industry that has evolved enormously. I've been fortunate enough to have a front-row seat and even sometimes to be a participant in those changes.



Editor's note: *Stanley C. Middleman's biography,* Seeing Around Corners, *is now available from booksellers. You can order it via the QR code.*

Q: The title of your new biography, *Seeing Around Corners*, seems to speak to what we're talking about—the perspective of seeing and anticipating change. How did you settle on that title and what does it mean to you?

Everything is interconnected and nobody ever really has an original thought, right? All great ideas are birthed by other ideas that came before them, and you can help those ideas evolve or make connections between ideas that can lead to new ideas. I was contemplating the name *Connecting the Dots* for the book, which I thought would've been a good way to describe what we do, which is taking existing activities and working around them.

I was sitting in the jacuzzi with a neighbor of mine who has since passed, a good friend, and he was very flattering to me. He said, "So many people spend their time living in what has happened and making decisions based on what has happened. And you seem to be making decisions based on what will happen. There's very few people that can see around corners to do that." I was very flattered by that. It was Dr. Bruce Levine, and he was a terrific guy so I thought it was fitting to use that as the title of the book.

Q: To what do you attribute that quality he saw in you? Do you think it's just purely the experience of having been in this industry for all this time or is there more to it?

If you go back to that '80s timeframe when I first started originating loans and sold them to savings and loans, I used to take boxes of loans to Camden from my home in South Jersey, and I would meet with the president of the bank and he and I would chit-chat. I didn't know anything about lending, but he shared with me about the real estate cycle. Shortly after that, he was a victim of the savings and loan disaster, which was very much a part of the cycle that he described to me.

As I got to watch this cycle thing up close, I started to understand that there's a certain tidal nature to the economy. If you're not sensitive and aware of your surroundings, there's so much that you miss. I was fortunate enough to be sensitive to these happenings in the world and put together the fact that they weren't happening in a vacuum. They were happening in the context of a broader world.

Q: What role has mentorship played in your life?

I never really worked for any of the people who were mentors to me as an employer or employee, but I had to work hard to learn what I needed to learn. I like to be open and share all I can with everybody I can because most people don't do anything with what you tell them anyway.

Other people don't behave that way, they hoard information and don't think that they should share information because they're afraid of what somebody else might do with it. I'm not sure that any of that works that way. You have to use good sense, and certain things should not be public knowledge, but you shouldn't hoard information just because you're afraid somebody might learn something.

I like to tell people what I'm doing and what I'm thinking because I want to know if I'm crazy. One of the ways that you learn is by talking about things that you might do and seeing how people react to them. "Yeah, I think that's a good idea," or "Boy, that's silly. Why would you do that?" You need to create a dialogue that allows for a give-and-take, and you can't get a give-and-take dialogue by taking and not giving. If you're not prepared to share information, you're probably not going to receive information.

Q: Throughout your career, what have you learned about hiring and recognizing the potential for good leadership?

My biggest problem when I opened my business, and I was in business for a year, was that I didn't have any five-year guys. Nobody saw the world the way I saw the world, and I didn't have everybody pulling the boat in the same direction I wanted to go, so, we weren't very efficient in our energy expenditure. After being in business for five years, my biggest problem was not having any 10-year guys. And my biggest problem at the end of 10 years was, I didn't have any 15-year guys. So, I was interested in building longevity and getting people aligned with my perspective, and that's very difficult to do.

I wasn't as interested in the thoroughbred as I was in the plow horse. I wanted somebody who was going to work their tail off and learn with me, not drag me along, but push along with me. I think that's kind of something that comes with being a founder, where you need to create a culture that's one of loyalty, dedication, and determination. Those were the traits I was looking for when I first started. We had built this culture where it was us against the world.

We were going to do extraordinary things in different ways that made us special. There were no nonbanks [at the time]. There were big banks, and there were savings and loans, but we were talking about institutional places that were predominant rather than independent small businesses that were growing. We were growing and having a lot of success, but we were insular. We thought we saw the world differently. What made us special was that we didn't act or behave like a bank. We didn't behave like a super-corporation that came into the mortgage business as a spinoff of a larger business like GM, Ford, or GE Capital.

One large company after the next came into mortgage finance for a variety of reasons, where it was just a sideline. On the other hand, we were scratching and clawing and making our way along every day. I had to hire people with a different pedigree.

As we gained more capital, more money, more success, and more liquidity, we were able to do different things. I was able to hire people with different talents, and then we slowly added talent to meet specific needs. So, we went from cultural hires—people who could be of the same ilk and see things the same way—to people that came from different [backgrounds] that brought additional skills. Then, we started hiring specific skill sets, to enhance the quality of the business, and then we morphed into just hiring smarter people with better educations and bigger resumes and more experience.

Q: Any final thoughts about what you hope people take away from the book?

Well, the book was originally intended to share ideas about cycles and how you can create a certain level of predictability. But one of the things I think is important to come from the book is that arrogance has no place in business. You need to be sensitive and aware of not only your surroundings and your environment but of the people in those surroundings. You have to know that you have a responsibility to your stakeholders, whether they're your customers, your employees, your partners, or your associates, and your job is to grow with them. The way that that happens is you take responsibility for what goes wrong, not blaming them for what goes wrong.

You can't be arrogant, you can't be bureaucratic and expect to be successful. The more that you do, the greater success that you can have, and the more responsibility you take for your actions, the more success that you'll have and the more serious you'll be about managing the outcome. If you don't take responsibility, you're going to look for somebody to blame. And it's not about whose fault it is; it's about did you get where you're going? You're only going to get there if you're smart enough to know that you need people and that you need to help them achieve their goals as well as yours. MP

Lending/Originations

HOUSING STARTS RISE FOR SECOND STRAIGHT MONTH

The U.S. Census Bureau and the U.S. Department of Housing & Urban Development (HUD) have announced new residential construction statistics for September 2024. Single-family housing starts in September improved for the second consecutive month, as builder sentiment has improved.

HUD and the Census Bureau found that privately owned housing starts in September were at a seasonally adjusted annual rate of 1,354,000, 0.5% below the revised August estimate of 1,361,000 and 0.7% below the September 2023 rate of 1,363,000. Single-family housing starts in September were at a rate of 1,027,000—2.7% above the revised August figure of 1,000,000. The September rate for units in buildings with five units or more was 317,000.

"Single-family starts increased for the second consecutive month, which aligns with the improvement in homebuilder sentiment over the last two months," First American Deputy Chief Economist Odeta Kushi said. "Builders improved outlook is likely due to the beginning of the Fed's easing cycle and expectations of lower interest rates in 2025."

For the first time in four years, the Federal Reserve has slashed its benchmark interest rate in mid-September, a move to force lower borrowing costs for consumers and businesses. The rate cut of a full half-point to a new range of 4.75% to 5.0% was announced by Federal Reserve Chair Jerome H. Powell after the Federal Open Market Committee (FOMC) meeting. The move by Powell is in response to the fight against inflation, after the Fed kept rates at an all-time 23-year high for more than a year.

"Builder sentiment rose to 43 in October, also marking the second consecutive monthly increase," Kushi noted. "However, sentiment still remains in negative territory, below the breakeven mark of 50."

Privately owned housing units authorized by building permits in September were at a seasonally adjusted annual rate of 1,428,000, 2.9% below the revised August 2024 rate of 1,470,000, and 5.7% below the September 2023 rate of 1,515,000. Single-family authorizations in September were at a rate of 970,000, which was 0.3% above the revised August figure of 967,000. Authorizations of units in buildings with five units or more were at a rate of 398,000 in September.

"Permits are a leading indicator of future starts, and they increased for the third consecutive month in September, a positive sign for a supply-starved housing market," Kushi added. "The housing market remains structurally underbuilt, and homeowners with locked-in low mortgage rates are keeping existing-home inventory limited. More groundbreaking is needed to bridge the gap between supply and demand."

That "lock-in" rate may continue as Freddie Mac reports that the 30-year fixed-rate mortgage (FRM) averaged 6.44% as of October 17, 2024, up from the previous week when it averaged 6.32%. A year ago at this time, the 30-year FRM averaged 7.63%. As Zillow reports, the average U.S. home value is $359,892, up 2.7% over the past year, which may further cause affordability issues for potential home buyers.

In terms of housing completions, privately-owned housing completions were reported at a seasonally adjusted annual rate of 1,680,000 in September, 5.7% below the revised August estimate of 1,781,000, but 14.6% above September 2023's rate of 1,466,000. Single-family housing completions in September were at a rate of 1,000,000—2.7% below the revised August 2024 rate of 1,028,000. The September rate for units in buildings with five units or more was 671,000.

Robert Frick, Corporate Economist with Navy Federal Credit Union, added, "Builder confidence may be up, but so are mortgage rates, which must be cooling builder enthusiasm for adding even more inventory to the already saturated new home market. With the economy strengthening and the 10-year Treasury yield up, even the Fed's expected rate cuts aren't a guarantee that we'll see sub-6% mortgage rates anytime soon."

"Despite pent-up demand in the housing market, elevated financing costs continue to challenge both buyers and builders," Kushi noted. "While builders are growing more confident in their ability to sell newly built homes, they continue to face supply-side hurdles to building them, from higher construction costs to ongoing skilled labor shortages. Lower interest rates may help stimulate progress, but momentum will likely be constrained by these persistent challenges."

PENDING SALES DIP AS BUYERS PLAY THE WAITING GAME

A recent Redfin report revealed that existing-home sales fell roughly 1% month over-month in September and an estimated 3.1% year over year in August—to a seasonally adjusted annual rate of 4,042,369. That's the lowest level in records dating back to 2012, except for May 2020, when the pandemic brought the housing market to a standstill.

Pending sales—a more current gauge of housing market activity that includes both existing and newly constructed homes—fell to the lowest level on record aside from April 2020. They were down 1.9% month over month in August on a seasonally adjusted basis and dropped 2.4% year over year.

Except for April 2020, pending sales—a more recent indicator of housing market activity that considers both newly built and existing homes—fell to the lowest point ever recorded. Seasonally adjusted, they decreased 1.9% month over month and 2.4% year over year in August.

Since the spring, mortgage rates have been falling, and they reached their lowest point in more than a year in August. The cost of housing payments has decreased from a year ago. However, consumers have been hesitant to reply. That may be partly due to the continued high cost of real estate. In August, the August median sale price increased by 3% year over year to $433,101. Even though that was the least amount of a rise in nearly a year, prices were still just 2.1% below their all-time high of $442,344 in June. Buyers must provide greater down payments due to rising housing costs.

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Agents Weigh in on Rates, How Buyers Remain Selective

According to Redfin agents, some prospective house hunters are delaying their purchase in the hopes that interest rates will drop even more, while others are holding off because they don't understand the new National Association of Realtors (NAR) regulations or are waiting to see how the presidential election plays out.

Some prospective homebuyers, according to Sacramento, California-based Redfin Premier real estate agent Michael Cendejas, may not be aware that mortgage rates are falling. He claimed that although many people had heard that rates would drop in September, they hadn't been keeping an eye out for drops in rates prior to that month.

September has brought renewed interest from buyers, according to Cendejas, but many are still waiting for rates in the 5% level before making an offer.

"There's no sense of urgency. Buyers are selective right now, especially if they have a house already. They're looking for the perfect home at the right price," Cendejas said. "There aren't a lot of desirable homes out there right now, and the ones that are in good shape go quickly if they're priced well. My advice to sellers is to price your home fairly; if you don't, it could end up sitting on the market."

