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THEMREPORT.COM JANUARY 2023

The Science Behind Appraisals

Fannie Mae's **Jake Williamson** and Appraisal Institute President **Craig Steinley** share their perspective with *MReport* about how the industry is working to improve the appraisal process in 2023.



Better Days Ahead?


Some of the pain the mortgage industry is experiencing is self-inflicted and can be corrected. There is still time to pivot, salvage what's left, and develop a path forward to experience success.

A Unique Market Calls for an Innovative Approach

Content marketing is no longer a fad. Here's why lenders and service providers need to hone their own content.

Finding Diamonds in the Rough

Jerel Cain, CEO of TalentWoo, discusses how current market fluctuations are impacting recruiting strategies in lenders' ongoing quest to secure the right talent.



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Welcome to 2023, and a new year of MReport magazine!

As 2022 ended, the mortgage rate market saw its ups and downs so far, as buyers have taken a wait and see approach to housing. As the market has dictated, when rates have dropped, an increase in sales has taken place, and as rates swing higher, prospective buyers return to the sidelines.

Between purchase apps and refis, the appraiser space has seen a steady flow of opportunities as the new year begins. A segment that came under fire by the mainstream media for valuation bias over the past 24 months, appraisers have trudged onward and continued their vital role in the housing ecosystem.

MReport had a chance to speak with Jake Williamson, SVP, Single-Family Collateral Risk Management for Fannie Mae, and Appraisal Institute President Craig Steinley about the topics of appraisal bias, the state of the appraisal industry, and what lies ahead in 2023, in our cover feature “When Appraisals Don’t Add Up.” Each shared their insight on the state of the appraisal space, and the strides made in the diversity arena through programs like the Appraiser Diversity Initiative. Spearheaded by the Appraisal Institute, Fannie Mae, Freddie Mac, and the National Urban League, the Initiative was established to attract new entrants to the appraisal field while promoting diversity in the appraisal profession.

This issue also brings Louis Zitting, Founder and CEO of MonitorBase, who discusses the lessons learned from the last industry downturn in his feature, “Better Days Ahead?” Zitting stresses that today’s advancements in technology, combined with an existing database of clients, can help lead any mortgage professional back onto the path of success.

Also this month, Alayna Gardner, Director of Sales and Marketing at LodeStar, explains how to properly implement content marketing into your business plan in her article, “A Unique Market Calls for an Innovative Approach.” Gardner details this new era of relationship building and how relationship building and consultative techniques in sales strategies can yield long-term customers in today’s competitive marketplace.

With a new year comes time to reset your business plan and strategy, and this month’s issue of MReport was assembled to equip you with the knowledge and tools to tackle any challenges 2023 may throw your way.

Sincerely,

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Editor-in-Chief



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A study of the nation's most searched markets found the town of Prairie Village at the top of its popularity rankings.





Blazing New Digital Paths

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

Expediting Fee Estimates

LODESTAR SOFTWARE TO LEVERAGE ICE TECH

LodeStar Software Solutions, a provider of closing fee-related compliance tools for mortgage lenders, has announced that it will leverage ICE Mortgage Technology's Encompass Partner Connect APIs to deliver an even smoother TRID, closing estimate and Loan Estimate (LE) process. ICE Mortgage Technology is part of Intercontinental Exchange, Inc., a provider of data, technology and market infrastructure.

Through the collaboration, ICE will empower its customers to quickly access LodeStar services and data via APIs exposed by ICE. Lenders will now be able

to generate cost estimates and documents required by the TILA-RESPA Integrated Disclosure Rule (TRID) such as the LE, from pre-application to the final Closing Disclosure (CD), nearly instantaneously and with guaranteed accuracy.

"The ICE-LodeStar partnership continues to grow, paving the way for an even faster, smoother and more customer friendly mortgage loan process," said LodeStar CEO and Co-Founder Jim Paolino. "APIs are the future of automated mortgage workflow for lenders, and we're already seeing the most tech-savvy using them to amplify the benefits of their own, proprietary workflow technologies as well."

Founded in 2013 and utilized by thousands of originators nationwide, LodeStar helps mortgage originators effectively manage

their third-party closing costs to save both time and money as well as maintaining TRID (TILA-RESPA Integrated Disclosure Rule) compliance. Quotes are automated in the lender system and 100% guaranteed for accuracy.

"ICE's focus has always been on the digitalization of a lender's complete workflow, to the benefit of our clients as well as consumers," said Bob Hart, SVP, Business and Client Development with ICE. "Especially in a more competitive market, the most successful lenders will increasingly use APIs in positioning new technology to streamline the entire process—not just the origination or at the POS. As a result, those lenders are positioning themselves for significant growth and success no matter what the market cycle may be."

Boosting Customer Productivity

BLUE SAGE PARTNERS WITH PARADATEC

Blue Sage Solutions, LLC and Paradatec have integrated their solutions to improve delivery and turn times for correspondent loan sales and submissions, including automating document checks and audits.

Blue Sage, developers of the Core Seller Portal, a browser-based, end-to-end mortgage origination lending system, and Paradatec, provider of the AI-Cloud document classification and data extraction technology for mortgage and real estate documents, recently integrated their respective solutions.

As a result, sellers can easily upload loan documents through



Blue Sage's Core Seller Portal and process them through AI-Cloud, Paradatac's automated document indexing and data extraction solution, which uses machine learning tools and pre-trained libraries to extract over 8,500 data points from more than 850 documents to eliminate rekeying of data and manual indexing tasks.

Paradatac's engine then returns indexed documents and data to the Blue Sage platform where automated workflows perform missing document checks and data audits, with intake staff notified of any data exceptions for manual review. Finally, the perfected data is then accessible via integrations for third-party compliance and due diligence reviews—eliminating manual work typically associated with these tasks.

"Increasing our customers' productivity through integrations has been a key focus at Blue Sage," said Carmine Cacciavillani, Founder and President of Blue Sage. "With the Paradatac integration, automated document recognition and data element extraction further streamlines the intake and purchase process and allows our customers to focus on other critical tasks and complete reviews faster while providing an improved seller experience."

Planet Home Lending, a top 10 correspondent lender, found the combined tools helped improve customer experience while reducing costs and approval turn-times.

"We continue to invest in new streamlined solutions to support existing sellers and make it easy for new sellers to become productive immediately," said Planet Home Lending SVP of National Sales, Correspondent James Loving. "While we have been partnering with Blue Sage since 2015, this combination of process updates and new technologies from both Blue Sage and Paradatac increased our productivity at a critical time. This allowed us to continue to offer outstanding seller experience, turn times and pricing even as the number of correspondents locking loans with Planet quickly rose."

Neil Fraser, Paradatac's Director of U.S. Operations, added, "We're

thrilled to support Planet Home Lending and Blue Sage. Using Paradatac embedded within Blue Sage's fulfillment platform means lenders can enhance their productivity and quality through automation while reducing the time spent to complete their loan review processes."

Serving the Underserved

ROCKET MORTGAGE INTRODUCES NEW PURCHASE PLUS PROGRAM

Rocket Mortgage, part of Rocket Companies, has introduced Purchase Plus, a special purpose credit program intended to increase accessibility

difficulty of saving for out-of-pocket expenses when buying a home."

Saving for a down payment is often cited as one of the largest barriers to buying a house. Purchase Plus can help alleviate this hurdle by providing eligible homebuyers in one of the six cities with a base credit of \$5,000, plus an additional lender credit totaling 1% of the home's purchase price—up to \$2,500—for a potential savings of \$7,500.

Another benefit of Purchase Plus is the elimination of exclusions based on area median income, broadening the scope of who can take advantage of the program. The first phase of Purchase Plus will focus on specific census tracts in each of the six cities and their surrounding

Milwaukee, and Atlanta with coaches who will work with them to improve their ability to meet emergency needs, build their credit and grow generational wealth.

Safely Navigating a Volatile Rate Market

GUILD OFFERS NEW PAYMENT ADVANTAGE PROGRAM

Guild Mortgage has launched Payment Advantage, a new conventional loan program to help homebuyers save on their payments as rates continue to rise.

Guild's Payment Advantage program allows homebuyers to lock in a conventional mortgage

"Homeownership has a significant impact on strong communities and the creation of generational wealth."

—Bob Walters, CEO, Rocket Mortgage

to homeownership in underserved communities. The new initiative offers up to \$7,500 in credits for first-time homebuyers to use toward their mortgage costs. Purchase Plus is available in specific census tracts across six major cities where potential homebuyers could benefit the most—Atlanta, Baltimore, Chicago, Detroit, Memphis and Philadelphia.

"Homeownership has a significant impact on strong communities and the creation of generational wealth," said Bob Walters, CEO of Rocket Mortgage. "Our Purchase Plus program is a catalyst that will help narrow the homeownership gap by addressing a concern we've heard time and again—the

metropolitan areas—areas where the initiative can make the largest impact in bridging the homeownership gap.

In addition to Purchase Plus, Rocket Mortgage offers several programs with the goal of expanding access to homeownership. In 2021, the company launched a program in its hometown of Detroit called Detroit Home Loan+ to support those who are looking to purchase in the city through a \$2,500 lender credit and homebuyer resources.

To further build on this mission, Rocket Community Fund—the philanthropic partner of Rocket Mortgage—recently introduced the Rocket Wealth Accelerator Program, providing residents of Detroit, Cleveland,

and Guild will pay 1% of the borrower's interest rate for one year with a lender paid temporary buydown. After the first year, the borrower will have a predictable payment increase and may be eligible to refinance with Guild through programs such as the Payment Protection program which has no lender fees.

Conventional financing options, available for first-time and repeat buyers, include primary purchase transactions with as little as 3% down and credit scores as low as 620. The program is available for locks until March 31, 2023.

Mary Ann McGarry, Guild CEO, said new programs are needed because of the current trends in interest rates. The Mortgage Bankers Association



(MBA) reported that the national median mortgage payment reached \$2,012 in October, up \$629 in the first 10 months of the year, a 45.5% increase.

“Freddie Mac reported that the average commitment interest rate for a 30-year, conventional, fixed-rate mortgage was 6.90% in October, more than double the rate of 2.96% across all of 2021,” said McGarry. “With the rising costs of loans in today’s increasingly competitive housing market, we want to continue to find creative ways to help prospective buyers achieve homeownership and start building family wealth. Introducing Guild’s Payment Advantage will help our clients save on their loan payments now, as well as offer the ability to refinance without lender fees through December 2025 with our Payment Protection program.”

Guild Mortgage offers four Homebuyer Protection programs to give homebuyers the confidence they need to know their purchase is protected. Credit Approval Protection (CAP) is designed to stand behind our credit approvals to protect our borrower’s earnest money, Homebuyer Express (HBE) is Guild’s 17-day closing guarantee, Lock and Shop allows buyers to lock in their rates while they shop for a home, and Guild’s Payment Protection Program provides a rate and term refinance with no lender fees.

With Payment Protection, Guild allows for a rate and term refinance with no lender fees to qualified applicants. A rate and term refinance allows a borrower to replace their current home loan with a new one, changing their mortgage term or interest rate to help them pay less for their loan over time, pay off their loan faster, or lower their monthly payments. The borrower must close their purchase loan on or before July 31, 2023 with a non-bond, FHA, VA, USDA or conventional confirming or high balance loan to be eligible for the program. Additionally, the refinance must be a first lien rate and term refinance for the same property and must be paying off a loan originally financed by Guild Mortgage and must close by December 31, 2025.

Overcoming TRID Compliance Concerns

BLACK KNIGHT ENHANCES ITS ERNST FEE SERVICE

Black Knight, Inc., a provider of integrated software, data and analytics solutions, reports that its Ernst Fee Service solution has been enhanced to help clients address the challenges that are resulting from a growing number of municipalities requiring

local policy issues. These changes are frequently marked by complex, variable schedules, short implementation timelines and substantial fee increases, making them difficult for lenders to track and adhere to. Following the November election, a significant number of localized changes must now be incorporated into lenders’ operations to remain TRID compliant.

The changing tide in the way real estate transaction taxes are being used at the local level is of special consequence to mortgage lenders because TRID classifies

uniformity at the state level,” said Rich Gagliano, President of Black Knight Origination Technologies. “But the paradigm has shifted, and there is a growing disconnect between the localities that are rapidly implementing variable tax tiers for specific neighborhoods and the resources it takes for lenders to compliantly implement these changes at scale and on time. By doing the heavy lifting and the legwork for our clients, the Ernst Fee Service helps lenders roll new requirements into production workflows on time and meet increasingly short deadlines.”

Failure to properly disclose updated fees can be extraordinarily costly for lenders. For instance, in Los Angeles, a ballot measure was passed that places a 5.5% transfer tax on properties sold for \$10 million or more. Through March 31, 2023, a \$10 million property in Los Angeles is subject to a \$45,000 local transfer tax. But one day later, on April 1, 2023, that same property will be subject to a \$595,000 local transfer tax.

“The cost of fee cures due to faulty disclosures can be substantial and is continuing to increase. Ernst Fee Service helps alleviate the challenge of keeping track of the changing municipal tax increases and implementing them on short timelines,” added Gagliano. “The platform is especially valuable today, when so many new and specifically localized rules, fees and taxes must be absorbed into lenders’ workflows.”

Ernst Fee Service automates end-to-end fee management for mortgage lenders to support lender TRID compliance and minimize zero percent and 10% tolerance fee cures. An integration with Empower, the Black Knight loan origination system (LOS), allows Ernst Fee Service to generate the Loan Estimate and Closing Disclosure forms prefilled with up-to-date transfer and property tax fees, as well as title, recording, settlement, and inspection fees. Black Knight’s Fee Cures Suite completes the process by helping lenders identify costly cure trends and assisting lenders with mitigating cures in the future.

“Federal rules give lenders zero tolerance in the disclosure of real estate transaction taxes and were designed at a time when these fees were implemented with great uniformity at the state level.”

—Rich Gagliano, President, Black Knight Origination Technologies

ing additional and more complex real estate transaction taxes.

According to Ernst Fee Service data, there is a shift taking place in how real estate transaction taxes and fees are being levied. Historically, increases to these taxes and fees were infrequent, made at the state level and had lengthy execution timelines—allowing mortgage lenders to implement changes in a timely and accurate manner. Recently, a fast-rising trend has developed, with municipalities implementing real estate transaction fee changes to support

these line items as zero tolerance fees. Except under specific circumstances, fees that fall into the zero-tolerance category should not increase after the delivery of the Loan Estimate. If they do, lenders may have to pay borrowers a fee cure covering the difference between the amount they were quoted and the amount they were charged.

“Federal rules give lenders zero tolerance in the disclosure of real estate transaction taxes and were designed at a time when these fees were implemented with great



Expanding the Appraisal Space

CLASS VALUATION ACQUIRES PROPERTYVAL

Class Valuation has announced another key acquisition in PropertyVal. Founded in 2006, PropertyVal is a leading AMC started by Robert and Amy Strong and is headquartered in Freeport, Maine. PropertyVal is one of the largest independent residential appraisal firms in the state of Maine, and a highly reputed AMC in the New England market.

“We are a regional AMC with a strong network across New England, but our stronghold has been in the Maine and New Hampshire markets. To partner with an industry leader like Class Valuation will benefit both our lending and appraisal partners,” said Robert Strong, CEO of PropertyVal. “With the industry moving towards faster technology-driven solutions and Class’s innovations leading the way, it is clear Class Valuation has positioned itself to thrive in the

years to come. We are excited to join their journey.”

With more than two million appraisals completed, Class Valuation’s innovation focus has opened the doors for the development of some of the fastest digital appraisal solutions, process automation, and data science in the industry. Leveraging technology to expedite the entire workflow, from assigning all the way to quality control, Class can deliver faster, more credible results which benefit both clients and appraisers alike.

“One of the most significant things about this acquisition is the exceptional service level PropertyVal offers in the state of Maine and New England,” said John Fraas, CEO of Class Valuation. “As everybody in the industry knows, Maine is a very challenging market for appraisals. We will now have a big leg up, and be able to lean heavily on the PropertyVal team to assist Class Valuation with all Maine orders. We are also culturally aligned; Bob and Amy share the same core values we thrive on at Class Valuation.”

Enhancing Workflow Automation

CROSSCOUNTRY MORTGAGE PARTNERS WITH SIMPLENEXUS

SimpleNexus, an nCino company and developer of a homeownership platform for loan officers, borrowers, real estate agents, and settlement agents, has announced that CrossCountry Mortgage is implementing CompenSafe to manage incentive compensation for its loan originators.

CrossCountry Mortgage is one of the nation’s largest retail mortgage lenders, operating a network of approximately 800 branch locations across all 50 states. The organization selected CompenSafe, the only incentive compensation management (ICM) solution designed for mortgage lenders, to provide staff with near real-time visibility into their pay and to automate complex payroll functions associated with managing mortgage compensation plans.

CompenSafe integrates with lenders’ loan origination systems

(LOS’s) to automatically calculate compensation as loans fund. Flexible enough to process draws, guarantees, tiers, quality-related payments and more, the platform enables lenders to reliably produce payroll more quickly and accurately than spreadsheet-based incentive compensation management methods. CompenSafe gives loan officers, branch managers, processors, underwriters and all employees greater transparency into their commissions, bonuses and overrides by outlining how compensation is calculated and when it will be dispersed. A cloud-based portal enables employees to view compensation updates, submit questions to payroll and manage compensation disputes, all in one place for complete audit and compliance.

“Incentive compensation is the largest expense in lenders’ ledgers, and it is also one of the most burdensome to manage,” said Ben Miller, CEO of SimpleNexus. “CompenSafe is a value-add that helps lenders like CrossCountry Mortgage recruit and retain key employees, eliminate cumbersome administrative processes, mitigate risk and protect their bottom lines.”

Expanding Lender Toolsets

ACCURATE GROUP PARTNERS WITH MORTGAGE CADENCE

Accurate Group, a provider of technology-driven real estate appraisal, title data, analytics, and e-closing solutions, has announced a partnership with Mortgage Cadence that allows lenders to access Accurate Group technology via the Mortgage Cadence Collaboration Center.

Mortgage Cadence is a digital loan origination (LOS) platform, and the partnership with Accurate Group will enable lenders using Mortgage Cadence to access Accurate Group’s full spectrum of product and service offerings—including traditional appraisal, ValueNet hybrid and desktop appraisals, automated valuation models (AVMs), title data



and closing technologies. Lenders can order an appraisal, schedule a property inspection, gather title data information, and prepare for closing, all through the Mortgage Cadence Collaboration Center. Bilateral communication enables better collaboration, faster decision making and improved efficiencies for all stakeholders.

“Accurate Group’s vision is to deliver end-to-end digital mortgage technology that combines quality and speed for a strategic advantage,” said Paul Doman, President and CEO of Accurate Group. “The integration with Mortgage Cadence strengthens this mission by allowing lenders to leverage Accurate Group’s full real estate technology and service suite directly within the Mortgage Cadence Collaboration Center. This significantly reduces time spent navigating between different systems, fosters better collaboration and delivers agility needed to compete in today’s dynamic market.”

Jim Rosen, EVP of Services at Mortgage Cadence, added, “Mortgage Cadence is excited to offer Accurate Group’s real estate appraisal, title and e-closing solutions to lenders on the Mortgage Cadence platform. This partnership signifies our commitment to providing complete, modern, cloud-based digital lending solutions to the market, and empowering lenders to work with services providers of choice to maximize their efficiency and value in their lending operations.”

MI Made Easy

MGIC ANNOUNCES PARTNERSHIP WITH VESTA

Mortgage Guaranty Insurance Corporation (MGIC), the principal subsidiary of MGIC Investment Corporation, has integrated with Vesta, a modern mortgage loan origination system (LOS) and software-as-a-service (SaaS) company. With this partnership, lenders using the Vesta platform will be able to seamlessly, and in real-time, request quotes, and order private mortgage insur-



ance (PMI) from MGIC without leaving the Vesta LOS.

“Small operational efficiencies can quickly add up to create notable time and cost savings, critical focuses for any lender in today’s environment. We’re excited to work with MGIC to deliver a straightforward and modern quoting and ordering experience,” said Mike Yu, Vesta CEO.

MGIC serves lenders throughout the United States, Puerto Rico, and other locations helping families achieve homeownership sooner by making affordable low-down-payment mortgages a reality through the use of private mortgage insurance.

“At MGIC, we understand that our customers benefit from having mortgage insurance readily available when and where they need it,” said Leslie Bensen, Director, Partner Solutions at MGIC. “We are thrilled to offer MGIC’s customers access to our MI products through Vesta LOS.”