For the first time in three years, the average interest rate on a 30-year mortgage decreased to 6.5% in August from 7.07% the previous year. The rate decrease from one month prior was 0.35 percentage points, marking the biggest monthly decline since the end of 2023. Although they have since decreased even more, they have nevertheless risen above the pandemic's all-time low.

The Federal Reserve is anticipated to lower interest rates by 25 to 50 basis points continuing until 2025, marking the first-rate reduction in four years. Mortgage rates might decrease in response, but it's uncertain by how much as markets have already factored in a rate reduction at a very rapid pace.

Metro-Level Highlights: August 2024

Prices:

- Median sale prices rose most from a year earlier in Nassau County, New York (10%); Philadelphia (9.1%); and Milwaukee (8%).
- They fell in seven metros, with the biggest declines in San Antonio, Texas (-4.4%); Austin, Texas (-4.4%); and San Francisco (-2.2%).

Pending Sales:

- Pending sales rose most in San Francisco (12.3%); San Jose, California (6.7%); and San Diego (4.4%).
- They fell most in West Palm Beach, Florida (-17.6%), Fort Lauderdale, Florida (-17.2%); and Miami (-15.1%).

Closed Home Sales:

- Home sales rose most in San Francisco (5.3%); San Jose, Californai (4%); and Newark, New Jersey (3.3%).
- They fell most in West Palm Beach, Florida (-17.1%); Miami (-13.6%); and Fort Worth, Texas (-12.9%).

New Listings:

- New listings rose most in Las Vegas (12.8%); San Diego (11.7%); and Sacramento, California (9.5%).
- They fell most in Atlanta (-19.4%); Portland, Oregon (-14.6%); and Newark, New Jersey (-10.6%).

Active Listings:

- Active listings rose most in Tampa, Florida (50.1%); Fort Lauderdale (46.4%); and San Diego (41.9%).
- They fell most in New York (-5.4%); Newark, New Jersey (-4.4%); and Chicago (-3.8%).

Sold Above List Price:

- In Newark, 68.5% of homes sold were above their final list price, the highest share among the metros Redfin analyzed. Next came San Jose (60.5%) and Nassau County, New York (56.5%).

- The shares were lowest in West Palm Beach, Florida (7%); Austin, Texas (10.8%); and Fort Lauderdale (11.6%).

Positive Indications for Buyers: An Increase in New Listings and a Decline in Homes Sold Above Asking Price

Aside from decreasing mortgage rates, there are a few more positive news items for prospective homeowners. The number of housing possibilities is increasing, resulting in increased choice. In August, new listings increased 2.1% from the previous year and 1.6% month over month to reach the greatest seasonally adjusted level in over two years.

Furthermore, it is rare for residences to sell for more than their list price. August saw the lowest percentage of any August since 2019 when less than one-third of the properties that sold (30.2%) sold for more than their asking price. This is down from 36.2% a year earlier.

This August had the lowest amount of house sales since 2019, with the average home that was taken off the market selling for 99.3% of its list price—a decrease from 99.9% the previous year.

THE AFFORDABILITY CHALLENGES OF MIDDLE-INCOME RENTERS

With more and more programs addressing the needs of middle-income renters—those earning between 60% to 120% of the area median income (AMI)—Harvard University's Joint Center for Housing Studies decided to dive deep to discover who these renters are, the challenges they face, and the services they need, recently publishing the paper "Subsidizing the Middle: Policies, Tradeoffs, and Costs of Addressing Middle-Income Affordability Challenges."

In 2022, more than 14 million renter households could be designated middle-income. While these renters do not face all the hardships of lower-income households, where an incredible 80% of renters had cost burdens in 2022, middle-income renters are not immune from adversity. About 33% of middle-income renters were cost-burdened in 2022, up 6.3% from only three years ago.

Not surprisingly, cost burdens decline as incomes rise:

- Some 47% of renters were cost-burdened in the 60%-80% AMI range.
- An estimated 28% of renters were cost-burdened in the 80%-100% AMI range.
- Roughly 17% of renters were cost-burdened in the 100%-120% AMI range.

Geographically, middle-income cost burdens were higher in Florida and the West and lower in the Midwest. (Lower-income households have high cost burdens across the country.) Florida leads with the highest middle-income renter cost burdens at 55%, followed by Hawaii (50%), Nevada (49%), and California (49%). Conversely, only 6% of North Dakota middle-income renters were burdened.

Not surprisingly, middle-income renter households with cost burdens had more leftover income after rent and utilities than lower-income renters. The former had about $2,900 in residual monthly income in 2022; even those in the 60%-80% AMI bracket still had $2,500 remaining after housing expenses, while burdened lower-income renters only had $600 a month left over. High housing costs limit middle-income renters' ability to build savings for emergencies, retirement, or a downpayment, much less allow them to reach full financial stability. It is much more dire for lower-income renters, who are forced to make more urgent sacrifices, spending less on food and healthcare just to make the rent each month.

> **By creating a true profile of middle-income renter households, JCHS hopes to reveal their needs and affordability challenges.**

By creating a true profile of middle-income renter households, JCHS hopes to reveal their needs and affordability challenges. By definition, middle-income renters have higher earnings and greater earning potential. The national median household income for middle-income renters was at $63,000 in 2022, almost three times the median household income of lower-income renters, at only $21,000.

Education and ethnicity are also factors. In terms of schooling, 41% of cost-burdened middle-income renter households were headed by someone with a bachelor's degree, compared to 19% of lower-income renters, and middle-income renter households were more likely to be headed by someone in their peak earning years. They were also far more likely to be headed by a non-Hispanic white person than a person of color, possibly compounding racial inequities if households with larger AMI percentages were to receive subsidies.

The differences between the two income brackets are noticeable:

- Some 51% of cost-burdened middle-income renter households are headed by a white person, compared to 41% of cost-burdened lower-income renter households.
- Approximately 22% of cost-burdened middle-income renter households are headed by a Hispanic person, compared to 23% of cost-burdened lower-income renter households.
- Roughly 17% of cost-burdened middle-income renter households are headed by a Black person, compared to 24% of cost-burdened lower-income renter households.

One problem with many state and local housing programs created to address the affordability challenges of middle-income households is that they target households based on the area's median income. Using this metric, the programs might miss the large majority of cost-burdened households with lower incomes. For instance, 9.8 million renters working full time have cost burdens, but the number of lower-income renter households with burdens far exceeded the number of cost-burdened middle-income renter households by over 60% (5.8 million households vs. 3.6 million). Even working full time did not guarantee affordable housing, especially at lower-income levels: 79% of lower-income renters with at least one adult employed full-time were cost-burdened in 2022. Middle-income renter households were not immune to the problem, with 31% having cost burdens.

The study notes that it is important to contextualize the affordability challenges of middle-income renter households, focusing the housing programs and policies on those who most need them. Taken as a whole, these programs could disproportionately target households with fewer economic problems and who face fewer barriers to opportunity due to systemic racism (e.g., in education, employment, and housing). They could also accidentally bypass those who need the programs the most. As such, state and local policies should be carefully written to serve the middle-income renters with the greatest need in markets that do not serve them properly. It is also important to ensure that middle-income aid never replaces subsidies for lower-income renters.

Policymakers also need to consider alternatives for assisting middle-income renters than simply direct subsidies. Some cost-effective methods include loosening restrictive zoning ordinances, expediting permit processes, and providing density bonuses for projects that hit a specified affordability level. By reducing the overall cost per unit, these projects could create affordability for middle-income renters without investing public dollars or diverting aid from lower-income households.

SHIFT IN MORTGAGE RATE OPTIMISM PUSHES HOUSING SENTIMENT HIGHER

Consumers expressed strong levels of optimism in the survey regarding a drop in mortgage rates over the next year, which helped the Fannie Mae Home Purchase Sentiment Index (HPSI) to rise 1.8 points in September to 73.9, the highest level in over two years. A record 42% of consumers said in September that they anticipate a decrease in mortgage rates, up from 24% in June and 39% in the month before. In contrast, 27% anticipate an increase in mortgage rates, and 31% anticipate a stay the same.

A majority of consumers did, however, also say that they anticipate rising housing costs over the upcoming year, which would somewhat counteract the anticipated rate-driven gain in affordability. While respondents' perceptions of the state of the homebuying market improved slightly, they are still relatively close to their all-time low, with only 19% saying it's a good time to buy a house. Conversely, 65% of consumers believe that now is a favorable moment to sell a house. Year over year, the entire index is up 9.4 points.

"Although most consumers continue to think it's a 'bad time' to buy a home, the recent shift in attitude toward mortgage rates is pushing overall housing sentiment higher, and a growing share are now pointing to high home prices rather than high mortgage rates as the primary sticking point for affordability," said Mark Palim, SVP and Chief Economist at Fannie Mae. "Increased positivity that mortgage rates will continue to fall has driven the HPSI to a 30-month high, but we've yet to see consumers' newfound rate optimism translate into a meaningful increase in home sales activity. Instead, as we noted in our latest housing forecast, existing home sales are on pace to record their lowest annual total since 1995. This signals to us that consumers are paying attention to the easing interest rate environment but still feel stymied by the considerable run-up in home prices over the last four years."

Fannie Mae HPSI Component Highlights

The Home Purchase Sentiment Index (HPSI) for Fannie Mae increased by 1.8 points to 73.9 in September. When compared to the same period last year, the HPSI is up 9.4 points.

- **Good/Bad Time to Buy:** The percentage of respondents who said it is a good time to buy a home increased by two percentage points in October (19%) while the percentage who said it is a bad time to buy decreased from 83% to 81%. As a result, the net share of those who said it is a good time to buy increased 3 percentage points month over month (MoM) to -62%.
- **Good/Bad Time to Sell:** The percentage of respondents who said it is a good time to sell a home (65%) remained unchanged from September, while the percentage who said it's a bad time to sell (35%) increased by one percentage point. As a result, the net share of those who said it was a good time to sell fell just one percentage point MoM to 30%.
- **Home Price Expectations:** The percentage of respondents who said home prices will go up in the next 12 months increased from 37% to 39% and the percentage who said home prices will go down decreased from 25% to 23%. The share that believed home prices would stay the same remained at 37%. As a result, the net share of those who said home prices will go up in the next 12 months increased three percentage points MoM to 16%.
- **Mortgage Rate Expectations:** The percentage of respondents who said mortgage rates will go down in the next 12 months increased from

39% to 42%, a new survey high. The percentage of those who expected mortgage rates to go up increased from 26% to 27%. The share of those who think mortgage rates will stay the same decreased from 35% to 31%.

- As a result, the net share of those who said mortgage rates will go down over the next 12 months increased two percentage points MoM to 15%, a second consecutive survey high and the highest in NHS history.
- **Job Loss Concern:** The percentage of respondents who said they were not concerned about losing their job in the next 12 months decreased from 78% to 77%, while the percentage who said they were concerned increased by one percentage point (22%). As a result, the net share of those who said they are not concerned about losing their job decreased one percentage point MoM to 56%.
- **Household Income:** The percentage of respondents who said their household income is significantly higher than it was 12 months ago increased from 17% to 18%, while the percentage who said their household income is significantly lower decreased from 14% to 11%. The percentage who said their household income is about the same increased from 68% to 70%. As a result, the net share of those who said their household income is significantly higher than it was 12 months ago increased 5 percentage points MoM to 8%.

"Notably, housing sentiment among renters, a common source of first-time homebuyers, has improved at approximately the same pace as homeowners," Palim said. "Over the last three months, the share of renters believing it's a good time to buy a home has risen from 13% to 20%, while the share expecting mortgage rates to fall has risen from 16% to 30%. While these numbers are still relatively low, we think the improvement may signal that some potential homebuyers who have been waiting for mortgage rates to come down may be closer to coming off the sidelines, despite their ongoing concerns about home prices."