Increasing Fraud Protection Efforts

FUNDMORE AND VERIFAST UPGRADE DIGITAL VERIFICATION FOR LENDERS

Mortgage fraud has increased by nearly 30% since Q1 2020, and a

full 92% of all mortgage fraud involves falsification of financials, like income. Yet, many lenders lack a simple, easy, and failsafe way to verify applicants’ financials. This leaves them vulnerable to unknowingly approving loans applicants may not be able to service.

A new partnership between FundMore and VeriFast introduces a new layer of security for lenders using the FundMore platform to originate mortgage loans. With the new VeriFast functionality, lenders can instantly verify applicants’ digital ID, financials, and ability to service loans without leaving the FundMore platform. This gives them the ability to effortlessly identify fraud at the initial application stage, and reduce human error and poor-quality loans.

VeriFast has also recently implemented OCR for bank statement and paystub upload as a waterfall to ensure all applicants can verify their financials. While digital verifications leveraging direct source data is the future, OCR of pdf statements is a necessary bridge required to serve all consumers across the technology adoption spectrum. As such, VeriFast empowers companies to seamlessly integrate banking data, payroll insights, tax transcript data, and biometric identity verification,

to existing process flows using a single-source configurable API.

At the same time, FundMore’s comprehensive automated Loan Origination System (LOS) utilizes machine learning to streamline funding, reduce risk, improve efficiency through analytics, and greatly improve the success and speed of the underwriting process.

“From day one, I was impressed with VeriFast’s deep expertise and technology. FundMore now provides instant digital verification to streamline the mortgage process for our clients,” said Chris Grimes, CEO of FundMore. “Mortgage application fraud risk is a growing industry concern that needs to be addressed. Through this partnership, we continue to give lenders of all stripes the digital tools, automation, and security they need to keep up with changing consumer demands and regulatory requirements.”

Tim Ray, VeriFast Co-Founder, added, “VeriFast is experiencing rapid solution adoption with mortgage lenders who want to digitize and streamline their pre-approval and underwriting processes. Our partnership with FundMore will help automate financial and KYC-ID verifications. Together we are taking digital verification and lender security to a new level.”



Unlocking HELOC Options

MOVEMENT MORTGAGE ADVANCES HELOC DELIVERY

Figure, a non-bank HELOC lender, and Movement Mortgage, the nation's sixth-largest retail mortgage lender, has announced a transformative partnership that will allow Movement's borrowers faster access to home equity with approval in as few as five minutes and funding in as few as five days.

Movement will leverage Figure's platform amid a steady rise in mortgage interest rates and record tappable equity for homeowners. Consumers have shied away from

borrowers with easy access to the equity they've built," said Caroline Payne, Movement's SVP of Capital Markets. "Figure's seamless user experience, commitment to quality, and superior customer service align with Movement's values and business goals. We look forward to working with Figure to help our borrowers reach their goals."

Figure's HELOC for Lending Partners provides a turnkey solution for lenders across the country. The speedy underwriting process provides a secure, transparent, and fast experience—eliminating friction points and costs common to traditional home equity lending. Partners can offer their customers a fast and easy way to tap home equity with a 100% online applica-

tools, and provides exclusive access to industry-leading resources, all for less than a monthly Netflix subscription.

"This is no longer our father's mortgage industry, so it's vital that we leverage technology to the fullest," said Kellen Vaughan, Co-Founder of Next Level Loan Officers. "Our future is in the Next Level Community where we can collectively overcome challenges and achieve success."

The Next Level Community is the only exclusive social platform where loan officers collaborate and discuss best practices. Platform features include:

- » Private feed to network with mortgage professionals

that will provide more value to the future of this industry than ever before," said David Luna, President of Mortgage Educators and Compliance.

Easing the Appraisal Process

APPRAISALWORKS AND CLEAR CAPITAL PARTNER TO STREAMLINE VALUATIONS

AppraisalWorks, a real estate appraisal technology provider, has announced a partnership with Clear Capital, a national real estate valuation technology company. This partnership will make it easier for banks, credit unions, loan servicers, and mortgage lenders to order, review, manage, maintain, and analyze real estate appraisals and collateral valuations.

Mutual customers will have access to an array of Clear Capital's reliable residential property valuation, data collection, and appraisal review reports through the AppraisalWorks platform. AppraisalWorks is the first partner to leverage Clear Capital's Property Valuation Application Programming Interface (API), an all-in-one solution that integrates seamlessly with order management systems.

"We are thrilled to have our Property Valuation API integrated with AppraisalWorks and to expand our partnership with their software," said Rhonda Johnson, Senior Channel Partner Manager for Clear Capital. "AppraisalWorks enables lenders and investors to track their property valuation orders throughout the order management process and provides real-time status updates from order creation through completion. In pairing their intuitive, intelligent appraisal management solution with our highly efficient appraisal experience, we'll be able to offer our collective stakeholders a game-changing competitive advantage."

AppraisalWorks' customers will have access to new valuation products and solutions that are added to the Government Sponsored Enterprise (GSE) selling guides in a timely manner,

"This is no longer our father's mortgage industry, so it's vital that we leverage technology to the fullest."

—Kellen Vaughan, Co-Founder, Next Level Loan Officers

taking out new mortgages and instead are seeking to tap into their existing home equity to complete renovations, consolidate debt, or generate extra cash flow while preserving their low mortgage interest rate. The partnership is designed to help Movement Mortgage borrowers access that value quickly and simply through Figure's end-to-end digital platform.

"Movement Mortgage is delivering enhanced financial access to their consumers as interest rates steadily rise," said Dan Wallace, General Manager of Figure Lending. "We are thrilled to partner with them as they continue to act as industry disruptors and implement processes that benefit their consumers. HELOCs may be significantly less expensive compared to other products, and consumers are seeking better avenues to access the equity in their homes." Caroline Payne, Movement's SVP of capital markets

"We are thrilled to partner with Figure to provide our

tion process and funding in as few as five days.

Movement Mortgage and Figure will leverage Provenance Blockchain to record and store the lending asset. Provenance Blockchain is a public blockchain in financial services leveraged by more than 50 financial institutions, and has supported more than \$10 billion in transactions.

Cultivating LO Social Outreach

NEXT LEVEL LOAN OFFICERS EXPANDS THE LO COMMUNITY

Next Level Loan Officers, a coaching community for Loan Officers, has launched the mortgage industry's first social platform called Next Level Community. This one-of-a-kind community connects loan officers to a vast network of originators, delivers market updates and rate alerts, equips users with marketing

- » Exclusive discounts on industry-leading mortgage tools
- » Private engagement and accountability groups
- » Agency and market updates
- » Up-to-the-minute rate alerts
- » Mobile app for one-touch access
- » Push notifications
- » Access to in-person Next Level events
- » Calendar integration with Outlook, G Suite, and Zoom

"Integration of this new technology can help the more than 300,000 loan officers in the U.S. leverage the best knowledge and resources available to achieve great results," added Vaughan.

According to Next Level Loan Officers, members of its coaching community have a proven increase in sales volume by an average of 110% within the first 12 months of their membership, all on their own terms.

"The Next Level Community is an ecosystem of collaboration, information and resources



such as Desktop Appraisals and Property Data Reports. AppraisalWorks and Clear Capital have received Freddie Mac verification for Property Data Reports (PDRs) in support of ACE+ PDR (automated collateral evaluation plus property data report).

“Clear Capital is a welcomed addition to our platform. Their nationwide network of experienced real estate professionals and appraisers, paired with the company’s proven experience and modern appraisal solutions, will add tremendous value for our lender clients,” said Ben Wiant, VP of AppraisalWorks. “This partnership will further our objective to become the most dynamic, modern appraisal management platform in the industry, with the broadest availability of modern valuation services and top-tier providers.”

Assisting Sales for Home Sellers

LOWER.COM UNLOCKS CASH OFFERS FOR CONSUMERS

Amidst a growing number of cash offer products, Lower.com, a multi-channel fintech aimed at creating wealth through homeownership, is launching MortgagePass to help customers get their dream home with that it refers to as the ultimate cash offer, while continuing to work with their preferred real estate professional.

“We recognize the immense value real estate agents bring to this transaction. All too often, customers are forced to unhook from their agents or pay an additional fee to retain their agents in order to offer cash on a home,” said Lower.com Co-Founder and CEO Dan Snyder. “We want our customers to benefit from the expertise of their local agents, while also gaining the competitive advantage of offering cash, as nearly a third of purchases are cash offers.”

Through the program, customers will be pre-approved for a mortgage through Lower.com. Then, they can shop for a home and place an offer that is backed

by cash. They will continue to finance as normal, and if it gets delayed, Lower.com will purchase the house in cash. Once financing is complete, Lower.com will sell the home to the buyer for the original purchase price.

Customers who use MortgagePass also have access to a simple application and tech platform, low fees, and the ability to choose their own loan term, in addition to their own agent. They’ll also get access to extended rate locks and if rates drop, they’ll be lowered for free.

“Giving customers a smooth experience with more certainty is our top priority. We want them to feel at ease during the process and focus on finding the right house, not on financing,” said Snyder. “We also want them to know that if the market changes, they’ll still get the best deal and won’t miss out on lower rates.”

Increasing Buyer Options

NEW REALTOR.COM HELPS WEIGH AFFORDABILITY

With interest rates constantly changing and home prices at all-time highs, understanding what you can afford has never been more important. To give buyers a more objective view of their budget, Realtor.com has introduced a new buying power tool to help home shoppers see whether a specific home is “affordable,” “a stretch,” “difficult” or “out of reach.” It uses a home a shopper’s specific financial details, current mortgage rates, taxes, insurance and HOA fees to determine if the monthly payments will be comfortable.

Buying power labels now appear directly on home listings on Realtor.com®, making Realtor.com® the first national home search site where shoppers can filter their search by selecting their desired affordability range.

Recent Realtor.com® surveys found that more than two-thirds (68%) of shoppers were surprised by what they could actually afford for their first home. Additionally, 32% of recent buyers

found it difficult to understand how changing mortgage rates affected their monthly payments and 62% were surprised by closing costs. Rea’s affordability calculator and buying power tool can help prevent these unhappy surprises during the home buying process.

“There is nothing more disappointing than falling in love with a home only to realize that you can’t afford it, and nothing more exciting than realizing you can afford that dream home. However, there are many factors that go into affordability,” said Colleen Coyle, VP of Product Management for Realtor.com. “We introduced this tool to help shoppers better understand how much home they can afford and if specific homes fit their budget given their personal financial situation. This tool is especially important right now with rising interest rates – which can add hundreds of dollars to monthly payments and impact buying power.”

To calculate buying power, visit the Realtor.com affordability calculator and enter your income, monthly debt payments and available funds. By saving this information to your profile, listings on Realtor.com® will include an affordability label—“affordable,” “a stretch,” “difficult” or “out of reach.” Users can also filter their search by homes that are within their desired affordability range.

Increasing the Customer Toolbox

APPLIED BUSINESS SOFTWARE UPGRADES CALCULATOR OFFERING

Appplied Business Software (ABS) has announced the release of The Mortgage Office PRO, a significantly upgraded version of the firm’s desktop software.

Mortgage Office PRO is more flexible, more powerful, and easier to use. It is fully web-based, enabling lightning-fast login, edits, and downloads. It also features a fresh, intuitive interface, built-in integrations, the ability to run processes in the background, and mobile capability for users on the

go. Last fall, ABS released its web-based Loan Origination platform to extremely positive customer response. Today’s announcement includes the full Loan Servicing functionality resulting in a seamless online user experience between both origination and servicing.

Due to strong demand, ABS will be conducting a phased roll-out of the PRO version, making it available to a priority group of users to migrate over before raising the limit for others to be able to join in the coming months.

“At ABS, we always seek to prioritize our customers’ needs when developing our product road map and pay very close attention to their feedback,” said Jasen Portero, COO at ABS. “The development of The Mortgage Office PRO was a direct result of this process, and the enthusiastic user response so far is a testament to the dedication of our entire team.”

Boosting Downpayment Assistance

REDFIN LAUNCHES NEW DOWN PAYMENT ASSISTANCE FEATURE

Redfin has added down payment assistance information to home listings on its website. Potential homebuyers can now use Redfin to discover down payment assistance programs they may qualify for in order to help make homeownership more affordable. The feature is powered by a partnership with Down Payment Resource, a company helping the housing industry connect homebuyers with more than 2,200 homebuyer assistance programs nationwide.

Each eligible for-sale listing page on Redfin in the U.S. now displays the number of down payment assistance programs available in that area. Interested homebuyers can input basic information and immediately receive a tailored list of programs they may qualify for, the amount of assistance potentially available to them, and links to the program pages for more information.



“Nearly half of Americans who have never owned a home say that saving money for a down payment is a barrier to homeownership, and many young people in particular feel like they’ll never be able to own a home,” said Christian Taubman, Redfin’s Chief Growth Officer. “Down payment assistance programs can make homeownership more attainable, but information about them is often fragmented and hard to understand. We saw a big opportunity in partnering with Down Payment Resource to raise awareness about these programs to help more people become homeowners.”

This information is especially valuable as the national median home price has soared roughly 40% since the pandemic, making saving for a down payment more challenging. Recent Redfin research found that the typical U.S. homebuyer who took out a mortgage in July made a \$62,500 down payment, nearly double the median down payment in July 2019, before the pandemic started.

“Our research shows that one in three declined mortgage applications are denied for reasons that could be addressed with homebuyer assistance, which

underscores the critical need to increase awareness about these life-changing programs,” said Rob Chrane, CEO and Founder of Down Payment Resource. “Partnering with Redfin is a great way to get information about financial support into more consumers’ hands. With thousands of assistance programs available across the country, many Americans may be able to afford homeownership sooner than they realized.”

Closing in on Full eClosings

EVOLVE MORTGAGE SERVICES AND FIRSTCLOSE PARTNER ON DIGITAL EHELOC SOLUTION

Evolve Mortgage Services has announced it is partnering with FirstClose, a fintech provider of data and workflow solutions for home equity lenders nationwide, to automate the HELOC origination process. The new solution will enable lenders to approve HELOCs within seven minutes and eClose lines within seven days.

The new collaboration combines FirstClose EquityONE’s home equity application

management system with Evolve’s SigniaDocument engine and its full eSign and eNotary (RON) capabilities.

The partnership will:

- » Deliver a fully digital, paperless eOrigination and eClosing process from application to close.
- » Give consumers instant online feedback, including their home valuation, available home equity, loan options as well as an instant credit decision.
- » Reduce time to close from weeks to days with automated workflows, including ordering of required settlement services.
- » Provide a more streamlined consumer experience
- » Use RON eClosing to decrease closing time from 50 minutes to 15 minutes.
- » Allow investors to eRegister and board loans the same day for quicker and more accurate funding.

FirstClose EquityONE is a home equity application management system that qualifies a consumer and continues to nurture them throughout the entire process. Consumers can explore loan options and once ready, apply and receive an instant credit decision. FirstClose offers everything from application to close, including

the ability to order required settlement services such as credit, flood, appraisal, title, tax, income, employment, and asset verification on one easy-to-navigate platform taking friction, cost and risk out of the process.

“While home equity products are experiencing something of a renaissance thanks to record home values, the market is nothing new to FirstClose. We were the pioneer in this space nearly two decades ago,” said Tedd Smith, CEO of FirstClose. “Lenders are continuously looking to optimize their closing processes and services, while borrowers want the white-glove service and seamless experience. Our partnership with Evolve’s SigniaDocument engine, to deliver the eClosing experience consumers and lenders desire, completes the cycle.”

Evolve’s SigniaDocuments, provides the electronic documents for initial and final closing as well as the full eSign and eNotary. SigniaDocuments’ proprietary doc engine produces a complete document library built entirely on native XML SMARTDocs. SMARTDocs include embedded enabled eSignature and eNotary tags eliminating need to OCR or create templates and manual tags. Its integrated compliance engine also ensures legally compliant, rep and warranted mortgage documents further reducing risk and expanding scalability.

Paul Anselmo, Evolve’s President and CEO said, “Mortgage market constituents need a forward-looking game plan to help position themselves to compete in this tightening and dwindling market for the remainder of 2022 and into 2023. This partnership allows us to digitize the entire process from app to close, reduce cost and risk and boost production and profitability. As we like to say at Evolve, our experienced team of people, proven platform, and innovative technology and tools, we provide our clients the opportunity to “Close With Confidence and Fund Next Day With Certainty!”



Who's moving on and who's moving up in the industry

This month, some of the industry's largest firms welcomed several new hires to expand their operations.

LENDERS

BETH ELLER



Truliant Federal Credit Union has promoted Beth Eller to the newly created role of SVP of Mortgage Lending. Eller has led significant growth in Truliant's mortgage department and will continue to be responsible for its management, performance, growth, administration, and strategic direction.

Eller joined Truliant in 2019 as VP of Mortgage Lending, and since then, has grown the mortgage department from 15 employees to nearly 50. Among her accomplishments, Eller steered Truliant to become one of the first North Carolina financial institutions to complete a paperless, end-to-end electronic mortgage eClosing, in which the buyer, notary and attorney were in different physical locations.

She additionally led Truliant's introduction of Federal Home Loan Bank (FHLB) Set Aside Funds for mortgages; the sale of eNotes from Truliant to Freddie Mac as collateral for mortgage-backed securities; and the delivery of the southeast's first electronic promissory note (eNote) to the FHLB in Atlanta. She helped develop a third-party origination (TPO) channel at Truliant to help facilitate the sale of mortgages from other financial institutions.

In 2022, Eller led the introduction of Veterans Administration (VA) loans at Truliant and played a key role in creating United Members Title, a title insurance agency. In 2023, she will lead expansion of the mortgage program in upstate South Carolina,

where Truliant is opening new branches.

Eller serves on the North Carolina Secretary of State's Mortgage eClosing Advisory Committee.

JOE GREALISH



Fidelity National Financial Inc. (FNF), a provider of title insurance and transaction services to the real estate and mortgage industries,

has named Joe Grealish as President, Eastern Operations. In this role, Grealish will assume management responsibility for all direct commercial, residential, and ancillary operations in the Eastern United States and for FNF's direct title operations throughout Canada. Grealish will also lead many key initiatives for the company, including a focus on talent acquisition and recruiting, and the acquisition of key title companies in the East to expand the FNF family of title companies' direct footprint.

"In his 35-year career, Joe has proven himself at the operational, regional, and division levels," said Mike Nolan, CEO of FNF. "Joe has direct operational experience in the West, Midwest, Southeast, and East markets and has a deep understanding of not only our management philosophy, but also the title industry. I look forward to continued growth under Joe's leadership."

FNF is one of the nation's largest title insurance companies through its title insurance underwriters—Fidelity National Title, Chicago Title, Commonwealth Land Title, Alamo Title, and National Title of New York.

JOHN FOLINO



Mortgage Network Inc. has opened a new office in Quincy, Massachusetts, to be led by Branch Manager John Folino.

The new location has a staff of five mortgage professionals who have worked together for more than a decade.

"This is the perfect location for our new office," said Folino, a Quincy native who has 12-plus years of mortgage lending experience and has been with Mortgage Network since 2015. "We're coming off nearly three years of working from our homes, so it will be great to have everyone back together, which will make our team camaraderie and chemistry even stronger. We are devoted to growing our footprint while creating a wonderful work environment that builds upon the core values that brought us to where we are today."

Joining Folino in the new office is Senior Loan Officer Elisa Balboni; Loan Officers Peter Chan, Jack O'Riordan, and Jason Smith; and Mortgage Specialist Jessica Desmond.

"We've been in a seller's market since last year, and most homes continue to sell above asking price," Folino said. "However, the number of available homes in our area increased slightly over the last month. If this trend continues, it could be a good sign for homebuyers."

Mortgage Network Inc. is one of the largest privately held independent mortgage companies in the eastern U.S., with 35 branch offices and is licensed in 27 states.

STACEY GROSS



Nations Lending, a full-service national mortgage lender, has announced its newest Arizona branch in Scottsdale, with Stacey Gross, a

13-year lending industry veteran, serving as Branch Manager. Gross will report to Regional Manager Mike Towery and will oversee the branch's growth in loan volume production and team members.

Gross comes to Nations after serving more than seven years as Branch Manager at Caliber Home Loans. In addition to her 13 years of lending experience, she possesses 30 total years of real estate experience.

"I joined Nations for its value of the three P's: Product, Programs, and People," Gross said. "These are the keys to success for anyone who wants to be successful in the lending industry. I'm excited to grow our Arizona presence even further."

Since its founding in 2003, Nations Lending has become one of the fastest-growing independent lenders in the country. It retains nearly 97% of its mortgage servicing rights (MSRs), offering a best-in-class marketing platform, and much more.