EFFECTS OF LOWER MORTGAGE RATES DIFFER ACROSS U.S. MARKETS

New Realtor.com data revealed that experts anticipate that mortgage rates will remain in the low 6% level through the end of the year, with additional decreases possibly reaching the high 5% range by the following spring, in response to the Federal Reserve's announcement of a significant rate cut in September. Homebuyers who have grappled with high mortgage rates in recent years may find some relief from recently lowered rates, which could potentially encourage more homebuyers to enter the market.

However, depending on how many people use mortgages, the impact of reduced interest rates will vary throughout markets. Markets that use mortgages more frequently will generally be more susceptible to fluctuations in interest rates, whereas locations where the percentage of homeowners who own their homes outright may be less affected.

The report indicates that some 84% of current mortgages have interest rates of 6% or less. Put another way, if mortgage rates go closer to 6%, consumers should anticipate seeing more homeowners become "unlocked," particularly in areas where mortgage usage is strong.

Realtor.com used the 2023 1-Year Estimate from the American Community Survey in order to comprehend the variations in the geographic impact of decreased mortgage rates. The data showed that 39.8% of homeowners in the U.S. owned homes while 60.2% of homeowners in the country had a mortgage. In actuality, fewer homeowners now have debt, which has increased the number of people who own their homes outright. In 2010, 67.2% of homes were delinquent, while the percentage of properties that were owned was 32.8%.

Percentage of Homes Owned Outright Rises Amid Falling Number of Mortgaged Homes

At the state level, states with higher percentages of homeowners living in mortgage-holding homes, such as the District of Columbia, Maryland, Colorado, Utah, and California, should see a rise in housing activity as mortgage rates decline. On the other hand, since a higher proportion of homeowners in West Virginia, Mississippi, Louisiana, New Mexico, and Arkansas own their homes outright, these states' housing markets are probably less affected by reduced rates.

Top 10 States Where Mortgages Are Most Common:

- District of Columbia
- Maryland
- Colorado
- Utah
- California
- Massachusetts
- Virginia
- Rhode Island
- Washington
- Delaware

Given the high usage of mortgages among the top 50 metros, homeowners in Washington, D.C., may be particularly vulnerable to the effects of reduced rates. In the D.C. region, specifically, some 74.7% of homeowners in 2023 occupied properties that were mortgaged. Overall, only 25.3% of D.C. residents were mortgage-free owners of their primary residence. The markets with the highest percentage of homeowners who have mortgages are Portland, Oregon (69.8%); Raleigh, North Carolina (72.0%); Virginia Beach (71.0%); and Denver (72.4%).

Additionally, markets that have a larger percentage of outright ownership may be somewhat protected from the effects of reduced mortgage rates. Notably, among the 50 largest U.S. cities, New Orleans had the highest percentage of homeowners who are outright owners (45.8%). Pittsburgh came in second with 45.2%, Buffalo, New York, with 45.2%, Miami with 43.8%, and Tampa, Florida, with 42.9%.

Default Servicing

Q3 FORECLOSURE ACTIVITY SNAPSHOT

ATTOM has issued its Q3 2024 U.S. Foreclosure Market Report, which shows a total of 87,108 U.S. properties with foreclosure filings during Q3 of 2024, down 2% from the previous quarter, and down 13% year over year. ATTOM's report also shows a total of 29,668 U.S. properties with foreclosure filings in September 2024, down 2% from the previous month, and down 19% from a year ago. Nationwide in September 2024, one in every 4,750 properties had a foreclosure filing.

"While we are seeing a decrease in foreclosure starts and repossessions, it's crucial to remain vigilant, as any economic disruptions or changes in interest rates could shift the current trend," said Rob Barber, CEO of ATTOM.

A total of 62,380 U.S. properties began the foreclosure process in Q3 2024, down less than 1% from the previous quarter, and down 10% year over year. There were 19,763 U.S. properties that started the foreclosure process in September 2024, down 5% from the previous month, and down 21% from September 2023.

Lenders completed the foreclosure process on 2,624 U.S. properties in September 2024, down 9% from the previous month, and down 21% from September 2023.

States that had **1,000 or more foreclosures starts** in Q3 2024 and saw the greatest annual decrease included:

1. North Carolina (down 44%)
2. Georgia (down 29%)
3. Maryland (down 22%)
4. New Jersey (down 20%)
5. South Carolina (down 19%)

Those major metros with a population of 200,000 or more that had the **greatest number of foreclosures starts in Q3** 2024 included:

1. New York (3,776 foreclosure starts)
2. Chicago (3,231 foreclosure starts)
3. Los Angeles (2,166 foreclosure starts)
4. Miami (2,142 foreclosure starts)
5. Houston (1,791 foreclosure starts)

Nationwide, one in every 1,618 housing units had a foreclosure filing in Q3 2024. States with the **highest foreclosure rates** were:

1. Illinois (one in every 904 housing units with a foreclosure filing)
2. Nevada (one in every 922 housing units)
3. Florida (one in every 971 housing units)
4. Delaware (one in every 1,060 housing units)
5. South Carolina (one in every 1,069 housing units)

Among 224 metropolitan statistical areas with a population of at least 200,000, those with the **highest foreclosure rates in Q3** 2024 were:

1. Lakeland, Florida (one in 610 housing units)
2. Provo, Utah (one in every 647 housing units)
3. Macon, Georgia (one in every 649 housing units)
4. Columbia, South Carolina (one in every 663 housing units)
5. Atlantic City, New Jersey (one in every 766 housing units)

Other major metros with a population of at least one million and foreclosure rates in the **top 15 highest nationwide** include:

1. Chicago (one in every 775 housing units)
2. Las Vegas (one in every 796 housing units)
3. Cleveland (one in every 819 housing units)
4. Orlando, Florida (one in every 859 housing units)
5. Riverside, California (one in every 867 housing units)

Lenders repossessed approximately 8,795 U.S. properties through foreclosure (REO) in Q3 2024, up 1% from the previous quarter, but down 12% from a year ago.

Those states that had the **greatest**

number of REOs in Q3 2024 were:

1. California (852 REOs)
2. Pennsylvania (715 REOs)
3. New York (670 REOs)
4. Illinois (668 REOs)
5. Michigan (559 REOs)

Properties foreclosed in Q3 2024 had been in the foreclosure process for an average of 815 days. This remains the same as the previous quarter but represents a 6% increase from the same time last year, continuing an upward trajectory from Q3 2023.

States with the **longest average foreclosure timelines** for homes foreclosed in Q3 2024 were:

1. Louisiana (3,520 days)
2. Hawaii (2,531 days)
3. New York (2,087 days)
4. Rhode Island (1,880 days)
5. Georgia (1,876 days)

States with the **shortest average foreclosure timelines** for homes foreclosed in Q3 2024 were:

1. New Hampshire (165 days)
2. Minnesota (172 days)
3. Texas (181 days)
4. Michigan (189 days)
5. Montana (248 days)

States with the **highest foreclosure rates** in September 2024 were:

1. Illinois (one in every 2,494 housing units with a foreclosure filing)
2. Florida (one in every 2,670 housing units)
3. Delaware (one in every 2,720 housing units)
4. Nevada (one in every 2,735 housing units)
5. Indiana (one in every 3,159 housing units)

"Moving forward, we anticipate foreclosure levels will stay relatively low," Barber said, "but there could be localized increases in areas struggling with affordability or other market pressures."

COMMERCIAL, MULTIFAMILY MORTGAGE DELINQUENCY RATES JUMP IN Q3

According to a new report, during Q3 of 2024, there was a small increase in the delinquency rates for mortgages secured by commercial buildings. This is in line with the most recent Commercial Real Estate Finance (CREF) Loan Performance Survey from the Mortgage Bankers Association (MBA).

"Delinquency rates for commercial mortgages backed by office properties continued to increase during the third quarter but declined for loans backed by lodging, retail, and industrial properties," said Jamie Woodwell, MBA's Head of Commercial Real Estate Research. "The commercial mortgage market is large and diverse, covering a range of property types, sizes and ages, geographic markets and submarkets, borrower types, vintages, and more. Each of those differences is affecting loan performance, some to the good and some to the bad."

The balance of commercial mortgages that are not current increased slightly in Q3 of 2024.

Key Findings of the MBA Loan Performance Survey:

An estimated 96.8% of outstanding loan balances were current or less than 30 days late at the end of the quarter, down from 97.0% the previous quarter.

- 2.7% were 90+ days delinquent or in REO, up from 2.5% the previous quarter.
- 0.3% were 60-90 days delinquent, up from 0.2% the previous quarter.
- 0.3% were 30-60 days delinquent, down from 0.4% the previous quarter.

The share of loans that were delinquent increased for some property types, particularly office, and decreased for industrial, lodging, and retail properties.

- 7.8% of the balance of office property loan balances were 30 days or more days delinquent, up from 7.1% at the end of last quarter.
- 5.6% of the balance of lodging loans were delinquent, down from 5.8% the previous quarter.
- 3.8% of retail balances were delinquent, down from 4.5%.
- 1.2% of multifamily balances were delinquent, up from 1.1%.
- 0.6% of the balance of industrial property loans were delinquent, down from 0.8%.

Among capital sources, CMBS loan delinquency rates saw the highest levels but remained flat during the quarter.

- 4.8% of CMBS loan balances were 30 days or more delinquent, unchanged from the last quarter.
- Noncurrent rates for other capital sources remained more moderate.
- 0.9% of FHA multifamily and healthcare loan balances were 30 days or more delinquent, unchanged during the quarter.
- 0.9% of life company loan balances were delinquent, down from 1.0%.
- 0.5% of GSE loan balances were delinquent, up from 0.4% the previous quarter.

Data on commercial and multifamily mortgage portfolios as of September 30, 2024, was gathered by MBA's CREF Loan Performance survey. Since April 2020, comparable polls have been undertaken, and these results build on those findings. In September 2024, participants reported $2.6 trillion in loans, or 56% of the $4.7 trillion in outstanding commercial and multifamily mortgage debt (MDO).

Government

HUD PROVIDES SUPPORT TO VICTIMS OF HURRICANE HELENE

The U.S. Department of Housing & Urban Development (HUD) has announced $3 million for the state of North Carolina to support people experiencing homelessness in communities impacted by Hurricane Helene. Funding from the Rapid Unsheltered Survivor Housing (RUSH) program will help residents and families who are experiencing or at risk of homelessness and have needs that are not otherwise served or fully met by existing federal disaster relief programs.

"While we are still assessing the full impact of Hurricane Helene in North Carolina, we know the breadth of destruction warrants immediate funding to supplement emergency assistance for people at risk of or experiencing homelessness," Acting HUD Secretary Adrianne Todman said. "HUD is committed to working with state and local leaders in North Carolina, during their long road of recovery ahead."

While the Federal Emergency Management Agency (FEMA), the American Red Cross, and local community members have stepped up to assist survivors, the severity of the damage and displacement experienced in North Carolina has exceeded local capacity, and more assistance is needed. RUSH funding is intended to address the immediate unmet needs for homelessness assistance and homelessness prevention in declared disaster areas.

The eligible activities for this funding include:

- For people experiencing homelessness before the disaster: emergency shelter; rapid re-housing, which provides up to 24 months of rental assistance, financial assistance for move-in costs, and supportive services; and
- For people who were at risk of experiencing homelessness before the disaster: homelessness prevention, which provides up to 24 months of rental assistance, utility assistance, and supportive services for people at risk of homelessness; and outreach assistance, including assistance to meet urgent needs.