"Stacey is a valuable asset and addition to Nations Lending," Towery said. "Her experience working as an agent and a lender provides great insight to both sides of the market. She will lead our new branch to incredible heights."

LISA MAKONI



Geneva Financial Home Loans has opened a new branch in Anchorage, Alaska, to be led by Branch Manager Lisa Makoni.

"Alaska is a state full of beauty and diversity like you won't see anywhere else," Makoni said. "This move to Geneva Financial has equipped us with the tools we need to better serve our community and share life in Alaska with our borrowers like never before."

Based out of Anchorage, Makoni and her new branch will serve homebuyers throughout the state. The new branch will continue Geneva's exceptional service and extensive product offering through countless homebuyer and homeowner-focused products including conventional, FHA, VA, USDA, refinance, reverse,



jumbo loans, condo financing, and so much more.

Makoni began her career in the mortgage industry in Honolulu, Hawaii, in 2002. While in Hawaii, she focused on mortgage originations and meeting the needs of a diverse client base, all while pursuing her MBA from the Chaminade University of Honolulu. In 2004, Lisa moved back to Alaska, and since her return, she has put her experience and education to work for many borrowers. Lisa takes pride in qualifying first-time homebuyers and members of minority groups and specializes in HUD 184 loans for Alaska Natives and American Indians.

Founded in 2007 by Aaron VanTrojen, Geneva Financial is a direct mortgage lender headquartered in Chandler, Arizona, with more than 130 branch locations in 46 states.

CHIK QUINTANS



Waterstone Mortgage Corporation has named Chik Quintans as the company's new Director of Digital Marketing. Quintans has more than 25 years of experience in mortgage lending, including both sales leadership and senior digital marketing roles. His previous positions include Director of Sales for Shelter Mortgage, Digital Marketing Manager for Absolute Mortgage, and, most recently, Digital Marketing Manager for USA Mortgage.

"We are thrilled to welcome Chik to our team," said Lisa Fenske, Waterstone Mortgage SVP/Marketing & Communications. "His extensive experience in mortgage sales and digital marketing gives him a unique perspective, and his professional accomplishments speak for themselves. Our Marketing and Sales Teams are excited to work alongside Chik, as we continue to build on Waterstone Mortgage's reputation as an elite lender. We know that Chik will play an important role in bringing our message to homebuyers, homeowners, and referral partners nationwide."

In his new role, Quintans will oversee the development and implementation of the overall digital marketing strategy for Waterstone Mortgage, which includes customer acquisition and retention techniques, lead generation, online reputation management, SEO & SEM strategies, email and SMS/mobile marketing initiatives,

social media content creation, and much more. He will also oversee the digital marketing team.

Quintans has been featured in *The Seattle Times*, *The Everett Herald*, *The Wall Street Journal*, *FOX Business*, and *The Associated Press*. His past professional certifications include Certified Mortgage Planner (CMP) and Certified Mortgage Planning Specialist (CMPS).

SERVICE PROVIDERS

SETH APPLETON



U.S. Mortgage Insurers (USMI), the association representing private mortgage insurance (MI) companies, has announced that Seth

Appleton, former President of the Mortgage Industry Standards Maintenance Organization (MISMO), will serve as the association's new President starting in January 2023. Appleton currently serves as co-chair of the Bipartisan Policy Center's Housing Council and previously served as Assistant Secretary for Policy Development and Research at the U.S. Department of Housing and Urban Development (HUD), a position for which he was confirmed unanimously by the U.S. Senate.

"With a deep knowledge of the mortgage industry and a proven record of bipartisan advocacy, Seth is the right leader to promote the mission of the private mortgage insurance industry in helping first-time homebuyers achieve the American Dream of homeownership," said Adolfo Marzol, USMI's Board Chairman. "Seth's diverse experience in senior roles at HUD, Ginnie Mae, MISMO, and on Capitol Hill stand out. He knows how to collaborate to get things done in Washington, and we are excited to bring his proven leadership to USMI."

Appleton is a seasoned legislative, regulatory, and public policy professional with a track record of working across the aisle to deliver results, as proven by his role in helping to pass reauthorization legislation that reformed housing policies for the first time in decades and was unanimously passed by a Republican-led Congress and supported and signed into law by President Obama.

"I am honored to join the private mortgage insurance industry at a time when sustainable low down

payment lending—backed by private capital—is so important to borrowers and the entire housing finance system," Appleton said. "Over 37 million low downpayment borrowers have gained access to affordable and sustainable mortgage financing by utilizing private mortgage insurance. This track record of serving borrower needs while reducing risk to the housing finance system is the foundation for broad bipartisan support for the role of private MI. As USMI President, I look forward to communicating the value of private MI in unlocking the opportunity to buy a home for millions of additional families in the years to come, while at the same time providing safety and soundness for the housing finance system."

TODD BITTER



UMortgage has expanded its leadership team with a position focused on the growth and development of UMortgage's Loan Originators with the addition of Todd Bitter as Chief Sales Officer (CSO).

"The best place for a consumer to get a mortgage is with a local independent Loan Originator and the best place for a local independent Loan Originator to serve their customers is through the UMortgage platform," Bitter said. "I am passionate about helping loan originators get better, build better businesses, and become the best version of themselves."

Bitter has earned a reputation for championing the Mortgage Broker channel and building his own business from the ground up to become one of the nation's top-producing purchase-focused Loan Originators. Todd has been recognized by United Wholesale Mortgage (UWM) as a top-10 broker nationally in purchase originations from 2015-2021. Bitter is a member of the Founders Club for BACPAC, where he continues to advocate for independent loan originators in Washington, D.C.

UMortgage is an innovative mortgage platform that helps Loan Originators grow their business and create opportunities through homeownership. With LOs licensed nationwide, UMortgage is providing opportunities to create strong communities through financial literacy, support, and advocacy.

"Todd is laser-focused on supporting our loan originators to grow

their businesses by providing them with the coaching, sales strategies, and systems to achieve sustainable success," said Anthony Casa, UMortgage's CEO. "He is the kind of no-nonsense leader that loan originators need to win in this challenging market; we are very fortunate to have him joining our team."

MAUSAM BHATT



Realtor.com has named Mausam Bhatt as its Chief Product Officer, where he will be responsible for Realtor.com's product and design strategy

and roadmap, leading and scaling the team, and collaborating closely with the tech and growth teams.

"I'm honored to be part of the Realtor.com team and everything it does to help buyers, sellers and renters on their home journey," Mausam said. "The passion of the team and their dedication to providing the best experience possible for both consumers and customers made this opportunity too good to pass up."

Mausam is a seasoned product executive who has helped companies scale globally and has built several market-leading products from the ground up. Before venturing out on his own, he led Google's commerce initiatives, where his team developed and accelerated transaction growth on the Google Shopping platform, serving billions of users and global merchants ranging from *Fortune* 500 retailers to micro direct-to-consumer (DTC) brands. Prior to Google, he was Chief Product Officer for RetailMeNot, leading teams that diversified the company's product line from primarily a coupons-only marketplace to a modern offering with cash-back wallet, credit card-linked offers, prescription healthcare savings, and gift cards marketplace.

"Mausam is a gifted leader whose passion for innovation and experience building high performing, world-class product, and design teams made him the perfect fit for this role," said David Doctorow, CEO of Realtor.com. "As we move forward, our product and design strategy will remain laser focused on empowering consumers with confidence and our customers to grow. We have much to be proud of, and I am excited to see what's to come under Mausam's leadership."



JIM COLLIER
PAUL GORSKE



SWBC Mortgage Corporation has named Jim Collier Chief Risk Officer, bringing more than 25 years of experience in financial services and mortgage lending to his new role. SWBC also appointed Paul Gorske as its new CTO, bringing 20 years of experience in IT leadership



positions, 15 of which were spent in the mortgage industry.

Most recently, Collier held the title of COO for Ruoff Mortgage. Collier will be collaborating with Origination and IT at SWBC to improve process enhancements for scalability and efficiency. His primary focus will be on the continuity of execution, and he is working with IT to improve automation opportunities to enhance the borrower and employee experience.

"Jim's experience with financial services and mortgage lending makes him a great addition to the SWBC Mortgage family," said Susan Stewart, CEO of SWBC Mortgage. "We are delighted to have him on board, as he aims to enhance the origination process for our borrowers and employees."

Prior to joining SWBC, Gorske served as VP of IT Global Shared Services for Ryan LLC, an organization that provides an integrated suite of federal, state, local, and international tax services. Gorske's primary focus with SWBC will be on scalability and automation to improve the technology and end-to-end experience for SWBC Mortgage employees. He aims to do this by developing a technology strategy and roadmap for the organization.

His previous experience in the mortgage industry includes working for PrimeLending, Pacific Union Financial, Saxon, and Nationstar.

"We are thrilled to welcome Paul to the SWBC Mortgage family," Stewart added. "Paul brings a wealth of knowledge and mortgage industry experience to the table, and we look forward to leveraging his technology expertise."

ANDREA COLLINS
DAN RICHARDS



Flyhomes has announced the appointment of Andrea Collins as Chief Marketing Officer (CMO) and Dan Richards as EVP of Mortgage. Collins and Richards bring experience working at premier technology companies, including Microsoft, Hippo, SoFi, and Travelocity.



Both Collins and Richards will serve as members of the Flyhomes Executive Committee, and report to company Co-Founder and CEO Tushar Garg.

"Bringing in the level of experience and expertise Andrea and Dan possess to Marketing and Mortgage, respectively, fills key roles within our executive team and will empower us to drive major facets of the business in 2023," Garg said. "Residential real estate has experienced ebbs and flows since the start of COVID-19 and the industry now finds itself in a decisive moment. Andrea and Dan are both dynamic leaders and their experience building and scaling programs for high-growth companies is going to be invaluable as we pursue our profitable growth roadmap in 2023."

Collins will lead a cross-functional marketing team responsible for driving demand for Flyhomes services and products. She will also lead all efforts related to brand amplification, communications, and go to market strategy. Collins joins Flyhomes after spending four-and-a-half years as VP of Marketing at home insurance startup Hippo, taking the company public in 2021.

"It's exciting to be joining at such a pivotal moment in the Flyhomes journey and to be working for a company which has such an impact on their customers' lives," Collins said. "The strength of the leadership team and the way in which they draw inspiration by empathizing with their customers is what really attracted me to the role. I feel this unique approach has Flyhomes positioned to become the first true brand in residential real estate."

Richards will lead the Flyhomes Mortgage and Closing businesses, overseeing products and services. Prior to Flyhomes, Richards oversaw mortgage operations at SoFi as the SVP and Business Unit Leader of the

company's Home Loans Division.

"It's an honor to join Flyhomes at such a unique time in both the macroeconomic cycle and at this stage of the company," Richards said. "Now more than ever, consumers are looking for innovative solutions to help them overcome the institutional challenges that come with buying and selling a home. Flyhomes has been a pioneer in the category, and I am excited to be a part of the next chapter of growth and success with this team."

JAN DAVIS



The Mortgage Industry Standards Maintenance Organization (MISMO), the real estate finance industry's standards organization, has announced that VP of Operations Jan Davis will serve as Acting President, following the departure of Seth Appleton, who will join the U.S. Mortgage Insurers (USMI) as President.

"Seth has been an exemplary leader of MISMO, successfully guiding the organization in developing new standards that improve efficiency, reduce costs, and accelerate the mortgage industry's digital transformation," said Bob Broeksmit, CMB, Mortgage Bankers Association President and CEO. "MISMO's momentum will continue unabated during the active search for its next President."

Davis has served as MISMO's VP of Operations for more than 10 years. Prior to that, she spent two decades at Fannie Mae, where she served as a Director of Single-Family Loan Operations and Enterprise System Operations.

SHELLI HOLLAND
CASEY MARTIN



Sales Boomerang, an automated borrower intelligence and retention system, and Mortgage Coach, a platform empowering mortgage lenders to educate borrowers with interactive home loan presentations, have announced the appointment of Shelli Holland to the role of Chief People Officer.



Sales Boomerang and Mortgage

Coach have also announced the appointment of Casey Martin as CRO.

Holland has nearly two decades of experience developing people strategy at leading North American and global SaaS companies and will guide the culture, policies, and people strategy that motivate the Sales Boomerang and Mortgage Coach teams.

As the leader of Sales Boomerang and Mortgage Coach's human resource functions, Holland will help define and connect the mission and values of the merged company and align the people behind them. Her early priorities lie in fostering a unified, employee-led company culture; driving strategic business objectives through the adoption of technology; defining performance metrics for departments and roles; and developing an improved internal communications strategy that helps employees better understand the business rationale behind resource allocation.

"I was drawn to Sales Boomerang and Mortgage Coach because of its leadership team's passion for the company mission of helping people build wealth and achieve financial freedom," Holland said. "I look forward to helping unify a culture that fosters diverse thoughts, inclusion, trust, and team ownership for a bright, innovative organization."

Prior to joining Sales Boomerang and Mortgage Coach, Holland guided the people function of Phone2Action as it acquired two companies, rebranded as Capitol Canary, and completed a successful exit through its acquisition by Quorum. Before that, she held leadership positions at Frontpoint, a developer of smart home security systems, and Ellucian, a global higher education technology company. During her tenure at Rosetta Stone, she managed the company's HR procedures during its transition to a SaaS model and preparation for its IPO. Holland has also served as a people and change consultant at multinational professional services firm KPMG.

As CRO, Martin will oversee Sales Boomerang and Mortgage Coach's sales and client services teams as they align under a shared vision and brand strategy.

Martin has more than a decade of executive-level experience leading revenue strategies for tech startups. As head of U.S. sales for SparkPost, Martin helped the email delivery platform become one of the world's largest providers of commercial email



MCROWD

“While serving as CEO of LoanLogics has been the opportunity of a lifetime, I know I’m leaving the company in very capable hands.”

—Bill Neville, CEO, LoanLogics

and attracted a \$600 million strategic acquisition by Amsterdam-based MessageBird. Prior to joining SparkPost, Martin was Head of Sales at audience tracking firm AddThis, where he led the sales organization through the successful sale and transition of the business to Oracle. After the acquisition, he oversaw client partnerships for Oracle Data Clouds telecom, financial services, and travel verticals.

“Sales Boomerang and Mortgage Coach have a pivotal opportunity to put our industry-changing solution in the hands of more financial institutions and borrowers,” Martin said. “I am delighted to work with this talented team to capture greater market share and accelerate growth in new verticals as we advance our vision of helping all borrowers find the right financial products to achieve their dreams and financial independence.”

DAVE PARKER



LoanLogics, a provider of loan quality technology for mortgage manufacturing and loan acquisition, has announced several executive leadership changes, including the departure of CEO Bill Neville, who hands over the reins to new CEO Dave Parker.

Neville joined the LoanLogics Board of Directors in 2017 before being appointed President and COO in 2018, and CEO in 2019. While at the company’s helm, Neville reshaped the company’s leadership team and piloted the company through its acquisition by an affiliate of Sun Capital Partners in 2021, and its own acquisition later that year of LoanBeam, a provider of income calculation and

analysis technology endorsed by government-sponsored entities (GSEs) Fannie Mae and Freddie Mac.

“While serving as CEO of LoanLogics has been the opportunity of a lifetime, I know I’m leaving the company in very capable hands,” Neville said. “Dave Parker understands the business side of mortgage lending and has brought to market new solutions that cut to the core of what the mortgage industry needs. I look forward to watching Dave and his leadership team help lenders and servicers ride out the current market storm through new technology innovation and automation.”

Parker joined LoanLogics in 2019 as SVP of Product Management, and most recently, served as EVP of Products. As CEO, he plans to ramp up the company’s efforts on automation and new technologies that will enable lenders and servicers to address rising levels of costs and excel despite the current downturn in mortgage originations.

Parker has more than 30 years of experience, leading startup, growth stage, and established companies. He has held senior leadership positions at Fiserv, CoreLogic, and Wells Fargo Home Mortgage.

“Bill’s leadership through one of the most dynamic eras in our company’s history has been remarkable,” Parker said. “From steering the company through tremendous growth that resulted in our acquisition by an affiliate of Sun Capital, and by expanding our capabilities in origination automation through our acquisition of LoanBeam, Bill has set the tone for our leadership team and positioned LoanLogics at the vanguard of mortgage fintech innovation.”

KNOW SOMEONE MOVING UP IN THE INDUSTRY? EMAIL US AT **Editor@theMReport.com.**

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The Science of Appraisals

Fannie Mae's **Jake Williamson** and Appraisal Institute President **Craig Steinley** share their perspective with *MReport* about how the industry is working to improve the appraisal process in 2023.

By **Eric C. Peck**

The property valuation process, specifically appraisals and automated valuation model (AVM) algorithms, has come under attack of late as discussions around potential bias and/or discrimination in housing markets have come into the spotlight.

Coming out of the pandemic and the housing boom it brought along with it, appraiser demand was at an all-time high. Millions jumped aboard record-low mortgage rates for purchase loans or refis, but a dilemma emerged. How could the mortgage closing process be effectively performed if states began to enact social distancing mandates? How could an appraiser effectively perform their role, a function vital to the homebuying process, amid new rules and regulations?

The U.S. Department of Housing & Urban Development (HUD) issued Mortgage Letter 2020-05, applicable to FHA Single-Family Title II Forward and Reverse Mortgage Programs, where the appraiser was able to amend the scope of work to perform an Exterior-Only (viewing from the street) or Desktop-Only appraisal. Mortgage Letter 2020-05 allowed the appraiser to rely on supplemental information from other reliable sources, such as Multiple Listing Service (MLS), and Tax Assessor's Property Record

to prepare an appraisal report. The appraiser was also able to rely on information from an interested party to the transaction (borrower, real estate agent, property contact, etc.) with clear appraisal report disclosure when additional verification was not feasible.

(Note: this only applied to FHA loans, not to Fannie Mae or Freddie Mac loans. Fannie Mae issued Lender Letter LL-2020-04, Impact of COVID-19 on Appraisals, in March 2020 and with multiple later updates, to provide temporary policy flexibilities allowing exterior-only inspection appraisals or desktop appraisals on many loans sold to Fannie.)

Mortgage Letter 2020-14 (ML 2020-14) was later issued to extend the regulations set forth by ML 2020-05, followed by additional extensions for appraisers with ML 2020-20, ML 2020-47, and ML 2021-06.

However, as the industry adjusted and the housing market boomed, concerns about appraisal bias became a hot-button topic.

The 2019 Survey of Consumer Finances found that white families on average held \$983,400 in wealth, compared to \$142,500 for Black and \$165,500 for Latino families, respectively. For most Americans, the largest driver of wealth is their home, making unbiased home valuations critical.

A recent study by the Federal Housing







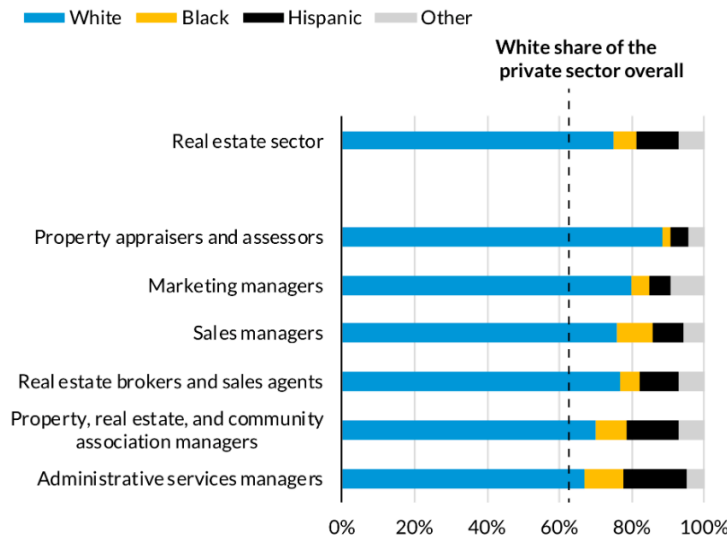
Finance Agency (FHFA), examining more than 47 million appraisals conducted between 2013 and June 30, 2022, provided some vital insights into potential appraisal bias concerns.

In addition to the FHFA's findings, the Brookings Institute showed a correlation between lower valuations and Black neighborhoods in their November 2021 report, "Biased Appraisals and the Devaluation of Housing in Black Neighborhoods." Brookings reporters Jonathan Rothwell, Nonresident Senior Fellow, Brookings Metro, and Andre M. Perry, Senior Fellow for Brookings Metro, in their analysis found that Black neighborhoods were associated with much lower property values overall, and only some of this was explained by physical characteristics and neighborhood amenities.

Median home values in majority Black census tracts were 55% lower than median home values in non-Latino or Hispanic white census tracts, according to the Brookings Institute findings. Part of this difference was attributed to quality differences between the housing stock. The authors concluded that lower wealth in Black communities meant that homes in majority Black neighborhoods tended to be older, smaller, and more likely to be attached than homes in neighborhoods with few or no Black people. Lower wealth and lower home values further hinder the ability of Black homeowners to pay for structural improvements to their homes and access mortgage refinancing to pay for renovations.

Further lending credence to the appraisal bias argument, Chandra Broadnax, Senior Examination Specialist from the FHFA's Office of Fair Lending Oversight, Division of Housing Mission and Goals, highlighted examples of overt references to race in appraisals and the importance of appraisals in the discussion of wealth inequality in a blog titled "Reducing Valuation Bias by Addressing Appraiser and Property Valuation Commentary," originally published on FHFA.gov.

Property appraisers are less likely than employees in other occupations to be people of color



Source: Urban Institute calculations using the 2019 American Community Survey.

URBAN INSTITUTE

Additional appraisal bias concerns were addressed by the government-sponsored enterprises (GSEs), as Freddie Mac's research showed that properties in minority tracts are more likely than properties in white tracts to receive an appraisal lower than the contract price in the GSEs' September 2021 report titled, "Racial and Ethnic Valuation Gaps in Home Purchase Appraisals."

In the report "Appraising the Appraisal," by Jake Williamson, SVP, Single-Family Collateral Risk Management, Fannie Mae, and Mark Palim, VP and Deputy Chief Economist, Fannie Mae, four major findings came to light:

- » **Black borrowers refinancing their homes on average received a slightly lower appraisal value relative to automated valuation models.** According to an analysis of 1.8 million appraisals conducted as part of refi applications in 2019 and 2020, white borrowers refinancing their homes on average received a slightly higher appraisal value

relative to the models. This was true for homes in both majority-white and majority-Black neighborhoods.

- » **Homes owned by white borrowers were more frequently overvalued than homes owned by Black borrowers.** Overvaluations of white-owned homes were present at a higher rate in all neighborhoods but were more likely to occur among homes owned by white borrowers in majority-Black neighborhoods. Overvalued equated to an appraised value nearly 10% higher than the automated valuation models.
- » **The frequency of "undervaluation" did not have a notable racial pattern.** Undervaluation of Black-owned homes occurred at the same rate as white-owned homes in neighborhoods comprised of predominantly white households.
- » **In majority-Black neighborhoods, the frequency**

of undervaluation for Black and white homeowners was within a percentage point of each other. "Undervalued" equated to an appraised value at least 10% lower than the automated valuation models.

- » **Six states accounted for nearly 50% of the overvalued homes of white owners in majority-Black neighborhoods.** These states were found to be Georgia, Louisiana, South Carolina, North Carolina, Mississippi, and Alabama.

Observers feel that increasing diversity in the appraisal profession may help alleviate appraisal bias. The Urban Institute found that three in four employees in real estate are white, compared with 63% in the private sector. But according to Urban Institute calculations of 2019 American Community Survey data, this gap is even more pronounced for appraisers, as 89% of all property appraisers and assessors at the time of the report were white, while only 2% were Black and 5% Hispanic—estimates consistent with industry and occupation reports by the Bureau of Labor Statistics (BLS).

Making strides in diversifying the appraisal space is the Appraiser Diversity Initiative, a program spearheaded by the Appraisal Institute, Fannie Mae, Freddie Mac, and the National Urban League, established to attract new entrants to the real estate appraisal field while promoting diversity in the appraisal profession. Working through the National Urban League's regional Entrepreneurship Centers, the Initiative is designed to reach diverse, talented candidates and educate them about the appraisal profession; provide resources for interested candidates to help them get on a path to success; and offer guidance from appraisers employed by the government-sponsored enterprises.



★★★★★

MReport had the opportunity to chat with Fannie Mae's Williamson and Appraisal Institute President Craig Steinley, MAI, SRA, AI-GRS, AI-RRS, about the topic of appraisal bias, the state of the appraisal industry, and what lies ahead in 2023.



In his role with Fannie Mae, Williamson is responsible for oversight and management of all end-to-end collateral capabilities. These duties include front-end collateral policy design, loan quality control activities for both credit and collateral, property valuations and valuation modernization, real estate liquidation options and Single-Family operational risk oversight. He is also responsible servicing strategy alignment and for performance management of the real estate agents, appraisers, and vendors.

As 2023 President of the Appraisal Institute, Steinley serves on the Institute's Executive Committee and chairs the policy-setting Board of Directors. His previous national service includes six years on the Appraisal Institute Board of Directors as a representative from Region II, both as its Vice Chair and Chair. He served on the Audit Committee, including



roles as Chair and Vice Chair; on the Strategic Planning Committee; on the Professional Liability Insurance

Program Committee; as Region II Third Director; on the Governance Structure Project Team; and on the Professional Standards and Guidance Committee. He also served as President of the Wyoming and Western South Dakota Chapter in 2012 and 2013. Steinley is the Principal of Steinley Real Estate Appraisals and Consulting in Rapid City, South Dakota. He has also been active in the appraiser regulatory arena since the mid-

1990s, including service as the 2018 President of the Association of Appraiser Regulatory Officials.

What is the current state of the appraisal marketplace as we head into 2023?

Williamson: Building on the lessons we've learned through testing different valuation approaches, we'll continue to introduce updated valuation modernization options this year.

In addition, Fannie Mae and Freddie Mac are working jointly on the Uniform Appraisal Dataset redesign, which will establish a more flexible, dynamic structure for appraisal reporting as well as create greater consistency in data collection and standards.

Lastly, we expect to see the industry momentum continue with trainee days at industry events and continued outreach to draw new participants into the appraisal profession through ADI.

Steinley: The Appraisal Institute is excited about what this year has in store for appraisers. We are working to modernize our education delivery systems, revamp our website, and launch an all-new training module in the Appraisal

Institute Practical Applications of Real Estate Appraisal (AI PAREA) program.

Along with continuing to address unconscious bias in appraisal and working with legislators and regulators at the federal and state levels on issues such as appraisal regulation, the key challenge we currently face is the aging of the profession. I believe that the Appraiser Diversity Initiative will continue to be a major step forward, as AI, Fannie Mae, Freddie Mac, and the National Urban League collaborate to attract new entrants into the profession.

I'm excited and optimistic about the future of appraisal, and AI must continue to serve as the valuation profession's thought leader. Working as an appraiser provides so many amazing opportunities, including flexibility, a variety of assignments, and good earning potential. I believe that this is a terrific profession, both for recent college graduates, younger professionals, and those who are looking for a mid-career change. The Appraisal Institute website (AppraisalInstitute.org) is a great place to learn more about the profession and the great things that will be happening in the coming year.







As the spotlight shines increasingly on appraisal bias, have instances of such bias dropped off, or do they remain the same?

Williamson: I am excited about the steps the industry and Fannie Mae are taking to reduce the instances of appraisal bias. For us, one key component is leveraging our database of appraisals to analyze and track factors that could indicate instances of bias, including random and targeted quality control reviews of appraisals on loans we acquire. Through our established Appraiser Quality Monitoring (AQM) process, we're able to identify individual appraisers whose appraisal reports exhibit a pattern of inconsistencies, inaccuracies, or data anomalies, which we share with the appraisers as an opportunity for them to improve their work.

In addition to our routine AQM process, which focuses very heavily on misvaluation issues, in 2021, we scanned 14 million appraisals from 2019-2020 to determine the extent of appraisers using unacceptable words and language specifically prohibited in Fannie Mae's Selling Guide,

The Six Pillars of Fannie Mae's Appraisal Bias Work Plan

Fannie Mae is taking action to reduce the risk of racial bias in the appraisal process.

 <p>Research</p> <ul style="list-style-type: none"> Analysis of undervaluation risk related to racial bias Impacts (e.g., frequency, severity, etc.) 	 <p>Monitoring / Quality Control</p> <ul style="list-style-type: none"> Text scanning capabilities Appraisal reviews / enforcement 	 <p>Appraiser Diversity Initiative®</p> <ul style="list-style-type: none"> Created in 2018 to promote diversity in appraiser profession Expanded scope & partnerships 	 <p>Industry Engagement</p> <ul style="list-style-type: none"> Lenders, AMCs, nonprofits, & appraisers Appraiser newsletter & industry forums Educating stakeholders 	 <p>Appraisal Process</p> <ul style="list-style-type: none"> Valuation modernization Process improvement opportunities 	 <p>Technology</p> <ul style="list-style-type: none"> Under-valuation flag in Collateral Underwriter® (CU®) Explore innovation in data and tools
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and then shared feedback letters with appraisers who had a high frequency of findings.

We conducted our second round of text scanning on appraisals in the fall of last year, examining the most recent 18 months of appraisals, and found that the number of appraisers with findings has dropped significantly. Nearly 80% of the appraisers who previously received a feedback letter did not have a new finding. While the vast majority of appraisers do comply with our Selling Guide policies, we are continuing to conduct text scans of appraisals and provide feedback to appraisers, as needed, on an ongoing basis.

Steinley: When we see even one story of a consumer who feels they were treated differently because of their race, it's upsetting because that goes against everything appraisers stand for. The Appraisal Institute continues to work toward broader solutions to improve diversity, equity, and inclusion in housing to root out unconscious bias. An appraisal is one piece of a larger ecosystem to look at when it comes to housing issues. Appraisal groups are working alongside consumer groups, real estate brokers and agents, banks, government agencies, think tanks, and others to explore where housing inequities may stem from and what combination of solutions should be considered.

What is the industry doing in terms of combating instances of appraisal bias?

Williamson: Fannie Mae is continually engaging with stakeholders and our lender partners to understand and reduce potential instances of bias within the appraisal process, as well as listening to what consumers are experiencing.

We are taking actions to reduce the risk of appraisal bias under six key pillars: Research, Monitoring and Quality Control, the Appraiser Diversity Initiative (ADI), Industry Engagement,

“For the industry, last year was a year of momentum, with appraisers embracing the need for more diversity and welcoming new entrants to the field with visible support for trainees.”

—Jake Williamson, SVP, Single-Family Collateral Risk Management, Fannie Mae

the Appraisal Process, and Technology.

This important plan includes technological advancements, such as the implementation of an undervaluation risk flag in Collateral Underwriter® (CU®). In mid-2022, we made this risk message available in CU to help lenders and our internal reviewers identify appraisals early in the process with a high risk of potential undervaluation. Early results are promising and starting to give us a better insight into instances and trends of undervaluation.

For the industry, last year was a year of momentum, with appraisers embracing the need for more diversity and welcoming new entrants to the field with visible support for trainees.

All of the major appraiser conferences included “Trainee Days,” featuring reduced registration fees

for trainees, job fairs, and opportunities for mingling between veteran appraisers and people just starting in the profession, which is a big step forward for bringing new entrants into the appraisal field.

Appraisal management companies (AMCs), other industry service providers, and individual appraisers donated their time and other resources to support aspiring appraisers by serving as advisors, sponsoring workshops, and becoming supervisory appraisers through the ADI, which is designed to attract new entrants to the residential appraisal field, overcome barriers to entry such as education, training, and experience requirements, and foster diversity in the industry.

The mortgage industry has also stepped up to educate the next generation of residential apprais-

ers. For example, JPMorgan Chase & Company committed \$3 million over three years to the ADI Scholarship Fund, which is managed by The Appraisal Institute.

Steinley: The Appraisal Institute is spearheading initiatives and participating in broader efforts to effect change, such as backing broader solutions that advance equity, recruiting more appraisers of color and women through the Appraiser Diversity Initiative, and the organization’s Practical Applications of Real Estate Appraisal (PAREA), and reinforcing ethics, education, and training.

What do you feel are some solutions to overcoming appraisal bias?

Williamson: It’s central to Fannie Mae’s mission to facilitate equitable and sustainable access to homeownership, which includes an efficient, effective, and equitable home valuation process. Working closely with our industry partners, we must take a multipronged approach to identify root causes of appraisal bias and to drive meaningful change through concrete actions, including appraisal modernization, enhanced monitoring, research and analysis, continued development of the tools appraisers use to validate their opinions, expanded safeguards to detect valuation errors, and fostering diversity in the appraiser workforce.

Importantly, we are continuing to perform research to analyze and understand the prevalence of bias in the appraisal process, which will allow us to be able to better identify root causes and solutions to knock down barriers during the home valuation process.

Steinley: The Appraisal Institute believes instances of potentially subpar or otherwise problematic appraisals could be mitigated by hiring highly qualified appraisers who also have market and geography competency at the outset.

The profession does have a

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lot of work to do to achieve greater racial, ethnic, and cultural diversity among appraisers. Representation is a leading force for equity and inclusion in every profession. We recognize that recruiting for greater diversity will make us stronger and more representative of the communities we work in and contribute to greater cultural awareness.

What methods and tech advances are being adopted to better assist in the advancement of an all-digital process?

Williamson: Thanks to the advances of data standardization and collection technology, as well as improvements in modeling and analytics, we can accept the value or purchase price of the loan transaction through Desktop Underwriter®, our automated underwriting system, because we are confident that the value or purchase price is consistent with market expectations and that the loan is eligible for delivery to Fannie Mae. We call this value acceptance (or an appraisal waiver), and these mostly occur on refinance transactions or some purchases with large down payments.

Secondly, through desktop and hybrid appraisals, we're increasing the use of alternative-scope property valuation approaches. Both of these data-driven approaches have the benefit of reducing contact between borrowers and appraisers, thus reducing the likelihood of valuations being affected by personal or unconscious biases. In addition, desktop and hybrid appraisals allow appraisers to be more productive—they do not have to schedule appointments or visit properties but can still access comprehensive property information to confidently fulfill valuation requests, helping to alleviate capacity constraints.

Lastly, we've relaunched our value acceptance plus property data initiative for eligible properties, also known as inspection-based appraisal waivers. As an added benefit, we are seeing a

“We continue to believe that a traditional residential appraisal with a full inspection by our highly trained Designated Members is the gold standard of security for the banking system and the parties involved in the transaction.”

—Craig Steinley, President, Appraisal Institute

shorter valuation and loan origination process and the potential for reducing borrower costs with these alternative valuation approaches.

Steinley: Clients are best served by receiving reliable, credible opinions of value. The most important aspect of an appraisal is the appraiser. Lenders can best help themselves, and their borrowers, by hiring well-qualified, highly competent appraisers.

The technological tools that appraisers employ in their efforts are secondary to their education, experience, and ethics. Appraisal Institute professionals with the MAI, SRA, AI-GRS, or AI-RRS designations provide demonstrated expertise well beyond the minimum levels that licensing or certification implies.

Will the human element always be the mainstay in the appraisal process? Is the role of the human element diminishing as advances in tech are rolled out?

Williamson: While there will always be a need for some level of human involvement in the valuation process, continuing to modernize the appraisal process mitigates pain points including long wait times, rising fees that are due, in part, to appraiser scarcity or spikes in demand, and risks of human bias.

Continuing to enhance the tools appraisers use to help them more accurately select comparable properties and conduct adjustments will strengthen and provide more confidence in the appraisal process and product,

as will modernization of the valuation approach for home loans through the use of data, technology, and process design. With the majority of the appraiser workforce nearing retirement, Fannie Mae and other industry stakeholders see this as an opportunity to encourage talented new entrants to the field from all segments of the population, shaping an appraiser workforce that better represents the diversity of our nation.

Steinley: We continue to believe that a traditional residential appraisal with a full inspection by our highly trained Designated Members is the gold standard of security for the banking system and the parties involved in the transaction.

Appraisers use their experience, expertise, and education to determine which comparable sales to use and what adjustments, if any, to make. (e.g., unusual buyer or seller motivation, foreclosed properties, short sales). **M**



ERIC C. PECK has 20-plus years' experience covering the mortgage industry, he most recently served as

Editor-in-Chief for The Mortgage Press and National Mortgage Professional Magazine. Peck graduated from the New York Institute of Technology where he received his B.A. in communication arts/media. After graduating, he began his professional career with Videography Magazine before landing in the mortgage space. Peck has edited three published books and has served as Copy Editor for Entrepreneur.com.

THE 2023 FIVE STAR LINEUP

Learn all the details about Five Star's 2023 events lineup at TheFiveStar.com/conferences.



February 21

Havana Nights

Orlando, FL

Each year, Five Star Institute hosts an elite social reception at Cuba Libre in Orlando, FL where mortgage servicing professionals, attorneys, and service providers convene for a night of valuable networking. Join power players across the country and make connections that will benefit your business.



April 12

Government Forum

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.



May 1 & 2

Legal League Spring Servicer Summit

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.



September 17-19

The Five Star Conference & Expo

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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Better Days Ahead?

Some of the pain the mortgage industry is experiencing is self-inflicted and can be corrected. There is still time to pivot, salvage what's left, and develop a path forward to experience success.

By Louis Zitting

I remember 2007 to 2008 very well. The entire mortgage industry was hanging on by a thread. Layoffs and financial institutions were closing left and right. The news would have you believe that the housing bubble was going to crush us all.

Many mortgage professionals had to make a tough decision. Staying in the mortgage industry meant being patient, trying new strategies, and building new relationships. Some left the mortgage space but others joined. Mortgage companies closed and others launched. With every bit of turmoil came a new opportunity.

Today, we find ourselves in a similar position. For me, the news stories spelling doom even spurred a bit of nostalgia. I'm reminded of a song I used to listen to on the radio in high school, "Better Days" by Citizen King:

*'cause I've seen better days
Been the star of many plays
I've seen better days
And the bottom drops out*

In many respects, we are much better off today than we were in 2007. The housing market is much stronger than it was before the Great Recession. Certainly, the unprecedented events of COVID-19 have taken us on a roller coaster ride. However, some of the pain we're experiencing is self-inflicted and can be corrected. There is still time to pivot, salvage what's left, and develop a path forward to experience success.

Another difference is that we now have the assistance of new technology to help us navigate

these challenges in ways that would feel impossible 15 years ago. In fact, technology is often the pivot that separates successful originators from the rest of the pack.

The bottom line is that it will take time to overcome the challenges of this new mortgage market. Loan officers must create new disciplines, but they will surely get through this. Here are three things they can do to get started:

1. Remember: Demand Still Exists

While applications and volume are down overall, it is essential to keep in mind that demand for mortgages and housing is still relatively strong. Home prices in some markets are even falling, which is creating more inventory and opening up opportunities for certain buyers to find the home they truly want.

In addition, every time interest rates drop by 1/8th of a percent, applications still rise, even in today's market. This tells us that the American Dream of homeownership is alive and well.

As long as people are still buying homes, mortgage loan officers must be equipped to find the opportunities when they arise and positioned to capture them. If one mortgage loan officer fails to do so, another will most definitely capitalize on their mistake.

2. Leverage Your Past Clients and Contacts

Loan officers typically use their LOS, CRM, or contact list

to track their prospects and past borrowers. At some point, each of these folks has indicated they are interested in a mortgage, which is why an MLO has them as a contact. Yet all too often, they are completely ignored. In fact, according to a recent survey, 53% of mortgage loan officers do not use technology to manage their contacts or databases to optimize sales opportunities.

Utilizing technology to identify when someone in your database has improved their credit and may be interested in debt consolidation, reducing their loan term, or other products will instantly improve your pipeline. Not only that, but it will provide higher converting opportunities without increasing network marketing as well.

3. Solidify Your Referral Network

Once you embrace the fact there is still demand for financing and have identified opportunities within your database, the last step is to strengthen your referral partner relationships.

Many of your contacts likely came through a referral from a real estate agent. The ability to reconnect borrowers who have been reactivated back to your referral partners will solidify these referral relationships, which can lead to additional referrals. In addition, your contacts who did not come as a referral from an agent may not even have a real estate agent. This may be the opportunity to connect them with one of your referral partners, which can

also benefit you in the long run.

Remember, current market conditions are hurting agents just as much as loan officers, if not more so. They may not have access to the type of technology that allows loan officers to monitor their contacts for new business opportunities. That means loan officers can be the resource or starting point for a home transaction if they take the right actions.

Just like the Citizen King song, there are always better days. Personally, I think our industry's better days are right around the corner. However, mortgage loan officers cannot sit idly and simply hope their phone starts ringing.

Every loan officer has loans buried in their contacts and databases. All they must do is embrace the nostalgia and leverage the technology that allows them to identify the demand, and better days will be back before they know it. **M**



LOUIS ZITTING is the Founder and CEO of MonitorBase, a fintech company that monitors

prescreened credit information and other real-time behavioral data to alert salespeople when someone is in the market to purchase or refinance a home. Zitting began his career developing websites for mortgage companies before becoming a loan originator and branch manager for a large nationwide lender. His passion is helping clients find new ways to grow their business in a data-driven world while removing complexity from the process. Zitting can be reached at LZitting@MonitorBase.com.