To date, Hurricane Helene, the season's eighth named storm, saw an estimated 25,000 homes at risk of storm surge flooding, according to CoreLogic, with estimated wind and storm surge insured losses between $3-$5 billion. Overall, CoreLogic's updated Hurricane Helene industry-insured loss estimate stands at $10.5-$17.5 billion.

RUSH funding provides rapid assistance under the Emergency Solutions Grant program for individuals and families who are experiencing homelessness or at risk of homelessness in eligible declared disaster areas where FEMA has activated Transitional Sheltering Assistance. This funding is available to help communities provide outreach, emergency shelter, rapid re-housing, homelessness prevention assistance, and supportive services.

On July 1, HUD also launched a new streamlined process for requesting additional flexibility on existing grants after a disaster is declared. Recipients of annual HUD funding may request waivers to unlock and accelerate the use of their funding for disaster response and recovery. With the updated waiver process, HUD is proactively issuing maximum flexibility to communities impacted by disasters. These flexibilities will expedite the recovery process, reduce administrative burden, and allow impacted jurisdictions to quickly tailor programs and activities to address the post-disaster needs of impacted communities.

"We have heard loud and clear—every day counts when states, localities, and nonprofits are working to get people safely housed," said Principal Deputy Assistant Secretary Marion McFadden for Community Planning and Development. "Our new waiver process will cut weeks off the time needed for communities to address urgent recovery needs in the wake of disasters."

> **"We have heard loud and clear—every day counts when states, localities, and nonprofits are working to get people safely housed."**

—**Marion McFadden**, Principal Deputy Assistant Secretary for Community Planning and Development, HUD

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The expedited process will allow HUD to quickly provide regulatory and administrative relief to recipients of the following HUD programs: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Housing Trust Fund (HTF), Housing Opportunities for Persons with AIDS (HOPWA), Emergency Solutions Grant (ESG), and Continuum of Care (CoC). To expedite the use of these funds, HUD's state and local partners impacted by declared disasters can now access waivers through an expedited approval process.

Examples of HUD's flexibilities include:

- HUD may suspend a cap limiting CDBG expenditures for public services to 15% so that CDBG grantees can pay for additional support services for individuals and families affected by declared disasters. Services could include the provision of food, emergency shelter, case management, and related services to help residents in declared disaster areas until long-term recovery resources become available.
- When extensive damage and destruction to the housing stock occurs in impacted areas HUD may enable CDBG grantees to replace affordable housing units that were lost as a result of severe weather, waiving restrictions on new construction.
- The HOME matching contribution requirement may be waived for communities in the declared disaster areas.
- ESG may be used for more than the usual 24 months on rental assistance and housing relocation stabilization services for low-income individuals and families.

HUD's role in supporting communities in preparing for, responding to, and recovering from disasters continues to expand as the frequency and intensity of disasters increase. These announcements build on the efforts to bolster how HUD addresses disaster recovery, including the recent establishment of the Office of Disaster Recovery and Office of Disaster Management.

HUD and FEMA recently published a report on the Pre-Disaster Housing Planning Initiative to promote collaborative approaches to disaster housing recovery challenges and to bolster state planning for housing recovery before disasters occur. These steps will strengthen the agency's disaster and resilience work and expedite the recovery process for communities so that assistance can quickly reach those who need it most.

FANNIE MAE ENHANCES ITS EXPANDED HOUSING CHOICE PROGRAM

Fannie Mae has announced enhancements to its Expanded Housing Choice (EHC) initiative, making the program available in all jurisdictions without a source of income protections, for new loans to multifamily property owners who accept U.S. Department of Housing & Urban Development (HUD) Housing Choice Vouchers (HCVs).

The HCV program helps very-low-income families, senior citizens, and people with disabilities afford stable and quality housing in the private market. Fannie Mae's Expanded Housing Choice, which the company launched in April 2022 and has extended through April 2026, was established to expand housing opportunities for HCV holders by incentivizing multifamily borrowers to accept vouchers as a valid source of income. Currently, in the United States, approximately 30% of voucher holders are unable to find housing that accepts their vouchers.

In addition to gaining a larger renter base, borrowers and property managers who leverage the EHC program and commit to accepting HCVs can benefit from lower pricing, flexible loan terms, certainty of execution, lower turnover and vacancy rates, a steady stream of competitive rent payments backed by HUD, and the chance to support a more equitable housing market.

"Finding and creating opportunities that promote a more affordable and fair housing market while maintaining safety and soundness is at the core of our mission, so we are happy to extend the reach of our Expanded Housing Choice initiative to all eligible jurisdictions and properties. We also thank our Delegated Underwriting and Servicing (DUS) lenders for partnering with us to bring this initiative to life for those who will benefit from it," said Michele Evans, EVP and Head of Multifamily for Fannie Mae. "Many Housing Choice Voucher holders are from historically underserved communities and bringing a program to the greater market that enables increased access to sustainable housing for renters while producing benefits for property owners is a prime example of Fannie Mae's innovation at work."

Previously limited to eligible properties in just North Carolina and Texas, EHC is now available to borrowers in all U.S. jurisdictions without Source of Income protections provided their property is not already legally required to accept HCVs and that at least 40% of units are affordable at or below HUD Fair Market Rents or Small Area Fair Market Rents. The EHC initiative also has been enhanced to address customer and stakeholder feedback, including an increased eligibility threshold, which aims to stimulate a more sustainable program; a more streamlined data collection process; and more transparency around inclusive renter screening requirements.

FHLBANKS ASSIST 65,000 HOUSEHOLDS THROUGH KEY PROGRAMS

The Federal Home Loan Banks' (FHLBanks) affordable housing and community development support grew significantly last year, as earnings improvement across the FHLBank System corresponded with greater commitments to lower-income communities, according to a new Federal Housing Finance Agency (FHFA) report, "2023 FHLBank Targeted Mission Activities Report."

The Report highlights the FHLBanks' performance and activities under the Affordable Housing Program (AHP), the Community Investment Program (CIP), the Community Investment Cash Advance Program (CICA), and additional voluntary targeted mission-activity programs. "2023 FHLBank Targeted Mission Activities Report" also measures the growth in FHLBank membership and advances among nondepository Community Development Financial Institutions (CDFI), as well as the FHLBanks' progress in meeting the affordable housing goals for mortgage purchases under the Acquired Member Assets (AMA) program.

The Federal Home Loan Bank Act (Bank Act) requires each FHLBank to establish an AHP. Under the program, members may apply to the FHLBank for AHP funds, which are provided to approved projects and households for the purchase, construction, or rehabilitation of owner-occupied and affordable rental housing. AHP funds may be in the form of grants or reduced interest rates on advances (subsidized advances) from an FHLBank to the member. A family's household income must be at or below 80% of the area median income (AMI) to be eligible for funding through AHP's owner-occupied housing programs. For AHP-assisted rental housing to be eligible for funding, at least 20% of the project's units must be affordable for and occupied by households with incomes at or below 50% of the AMI.

"The Federal Home Loan Banks assisted close to 65,000 low- or moderate-income households and supported more than 400 targeted economic development projects in 2023 through grants and advances," FHFA Director Sandra L. Thompson said. "I am encouraged to see the Federal Home Loan Banks pursue creative and innovative approaches to addressing local housing needs through the voluntary programs they undertake in addition to meeting their obligations under the Affordable Housing Program."

Funds awarded through the AHP rose by approximately $180 million in 2023. Combined advances under the CIP and CICA programs, issued to members to finance affordable housing and economic development projects in lower-income communities, grew by 44%.

The increased support for affordable housing and community development initiatives came as FHLBank earnings have recovered in the last few years. The FHLBanks are statutorily mandated to commit 10% of net income for the prior year to the AHP, which totaled approximately $355.2 million in 2023. Their actual AHP awards in 2023 were approximately $91.7 million—or about 26%—above that amount. FHLBank contributions to the AHP rose for the first time since 2018.

Key takeaways from the report include:

- The FHLBanks approved approximately $446.9 million in total contributions to the AHP, assisting more than 33,000 low- or moderate-income households, more than 17,000 of which were very low-income households. This funding represented a 67% increase from 2022.
- The FHLBanks assisted approximately 32,000 low- or moderate-income households through the CIP and supported 399 targeted economic development projects through CICA. Overall, CIP and CICA advances totaled just over $7 billion, an increase of over $2 billion from 2022.
- One additional nondepository CDFI joined the FHLBank System, bringing the total to 71 nondepository CDFI members. That number has grown by 18% since 2019. Outstanding FHLBank advance balances at nondepository CDFI members were approximately $336.2 million at year-end 2023, an increase of about $63.8 million from 2022.
- Providing liquidity such as advances

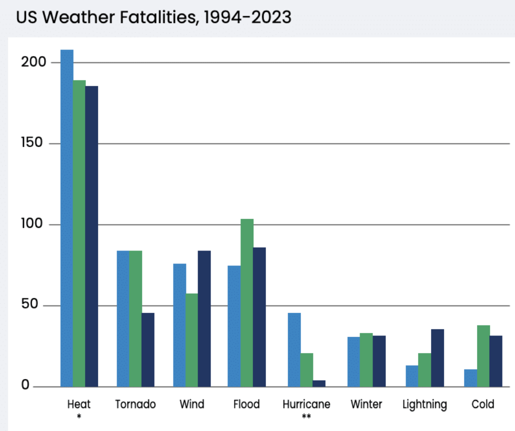
to CDFIs is an important means by which the FHLBanks support financing of low-income housing and community development. FHFA is working with various stakeholder groups to help CDFIs—a key source of assistance for underserved communities—overcome potential difficulty accessing FHLBank membership, products, and services.

HUD COMMITS TO HELP AMERICANS PROTECT THEIR HOMES AGAINST EXTREME HEAT

As tens of millions of Americans continue to be impacted by extreme weather events across the United States, President Biden and Vice President Harris are implementing the most ambitious climate agenda in American history and stepping up efforts to help communities become more resilient to the effects of climate change as the effects of extreme weather occurrences worsen.

The U.S. Department of Housing and Urban Development (HUD) announced significant steps to safeguard all communities against environmental and health dangers that could have long-term health repercussions as well as to protect more U.S. homes from the damaging effects of excessive heat.

In order to assist communities, HUD has released the Excessive Heat "Playbook," which offers best practices for enhancing community resilience, lessening the effects of excessive heat, and reducing cooling expenses for tenants of public housing. HUD recently created an updated Environmental Justice website that connects communities to HUD initiatives on climate-resilient housing, community planning and development, lead and other dangerous toxins, and key HUD programs that promote equitable housing.



* Numbers for Heat may rise in subsequent updates given delay in reporting.
**Fatalities under Hurricane/Tropical Cyclone events are attributed only to wind
Source: Storm Events Database | National Centers for Environmental Information (noaa.gov)

"Far too many Americans are being impacted by the harmful effects of extreme heat," HUD Acting Secretary Adrianne Todman said. "The best practices we are sharing today [advance] the Biden-Harris administration's national heat strategy and will move us closer towards safer housing, particularly for seniors."

New Tool Demonstrates How to Prepare and Handle Extreme Heat

With an emphasis on assessing current community strengths, weaknesses, and capabilities; updating policies and protocols to address current and future conditions; lowering cooling costs; and emphasizing the critical importance of resilience amid climate change, given the rise in severe extreme heat events, the Extreme Heat "Playbook" is an actionable guide for planning and implementing measures. In addition to identifying HUD and federal agency funding sources and offering guidance to grantees on how to prepare for and handle extreme heat events, the booklet offers 16 specific ideas and examples to confront skyrocketing temperatures.