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A Unique Market Calls for an Innovative Approach

Content marketing is no longer a fad. Here's why lenders and service providers need to hone their own content.

By Alayna Gardner

In any market, a downturn shines the spotlight on innovators who manage to stay ahead of market conditions and make the pivot. In fact, some of those adaptations eventually change the way we do business completely. Take, for example, the urban restaurants faced with disaster during the pandemic lockdowns of 2020. Some, sadly, were forced to close their doors for good. After all, revenue had declined to a trickle. And yet, others innovated, quickly revamping to offer take-home cocktails, takeout options, or take-and-bake meals.

Now, it may be time to ask what the mortgage industry's version of "takeout" is.

In past down cycles, the major priority for lenders and service providers naturally became the mobilization of their sales and

marketing efforts. That remains the case as we enter 2023. However, the way the mortgage industry ramps up its marketing and sales efforts will be a little different this time around.

Many lenders and service providers, in fact, will have to start by dusting off their previous marketing strategies. The historic rush of origination volume in 2020–2021 could be compared to a restaurant that's suddenly swamped beyond its normal dinner service levels—dirty dishes are left piled in sinks and the kitchen floors might go without being mopped because the priority is simply serving the influx of customers. If anything, many mortgage businesses complained of production and throughput challenges during the heart of the last refinance surge. Who





CONTENT



needs to scrutinize a marketing plan when there are already too many orders to fill? Now, however, as mortgage firms return to their marketing plans, more than a few are realizing that what worked in 2019 probably won't work today. It's time to update.

In that seemingly short period, however, something changed dramatically among those who did continue to update their marketing. Ad sales began to decline—even on modern platforms like Meta (Facebook) or Instagram. TikTok became a bona fide platform for promotion—even at the B2B level. Above all, mortgage marketing began to demonstrate a genuine human connection and authenticity. It turns out that pure repetition and bombardment by logos no longer sells. Rather, it is content and compelling information of value—regardless of the product or service being sold—that does.

The End of Interruption Messaging

The mortgage origination industry has long relied on relationship building and consultative techniques in its sales strategies, if not its marketing. The worn-out joke about the “box of donuts strategy” is just that. It's a relic of a past era. For successful sales organizations, building relationships and serving as a consultative seller have led many to success. And yet, for others, sales is just a numbers game driven by call centers and ad buyers. The presumption was that if we just knock on enough proverbial doors or make enough cold calls, we'll get results. However, the returns on that approach are declining. It's time to work smarter, not harder. Mass bombardment barely counts as a strategy, anyway.

While successful mortgage sales strategies might have embraced relationship building, mortgage marketing, for whatever reason, hasn't always prioritized relationships with the same rigor. The “interruption approach” has too often

While the use of advertising and traditional direct marketing still has valid applications, these are no longer the most effective way to spread a brand's message.

passed for good marketing strategy. Essentially, the advertiser or marketer simply needed to get the prospect's attention—usually with a catchy turn of phrase, but again via sheer volume of bombardment (read: harassment)—in order to get the firm's key message across. All too often, this became a shotgun approach by which the sheer repetition of a message (true, credible, or otherwise) brought results.

The main problem here is that these (allegedly) tried-and-true approaches don't require you to get to know your prospects and provide them with real value.

As a not-so-surprising result, today's executives and decision-makers have become allergic to being pitched. After all, we're bombarded in every phase of our life with unsolicited texts, emails, robocalls, or pop-up ads. Most of the time, that messaging isn't even relevant to our wants or needs. Prospective mortgage borrowers or consumers of mortgage-related products are far less likely to care

about old-school direct marketing or advertising campaigns. They feel harassed instead of being listened to and known.

Relationships are critical. To say that's an understatement is itself an understatement. Most sales efforts continue to include some level of rekindling old relationships with key real estate brokerages as well as widespread marketing and advertising aimed at consumers. But now, marketing is beginning to align much more closely with the network-building efforts of a good sales team.

While the use of advertising and traditional direct marketing still has valid applications, these are no longer the most effective way to spread a brand's message. Because of this growing resilience to blind marketing and mass campaigns, other industries have adapted by embracing marketing strategies only now being adopted in our own industry. At the core of this new approach is self-generated content.

The Transformation of the Audience Has Changed. Now, Marketing Must Change Too.

Long before the internet was considered as vital a utility as fresh water or electricity, consumers (whether B2B or B2C) had to work a little harder than they do now to learn about the products being pitched to them or the providers that were marketing them. Not surprisingly, direct marketing often was the primary means of educating oneself about the features and benefits of the services being sold. Thus, there was less need to win over the target market and more need to educate said market on the characteristics of the goods being sold and how they could help that market.

Needless to say, that has changed.

Today, consumers or purchasers at any level (and that includes mortgage lenders being pitched technology, Realtors being pitched by a particular lender, and the like) are much more educated and skeptical than their predecessors. An old-fashioned advertisement, although it has some place in the marketer's toolkit, is no longer accepted on its face. It's simply too easy to Google a brand, a product, or a batch of reviews about that product's performance.

Instead, today, the marketing materials are expected to deliver value in and of themselves. In a throwback to the consultative sales model, the brand creating the marketing needs to prove its relevance with content that delivers some level of value to the prospect—regardless of whether that prospect ends up purchasing from that marketer. As a result, web banners or marketing postcards have significantly given way to podcasts, blogs, and video production. Successful mortgage marketers are building their own unique spaces (social media events, webinars, event-related dinners, and networking opportunities) that deliver value to



prospects and clients alike.

Finally, sales and marketing—all-too-often at odds with each other in the branding process—are becoming intertwined. Our relationship-based industry is finally adopting marketing techniques that help foster business relationships.

Ahead of the Game

Just as mortgage operations continue to march toward nearly total automation, the transformation to marketing in the mortgage industry is accelerating, too. If one sought a podcast or video on mortgage-related topics seven or eight years ago, the results would mostly be limited to content produced (usually for a price) by trade associations or trade media. Conferences, seminars, and webinars, in addition to trade publications and websites, were a key means for taking in industry updates. While that remains the case, content is no longer solely created and owned by the trades. Today, in fact, it's difficult to come across a mortgage-related business' website that doesn't contain some kind of blog or white paper. The

mortgage industry itself is beginning to churn out content.

In fact, it's often small businesses leading the way with innovative marketing. Necessity is the mother of invention. Many large businesses have, for years, been happy to throw massive budgets into major sponsorships and advertising. Today's consumers, however, are no longer impressed by large brands that seem omnipresent. As a result, many of the most creative new approaches in mortgage marketing have been created by firms and individuals lacking the luxury of a big budget.

The marketers themselves, using content marketing, have begun to change the way we learn about them or their brands. Someone seeking relevant mortgage-related content is as likely to frequent Spotify, Apple, or Google Podcasts from their iPhone today as they were to check their trade association website years ago. LinkedIn, once a place reserved for recruiters and professionals seeking new opportunities, has become a portal to a myriad of self-generated content. Josh Pitts of Shred Media was among

the first to show the mortgage industry that meaningful video content didn't require cinema-caliber production or even people in suits and ties. As a bonus, it could even be entertaining and fun without losing its relevance.

The next wave of content marketing groundbreakers is already making themselves known. Next-generation content marketers like Dalia Ramos, Founder of Love + Tacos media and the hostess of *Taco Tuesday Talks*, are blazing new trails by combining on-dry mortgage content with fun concepts and important advocacy. This next generation of mortgage content marketers isn't just limiting itself to LinkedIn or Facebook either. Increasingly, TikTok, Instagram, and other platforms are becoming mainstream points of distribution for effective new content.

Of course, there's much more to successful content marketing than grabbing an iPhone and hitting the "record" button. As with any approach to marketing, effective strategy and sustainable execution are critical. It's also important to realize that content marketing,

like consultative selling, is rarely an overnight success. Your first podcast episode is not going to triple sales. Neither is your first entire season, for that matter. But content marketing, much like mortgage technology, isn't just a fad that came and went with the travel bans and lockdowns of the pandemic. Content marketing is the new mainstream of mortgage marketing. It will likely be a critical component of any successful growth strategy in this competitive purchase market and after. **M**



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Finding Diamonds in the Rough

Jerel Cain, CEO of TalentWoo, discusses how current market fluctuations are impacting recruiting strategies in lenders' ongoing quest to secure the right talent.

With roots deep in the real estate market, born during the housing boom beginning in the early 2000s and coming of age during the SFR (single-family rental) Industry Institutionalization of 2013, TalentWoo is a boutique real estate executive search and recruitment process outsourcing (RPO) company. TalentWoo CEO Jerel Cain recently spoke with *MReport* about how the mortgage industry talent and recruiting landscape is evolving amid a landscape where companies are navigating inflation, a retreat from the housing and refi boom of last year, and other challenges.

What is the current climate like for recruiting talent in today's mortgage market? What challenges are lenders facing that will have an impact on recruitment?

Cain: Uncertainty is the biggest challenge lenders face. The talent market is always changing, and because the housing market is such a dynamic environment,

today's candidates have a lot of doubts about their future. Professionals are less likely to consider changing jobs in an uncertain market if they feel they are "okay" where they are.

At the same time, when candidates are uncertain about their current job or have a limited view of their career path, they are often open to discussing a change. This presents an excellent opportunity for lenders who have a strong message for these candidates. Companies that demonstrate their stability as an organization, a clear path forward for themselves, and a career vision for the candidate will stand out in the current market.

Are you finding most talent to recruit for mortgage servicing jobs from within the mortgage industry or from other industries? Do they require a financial background for recruitment into the mortgage industry?

Cain: Naturally, we target and pursue candidates who are actively working within the industry, as

we believe this creates the strongest candidate base. But we look outside of the industry, too. Quite frankly, there are generally more roles in our industry than there are people to fill them. Sometimes the right person is someone who works outside the industry but have transferrable skills and knowledge that make them an ideal candidate.

I think everyone would agree that, in the end, it's the makeup of the person and not necessarily specific experience that is most important. That's where our experience weighs heavily. We engage with hiring managers to discuss what we've done in the past and the candidate traits that we believe would align with the roles they are looking to fill. A lot of times, our client managers are pleasantly surprised at how qualified a candidate is and what they brought to their team without having any specific mortgage industry experience.

How is recruitment different today than it was in the past? In general, what are mortgage professionals

looking for in an ideal employer today? What skill sets are mortgage employers looking for in recruiting talent?

Cain: Today's market is unlike any other, and it will continue to change. For example, today's job candidates have a much broader and often more holistic perspective of what they are looking for in a company. Before, most candidates would just look at compensation and career advancement. Now, they are weighing many different variables, like the company's identity, their social presence and impact, and how they invest back into the community and society. They want to know not only what their role will be, but also the roles of others on the team, too.

An increasing number of candidates are prioritizing a company's benefits and what their work/life balance will be like. More people today want a flexible schedule and remote working options, especially those with families. We advise our clients to stay on top of these trends. Since no two



“I think everyone would agree that, in the end, it’s the makeup of the person and not necessarily specific experience that is most important.”



—Jerel Cain
CEO, TalentWoo

candidates weigh all these variables the same, it takes time, and a seasoned recruiter to be able to understand what’s important for a candidate and determine if they and the role are a good fit.

What is Recruiting Process Outsourcing (RPO)? How does it benefit lenders and servicers? Is there a sector in the mortgage industry that benefits most by it?

Cain: Recruitment Process Outsourcing (RPO) is a business strategy in which an organization uses a third-party firm like TalentWoo for recruiting talent. One might think of RPO as a recruitment engine that can be turned on at any time and produce results quickly. When done right, it streamlines and optimizes a company’s recruiting process, shortens

time-to-hire, and saves money. Unlike some RPOs, however, we have the ability to take on a “slice” of the recruitment process, so a company can use their in-house team for certain recruiting functions and outsource others to us. For example, many times, lenders will use TalentWoo for special, time-sensitive projects or recruiting talent with unique skill sets. In either scenario, it just wouldn’t be efficient to use the company’s internal team to address a specific need when you can have an industry expert immediately onboarded and then remap down as necessary.

What impact do market trends have on a lender’s recruiting strategy?

Cain: The thing to remember is that recruiting is all about people.

Of course, recruiting strategies are built around numbers, timeframes, and metrics. But success is about how well you get the right person to notice and consider your opportunity. An organization should also consider how market trends affect potential candidates and be transparent in how they are addressing them. We’ve found that organizations that articulate their positions and plans clearly gain the most credibility with job candidates.

What impact do local housing markets have on talent acquisition? Does recruitment differ in high-priced, urban markets like New York City compared to smaller markets like Boise or Nashville?

Cain: Typically, local markets do

have an impact, but I’d say it all depends on the role for which you’re hiring. Most roles will have some market variables associated with them. For instance, we’ve seen clients lose good candidates over a few percentage points of compensation, only because they were successful recruiting in one market and assumed all markets were the same. Being aware of these variables before engaging candidates can save companies a great deal of time and frustration.

That’s another benefit of working with a qualified RPO provider. Because TalentWoo has in-depth industry expertise and knowledge of what is happening across different markets, we can advise lenders early in the process about the type of variables they’ll see, so they have the opportunity to get the best possible talent to fill the roles they need.



Mortgage Rates May Experience Decline in Late 2023



According to First American Chief Economist Mark Fleming, if inflation decelerates toward the Fed’s target range in the second half of 2023, mortgage rates may decline modestly in the latter half of the year.

First American Financial Corporation has released First American’s proprietary Potential Home Sales Model for November 2022. The Potential Home Sales Model measures what the healthy market level of home sales should be based on economic, demographic, and housing market fundamentals.

November 2022 Potential Home Sales

- » Potential existing-home sales increased to a 5.24 million seasonally adjusted annualized

rate (SAAR), a 2.5% month-over-month increase.

- » This represents a 50.4% increase from the market potential low point reached in February 1993.
- » The market potential for existing-home sales decreased by 18.2% compared with a year ago, a loss of 1,164,600 (SAAR) sales.
- » Currently, potential existing-home sales are at 1,546,000 (SAAR), or 22.8% below the pre-recession peak of market potential, which occurred in April 2006.

Chief Economist Analysis: Market Potential for Existing-Home Sales Increased 2.5% in November

“Housing market potential in 2023 will remain largely dependent on the path of mortgage rates, which will be heavily influenced by inflation. In November 2022, housing market potential increased by 2.5% relative to October, boosted by a slight month-over-month decline in mortgage rates,” said Mark Fleming, Chief Economist at First American. “Even with the modest monthly increase in housing market potential, year-over-year potential existing-home sales remain down 18%, a decline of 1,164,600 potential existing-home sales. The steep annual decline in market potential is largely the result of higher mortgage rates, which prevent both buyer and seller from participating in the market.”

Rate-Sensitivity Is Real

“Median house-buying power in November compared with one year ago fell by \$158,000—that’s the second largest annual decline in over 25 years, only exceeded by October’s year-over-year decline. The primary driver of the decline in house-buying power was the extraordinary increase in mortgage rates over the last year,” Fleming said. “The 30-year, fixed mortgage rate jumped from 3.1% in November 2021 to 6.8% in November of this year, reducing house-buying power by \$170,000, holding income constant. However, household income has not remained static but has risen, helping prevent the loss to house-buying from being more severe. Such a significant rate-driven decline in consumer purchasing power reduced market potential by 772,000 potential home sales compared with a year ago.

“Compared with October, mortgage rates eased a bit, boosting house-buying power by a modest \$4,000 and increasing market potential by 25,000 potential home sales. The monthly increase in housing market potential due to the modest 0.1 percentage point decline in the 30-year, fixed mortgage rate demonstrates the rate sensitivity of prospective home buyers,” Fleming said. “Buyers will jump back into the market if they find a home that fits their monthly mortgage budget, and even a modest decline in mortgage rates can help increase their budget.”

The Case for Optimism

“There is reason to be hopeful that mortgage rates, and thereby the housing market, will stabilize in 2023. The popular 30-year, fixed mortgage rate is loosely benchmarked to the 10-year Treasury bond, so as the Federal Reserve continues tightening monetary policy to combat inflation, we can expect more upward pressure on Treasury bonds and, therefore, mortgage rates,” Fleming said. “But the Fed will slow the pace of monetary tightening when there is sustained evidence that inflation is receding, and there is good reason to believe that inflation may slow in 2023. Core goods inflation is already cooling, shelter inflation is expected to do the same in the coming months and, in theory, tighter monetary policy should cool services demand.

“If inflation decelerates toward the Fed’s target range in the second half of 2023 as is currently expected, then it’s possible that mortgage rates may decline modestly in the latter half of the year,” Fleming said. “While mortgage rates will remain high compared with pandemic-era lows, stable and potentially modestly lower mortgage rates will elevate housing market potential in 2023.”



Sellers Grant Record Share of Concessions to Homebuyers in Q4

Homebuyers received concessions such as money for repairs and mortgage-rate buydowns in a record 42% of home sales in the fourth quarter.

Concessions have made a comeback as rising mortgage rates, inflation, and economic uncertainty have dampened homebuying demand, giving the buyers who remain in the market increased negotiating power, according to a new report from Redfin. Some sellers gave concessions to buyers in nearly 42% of home sales in Q4—the highest share of any three-month period in Redfin’s records. That’s up from just over 30% in both the previous quarter and Q4 of 2021 and outpaces the prior 40.8% high from the three months ending July 2020, when the housing market nearly ground to a halt due to the onset of the coronavirus pandemic.

This is according to data submitted by Redfin buyers’ agents across the United States, where a concession is recorded when an agent reports a seller provided something that helped reduce the buyers’ total cost of purchasing the home. That could include money toward repairs, closing costs, and/or mortgage-rate buy-downs.

Key Findings:

- » Buyers received concessions in a record 42% of home sales in Q4. This number is up from 31% a year earlier.
- » That number is up from just over 30% in both the previous quarter and Q4 of 2021.
- » Pandemic boomtowns including Phoenix and Las Vegas saw the biggest increases in concessions.
- » Homeowners are increasingly selling for below their desired price as the housing market slows.



A stark shift from the pandemic homebuying frenzy of late 2020 and 2021, when record-low mortgage rates fueled fierce competition, forced most buyers to bid over the asking price and waive every contingency just to have their offers taken seriously.

“Buyers are asking sellers for things that were unheard of during the past few years,” said Van Welborn, a Redfin real estate agent in Phoenix. “They’re feeling empowered, partly because their offer is often the only one, and partly because they know sellers have built up so much equity during the pandemic that they can afford to dole out sizable concessions.”

“I recently helped one of my buyers negotiate a \$10,000 credit for a new roof and a handful of other repairs. We originally asked for \$15,000 but were happy with \$10,000 because the homeowner

also agreed to sell for less than their asking price,” Welborn said.

Homeowners are now increasingly selling for below their desired price as the housing market slows. A record 22% of home sales recorded by Redfin buyers’ agents in the fourth quarter included both a concession and a final sale price below the listing price, while a record 19% included both a concession and a listing-price cut that occurred while the home was on the market. A record 11% included all three.

Phoenix Saw the Biggest Jump in Concessions

In Phoenix, sellers gave concessions to buyers in 62.9% of home sales in the fourth quarter, up from 33.2% a year earlier. That 29.7-percentage-point increase is the largest among the 25 U.S. metropolitan areas for which data was

available. Next came Seattle (25.6 ppts), Las Vegas (22.2 ppts), San Diego (20.7 ppts), and Detroit (20.4 ppts).

Phoenix and Las Vegas are among the fastest cooling markets after they soared in popularity during the pandemic as scores of remote workers moved in, searching for relative affordability and warm weather.

“It took a while, but seller expectations are coming back down to earth. Concessions were common before the pandemic, and we may be returning to that norm,” Welborn said. “Sellers realize they’re not going to get \$80,000 over the asking price like their neighbor did last year.”

Welborn said he has recently seen sellers offer credits of as much as \$25,000 to cover repairs and closing costs, and that they’re also offering to pay for 2-1 mortgage-rate buydowns and warranties on household appliances.

There were four metros in which concessions were less common compared with a year ago. In Austin, Texas, sellers gave concessions to buyers in 33.3% of home sales, down from 38.1% a year earlier (-4.8 ppts). Next came Philadelphia (-2.7 ppts), New York (-2.4 ppts), and Chicago (-1.6 ppts).

Concessions Most Common in San Diego

In San Diego, sellers gave concessions to buyers in 73% of home sales in Q4—the highest share among the metros Redfin analyzed (San Diego also had the highest share a year ago). Next came Phoenix (62.9%), Portland, Oregon (61.6%), Las Vegas (61.3%), and Denver (58.4%).

In New York, sellers gave concessions to buyers in 13.4% of home sales—the lowest share among the metros Redfin analyzed. It was followed by San Jose, California (14.4%), Boston (17.5%), Philadelphia (22%), and Austin (33.3%).



Rate Drops Fuel Uptick in House Hunting

Some homebuyers are resuming their search as home prices and mortgage rates dip.

As the market continues to moderate, recent data showed the typical U.S. home sold for roughly \$352,000 during the four weeks ending December 18, down 10% from a peak of \$391,000 in June and up just 1% year over year, according to a market report from Redfin.

Average mortgage rates declined for the sixth straight week to 6.27%, cutting nearly \$300 from the typical homebuyer's monthly housing payment since it hit a peak in late October with 7% rates. The typical for-sale home was listed for 39 days before going under contract, the longest period since August 2020, contributing to the biggest supply increase on record.

The combination of slowing price growth, lower mortgage payments, and homes sitting on sale for well over a month is making the market a bit more favorable for buyers than it was in the fall, and some are starting to return. Mortgage-purchase applications were up 4.6% from a month ago and Redfin's Homebuyer Demand Index, which tracks requests for tours and other Redfin homebuying services, was up 6.5%.

"Quite a few buyers have come out of the woodwork in the last few weeks as rates have fallen. Many people who were outbid on multiple homes during the buying boom want to seize this moment because they can take their time touring homes and negotiate on price and terms with sellers," Seattle Redfin agent Shoshana Godwin said. "Today's market isn't nearly as hot as it was earlier this year, and I don't expect it to return to those levels. But it's getting warm."

The uptick in early-stage demand hasn't translated to more pending home sales or new listings. Sales aren't likely to tick up until mid-January, partly because the holiday season is typically slow, and new listings may not start recovering until spring, according to Redfin economists.

- » Home prices fell from a year earlier in 14 of the 50 most populous U.S. metros, half of them in California.
- » Home-sale prices fell year over year in 14 of the 50 most populous U.S. metros, compared with declines in 5 of the 50 a month earlier.

Prices fell year-over-year in:

- » San Francisco (9%)
- » Pittsburgh (6.2%)
- » San Jose, California (5.8%)
- » Los Angeles (4.7%)
- » Oakland, California (4%)
- » Detroit (3%)
- » Austin (2.2%)
- » Sacramento (1.9%)
- » Phoenix (1.8%)
- » Chicago (1.1%)

They declined less than 1% in Riverside, California; New York; Seattle; and Anaheim, California. This marks the first time New York prices have fallen on a year-over-year basis since June 2020. Data shows price declines in Los Angeles, Pittsburgh, and Phoenix are the biggest since at least 2015.

Leading indicators of homebuying activity:

- » For the week ending December 22, 30-year mortgage rates ticked down slightly to 6.27%, the sixth straight weekly decrease. The daily average was 6.28% on

- December 22.
- » Mortgage purchase applications during the week ending December 21 were essentially flat from a week earlier and up 4.6% from a month earlier, seasonally adjusted. Purchase applications were down 36% from a year earlier.
- » The seasonally adjusted Redfin Homebuyer Demand Index—a measure of requests for home tours and other homebuying services from Redfin agents—was up slightly from a week earlier and up 6.5% from a month earlier during the four weeks ending December 18. It was down 24% from a year earlier.
- » Google searches for “homes for sale” were on par with the previous month during the week ending December 17 but down about 30% from a year earlier.
- » Touring activity as of December 18 was down 50% from the start of the year, compared to a 27% decrease at the same time last year, according to home tour technology company ShowingTime. The significant declines are likely due in part to the holiday season.

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

- » The median home sale price was \$352,125, up 1% year over year, the slowest growth rate since the start of the pandemic.
- » The median asking price of newly listed homes was \$352,450, up 3.6% year over year, the slowest growth rate since the start of the pandemic.
- » The monthly mortgage payment on the median-asking-price home was \$2,254 at the current 6.27% mortgage rate. That's down slightly from a week earlier and down \$267

- from the October peak. Still, monthly mortgage payments are up 36.5% from a year ago.
- » Pending home sales were down 32.6% year over year, one of the largest declines since at least January 2015, as far back as this data goes.
- » Among the 50 most populous U.S. metros, pending sales fell the most from a year earlier in Las Vegas (-63.8%); Phoenix (-58%); Austin (-57.7%); Jacksonville, Florida (-55.7%); and Portland, Oregon (-53.9%).
- » New listings of homes for sale were down 22% from a year earlier, one of the largest declines since the start of the pandemic.
- » Active listings (the number of homes listed for sale at any point during the period) were up 17.3% from a year earlier, the biggest annual increase since at least 2015.
- » Months of supply—a measure of the balance between supply and demand, calculated by dividing the number of active listings by closed sales—was 3.7 months, up slightly from a week earlier and up from two months a year earlier.
- » Twenty-eight percent of homes that went under contract had an accepted offer within the first two weeks on the market, down from 37% a year earlier and the lowest share since January 2020.
- » Homes that sold were on the market for a median of 39 days, up more than a week from 29 days a year earlier and up from the record low of 17 days set in May and early June.
- » Twenty-four percent of homes sold above their final list price, down from 41% a year earlier and the lowest level since June 2020.
- » On average, 5.1% of homes for sale each week had a price drop, down sharply from 5.6% a week earlier, and 7% a month earlier. It's up from 2.3% a year earlier.
- » The average sale-to-list price ratio, which measures how close homes are selling to their final asking prices, fell to 98.2% from 100.3% a year earlier. That's the lowest level since March 2020.





Baseline Conforming Loan Limit in High-Cost Areas Tops \$1M

Conforming loan updates could open more home options for homebuyers shopping at higher price points and looking to avoid the additional fees of a jumbo loan.

As many Americans face the hurdles of trying to secure a home loan, more than 2 million homes across the country no longer require a jumbo loan, according to a new analysis by Zillow Home Loans. This could open up more home options for homebuyers shopping at higher price points and looking to avoid the additional fees of a jumbo loan.

The change is due to the Federal Housing Finance Agency's (FHFA) recent increase of conforming loan limits to \$1,089,300 in some high-cost markets. The news may be welcome for buyers looking to purchase a home this coming shopping season, as jumbo loans often come with additional fees

and more stringent qualification standards, making them less affordable for most buyers.

The FHFA increased the limits on the home price that qualifies for a conforming loan, which is the largest amount a mortgage company can lend to a borrower and still sell the loans conventionally to Fannie Mae and Freddie Mac. Compared to conforming loans, jumbo loans typically require a higher credit score—700 is the minimum score that many lenders accept for a jumbo loan, versus the score of 620 that many require for a conforming loan.

Bigger down payments are also the norm with a jumbo loan. Jumbo loans often require 20% down, although some call

for even higher down payments. Some jumbo loans also will require proof of larger cash reserves than conventional loans (up to 12 months' worth).

For most of the country, the conforming loan requirement increased by \$79,000—going from \$647,200 in 2022 to a baseline of \$726,200 in 2023. In the most expensive parts of the country (103 counties), the conforming loan limit was raised to \$1,089,300, topping the \$1 million mark for the first time. These counties are largely concentrated in the nation's most expensive metro areas, along the coasts and in the Mountain West. These updates to loan limits come within a changing housing market. While home price appreciation has slowed, home prices are still significantly higher than a year ago. Affordability challenges weighed heavily on home sales in the second half of 2022—the number of listings that went pending in November fell by 16.5% from October and is down

38% compared to last November.

“The addition of 2 million homes that now qualify for conforming loan options across the county is welcome news for homebuyers entering a shopping season with fewer homes on the market,” said Nicole Bachaud, Zillow Home Loans' Senior Economist. “Home price appreciation has slowed significantly, and this means that homes nearing jumbo loan territory will stay eligible for conforming loans longer than we have seen in the last few years.”

A recent survey from Zillow Home Loans showed that prospective buyers spend nearly as much time researching their next TV purchase as they do their mortgage lender.

“Buyers should educate themselves about loan limits in their area and speak with qualified loan officers so they are making informed choices about their home purchase and the best loan option for their personal financial situation,” Bachaud said.



All-Cash Buyers Reappear After Pandemic

“Today’s affluent homebuyers are motivated to pay in cash because the surge in mortgage rates makes them want to avoid loans—and the high monthly interest payments that come with them—altogether,” Redfin Economics Research Lead Chen Zhao said.

Cash is king, and as the market goes, so are cash buyers according to Redfin as 31.9% of all transactions through its site were paid for without financing.

That number is up 29.9% from a year ago and is the highest figure recorded since 2014.

Cash-only home purchases plummeted during the outset of the pandemic, dropping to 20.1%

in April 2020, a record low. But the current factors encouraging buyers to pay cash are different than they were a year ago.

“Today’s affluent homebuyers are motivated to pay in cash because the surge in mortgage rates makes them want to avoid loans—and the high monthly interest payments that come with them—altogether. Mortgage rates have declined in recent weeks

but are still hovering above 6%,” Redfin Economics Research Lead Chen Zhao said. “During the pandemic housing boom, buyers were incentivized to pay in cash because of low rates, which drove up competition and made all-cash offers an effective bargaining chip for those who could afford them.”

All-cash home purchases increased in 29 of the 39 metros in Redfin’s analysis from October 2021 to October 2022. They increased most in Riverside, California, where they rose to 38% of all home sales from 19.2%. It’s followed by Cleveland (47%, up from 32%); Cincinnati (43.9%, up from 29.6%); Montgomery County, Pennsylvania (31.2%, up from 22.7%); and Philadelphia (37.1%, up from 29.4%).

All-cash purchases were most common in Florida in October. Jacksonville, where roughly half (49.7%) of homes were bought in cash in October, comes first, followed by West Palm Beach (48.6%). Next comes a pair of Ohio metros: Cleveland and Cincinnati, which are also on the list of places where cash purchases rose the most. They’re followed by Atlanta, at 41.3%.

Expensive West Coast metros dominate the list of places with the lowest share of all cash purchases. They’re least common in the Bay Area: Just 14.3% of home purchases in San Jose and 16.5% in Oakland were made in cash. Next come Seattle (19%), Los Angeles (19.2%), and Newark, New Jersey (20%).



Mortgage Credit Availability Declined in December

Joel Kan, MBA's VP and Deputy Chief Economist, said, "The doubling of mortgage rates over the past year caused credit availability to shrink 18% during the same period. This pivot in the market resulted in lenders exiting certain origination channels to manage their operational costs or stop lending altogether."

Mortgage credit availability decreased in December according to the Mortgage Credit Availability Index (MCAI), a report from the Mortgage Bankers Association (MBA) that analyzes data from ICE Mortgage Technology.

The MCAI fell by 0.1% to 103.3 in December. A decline in the MCAI indicates that lending standards are tightening, while increases in the index are indicative of loosening credit. The index was benchmarked to 100 in March 2012. The Conventional

MCAI decreased by 0.1%, while the Government MCAI decreased by 0.1%. Of the component indices of the Conventional MCAI, the Jumbo MCAI decreased by 0.2%, and the Conforming MCAI was unchanged.

"Mortgage credit availability was mostly unchanged in December as mortgage rates remained significantly higher than the prior two years and both refinance and purchase activity slowed dramatically," said Joel Kan, MBA's VP and Deputy Chief Economist. "The doubling of mortgage rates over the past year

caused credit availability to shrink 18% during the same period. This pivot in the market resulted in lenders exiting certain origination channels to manage their operational costs or stop lending altogether, which was a main driver in the decrease in credit supply. Additionally, investors stopped offering many streamlined refinance programs as rates increased and the refinance market shrank. The segment of the market which showed the sharpest decline in credit availability was FHA and VA lending—which saw a 23% decline over 12 months."

Conventional, Government, Conforming, and Jumbo MCAI Component Indices

The MCAI fell by 0.1% to 103.3 in December. The Conventional MCAI decreased by 0.1%, while the Government MCAI decreased by 0.1%. Of the component indices of the Conventional MCAI, the

Jumbo MCAI decreased by 0.2% and the Conforming MCAI was unchanged.

The Conventional, Government, Conforming, and Jumbo MCAIs are constructed using the same methodology as the Total MCAI and are designed to show relative credit risk/availability for their respective index. The primary difference between the total MCAI and the Component Indices is the population of loan programs that they examine. The Government MCAI examines FHA/VA/USDA loan programs, while the Conventional MCAI examines non-government loan programs. The Jumbo and Conforming MCAIs are a subset of the conventional MCAI and do not include FHA, VA, or USDA loan offerings. The Jumbo MCAI examines conventional programs outside conforming loan limits, while the Conforming MCAI examines conventional loan programs that fall under conforming loan limits.



Wells Fargo Partners on \$20M Housing Affordability Challenge

Program applicants are invited to apply for grants of up to \$3 million to scale solutions to housing challenges in markets lacking affordable housing.

The Wells Fargo Foundation has expanded its commitment to housing affordability through another \$20 million competition with Enterprise Community Partners to find housing solutions.

The second Housing Affordability Breakthrough Challenge will once again focus on three categories: Financing, Construction, and Access and Resident Support. Innovators are invited to compete for grants of up to \$3 million and two years of technical assistance to transform ideas into solutions that can be replicated in the real world. Applications will open Tuesday, January 31, 2023, and submissions will be accepted through March 3, 2023.

Recent research shows that millions of U.S. households are unable to find an affordable home, and nearly seven million homes are needed for renters with extremely low incomes to attain housing stability in urban, suburban, and rural areas alike.

“Wells Fargo created the Housing Affordability Breakthrough Challenge to engage entrepreneurs and social innovators and advance ideas that can improve housing opportunities for millions,” said Otis Rolley, President of the Wells Fargo Foundation and Head of Philanthropy and Community Impact. “We urgently need to reimagine access to quality affordable places to live in the United States, which is so tightly linked to economic stability, physical and

mental health, and ultimately generational wealth. This \$20 million in funding effectively doubles our commitment to find creative solutions to this pressing problem.”

The 2023 Housing Affordability Breakthrough Challenge will consider Native, rural, suburban, Tribal, and urban solutions which

have the potential to transform current practices and processes and lay the groundwork for increased housing affordability, access, and stability. Interested organizations can learn more about the competition and how to apply on Enterprise’s website.

“We cannot address the serious housing affordability gap in this country without improving access and creating cost savings that will help boost supply. The Housing Affordability Breakthrough Challenge has proven that investing in pathbreaking innovations at the local level is a powerful way to build more equity and affordability in our communities nationwide,” said Jacqueline Waggoner, President of Enterprise’s Solutions

Division. “We are proud to join Wells Fargo once again as we focus on uplifting and strengthening the most promising ideas to meet the urgent need for more affordable homes and better serve individuals and families across the country.”

A variety of entities are eligible to apply, including nonprofits, Tribal organizations, and mission-driven for-profit entities in 38 markets where Wells Fargo and Enterprise can provide additional infrastructure to support implementation and help scale the winning innovations:

are expected to be announced in fall 2023, with the opportunity to take part in a multiyear initiative to share ideas and cultivate their innovations into solutions that can be applied in communities across the United States.

The inaugural Housing Affordability Breakthrough Challenge was launched in 2020 and attracted more than 800 applications and ultimately awarded six organizations with \$2.5 million in grants each to implement their solutions in housing construction, finance, and resident support and services.

“We cannot address the serious housing affordability gap in this country without improving access and creating cost savings that will help boost supply.”

—Jacqueline Waggoner, President, Enterprise Solutions Division

Alabama, Alaska, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Iowa, Kansas, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Washington, D.C., Wisconsin, and Wyoming.

Through a three-round competition, winning innovations will be selected by a panel of judges, including leaders from Enterprise, Wells Fargo, and nationally recognized community development and housing experts. The winners

One of the 2020 Breakthrough Challenge winners is cdc | come dream. come build. in Brownsville, Texas, which together with buildingcommunity-WORKSHOP, created a modular housing innovation called MiCASiTA—a more sustainable rural homeownership idea that allows families to grow the size of their home as their finances and dreams evolve.

“The Housing Affordability Breakthrough Challenge gave us the time and resources to get to work,” cdc Executive Director Nick Mitchell-Bennett said. “And with that support, we now actually have a sustainable modular housing product that can be replicated and scaled.”



Can Technology Bridge the Gap Between Buyers, Sellers, and Funds?

The widespread, pandemic-driven move to digital solutions is a change that is likely here to stay. A new report reveals just how the homebuying process is evolving.

The property market landscape is changing according to a report from CoreLogic, as 30-year mortgage rates reached their highest levels in two decades, while experts predict the pandemic-driven widespread move to digital solutions is a change that is likely here to stay. Along with these market shifts, much of what has been familiar in the homebuying and selling processes for generations is being remodeled.

One area of the real estate industry that is getting a particularly large overhaul is the homebuying and financing space with the emergence of iBuyers (instant buyers) and other related PropTech technologies. iBuying allows homeowners to quickly sell their properties online for all cash, typically to large, deep-pocketed investors and corporations.

In 2021, venture capital investment into real estate tech reached a record-breaking \$32 billion, a 28% increase in funding since 2020, according to The Center for Real Estate Technology & Innovation (CRETI). Much of this funding landed with companies that provide iBuying and bridge financing solutions—two approaches to the homebuying process that prioritize certainty of transaction completion for buyers and sellers

while also adding additional efficiencies to a process that has many contingencies and much uncertainty built in.

“These PropTechs are trying to bring venture capital technology to the consumer to give them choice and flexibility as to how they either find a house, buy a house or protect the house,” CoreLogic’s real estate tech solutions expert Mark Weaver said.

Will the Cooling Housing Market Affect iBuyers?

iBuyers are not a new phenomenon in the real estate space. They are, however, an option that has gained popularity in the last two years as market dynamics encouraged quick transactions.

But as the housing market begins to cool, the long-term success of market-leading companies such as OpenDoor and OfferPad is predicated on the accuracy and reliability of their data. After all, iBuyers typically use a “buy-box” model whereby they define the acceptable parameters, based on market conditions, for purchasing a home instantly for cash. If an estimated valuation is off, an iBuying company stands to lose a significant portion of its investment, especially when executing large purchase volumes.

“In the PropTech space, we’ve worked with a leading iBuyer

to navigate market conditions as they started to change and the company’s risk appetite changed,” Weaver explained. “We helped this leading iBuyer overhaul what we call their ‘buy-box,’ so that now they’re only going to make instant offers on homes under certain parameters and conditions that we help them refine in response to the changing market.”

The relaxing market has also brought forth questions surrounding maximizing a home’s market value. Given the importance of a property’s market value, sellers that work with iBuyers want to be sure that they are receiving a highly competitive offer. Since it can be difficult to know whether the data supporting an iBuyer’s offer is of the highest quality, working with an experienced and trustworthy real estate agent is still the most popular approach to ensure that all aspects of a home’s value, from school districts to neighborhood amenities, are considered and marketed to potential buyers.

The Human Touch Remains Important

As pandemic market trends begin to give way to new realities—easing competition and a slowing pace of home price gains are trends that are taking

hold—real estate agents are still a highly reliable resource for both homebuyers and sellers.

While options like iBuying should not be overlooked, it can also be helpful to consult a real estate agent because they can offer advice on current market conditions, as well as insight into how much one can reasonably expect to earn from a home sale.

If sellers are armed with accurate market information, they will be better able to judge instant offers and decide whether that route is feasible or whether they should take the traditional route and put the property on the open market. Should a seller choose the latter avenue, it is invaluable to tap a knowledgeable, experienced agent who can offer insights on how to price a home, the number of offers to reasonably expect, and how long a sale might take.

Similarly, for buyers, many real estate agents have a deep understanding of the most current market trends, including supply levels, the average number of offers on homes, the percentage of all-cash bids, and the quality of local schools. Arming yourself with that knowledge can not only help buyers purchase the right home, but it can allow them to optimize and streamline the overall experience via the use of new technologies.

A hand in a dark suit jacket points towards a glowing white rectangular box containing the word 'FINTECH' in bold, white, sans-serif capital letters. The background is a blurred image of a person in a suit. A network of white dots connected by thin white lines is overlaid on the image, with a bright light source at the point where the hand is pointing.

FINTECH



Wells Fargo to Close Correspondent Business, Shrink Mortgage Servicing Portfolio

The bank announced it will significantly shrink its mortgage servicing portfolio, revealing the shift will result in a round of layoffs for the bank's mortgage operations.

Wells Fargo is stepping back from the multi-trillion-dollar market for U.S. mortgages amid regulatory pressure and the impact of higher interest rates.