The "Playbook" is in line with the recently released Excessive Heat Call to Action, the White House Climate Resilience Framework, and the National Heat Strategy, which was created by the Biden-Harris administration to coordinate a "whole-of-government" response to excessive heat from 2024 through 2030. Building on the success of HUD's Extreme Heat Quick Guide, which was published in April of last year, it provides communities with the knowledge and skills they need to protect their citizens' safety, health, and resilience from the effects of extreme heat, especially those who are most susceptible.

GAO ISSUES STUDY ON U.S. HOMELESSNESS

The U.S. Government Accountability Office (GAO) has issued "Homelessness: Actions to Help Better Address Older Adults' Housing and Health Needs" a report examining the needs of older adults experiencing homelessness and the barriers faced in addressing those needs.

According to the U.S. Department of Housing & Urban Development (HUD), approximately 138,000 older adults (aged 55 and older) experienced homelessness on a single night in 2023. As found in the study, these adults often have needs that can be particularly challenging to address, according to 45 homelessness service providers and other stakeholders that GAO spoke with when compiling the report.

Some stakeholders also said older adults belonging to certain racial, ethnic, or other groups can encounter additional barriers when accessing homelessness assistance programs. For example, they said members of some

"...an estimated 138,000 older adults were experiencing homelessness in 2023, representing 21% of the overall homeless population."

—Rep. Maxine Waters

racial or ethnic groups may experience unfair treatment, an unwelcoming environment, or cultural insensitivity. Some providers reported taking steps to promote more equitable provision of services in their programs.

Breaking Down Racial Disparities

Data from HUD's 2023 Annual Homeless Assessment Report: Part 1: Point-in-Time Estimate report estimates of the U.S. population as of July 2022 indicates the following:

- HUD estimated that about 37% of the people experiencing homelessness identified as Black, African, or African American. The Census Bureau estimated that about 14% of the U.S. population identified as Black or African American.
- HUD estimated that approximately 4% of people experiencing homelessness identified as American Indian, Alaska Native, or Indigenous. The Census Bureau estimated that about 1% of the U.S. population identified as American Indian and Alaska Native.
- HUD estimated that nearly 2% of those experiencing homelessness identified as Asian or Asian American. The Census Bureau estimated that about 6% of the U.S. population identified as Asian.
- HUD estimated that approximately 2% of people experiencing homelessness identified as Native Hawaiian or Pacific Islander. The Census Bureau estimated that less than 1% of the U.S. population identified as Native Hawaiian and other Pacific Islanders.
- HUD estimated that about 6% of people experiencing homelessness identified as multiple races. The Census Bureau estimated that about 3% of the U.S. population identified as two or more races.
- HUD estimated that about 50% of people experiencing homelessness identified as white. The Census Bureau estimated that about 76% of the U.S. population identified as White.
- HUD estimated that nearly 28% of people experiencing homelessness (of any race) identified as Hispanic/Latin. The Census Bureau estimated that about 19% of the U.S. population identified as Hispanic of any race.

"As the report notes, an estimated 138,000 older adults were experiencing homelessness in 2023, representing 21% of the overall homeless population," Rep. Maxine Waters said. "Incorporating community site visits and interviews, GAO found that the barriers to fair and affordable housing for older adults, including the limitations of fixed incomes, are often compounded by urgent accessibility and healthcare needs. For instance, older adults with disabilities, including mobility limitations and chronic conditions, who require housing that is equipped with accessibility features typically find it difficult to secure housing that meets these needs. What's more, the GAO also found that some older adults face barriers when trying to access homeless services as a result of unequal treatment or discrimination and cultural insensitivity as it relates to race, ethnicity, and gender. GAO's report also highlights our nation's worsening housing supply and affordability crisis as a key factor in rising homelessness among older adults."

Seeking Solutions

Rep. Waters has issued several measures and proposals to alleviate the nation's homeless crisis, including the reintroduction of a legislative housing package aimed at tackling the affordable housing crisis, ending homelessness, and eliminating the racial wealth and homeownership gaps in the United States:

- The **Housing Crisis Response Act of 2023** would provide more than $150 billion in fair and affordable housing investments, representing the single largest investment in affordable housing in our nation's history. These funds would create nearly 1.4 million affordable and accessible homes, help nearly 300,000 households afford their rent, and address the racial wealth gap through the first-ever national investment in homeownership for first-time, first-generation homebuyers.
- The **Ending Homelessness Act of 2023** would end homelessness and significantly reduce poverty in America by transforming the Housing Choice Voucher program into a federal entitlement so that every household who qualifies for assistance would receive it. The bill would also ban housing discrimination based on source of income and veteran status.
- The **Downpayment Toward Equity Act of 2023** would help address the U.S. racial wealth and homeownership gaps by providing $100 billion in direct assistance to help first-time, first-generation homebuyers purchase their first home. This would include assistance for down payments, closing costs, and to help buy down mortgage interest rates.

In its report, the GAO recommends that the Secretary of the Department of Health and Human Services for the Housing and Services Resources Center should ensure that the Administration for Community Living (ACL) Administrator, as the lead agency for the Housing and Services Resource Center, works with partner agencies to clearly define short- and long-term outcomes for the Center, consistent with leading collaboration practices. In addition, the Secretary of HHS should ensure that the ACL Administrator, as the lead agency for the Housing and Services Resource Center, works with partner agencies to collect and use performance information and other relevant evidence to assess progress toward the Center's desired outcomes, consistent with leading collaboration practices.

For the study, GAO polled nine communities based on diversity of geography and population density. GAO conducted nongeneralizable interviews with 45 service providers and other stakeholders and 34 older adults with experiences of homelessness. In addition, GAO reviewed agency documents and interviewed federal agency officials.

HUD EXPANDS HOUSING COUNSELING SERVICES

The U.S. Department of Housing & Urban Development (HUD) follows up their record-setting $16 billion in federal funding and investments in Historically Black Colleges and Universities and $138 million in awards grants for 18 state housing agencies to create affordable homes and expand support services for adults living with disabilities by expanding its counseling services, forming a new partnership with Zillow to attract the next generation of homebuyers, and issuing a new final rule allowing additional flexibilities to housing counseling agencies when delivering critical services.

"Every day, HUD's counselors provide thousands of Americans with trusted advice about buying a home, avoiding foreclosure, and locating and sustaining affordable housing. But we know we can help even more people," HUD Acting Secretary Adrianne Todman said. "Together, we will reach a new generation of homeowners, help more families build generational wealth, and continue our work to help Americans historically left out of the homebuying process."

Federal Housing Commissioner Julia Gordon added, "We're excited to raise awareness about the availability and benefits of housing counseling. These initiatives make it easier for households to access the assistance they need to navigate the homebuying process or to secure safe, affordable, and stable housing."

"Every day, HUD's counselors provide thousands of Americans with trusted advice about buying a home, avoiding foreclosure, and locating and sustaining affordable housing. But we know we can help even more people."

—**Adrianne Todman**, HUD Acting Secretary

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HUD Brings in Zillow to Expand Their Reach

Zillow's 217 million monthly visitors will now see "Let's Make Home the Goal" advertisements on its digital platforms. The multiyear campaign was created to generate awareness of the availability and benefits of pre-purchase housing counseling provided by HUD-certified counselors, and designed to reach communities of color that have historically faced more difficulties with the homebuying process due to systemic barriers. Allowing those communities to access quality housing counseling services will help to bridge the racial homeownership and knowledge gap for first-time homebuyers and communities of color seeking to buy a home and build generational wealth.

The "Let's Make Home the Goal" campaign was launched in June 2023 and has reached nearly five million diverse, prospective homebuyers in 15 media markets. This year's initiative, with the support of Zillow, intends to reach more than eight million potential homeowners across 42 media markets.

"We are thrilled to partner with Zillow to expand our reach and tout the importance of comprehensive housing counseling services," Deputy Assistant Secretary of Housing Counseling David Berenbaum said. "This collaboration allows us to use Zillow's innovative platform, ensuring that more individuals and families receive the support they need to achieve their housing goals."

Jennifer Butler, VP of Government Affairs at Zillow commented, "At Zillow, we are committed to getting more people home. We were founded with a focus on transparency and providing access to

the data and information needed to find housing. We're expanding on that foundation by helping consumers get connected to the right resources, helping to reduce the barriers they face to securing affordable housing. Partnering with HUD on their 'Let's Make Home the Goal' campaign and increasing access to quality credit counseling services is an important step to help bridge the homeownership gap and build generational wealth for more families."

New Rule to Expand Counseling Offerings

Effective October 16, the Modernizing the Delivery of Housing Counseling Services final rule now allows HUD-approved housing counseling agencies to use alternative communication methods, such as meeting virtually and by phone, to engage and educate homebuyers and renters seeking support. This will increase accessibility for people who have problems using in-person services for a variety of reasons, such as linguistic, physical, or geographic limitations, or barriers such as transportation and childcare costs.

This is also more cost-effective for the housing counseling agencies, removing the need for maintaining multiple facilities for in-person meetings. Agencies that are not able to provide these options are required to refer impacted clients to other agencies. Feedback from the industry and public indicated an overwhelming preference to be able to provide online education and counseling virtually or by telephone.

FHFA UPDATES NMDB RESIDENTIAL MORTGAGE DASHBOARD THROUGH Q2

The Federal Housing Finance Agency (FHFA) updated the National Mortgage Database (NMDB) Aggregate Statistics series to include new quarterly data on the loan performance of residential mortgages until Q2 of 2024. Additionally, the FHFA made a new interactive dashboard tool for data visualization available to customers that makes it easier to view loan performance information.

"The new dashboard makes it easier for the public to quickly access and review mortgage performance statistics at the national and state levels and for the 100 largest metropolitan areas," said Dr. Anju Vajja, Deputy Director for FHFA's Division of Research and Statistics. "The NMDB quarterly data releases allow the public to monitor and more closely examine the data to identify emerging mortgage market trends as they develop."

Through the conclusion of Q2 of 2024, the quarterly loan performance of outstanding residential mortgages is displayed in the NMDB Residential Mortgage Performance Statistics.

Highlights From the Study Include:

- By the end of the second quarter of 2024, approximately 0.1% of all mortgages that were outstanding were either in the foreclosure, bankruptcy, or deed-in-lieu stages. This figure is far lower than the peak of 3.5% recorded in the fourth and first quarters of 2010 and 2011, and it has remained constant from previous quarters.
- A further 0.6% of all mortgages that were in existence were past due by 90 days or more, but they were not subject to a deed-in-lieu, foreclosure, or bankruptcy procedure. The largest percentage of loans that are 90 days or more past due is found in Louisiana (1.3%), Mississippi (1.1%), and the District of Columbia (1.1%).
- By the conclusion of Q2 of 2024, some 0.6% of all outstanding loans were in forbearance. The three metro regions with the greatest rates of forbearance are Houston-The Woodlands-Sugar Land, Texas (3.7%), Louisville-Jefferson County, KY-IN (4.7%), and Dallas-Plano-Irving, Texas (5.3%).

The NMDB program enables FHFA to meet the statutory requirements of section 1324(c) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008, to conduct a monthly mortgage market survey. For CFPB, the NMDB program supports policymaking and research efforts and helps identify and understand emerging mortgage and housing market trends.

FORCE
THE FIVE STAR INSTITUTE

CREATING QUALITY REO CONNECTIONS.

The Five Star Institute creates countless opportunities for progress in the mortgage industry, and Five Star established the Federation of REO Certified Experts (FORCE) in 2011 to further this mission.