Instead of its previous goal of reaching as many Americans as possible, the company will now offer home loans to existing bank and wealth management customers and borrowers in minority communities, CNBC has learned.

Highlights:

- » As part of its retrenchment, Wells Fargo is also shuttering its correspondent business that buys loans made by third-party lenders and "significantly" shrinking its mortgage servicing portfolio through asset sales.
- » Altogether, the shift will result in a fresh round of layoffs for the bank's mortgage operations, executives acknowledged, but they declined to quantify exactly how many.

Dual factors of a lending market that has collapsed since the Federal Reserve began raising rates last year and questions about the long-term profitability of the business led to the decision, Consumer Lending chief Kleber Santos says. Regulators have heightened oversight of mortgage lending in the past decade, and Wells Fargo garnered further scrutiny after its 2016 fake accounts scandal.

"We are acutely aware of Wells

Fargo's history since 2016 and the work we need to do to restore public confidence," Santos said. "As part of that review, we determined that our home lending business was too large, both in terms of overall size and its scope."

According to experts, it's the latest, and perhaps most significant, strategic shift that CEO Charlie Scharf has undertaken since joining Wells Fargo in late 2019. Mortgages are by far the biggest category of debt held by Americans, making up 71% of the \$16.5 trillion in total household balances. Under Scharf's predecessors, Wells Fargo took pride in its vast share in home loans—it was the country's top lender as recently as 2019, when it had \$201.8 billion in volume, according to the industry newsletter *Inside Mortgage Finance*.

As a result of this and other changes that Scharf is making, including pushing for more revenue from investment banking and credit cards, Wells Fargo will more closely resemble megabank rivals Bank of America and JPMorgan Chase. Both companies ceded mortgage share after the 2008 financial crisis. Following those once-huge mortgage players in slimming down their operations has implications for the U.S. mortgage market.

As banks stepped back from home loans after the disaster that was the early 2000s housing bubble, nonbank players including Rocket Mortgage quickly filled the void.

But these newer players aren't as closely regulated as the banks are, and industry critics say that could expose consumers to pitfalls. Today, Wells Fargo is the third biggest mortgage lender after Rocket and United Wholesale Mortgage.

Third-Party Loans, Servicing

As part of its retrenchment, Wells Fargo is also shuttering its correspondent business that buys loans made by third-party lenders and "significantly" shrinking its mortgage servicing portfolio through asset sales, Santos says.

The correspondence channel is a significant pipeline of business for San Francisco-based Wells Fargo, one that became larger as overall loan activity shrank last year. In October, the bank said 42% of the \$21.5 billion in loans it originated in the third quarter were correspondence loans.

The sale of mortgage servicing rights to other industry players will take at least several quarters to complete, depending on market conditions, Santos says. Wells Fargo is the biggest U.S. mortgage servicer, which involves collecting payments from borrowers, with nearly \$1 trillion in loans, or 73% of the market, as of the third quarter, according to data from *Inside Mortgage Finance*.

More Layoffs

Altogether, the shift will result in a fresh round of layoffs for the bank's mortgage operations, executives acknowledged, but they declined to quantify exactly how many. Thousands of mortgage workers were terminated or voluntarily left the company last year as

business declined.

The news shouldn't be a complete surprise to investors or employees. Wells Fargo employees have speculated for months about changes coming after Scharf telegraphed his intentions several times in the past year. *Bloomberg* reported in August that the bank was considering paring back or halting correspondent lending.

"It's very different today running a mortgage business inside a bank than it was 15 years ago," Scharf said. "We won't be as large as we were historically" in the industry, he added.

Other Changes

Wells Fargo said it was investing \$100 million towards its goal of minority homeownership and placing more mortgage consultants in branches located in minority communities.

"Our priority is to de-risk the place, to focus on serving our own customers and play the role that society expects us to play as it relates to the racial homeownership gap," Santos said.

The mortgage shift marks what is potentially the last major business change Scharf will undertake after splitting the bank's operations into five divisions, bringing in 12 new operating committee members, and creating a diversity segment.

Scharf said that he didn't anticipate any other major changes, with the caveat that the bank will need to adapt to changing conditions.

"Given the quality of the five major businesses across the franchise, we think we're positioned to compete against the very best out there and win, whether it's banks, nonbanks, or fintechs," Scharf said.

“We are acutely aware of Wells Fargo’s history since 2016 and the work we need to do to restore public confidence. As part of that review, we determined that our home lending business was too large, both in terms of overall size and its scope.”

—Kleber Santos, Consumer Lending Chief





Experts Predict Home Prices to Fall YoY Nationwide in 2023

A combination of relatively high rates and weak homebuyer demand will likely cause a gradual decline in prices nationwide in 2023.

The year 2022 was full of financial hurdles for many, with economic uncertainty and a volatile housing market, resulting in many homebuyers and homeowners struggling to purchase a home or keep up with monthly mortgage payments. The positives worth celebrating in 2022 included the nation's robust job market and the continued recovery from the COVID-19 pandemic. Meanwhile, there were significant negatives, from rampant inflation to rapidly rising interest rates.

A study from LendingTree revealed experts now predict that the mixed nature of 2022 will likely persist into 2023, with some economic prospects likely to improve, while others could worsen.

Here are the LendingTree predictions for the state of housing, jobs, and the economy in 2023:

Average interest rates on 30-year fixed mortgages will be between 5.5% and 6.5% when 2023 ends.

Given mortgage rates' volatility in 2022, it's impossible to say with total certainty where they'll land when 2023 ends. After peaking at 7.08% in the second week of November, the average rate for 30-year fixed mortgages fell to 6.42% by the end of December, owing to good inflation news.

If inflation news remains good, rates over the coming year will likely stabilize near where they were at the end of 2022, or even continue to fall. That said, borrowers shouldn't expect rates to fall to anywhere near their record 2021 lows, or even as low as at the

start of 2022, when the average rates for 30-year fixed mortgages were 2.65% and 3.22%, respectively.

Home prices will fall between 5% and 10% nationally year over year.

Home prices won't necessarily fall everywhere, but a combination of relatively high rates and weak homebuyer demand will likely push down prices nationwide in 2023.

While a 5% to 10% drop may seem steep, declines this year are unlikely to wipe out the home price gains many houses saw over the past few years. For example, according to the S&P/Case-Shiller U.S. National Home Price Index, home prices increased by 11.33% from January 2020 to January 2021 and 19.25% from January 2021 to January 2022. Though home price growth has since decelerated, prices rose by 10.65% year over year in September 2022.

Owing to these gains, price drops of 5% to 10% would still leave the housing market much pricier than before the pandemic.

The unemployment rate will finish 2023 by rising above 4%.

Over the coming months, businesses will likely continue layoffs and other cost-cutting measures that'll push unemployment above its current 3.7% level (as of November 2022). Rising unemployment may seem scary—especially since it means some people will lose their jobs—but the jobless rate rising to 4.5% or 5% would still be relatively low historically.

Year-over-year inflation growth will fall to between 3% and 4% by the end of 2023.

Diminished demand resulting from the Federal Reserve's rate policies, higher unemployment, and improvements to global supply chains should help bring down inflation as the year progresses.

While inflation appears poised to remain above the Fed's ongoing target of 2% growth this year, consumers should feel relief compared to what they saw in 2022. Last year, the year-over-year growth in the personal consumption expenditures (PCE) index each month was commonly more than

6%. (The Fed's preferred measure of inflation is the PCE index.)

The federal funds target rate will end up around 5%.

The current federal funds target rate is 4.25% to 4.50%, and we'll likely see a few more rate hikes over the coming months. However, assuming inflation shows sustained moderation, the Fed will likely stop raising its target rate before too long.

Importantly, this doesn't mean the Fed will cut rates—just that they'll stop announcing new hikes.

Potential Economic Upsides

» Even if it does cool, the housing

“While inflation appears poised to remain above the Fed’s ongoing target of 2% growth this year, consumers should feel relief compared to what they saw in 2022.”



market likely won't crash like in 2008. While the housing market looks to be softening as buyer demand dissipates, it still doesn't seem as though we're likely to see a 2008-style crash in 2023—even if 41% of Americans expect a crash this year. Owing to how strong many of the housing market's fundamentals have remained—like borrowers' ability to make their payments on time—the housing market (even in the face of high inflation) doesn't appear at serious risk of a total meltdown.

- » Home price growth will moderate, and even come down in some areas. Though declines in home prices are often seen as more of a negative than a positive, declines this year may not be all bad news. This is especially true for buyers who may be struggling to keep up with persistently high prices. For those worried about price declines, it's worth noting that because home values have increased so much over the past few years, current homeowners will likely be able to hold onto most of the home equity they've built, even if prices come down.
- » Inflation will likely come down. Inflation remained persistently high through 2022, much to the dismay of economic policymakers and consumers alike. There does seem to be some evidence that inflation has just about peaked and could soon start slowing down more significantly—at least in the United States. Even though inflation will likely remain somewhat elevated in 2023, it shouldn't be as bad as in 2022.
- » Supply chains should improve. In 2023, supply chain issues are poised to get better, especially as major manufacturing nations like China reduce pandemic-related restrictions. This doesn't mean supply chains will return to how they were before the pandemic, but it suggests that transporting raw materials and goods will be less of a challenge in many instances.
- » Interest rate growth should moderate. The Fed will likely continue to hike rates over the

coming months. But if inflation starts to wane, we could see an end to the aggressive rate-hike policies implemented through much of 2022. While this doesn't necessarily mean rates will come down—barring a major recession, the Fed is unlikely to start reducing rates even if they stop hiking them—it will nonetheless be good news for those struggling to keep up with rising rates. Of course, rates could come down on some products not directly tied to the federal funds rate, like mortgages.

Potential Economic Downsides

- » A recession could be on the horizon. Owing to various factors from a softening labor market to the Fed's aggressive rate strategy, a recession hitting sometime in 2023 or early 2024 is a real possibility. However, a recession isn't the end of the world. If one does hit, it'll likely be mild.
- » The housing market will remain prohibitively expensive for many. Even though home prices seem like they're going to come down in 2023, or—at the very least—stop rising, that doesn't mean housing will become affordable for everyone. Especially for lower-income borrowers, the housing market will likely remain a tough nut to crack for quite some time.
- » Home sellers could face challenges. In 2020, 2021, and even earlier parts of 2022, sellers enjoyed a significant amount of leeway in the market. This trend already started to reverse in the latter half of 2022 and will likely continue into 2023. While this could be seen as good news for some buyers, it'll likely be less than ideal for sellers who may find their homes are taking longer to sell and need to make more concessions to buyers than they'd prefer.
- » The labor market will soften. Though unemployment remains low, there are signs the labor market is softening. As the year continues, though, it's likely that more people will be laid off and the unemployment rate will increase.

Nation's Longest Home Price Boom Ends After a Decade

The American Enterprise Institute's Housing Center reports all of the 60 largest metros analyzed experienced significant declines in home prices in November, marking the end of the longest home price boom on record.

According to new data from the American Enterprise Institute's (AEI) Housing Center, the nation's longest home price boom has ended after 10½ years. Nationally, prices have declined 3.1% from the peak in June. While all 60 largest metros have begun experiencing year-over-year price declines, San Jose, Seattle, and San Francisco have led the way with declines of 15.5%, 13.4%, and 12.7% from their peaks.

November's year-over-year Home Price Appreciation Index (HPA) was 6.7%, down from 8.5% a month ago, a year-over-year peak of 18.3% in March 2022 and 16.7% a year ago. Based on Optimal Blue rate lock data, year-over-year HPA is projected to decline further to 5% in December 2022 and 3% in January.

"The year-over-year decline in HPA continued in November with a rate of 6.7%, down from March 2022's record pace of 18.3%," Senior Fellow and Director of AEI Housing Center Ed Pinto said. "All of the 10 fastest HPA metros were in the South (seven in Florida), and all of the 10 slowest HPA metros were in the West (San Jose, San Francisco, Seattle, Sacramento, Phoenix, Salt Lake City, Colorado Springs, Portland, Los Angeles, San Diego)."

Year over year, the HPA varied significantly among the 60 largest metros. It ranged from 2.6% and 5.8% in San Francisco and San Jose to 17.8% and 15.0% in Miami and North Port.

"Home prices in November increased a stunning 13.3% in Cape Coral, but it may continue as a leader due to a massive

supply-demand imbalance, at least over the near term," Research Fellow and Assistant Director of AEI Housing Center Tobias Peter said. "Cape Coral is still relatively affordable compared to many other Florida and California markets. At the other end of the spectrum, San Francisco and San Jose have had the most dramatic slowdown and are among the first to show year-over-year declines."

Historically, HPA in the low-price tier outpaced HPA in the upper-price tiers. This trend continues to hold true. Although home prices were down across all four price tiers, the high end and low end of the market were hit differently. In November, the high-price tier was down 4.6% from its peak in May 2022, while the low-price tier was down 3.1% from its peak in July.

November's months' supply and active listings both increased above seasonal trends but remain at historically low levels. Months' supply stood at 2.5 months in November 2022, down from three months in November 2019, but up from 2.1 months in October 2022, and 0.9 months in May 2022. The months' supply for the high-price tier came in at 6.2 months in November 2022, helping the price weakness for this tier.

The national month-over-month HPA in November was -0.9%, and it is expected to keep declining in December and January based on the Optimal Blue data. Regardless of seasonality, home prices seem to have peaked in all largest 60 metros. Year-over-year, HPA is expected to slow to 5% and 3% for December 2022 and January 2023.



Putting 2022's Housing Market Trends Under the Microscope



The wild ride known as the U.S. housing market slowed dramatically in the fall of 2022, as mortgage rates surged and home prices remained high.

CoreLogic, a global property information, analytics, and data-enabled solutions provider, has released its major U.S. housing trends wrap-up for 2022.

Year over year, CoreLogic reported that home price growth increased for the 130th straight month in November, but gains have slowed significantly since the spring. Still, most homeowners were in positive-equity territory throughout the first three quarters of the year, and mortgage delinquencies and foreclosure rates remain near historic lows.

"The wild ride known as the U.S. housing market slowed dramatically in the fall of 2022, as mortgage rates surged and home prices remained high," said Molly Boesel, Principal Economist at CoreLogic. "Home sales started strong in early 2022 but took a nosedive later in the year. On the plus side, generous amounts of

home equity will protect many borrowers from experiencing the type of foreclosure activity seen during the Great Recession."

CoreLogic cited the following as major market trends found in 2022:

Home Price Growth Declined Significantly Between Spring and Fall

According to CoreLogic's monthly Home Price Index data, United States year-over-year home price growth reached 20.1% in April 2022, the highest level recorded in more than two decades. However, appreciation has tapered off every month since, falling to 8.6% in November.

Sun Belt states led the nation for annual home price gains for most of the year, notably Florida, which posted the highest gain in the country from February to November. This trend partially reflects Americans migrating from

more expensive areas in the West to more affordable areas of the country. However, price growth in Southern states has followed the national trend and slowed in recent months.

The year's spike in interest rates is the primary factor in moderating home price growth, with Freddie Mac data putting 30-year fixed-rate mortgages at 3.22% in early January, compared with a yearly high of 7.08% in mid-November. Despite the slowdown, a shortage of available homes for sale, strong mortgage underwriting standards, and an unemployment rate that has returned to pre-pandemic levels are keeping the housing market relatively healthy, making a major downturn unlikely.

Home Equity Growth Remains Strong Despite a Cooling Market

Strong home price growth in 2022 led to robust home equity gains across the country for nearly two-thirds of American homeowners with a mortgage.

CoreLogic's quarterly Home Equity Report shows that in the first quarter of 2022, borrowers gained a collective \$3.8 trillion in home equity since Q1 of 2021, a

32.2% increase. During that period, U.S. homeowners with a mortgage gained an average of \$64,000.

However, since home price growth is the primary driver of equity growth, increases slowed as prices cooled. In Q3 2022, homeowners gained a total of \$2.2 trillion in equity than during the same quarter in 2021, an increase of 15.8%, and averaging \$34,300 per borrower.

Mortgage Performance Is Healthier Than Ever

For the first 10 months of 2022, the number of homeowners with a mortgage who were at least 30 days late on their payments hovered between 3.4% and 2.7%, with the latest data reporting a 2.8% overall delinquency rate in October. On an annual basis, mortgage delinquencies dropped for the 19th consecutive month in October.

Foreclosure rates remained near record lows throughout most of 2022, bottoming out at 0.2% in February and remaining at 0.3% through October. The fact that 99% of borrowers have lower mortgage rates locked in than current rates helps prevent most homeowners from making late payments or defaulting on them altogether.

Rent Price Growth Trends Follow Home Price Patterns

Like home price gains, U.S. rental prices relaxed in 2022, reaching single digits in October for the first time since June 2021.

CoreLogic's monthly Single-Family Rent Index shows that year-over-year rent growth slowed to 8.8% in October, down from 13.9% in the spring of 2022. Florida cities led the nation for annual rent increases for much of the year, with Miami and Orlando holding the top two spots, respectively, since January.

Pending Sales Drop to Levels Last Seen in 2015

Redfin reports that 2023 has begun with homes selling for nearly the same price as a year earlier, with nationwide prices up just 0.5% year over year.

Pending U.S. home sales dropped 32% year over year to their lowest level since at least 2015 during the four weeks ending January 1, according to a new report from Redfin.

Some of the largest declines were found in the pandemic homebuying hotspots of Las Vegas, Phoenix, and Austin, which each saw pending sales plummet more than 50%. The housing market fizzled out at the end of 2022 due to mortgage rates in excess of 6%, continued fears of a recession, record-low new listings, extreme winter weather, and the typical seasonal holiday housing market slowdown.

Signals of early-stage demand are mixed. Redfin's seasonally adjusted Homebuyer Demand Index—a measure of tour requests and other buying services from Redfin agents—was up 8% from two weeks earlier.

In addition, closing out 2022, the Mortgage Bankers Association (MBA) reported mortgage applications fell 13.2% for the week ending December 30, 2022.

“Two categories of buyers are starting their search right now: First-timers hoping prices and competition are more manageable than they have been over the last few years, and returning buyers who took a break after losing out on multiple homes during the pandemic bidding-war frenzy,” Seattle Redfin Agent Shoshana Godwin said. “They should be able to take their time and find a home for a slightly lower price than last year, but the market will likely become more competitive over the next few months.”



I expect new listings to remain scarce as homeowners hold onto low interest rates while the pool of determined buyers circle the few homes that are available.”

Redfin reported that the typical U.S. home sold for \$350,000 during the four weeks ending January 1, 2023—up just 0.5% from a year earlier and slightly slower than the 0.7% growth reported at the outset of the pandemic. Home prices nationwide were down 10% from the June peak. On a metro level, home-sale prices fell year over year in 19 of the 50 most populous U.S. metros covered by Redfin during the four weeks ending January 1, 2023. By comparison, just 10 metros saw price declines a month earlier.

Markets where it was reported that prices fell:

- » San Francisco: prices fell 10.4% year over year
- » Sacramento, California: prices fell 6% year over year
- » San Jose: prices fell 5.6% year over year

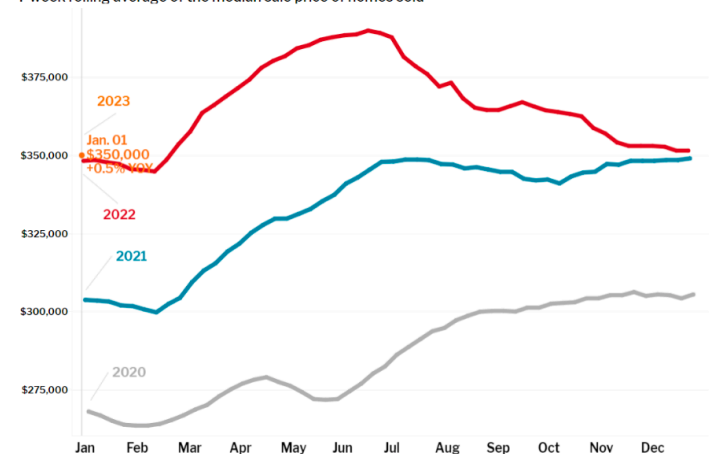
- year
- » Pittsburgh: prices fell 3.9% year over year
- » Austin, Texas: prices fell 2.9% year over year
- » New York: prices fell 2.8% year over year
- » Phoenix: prices fell 2.4% year over year
- » Boston: prices fell 2.2% year over year

This marks the biggest year-over-year drop in San Francisco prices since at least 2015. Home prices fell 2% or less in Anaheim, California; Chicago; Riverside, California; Washington, D.C.; San Diego; Portland, Oregon; and Newark, New Jersey.