FORCE members are an elite group of knowledgeable agents and brokers dedicated to the residential REO market. The FORCE creates lasting connections between our distinguished network and top asset managers, investors, and servicers.

The FORCE Network's Five Pillars of Network Management Success

1. Compliance

As a member of the FORCE, your compliance is verified, which makes you a more reputable and marketable contact.

2. Communication

Members now have access to critical industry information through newsletters, webinars, social media, and emails.

3. Education

FORCE members can exceed expectations by staying up-to-date with the latest educational offerings, such as those available at the Five Star Conference.

4. Exposure

The FORCE will help you grow your business through Five Star's connections, complimentary and discounted ads, events, comarketing opportunities, vendor partnerships and more.

5. Inclusion

The FORCE is continuously working to provide productive partnerships and create new ways for members to connect with industry leaders.

We would enjoy speaking with you about what the FORCE can do for you.
Contact FORCE@TheFiveStar.com

For More Information, Visit FiveStarFORCE.com.

HARD AT WORK FOR YOU

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

Market Trends

HURRICANE HELENE'S IMPACT ON MIGRATION CHOICES

As news continues to break in the aftermath of Hurricane Helene, Redfin polled U.S. residents aged 18-34 to gauge migration patterns in the wake of the storm. The poll found that 32% of U.S. residents aged 18-34 said they would reconsider where they want to move in the future after seeing or hearing about the damage caused by Hurricane Helene. That compares to 15% of respondents aged 35 and older.

Redfin's report is based on a commissioned survey conducted by Ipsos on Oct. 2-3, 2024. The nationally representative survey was sent to 1,005 U.S. adults. Redfin's report focuses on responses to the following question: "Which of the following apply to you after seeing/hearing about the damage caused by Hurricane Helene?" Respondents were asked to consider nine situations.

After making landfall in Florida in late September, Hurricane Helene wreaked havoc across the Appalachia region, becoming the deadliest storm to hit mainland America in almost two decades. AP reports the death toll currently over 225 from Helene.

"Scores of Americans flocked to the Sun Belt during the pandemic because remote work allowed them to take advantage of the region's relatively low cost of living. Some thought Appalachia was insulated from hurricane risk, not realizing that the area is prone to flooding and that hurricanes can sometimes cause flash flooding far away from the ocean," Redfin Chief Economist Daryl Fairweather said. "Americans are beginning to realize that nowhere is truly immune to the impacts of climate change, and we're starting to see that impact where people want to live—even people who haven't experienced a catastrophic weather event firsthand."

CoreLogic Hazard HQ Command Central has updated industry-insured and uninsured loss estimates using newly available observed wind speed, storm surge depth, and precipitation data. The CoreLogic team estimates that Hurricane Helene caused \$30.5–\$47.5 billion in total wind and flood damage (including both insured and uninsured losses) across 16 states. The insurance industry, including both private companies and the National Flood Insurance Program (NFIP), will provide funds for recovery to home and business owners across the impacted states. Total insured wind and flood losses are expected to be between \$10.5–\$17.5 billion.

Redfin states that it's worth noting that many people say the storm hasn't changed their perspective on where to live, as 45% of overall respondents (and 40% of respondents in the South) said the news of Hurricane Helene hasn't impacted how they think about their housing situation.

Respondents Think Insurance Costs Will Rise in Their Area After Hurricane Helene

Of those polled, 23% of respondents expect insurance premiums in their area to increase after Hurricane Helene. The share was highest among respondents in the South (32%). Nearly one in seven (13%) respondents overall said they think it will be harder to get insurance for homes in their area after the storm. That

	Overall	18-34	35-54	55+	Northeast	Midwest	South	West
The news hasn't impacted the way I think about my housing situation	45%	35%	46%	51%	44%	49%	40%	49%
I think it means insurance premiums will increase in my area	23%	18%	22%	28%	23%	18%	32%	15%
It has made me reconsider where I want to move in the future	20%	32%	15%	15%	26%	22%	20%	13%
I think house values in my area will increase given climate disasters are a lower risk here	13%	20%	13%	8%	14%	13%	10%	16%
I think it will be harder to get insurance for homes in my area	13%	11%	15%	12%	6%	8%	20%	10%
It makes me feel like renting is a better option for me than buying property	9%	14%	13%	4%	9%	8%	9%	12%
It has made me reconsider where I live now	8%	11%	10%	3%	7%	6%	11%	5%
I think it means house values in my area will fall	5%	9%	4%	4%	7%	6%	4%	4%
Another issue	3%	3%	2%	3%	1%	1%	2%	6%

share was also highest among respondents in the South (20%).

Many U.S. homeowners have already seen their premiums skyrocket or have lost coverage as insurers grapple with skyrocketing claims due to intensifying natural disasters.

In a recent study, researchers at the Congressional Budget Office (CBO) reported that the higher a community's median household income, the smaller the share of properties at risk of flooding, and the larger the share of at-risk properties covered by an NFIP policy. Those higher-income households also received more premium discounts among properties with coverage compared to properties at risk in communities where median household income was lower, the report revealed.

As per CoreLogic, the NFIP is expected to provide approximately $4.5–$6.5 billion of insurance to homeowners across Florida and the southeastern United States for recovery from Hurricane Helene. National Oceanic and Atmospheric Administration (NOAA) tidal gauges in the Tampa Bay and St. Petersburg area recorded historic tidal levels. Reports indicate extensive damage to property in the area. The Tampa/St. Petersburg area is home to a high concentration of coastal property especially commercial structures like hotels and condominiums.

HOUSING MARKET 'FLIRTS WITH RECESSION'

Do rising mortgage rates necessarily trigger an economic recession or vice versa? With six of 10 distinct housing recessions since the 1970s preceding an economic recession (as determined by the National Bureau of Economic Research Business), it is tempting to answer, "yes."

But real estate economists say it's not so simple.

"Let's not mistake correlation for causation," said researcher and Deputy Chief Economist for First American Financial Corporation Odeta Kushi, who publishes quarterly analyses of housing market data and trends.

> "Contrary to what many believe, housing does not always lead economic downturns. The housing market is notoriously interest-rate sensitive."
>
> —**Odeta Kushi**, Deputy Chief Economist, First American Financial Corporation

Because the housing market is "flirting with recession," Kushi uses her latest report to delve into the complex connection between housing and economic recessions.

"Contrary to what many believe, housing does not always lead economic downturns," Kushi said, granting that "the housing market is notoriously interest-rate sensitive."

In a nutshell, when the country's economy overheats and inflation flares, the Federal Reserve (Fed) might raise the federal funds rates, which tends to slow the housing market, which can trigger a broader economic downturn, she said. And, reversely, when the Fed starts lowering rates, the housing market perks up and the general economic landscape follows course.

But causes of economic recessions involve broader economic conditions and the Fed's response to them, she said. "A housing recession does not necessarily kick things off."

Kushi provides evidence of a nuanced relationship between the housing market and the overall economy:

From December 1979 to January 1980, the Fed upped interest rates to combat what it dubbed the "Great Inflation." Stricter monetary policy plus rising inflation sent mortgage rates soaring to a record 18% in 1981 and plunged America into a housing slump as well as an economic recession.

The housing market crashed again (meaning affordability, sales, and construction plummeted) in 1994-1995 after the Fed increased its target rate from 3% to 5.5% in one calendar year to thwart an overheating economy, but, at that time, an economic recession did not follow.

The last official housing recession in 2022 was not followed by an economic recession, Kushi continued. And 2020's global economic recession caused by COVID-19 lockdowns did not cause the housing market to fall into a recession. (Quite the opposite—lower mortgage rates and the shift to remote work induced by the pandemic sent the housing market soaring.)

As for America's current economic cycle, Kushi reports good news.

"While the housing market flirted with a recession in May and June, it didn't fully commit, and July is already showing signs of a comeback," she said. "Mortgage rates fell in July and August, which improved affordability and eased the rate lock-in effect. While this rate drop has not yet spurred a significant rebound in housing activity, it provides a glimmer of optimism that the peak risk of a housing recession may be behind us."

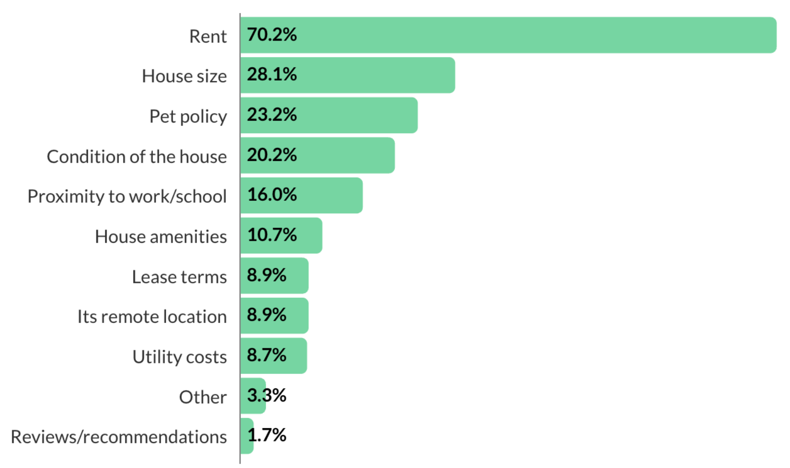
RENTING VS. BUYING: SINGLE-FAMILY HOMES OFFER TENANTS MORE OPTIONS

While some believe the "American Dream" is still attainable in today's market, new Point2 data showed that a growing number of prospective homebuyers do not see themselves as homeowners, citing a combination of factors such as mortgage rates, availability, and growing home prices.

Because many Americans don't believe homeownership is likely in their future, renters of single-family homes have grown to be a major force in the residential market, greatly influencing the post-pandemic environment. Home renters place a higher value on attributes usually associated with homeownership—privacy, space, and a yard—than apartment residents. However, according to a recent Point2 survey, pet accommodations are now more important to renters than having enough space for growing families.

Due to rising home prices, mortgage rates, and limited availability, renting is typically the best option. Additionally, as homeownership becomes more and more unattainable, single-family rentals are now the entry point for those who are no longer able to afford to buy—redefining the term "starter home."

To some, it would make sense that a growing number of U.S. renters are choosing to live in and rent single-family homes. In addition to being significantly larger, they are brand-new builds that have advantages such as contemporary, higher-quality materials, contemporary designs, cutting-edge appliances, in-demand facilities, and even opulent features and finishes.



Factors most likely to influence the decision to rent a house

However, maybe it's safe to agree that some people's love for their homes would never outweigh their love for their pets. When it comes to choosing a house over an apartment, the main reasons most choose rental units are privacy and space; home size comes in second, right behind rent. But the other thing that home renters prioritize? Their fur babies. Animals are like family to many, so it may not come as a surprise that renters factor them into their housing choices.

Better pet accommodations were cited by over 13% of respondents as the primary justification for renting a single-family house rather than an apartment. While it may not seem like much, it is more than the 11.3% of respondents who stated that their primary motivation was to accommodate a growing family. Moreover, over 68% of respondents to the survey own pets and view their furry family members as members of the household. Nearly 6% of respondents think that having a pet would even justify a rent increase, and over 23% of respondents feel that a pet policy is important when choosing a rental.

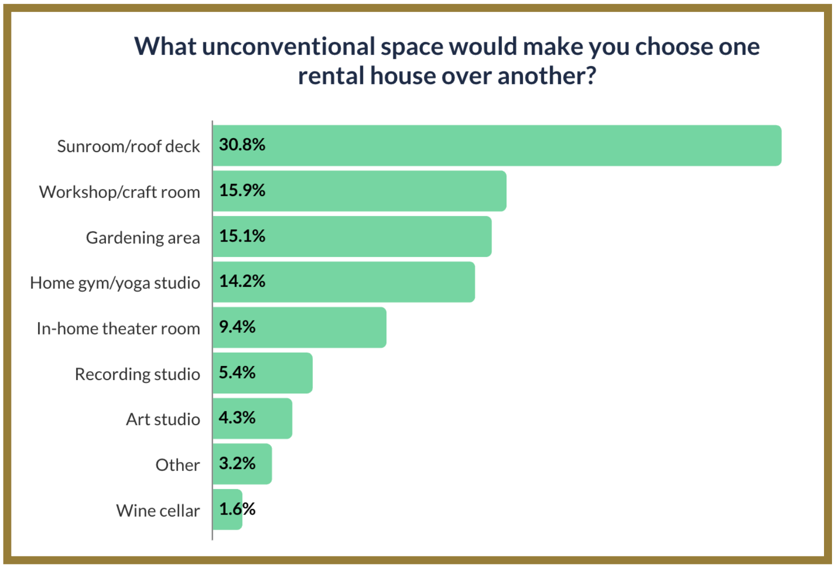
Home Renters Satisfied With Rentals, But Half Would Still Purchase Property

Home renters have mixed preferences: they enjoy the stability that comes with longer stays, but they also value the flexibility and convenience of renting. Their comprehension of the trade-offs between owning and renting is facilitated by this balance, which in turn molds their preferences for the most important aspects of a house.

Approximately 1,020 of the 1,509 respondents in the poll are renters. Remarkably, although the majority are happy with their present rental, roughly 27% took a neutral position, expressing neither specific satisfaction nor disappointment.

This impartial stance might indicate that they are balancing the flexibility of renting against the long-term commitment of purchasing or the need for a more customized place. Even still, there is still a lot of attraction to the American Dream of home ownership, as nearly 52% of renters said they remain interested in purchasing a home.

Remaining in one's current residence is the second most preferred housing option; over 19% of respondents are determined to do so because they value the stability and flexibility that renting offers. This kind of commitment ultimately affects the improvements that



tenants want since, if they decide against buying a property, they might want to improve their existing living areas.

Home Renters Dish Out Their Amenity Wishlist

A modernized kitchen was the feature that most house tenants mentioned when asked what they would change about their property. Improved energy efficiency and more room (for storage and living areas, such as a finished basement or converted attic) were the next priorities, and they were split almost evenly.

Renters may be persuaded by unique spaces that offer luxury, distinctive features, or improved comfort in addition to practicality. When deciding between rental homes that are otherwise comparable, these unique locations may be the difference maker. For example, nearly one-third of poll respondents would like a sunroom or roof deck, while over 15% would prefer a greenhouse or a workshop/craft room sort of area.

Home Renters Value Skipping Upkeep and Remain Content in Their Rentals

Home renters are nothing if not realistic about their alternatives, despite their desire for renovations. The ideal house rental type is more realistic than idealistic, especially when it comes to property size.

The majority of respondents to the study (65.6%) who rent single-family homes do so in detached homes with three bedrooms and two baths. It's interesting to note that renting a similar type of property with the same number of bedrooms and bathrooms was the most frequently suggested combination when questioned about the ideal house size and layout. This implies that a large number of tenants' present living situations roughly match their ideal ones: while they may wish to upgrade, they are generally content with the amount of room they have.

Less responsibility is one of the main benefits of renting, especially with all of the upkeep and maintenance that come with owning a home. In light of this, the poll found that over 41% of participants don't find it particularly bothersome when they can't make the renovations or alterations they'd like to make to a single-family rental. Further, some 4% of renters prefer that their contract states that alterations are not permitted because it reduces responsibilities and causes the renter to have less difficulty overall.

However, the majority of renters consider that basic kitchen appliances, such as a refrigerator, stove, or dishwasher, are necessities. In fact, an estimated 11% of them think that a kitchen appliance update should be sufficient justification for a rent rise. But when it comes to necessities, nothing compares to air conditioning and heating, since 68% of respondents said they are a must.

In conclusion, data from the IPUMS Census show that the number of single-family renter households increased to over 14.2 million last year from 14 million in 2020. Build-to-rent solutions are filling the void left by the demand. With 45,400 single-family rentals presently in the development phase, 2024 is expected to beat the record 27,500 completions set in the previous year. This rapid expansion is a reaction to growing demand, particularly after the pandemic and in light of the current unfavorable market conditions that are excluding an increasing number of prospective buyers.

HISPANIC HOMEOWNERS REDUCE THE HOME VALUE GAP

Zillow has found that Hispanic homeowners have made great strides in narrowing the home value gap with white homeowners over the past two years—regaining ground lost during the pandemic. The gap is now the narrowest ever observed.

Hispanic-owned homes are currently worth 11.9% less than homes owned by non-Hispanic white households, down from 12.1% last year and a recent high of 12.4% in December 2021. The gap was as wide as 18% in 2012, following the global financial crisis of 2007–2009, when many minority communities were hit especially hard, setting back progress by several years. The slow climb back continued steadily until interrupted in 2021, but the course has now been corrected.

"Homeownership stands as a cornerstone for building wealth, yet systemic barriers have unfairly hindered many people of color from acquiring homes valued comparably to those of their white counterparts," said Treh Manhertz, Zillow Senior Economic Research Scientist. "Efforts to improve

Typical Home Values by Race and Ethnicity (National)

Race	Typical Home Value (based on Zillow Home Value Index)	Year-Over-Year Change in Typical Home Value (%)	Home Value Gap, Relative to White Home Values (%)	One-Year Change in Home Value Gap (Percentage Points)	Five-Year Change in Home Value Gap (Percentage Points)
All	$362,143	2.51 %	-2.9 %	0.05pp	0.27pp
Asian	$379,919	2.65 %	1.9 %	0.19pp	-0.09pp
Black	$306,928	2.69 %	-17.7 %	0.19pp	1.67pp
Hispanic	$328,283	2.62 %	-11.9 %	0.14pp	0.83pp
Pacific Islander	$350,176	2.58 %	-6.1 %	.011pp	0.91pp
White (non-Hispanic)	$372,835	2.46 %	--	--	--

access to down payment assistance, credit-building programs, zoning reforms, and affordable housing construction and preservation in desirable areas are key initiatives to help this progress continue."

More Hispanic homeowners' wealth is typically tied up in their primary residence, relative to homeowners of other races, so home value fluctuations have an outsize effect on them. There is a positive movement toward equity at the local level. More than two-thirds of the 100 largest metro areas saw the home value gap decrease for Hispanic homeowners over the past year. For example, significant reductions were observed in several large Florida markets, including Miami, Orlando, and Tampa.

Several metros with larger-than-average Hispanic/white home value gaps also saw their gaps narrow. Of the 40 largest metros with gaps larger than the national average, 31 of them reduced their gap by more than the national average. Los Angeles has the largest home value gap, with 32% lower home values for Hispanic residents compared to white residents. The gap in that metro shrunk by 0.75 percentage points in the past year.

However, while gradual progress is being made in closing the gap, the jump into homeownership remains a significant hurdle for Hispanics.

According to Zillow's 2024 Consumer Housing Trends Report, Hispanics represent 18% of prospective buyers, but 13% of successful purchasers. Data from the Homeowners Mortgage Disclosure Act (HMDA) shows that Hispanics face higher fees when purchasing a home, averaging $2,812 compared to the national average of $2,072. Mortgage denial rates are also notably higher for Hispanic borrowers, with 18.8% experiencing denials compared to 10% for non-Hispanic whites, often due to elevated debt-to-income ratios, which account for 38% of denials.

Zillow's analysis indicates that the home value gap for Black homeowners has slightly narrowed over the past year as well, to 17.7% from 17.9%. However, the gap remains wider compared to mid-2022 (17.2%) and mid-2007, shortly before the housing bust (16.3%).

ARE STUDENT LOANS HINDERING HOMEOWNERSHIP?

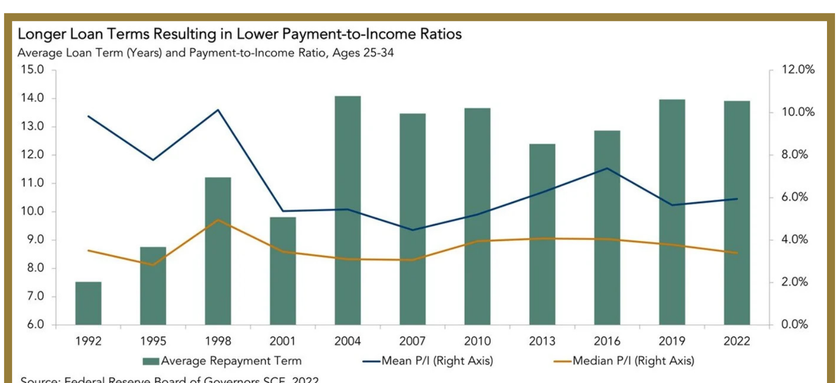
Student loans are frequently listed as the primary obstacle for young buyers' pursuit of homeownership. Even though loan debt is higher than ever, are loans the barrier some claim them to be? A new study from First American reviewed the data from the 2022 Survey of Consumer Finances to determine exactly how much impact student loan debt has on the search for home ownership.

Student Loan Debt Payment-to-Income Ratios Have Declined

Student loan debt has steadily increased over the past 30 years, bringing the issue into the headlines. Average student loan balances have increased from $12,600 in 1992 to $40,600 in 2022 (adjusted for inflation). Yet the percentage of income that young households put toward student loan repayments each month has decreased in recent years. Between 2016 and 2022, the average payment-to-income ratio for families with heads of household aged 25 to 34 dropped from 7.4% to 5.9%.

So, how does this happen? One major reason is that the average inflation-adjusted income for young households with student debt increased nearly 70% between 1992 and 2022, from $73,000 to $122,000. Also, the average loan repayment term has almost doubled, from 7.5 years in 1992 to 13.9 years in 2022, lowering monthly payment-to-income ratios and allowing home buyers to borrow more money for a similar monthly payment. This is similar to extending a mortgage term from 15 to 30 years, allowing home buyers to borrow more money for a similar monthly payment. Consequently, student loan repayment terms almost double, accommodating more debt for the same monthly payment.

Then there are the declining interest rates on student loans, with the average annual interest rate down two percentage points in the last three decades—



Source: Federal Reserve Board of Governors SCF, 2022 from nearly 8% in 1992 to around 6% in 2022. Education-buying power has been increased by longer repayment terms and lower interest rates, which then lowered payment-to-income ratios.

The Homeownership Return on Education

We know that higher educational achievement is positively linked to higher household income, which increases house-buying power. For millennials, the difference in house-buying power between those with a high school diploma (or some college/associate degree) and those with a bachelor's was around $250,000 in 2022 (adjusted for inflation). That could partially explain why the homeownership rate among millennials in 2022 with a bachelor's degree was 12.8 percentage points higher than for those with only a high school diploma. That is a powerful reminder of the connection between educational achievement and home ownership.

The focus on increasing levels of student loan debt should always factor in the increase in education-buying power from longer loan repayment terms and lower student loan rates. These free additional funds that young home buyers can put toward their first home. The report suggests that student loan debt probably just delays homeownership but does not prevent it. Millennials are the most educated generation yet, and their stable payment-to-income ratios and substantial returns on investment from higher education positioned them well to drive homeownership demand, especially as more reach their prime home-buying years.

WHERE ARE PROPERTIES MOST SUSCEPTIBLE TO WINTER WEATHER DAMAGE?

Winter weather is already making its mark across the United States, causing significant property damage before the full season even begins. According to a ValuePenguin study, $61.8 million in property damage has already occurred in 2024, with Oregon and Texas emerging as the hardest-hit states. As homeowners prepare for the winter ahead, these early numbers provide insight into which areas are most vulnerable to winter weather's harsh impacts.

Key Findings:

- Winter weather has already caused an estimated $61.8 million in damage across the U.S. in 2024.
- Oregon accounts for the majority, with 77.1% of the total damage, translating to $47.6 million.
- Texas experienced the most damage during the broader 2023-2024 winter season, accounting for 36% of total damage, or $87.2 million.
- Ninety-one deaths have been attributed to winter weather so far in 2024.

Top 10 States With the Highest Estimated Winter Weather Damage: November 2023 to April 2024

1. Texas ($87.2 million in weather property damage)
2. Oregon ($67.6 million)
3. Michigan ($49.4 million)
4. California ($15.6 million)
5. Nebraska ($7.5 million)
6. Utah ($4.8 million)
7. Washington ($2.3 million)
8. Idaho ($1.5 million)
9. Wisconsin ($1.3 million)
10. Minnesota ($1.1 million)

Oregon: The Most Impacted State in 2024

In 2024, Oregon has borne the brunt of winter weather property damage. Of the $61.8 million in damage reported nationwide, 77.1% occurred in Oregon, totaling $47.6 million. This staggering figure highlights the state's vulnerability to winter weather events. Recent years have seen Oregon struggle with not only severe winter storms but also an increase in insurance premiums. Homeowners in the state have faced a 42% rise in insurance premiums from 2019 to 2024 due to repeated disasters, including fires, floods, and destructive winter storms like Winter Storm Indigo in 2024.

While Oregon tops the list for 2024 so far, Nebraska comes in a distant second with $7.5 million in damage, accounting for 12.1% of the total.

Texas: The Most Impacted Over the 2023-24 Winter Season

Looking more broadly at the 2023-2024 winter season, Texas experienced $87.2 million in winter weather property damage, the highest of any state, accounting for 36% of total damage. Oregon followed with $67.6 million (27.9%), and Michigan experienced $49.4 million (20.4%) in damage during this period. Texas has also led in damage over the past decade, with winter weather events causing $416.3 million in damage from 2015 through May 2024.

Severe winter storms have had lasting effects on Texas. Notably, the Great Texas Freeze in 2021 caused significant damage, contributing to the state's standing as the leader in winter weather-related property damage over the past decade.

Rising Fatalities Due to Winter Weather

Winter weather does not only bring financial damage; it also claims lives. As of May 2024, 91 deaths have been attributed to winter weather, a significant increase from 75 deaths reported in 2023. Over the past decade, winter weather has been responsible for 1,355 deaths, with 2021 seeing the highest number of fatalities at 236.

The leading states for winter weather fatalities over the past decade include Texas with 200 deaths, Wisconsin with 118, and California and New York, each with 68.

Preparing for the Winter Season

Homeowners across the United States are encouraged to review their insurance policies as winter approaches. Experts recommend ensuring that their home and car insurance cover the full spectrum of potential winter weather damages. Additionally, homeowners should consider purchasing additional coverage for perils like flooding or high winds, which may not be included in standard policies.

As winter intensifies, states like Oregon, Texas, and Michigan remain particularly vulnerable. Homeowners in these areas should take steps now to safeguard their properties and review their insurance options to avoid costly repairs down the line.

AUCTION DEMAND WEAKENS IN Q3 AS RETAIL MARKET SOFTENS

According to proprietary data from Auction.com, early indications of waning demand for distressed properties sold at auction that appeared late in the second quarter persisted throughout the third quarter of 2024.

Given that local community developers are projecting retail market conditions roughly six months into the future—the average time it takes to renovate distressed properties bought at auction and return them to the retail market as resales or rentals—waning demand from these developers who buy at auction points to ongoing weakness in the retail housing market into early 2025.

"Just waiting for the market to correct and find balance," wrote one Auction.com buyer, in response to a survey regarding the impact of market conditions on bidding and purchasing behavior at auction. The survey was conducted between Sept. 25 and 27 and received responses from more than 140 people who have purchased properties on Auction.com.

According to the survey's findings, more local community developers who buy at auction see the state of the market as a disadvantage rather than an advantage. This is despite the possibility that mortgage rates will decline as a result of the Federal Reserve's September 50 basis point cut to the federal funds interest rate.

About one-fifth (21%) of survey participants, who were all active Auction.com purchasers, stated that the market conditions in late September were making them less inclined to purchase, while over one-third (34%) answered the opposite. The remaining 45% claimed that their inclination to purchase was unaffected by market conditions. Some 30% of purchasers surveyed said that unfavorable mortgage rates were a market impediment, ranking third in importance after higher acquisition costs (55%) and higher rehab expenses (49%). A lot of customers also cited election-related uncertainties as a rationale for delaying purchases.

"The upcoming election has the world for me on hold since I don't know who will win the White House," wrote one survey respondent, joining about 10% of buyers surveyed who mentioned the election outcome as a factor influencing their bidding and buying behavior in an open-ended question on the survey.

Auction.com Unveils Broad-Based Drop in Demand

Every major auction demand statistic that this study tracks, including those for bank-owned (REO) and foreclosure auctions, decreased nationally in the third quarter when compared to the prior quarter and to the same period last year, indicating a widespread decline in buyer desire.

In Q3 2024, the average number of bidders per property sold at REO auction decreased by 8% from the previous year and by 10% from the previous quarter. Throughout the quarter, this demand indicator gradually declined, reaching a 23-month low in September. The average number of bids per REO sold in Q3 2024 was still 24% higher than the 2019 average, indicating that demand at REO auctions is still considerably above pre-pandemic levels despite this decreasing trend.

On the front of foreclosure auctions, a similar demand trend was evident. The percentage of properties available at auction that sold, or the foreclosure auction sales rate, fell 3% from the previous quarter and 2% from a year earlier. The rate also declined during the quarter, hitting a nine-month low in September. This demand indicator was still 39% higher than the 2019 average, even with the recent decline.

"Banks are not willing to lend as much money, and the interest rates on distressed properties are 10 percent," wrote one survey respondent, explaining why he is bidding on fewer properties.

This buyer's viewpoint was in line with 55% of buyers who said that greater acquisition costs (finance or pricing) made them less inclined to purchase at auction. Out of the six market factors that were shown to survey participants, that was the greatest proportion.

Measuring Auction Demand by Market

A review of the top 65 metropolitan statistical regions in terms of the volume of foreclosure auctions in Q3 2024 shows that, despite a general decline in demand for foreclosure auctions nationwide, more than four out of ten markets defied the national trend.

Of those 65 markets, 29 (45%) reported higher sales rates in Q3 2024 than they did in the same period last

year. These markets include Pittsburgh, Buffalo, New York, Portland, Tulsa, and Milwaukee. Conversely, 36 out of 65 markets (55%) reported lower sales rates in Q3 2024 than they did a year earlier. These markets include Las Vegas, Austin, Charlotte, Alexandrea, Louisiana, and Riverside-San Bernardino in Southern California.

While demand tended to decline in the Southeast and West, it generally climbed in the Midwest and Northeast.

"I was going to stay out of the market, but really low prices on properties is keeping me in," said one survey respondent, reflecting the minority view that is helping to boost demand in markets with lower-priced distressed inventory.

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Overall Price Demand Down From Two-Year High

Both REO and foreclosure auctions saw a decline in price demand in the third quarter, which measures how much purchasers are ready to pay at auction in relation to the anticipated after-repair value. However, some intra-quarter tendencies suggest that this trend may reverse in Q4.

The average amount that winning bidders at the REO auction in Q3 2024 were willing to pay was 54.4% of the anticipated after-repair value. This was a decrease of almost five percentage points from the previous quarter's two-year high of 59.3% and 57.3% in Q3 2023. Additionally, the REO auction's winning bid-to-value ratio in Q3 2024 was five points lower than the average of 59.7% for 2019.

Price Demand Bottoms Out in Q3

In Q3 of 2024, successful bidders were willing to pay an average of 56.6% of after-repair value, which was lower than the two-year high of 59.7% in the previous quarter and lower than 58.7% in Q3 of 2023. This was a similar price-demand story in the context of foreclosure auctions. Additionally, the foreclosure auction's Q3 2024 price-to-value ratio fell short of the 2019 average of 60.3%. After falling to an 18-month low of 56.1% in August, the average price-to-value ratio at foreclosure auction rose to 56.8% in September, while the average price-to-value ratio at REO auction increased slightly to 54.7% in both August and September after reaching an eight-month low of 53.7% in July.

"(The) market has softened but I do see a change coming in the New Year," wrote one survey respondent who said he has been bidding lower relative to after-repair value in the last 90 days due to market conditions.

With 28 of the 65 metro regions examined (43 percent) reporting year-over-year increases in the average winning bid-to-value ratio in the third quarter of 2024, price demand trends differed by market. Davenport, Iowa; Baton Rouge; New Haven; Milwaukee; and Columbia were the top markets in those areas.

The average winning bid-to-value ratio decreased in 57 percent of markets, with San Francisco, Akron, Ohio, Pittsburgh, Portland, Oregon, and Tampa leading the way. One survey participant responded, "Not much inventory, higher prices," stating that, despite her intention to expand her auction acquisitions over the next three months, she is responding to market conditions by bidding lower than the after-repair value.

Constrained Supply Weakens Auction Demand

Despite ongoing supply constraints, distressed property auction demand declined in Q3 2024.

This was the lowest number of properties brought to foreclosure auction since Q3 2021, when the nationwide foreclosure moratorium on government-insured mortgages caused by the pandemic was still in place. In the third quarter of 2020, the number of properties brought to foreclosure auction was 44% of the pre-pandemic level, down from 46% in the previous quarter and 53% in Q3 2023.

The number of properties brought to REO auction in the third quarter was 37% of the pre-pandemic level in the first quarter of 2020, which was slightly higher than the two-year low of 36% in the previous quarter but still lower than 40% a year earlier. The supply of REO auctions followed a similar pattern, albeit at a lower level.

"Not much changed, just trying to get more inventory," wrote another survey respondent who said the market has not impacted his willingness to buy at auction.

"the influence of migration"

Danielle Hale, Chief Economist at Realtor.com, discussed how significantly migration trends could be impacted by election results and why voting patterns may influence election outcomes as more Americans relocate across state borders, particularly in pivotal swing states.

★ ★ ★ ★ ★

"struggling to pay rent"

Kenny Lee, Senior Economist at StreetEasy, revealed the unfortunate reality that many Americans are now experiencing the financial hardships of making ends meet on an entry-level salary, hindering their ability to save for future investments like purchasing a home.

★ ★ ★ ★ ★

"exacerbating the supply shortage"

Chen Zhao, Redfin's Economic Research Lead, explained that while rent control may be appealing to tenants since it restricts price increases and saves money in the short term, it ultimately makes renting less affordable by worsening the lack of nationwide housing supply.

★ ★ ★ ★ ★

"consumers more pessimistic"

Dana M. Peterson, Chief Economist at The Conference Board, said that consumer confidence dropped in September to near the bottom of the narrow range that has prevailed over the past two years, as consumers remain more pessimistic about future labor market conditions and less positive about future business conditions and future income.

★ ★ ★ ★ ★

"a notable drop"

Molly Boesel, Principal Economist at CoreLogic, talked about how single-family rent growth slowed from a year ago, and in contrast to the typical August gains, the monthly decline in single-family rents was noteworthy, suggesting that single-family rents are rapidly slowing down.