Google searches for “Homes for Sale” started to rise from the low reached in November during the week ending December 31, 2022, but they were down about 33% from a year earlier. Home touring activity as of December 29 was down 63% from the start of the year, compared to a 54% decrease at the same time last year, according to home tour technology company ShowingTime.

- » Los Angeles: prices fell 5.4% year over year
- » Detroit: prices fell 4.6% year over year
- » Oakland, California: prices fell 4.4% year over year
- » Seattle: prices fell 4.2% year over year

Median Sale Price +0.5% Year Over Year
4-week rolling average of the median sale price of homes sold



Source: Redfin analysis of MLS data

REDFIN

Credit Scores Improving Nationwide



Credit scores increased significantly during the first year of the pandemic, with the average American credit score bumping up by half a percent between 2020 and 2021.

While inflation remains a financial hurdle for many, a study showed credit scores are improving nationwide. A team of QuoteWizard analysts found that between 2020 and 2021, the average American credit score increased by half a percent, going from 712 to 716.

Mississippi, Nevada, and Maine saw the biggest improvements in their average scores nationwide, as credit scores in these three states went up by six points in one year. Mississippi, however, still has the lowest average credit score nationwide.

Meanwhile, South Dakota, Oklahoma, and Minnesota had the smallest changes in their average credit scores. The average score increased by just two points in South Dakota and Oklahoma. Minnesota's average score increased by three points, but

the state already had the highest average credit score nationwide.

Credit scores increased significantly during the first year of the pandemic because many people were able to pay off debt. Our analysts found that credit card and student loan delinquency dropped by around 30% between 2020 and 2021.

Do all states use credit scores for home insurance?

Not all states permit the use of credit reports to calculate home insurance rates. In California, Maryland, and Hawaii, it is illegal for insurers to use your credit score to increase your home insurance rate. Other states may allow the practice; however, these states won't allow insurers to use your CBI score as a reason to cancel or deny your home insurance coverage.

What determines your credit rating?

While CBI scores are similar to your standard credit score, there are some slight differences. Credit-based insurance scores only use some of the factors that comprise standard credit scores.

Credit-based insurance scores are different from the FICO scores your mortgage lender or auto lender might pull. Credit-based insurance scores are designed to consider factors that can be found on your credit reports. They also consider factors from your previously filed insurance claims.

Home insurers look at different factors when calculating your CBI scores. The two main influences on your insurance credit score are:

- » **Hard inquiries:** Hard inquiries occur when a possible lender, such as a credit card company or an auto loan financier, checks your credit score to measure your risk value. These can lower your credit rating. However, if you make all your searches for mortgage, student loan rates, or anything else requiring a hard inquiry within a 45-day window, all the inquiries will

count as only one.

- » **Payment history:** Your ability to pay your bills consistently and on time is of great interest to home insurers. Being in good standing with all your accounts will reduce your risk level.

Other factors that can affect your CBI score are:

- » **Debt-to-available-credit ratio**
- » **The length of your credit history**
- » **Your credit limits**

Your insurance score “differs from a traditional credit score because the company does not factor in your employment history, your earnings history, your gender, or a good bit of other personal information,” said David Bakke, contributor at Money Crashers. “It’s a lot more limited compared to the criteria for establishing a credit score.”

The three main credit bureaus, Equifax, Experian, and Transunion, can weigh the influence of each factor differently as well. Experian may weigh your payment history at 20% of your score while Transunion may weigh it at 30%.

TOP STATES FOR IMPROVED CREDIT SCORE

State	Credit score 2020	Credit score 2021	Change
Mississippi	675	681	0.89%
Nevada	695	701	0.86%
Maine	721	727	0.83%
Louisiana	684	689	0.73%
Alabama	686	691	0.73%
New Mexico	694	699	0.72%
Florida	701	706	0.71%
Indiana	707	712	0.71%
Michigan	714	719	0.70%
California	716	721	0.70%
Idaho	720	725	0.69%



States With the Most Energy-Efficient Homes

Kalamazoo-Portage, Michigan, has the highest percentage of green homes in the nation, while metros like Seattle and Chicago are among the lowest.

Homeowners and homebuyers alike are beginning to understand and appreciate the value an energy-efficient home provides in terms of savings on heating and cooling, as an analysis from Porch looks into exactly where in the country such homes are being built.

Key Findings

- » There are over 2.4 million homes and apartments certified with the Energy Star label in the United States.
- » Over 120,000 such homes were built in 2022, 9% of the total number of new housing units built, up from 7% in 2021.
- » Arizona leads the way in energy-efficient construction with some 42% of all newly built homes earning the Energy Star certification.
- » Among metros, Kalamazoo-Portage, Michigan, has the highest percentage of green homes (39% of all new housing units built).
- » In five states (Maine, Iowa, Kansas, Nebraska, and Wisconsin) the share of housing units certified as energy efficient is under 1%.
- » Seattle, Chicago, and Cape Coral, Florida, had the lowest share of energy-efficient new homes (all under 1%).

One way to measure this efficiency is to look at the government's Energy Star certification for housing. According to EnergyStar.gov, homes that receive this certificate are built with high-quality insulation and HVAC

systems, have minimal drafts and pollution, and deliver durability, comfort, and even resale value.

With that in mind, Porch looked at eco-conscious home building in the United States to see how it changed in recent years and identify which states and metropolitan areas are leading

the way in building green homes.

Gradual Growth: Share of Energy-Efficient Homes Is Rising Slowly

Over 124,000 homes built in 2022 received the Energy Star label as being outstanding in terms of energy efficiency, just 1% more than were built and achieved certification the year before. That said, these efficiency-optimized homes now account for a larger share of all new homes built in the United States. Almost one in 10 (9%) new homes built in 2022 got the Energy Star certification, compared to 7% in 2021.

Raising the Bar, Arizona: Grand Canyon State Leads in Green Construction

One state that stands out in terms of how many of its newly built homes are certified as energy-efficient is Arizona. Here, 42% of newly built homes in 2022 got an Energy Star label—a percentage far higher than in any other state.

Maryland is in second place, where roughly a third (34%) of housing units built this year received the efficiency distinction.

Two states where about one in five new homes is energy-conscious are New Hampshire (20%) and Nevada (19%).

While some states appear to be prioritizing energy efficiency in

tops the ranking with 39% of new homes built in 2022 getting an Energy Star label. Echoing the state-level findings, Baltimore-Columbia-Towson, Maryland, is in second place in the metro rankings, with 37% of its new housing stock recognized for energy efficiency.

Two of Arizona's largest metros—Tucson (35%) and Phoenix-Mesa-Scottsdale (34%)—aren't too far off the top in terms of building energy efficiency in 2022.

By contrast, there are some metropolitan areas where the construction of energy-efficient

Over 124,000 homes built in 2022 received the Energy Star label as being outstanding in terms of energy efficiency, just 1% more than were built and achieved certification the year before.

their residential construction, others appear to be trailing behind. In five states, the share of newly built residential units in 2022 that received an Energy Star label is below 1%.

These states are Maine (0.9%) and the four Midwestern states of Iowa (0.9%), Kansas (0.8%), Nebraska (0.5%), and Wisconsin (0.2%).

Can't Compete with Kalamazoo: Michigan Metro Tops Green Home Construction Ranking

Looking at metropolitan areas in the United States, a handful of them have the share of newly built homes that were certified as energy-efficient is approaching 40% in 2022.

Kalamazoo-Portage, Michigan,

homes isn't registering very high in the overall number of housing units built.

The percentage of homes built in 2022 receiving an Energy Star label for efficiency is the lowest in Cape Coral-Fort Myers, Florida (0.4%). In metro areas of Seattle-Tacoma-Bellevue, Washington (0.8%), and Chicago-Naperville-Elgin, Illinois-Indiana-Wisconsin (0.9%), that share is just under 1%.

Curiously enough, four of the six metros with the lowest percentage of energy-efficient homes in new construction are in Florida. Besides Cape Coral-Fort Myers, Florida, they are North Port-Sarasota-Bradenton, Florida, Deltona-Daytona Beach-Ormond Beach, Florida, and Crestview-Fort Walton Beach-Destin, Florida (all ≈1.6%).



Where Americans Moved in 2022

Southern states are seeing an influx of movers, with many Americans migrating to find increased affordability, better quality of life, and lower income taxes.

North American Van Lines, Inc. has released its annual migration map that details where Americans moved this past year. The map uncovered a sizable trend of Americans leaving high-cost-of-living areas for warmer climates with more reasonable housing conditions, noting southern states received the largest amounts of movers.

The map highlights the association between southern states lessening COVID-19 restrictions first in 2020, as well as lower tax rates, which Americans, coupled with warmer temperatures, may find appealing.

Key Takeaways From the 2022 Moving Migration Report

- » Move volume, or the number of individuals that moved in 2022 was down compared to previous years.
- » Southern states remained primary draws for those moving, with top destinations South Carolina, North Carolina, Tennessee, Arizona, and Florida.
- » For the fourth year in a row, Illinois has the largest percentage of individuals moving out of the state.
- » Tennessee, North Carolina, and South Carolina have consistently been on the list of top inbound states since 2020.
- » Many of the moves revolve around the flexibility of remote work and those choosing to take the route of early retirement.

Illinois Is Top Outbound State for Nine Years in a Row

Since 2014, Illinois has been the top state for outbound moves, according to the Moving Migration Report. Other leading outbound states include New Jersey and Pennsylvania, both of which have remained on the list for more than a decade. Neighbor released information stating that 78% of Americans are reducing their spending this holiday season. With the surge in inflation and

and provide a higher quality of life for their families, people are branching out of expensive states and cities or urban areas.

While houses still sell for top dollar in many areas, the competition has lessened. Many who are listing homes in top metro locations are finding that there are fewer showings than in previous years. The increase in cost is pushing prospective buyers into rural areas for homeownership. With affordability and quality of life top of mind, buyers are more likely to forgo convenience for lower taxes and home prices.

Quality of Life Is the Top Concern for Movers in 2022

After experiencing several years of uncertainty, many are on the hunt for somewhere to settle that

structure during the pandemic, workers realized they could successfully fulfill their work obligations away from the office. Given that, they are choosing to reside in locations where they can get more bang for their buck. Helping to continue the work-from-home trend is the fact that many companies downsized their corporate office space during the pandemic, resulting in less office space for their employees to work from. Whether or not the work-from-home trend will be one the majority of companies ascribe to long-term remains to be seen.

Highest Income Tax States in 2022

Having your residence in certain states requires you to pay a higher income tax than what you are liable for in others. Something the two top outbound states have in common is that they have some of the highest tax rates in the country.

Those in California and New Jersey have long dealt with tax rates that are in the highest percentage in the United States. These levels take away from

“While houses still sell for top dollar in many areas, the competition has lessened.”

the competitive housing market that is currently in play, many are cutting back on expenses to make ends meet. Two of the biggest expenses Americans face are income and property taxes. Reducing those can have a significant impact on a family's budget.

California and New York sit towards the top of the highest cost of living lists in the United States. To find affordable housing

provides a higher quality of life than they previously had. For many, that means finding a home that is nestled in nature and allows for ample outdoor experiences. Relocating to be near family is another factor.

One of the driving forces behind this trend is the continuance of remote work. After numerous companies implemented this

a person's overall income and leave fewer funds for discretionary spending and investments. Owning property, along with property taxes, is part of this equation as well and another top reason for people moving to lower tax liability states.

Top Cities in 2022

Among the top inbound states



in the Moving Migration Report, some cities saw a higher influx of new residents than others. The top cities in 2022 include:

- » Raleigh, North Carolina
- » Charleston, South Carolina
- » Tampa, Florida
- » Jacksonville, Florida
- » Tucson, Arizona
- » Nashville, Tennessee

There are more cities that were high on the list outside of the top states, including some in Minnesota, Ohio, and Texas. Among the similarities between them, the low cost of living and

reasonable housing prices is at the top. In addition, all offer access to year-round outdoor recreational opportunities and activities, or in other words an enhanced quality of life.

Top inbound states uncovered within the map include South Carolina (66%), North Carolina (64%), Tennessee (64%), Arizona (57%), and Florida (56%). Top outbound states include Illinois (65%), California (62%), New Jersey (61%), and Michigan, Pennsylvania, and New York (59% tie).

Considering Neighbor released information stating that 78% of Americans are reducing their

spending this holiday season, coupled with the surge in inflation, states like California and New York have standards of living many Americans can no longer afford.

Top inbound cities uncovered within the map include Raleigh, North Carolina; Charleston, South Carolina; Tampa, Florida; Jacksonville, Florida; Tucson, Arizona; and Nashville, Tennessee. Leading similarities among the cities include low costs of living and reasonable housing prices.

“Across the board, a clear trend of Americans leaving expensive, highly taxed, and cold states for

warmer states with lower tax burdens can be observed, at both the state and city level,” said Ryan Cox, Director of Consumer Channel at North American Van Lines. “It’s a continuation of what we saw in 2021 and 2020. We’re interested to see if these trends continue throughout 2023.”

Overall, the number of moves in 2022 was less than in 2021 and 2020. For the fourth year in a row, Illinois had the most significant percentage of outbound moves, while Tennessee, South Carolina, and North Carolina maintained their spots at the top of the inbound state list since 2020.



Home Prices Falling Nearly Twice as Fast as Condo Prices

A study revealed condo prices are much more resistant to price declines than single-family home prices, with homebuyers opting for more budget-friendly alternatives.

According to a Point2 study, when the pandemic forced many Americans to settle into remote work, single-family homes—preferably with a backyard—became a fast-growing trend for homebuyers. Consequently, homebuyers went into a real house-hunting frenzy, jumpstarting a period of bitter bidding wars and rapidly

escalating asking prices.

Now, single-family home prices that shot into the stratosphere are currently undergoing a dramatic price correction, but the same is not true for condos. After demand for space drove house prices to historic highs, making them unattainable, homebuyers started shifting their attention toward the more affordable option—condos.

As a result, the trend that is becoming increasingly evident is that house prices are falling almost twice as fast as condo prices. The evolution of single-family home and condo prices in the 100 largest U.S. cities shows that increasing demand for condos makes prices in this segment hold up much better than single-family home prices.

House Prices Dropped 8.6% YoY, While Condo Prices Only Decreased 4.4%

Currently, the average house spends 15 more days on the market this year than last year. The

average condo only added nine more days than last year.

House prices decreased in 88 of the 100 largest U.S. cities, with Irving, Texas leading the way with a -22% decline in just a few months. Toledo, Ohio followed suit, with a similar drop. Likewise, in 10 other cities, house prices contracted between -15% and -20% compared to their spring peaks.

Condo prices, on the other hand, only decreased in 65 of the 100 largest U.S. cities. And, while the markets where prices kept growing were fewer, the price increases were much more spectacular: The most significant condo price increase was recorded in Oklahoma City, Oklahoma, at 79%. For comparison, the largest house price increase was a much more subdued 11% in Tulsa, Oklahoma.

The current trend reversal is a direct result of houses—especially big houses—dominating the mindset of buyers throughout the nation for two whole years during the pandemic. The need for space was felt so acutely during the lockdown that renters and even existing homeowners were extremely determined to find more spacious homes to accommodate their new lifestyle.

More than just determined, buyers were also willing and able to pay increasingly more for more space. When interest rates were hovering around 3% (although sustained demand pushed prices higher and higher) buyers still dared to take the plunge.

However, increasing interest rates were the straw that broke the buyers' backs, forcing them to take into consideration the more affordable alternative. Those who still wanted to make the move to homeownership were now choosing condos over houses.

Since Spring Peak, Condo Prices Declined in Only 65 Cities, but Single-Family Home Prices Fell in 88 Large Cities.

The largest condo price drop was Stockton's -29%, while the biggest single-family home price drop was Irving's -22%.



After their spring peak, prices started decreasing, revealing the new market conditions: While the pandemic may have dictated the race for space that fueled the buying frenzy of 2020 and 2021, new mortgage rates are dictating a shift in preferences.

When it comes to condo prices, the decreases were far less generalized than single-family home price drops, but slightly more consistent, with the top 10 steepest decreases ranging between -15% and -29%. For instance, in Stockton, California (the city with the biggest drop) condo prices fell from \$252,500 in May to \$180,000 in October. Plus, condo prices contracted more than 20% in four other cities: Raleigh, North Carolina; New Orleans; Omaha, Nebraska; and Glendale, Arizona— which saw condo price drop -21% to -25%.

Zooming in on the cities with the most significant single-family home price contractions, some of them displayed dramatic differences: the median single-family home price in Irving, Texas went from \$450,000 in May to \$353,000 in October following a -22% contraction. Further north, Toledo, Ohio experienced a similar contraction—but here, house prices dropped from nearly \$125,000 to \$100,000. Our analysis also revealed 10 other large cities where house prices fell between 15% and 18%.

Record-low mortgage rates, remote work, and the need for more space fueled the pandemic's housing boom. But now, record-high rates and inflation—coupled with historic-high prices and market volatility—are all forcing a real cooldown in America's largest housing markets.

Price Increases Point to Same Trend of Growing Demand for Condos

In Oklahoma City, Oklahoma, condo prices jumped an astounding 79% since May. At the same time, the biggest price increase for single-family homes was 11% in Tulsa, Oklahoma.

The price correction that started to ripple through the

market in the spring engulfed most large cities. Even so, both condo prices and single-family home prices kept rising in some markets. If the generalized price contractions make sense given the current economic conditions, the cities and markets where prices adamantly continue to grow are quite the outliers.

That said, even price increases follow the same two-speed market pattern: condo prices are growing faster, thereby supporting the idea that demand for condos is outstripping demand for single-family homes.

Condo prices kept rising in 33 of the 100 largest cities, whereas single-family home prices only continued their upward trajectory in 10 cities. Additionally, while single-family home prices barely went up more than 10% in just one large city, condos recorded price jumps of up to 80%.

The state that stands out in this category was Oklahoma. In particular, Tulsa experienced the biggest price increases for single-family homes of all the cities in the analysis, and Oklahoma City recorded the sharpest spike in condo prices. Plus, these numbers were all the more spectacular because home prices are generally on a descending slope.

Aside from Oklahoma City, condo prices increased by more than 10% in nine other markets, with Tampa, Florida trailing Oklahoma City with an impressive growth of its own: condo prices in Tampa went up 40%—from a median of \$257,500 in May to \$360,000 less than half a year later.

Both the price increases and especially the price contractions swiping the housing market show that buyers aren't giving up on their homeownership dreams, but merely adjusting them to fit the new, harsher market conditions. Although the need for more space is still buyers' main driver, affordability concerns are starting to take precedence. Because of the rising mortgage rates, single-family homes are becoming increasingly unaffordable for homebuyers across the nation, making condos the next best thing.

Housing Forecast Dusts Off the Word 'Depreciate'

Veros Real Estate Solutions' forecast anticipates that home prices will overall turn negative and depreciate by the end of 2023—entering negative territory for the first time in more than a decade.

The latest quarterly forecast from Veros Real Estate Solutions, an enterprise risk management and collateral valuation service company, now anticipates that home prices will overall turn negative and depreciate by 0.5% by the end of 2023—this is a significant change from the last forecast during the third quarter which predicted a 1.5% annual appreciation by the end of 2023.

This is the first time Veros' forecast has been in negative territory in over a decade.

VeroFORECAST monitors and utilizes data from the top 318 largest housing markets covering 987 counties or 82% of U.S. residents.

"This decrease to an average depreciation of -0.5% over the next 12 months is the first time in over a decade that Veros' average house price forecast has gone negative," said Eric Fox, Veros' Chief Economist. "The last time that the annual forecast was expected to be negative was in 2012 following the aftermath of the previous housing market crash. Though average depreciation is expected now, the fundamentals of the U.S. housing market in 2023 are much better than

they were a decade ago. This is not going to be a repeat of what we saw in 2007–2008."

Extreme depreciation is not expected at this time, though the softening market is a stark contrast to what has been experienced in the previous couple of years.

"Interestingly, many markets which were the big housing market winners of the past year or two are now forecast to be some of the worst-performers including San Francisco, Seattle, Austin, Boise, San Jose, and Las Vegas," Fox continued. "These markets are all expecting depreciation over the next 12 months, which will range from -5% to -7%"

The 10 strongest performing markets in the country forecast over the next 12 months are only forecast to appreciate at the 4% to 6% level, which is down significantly from what the top performing markets were expected to do just a year or two ago.

The 10 least performing markets over the next 12 months had the most notable changes. In last quarter's forecast, there were five markets forecast to depreciate. However, now all these 10 markets are forecast to depreciate in the next year.



Home Sales Slump as November Marks Biggest Decline on Record

An uptick in mortgage rates in November caused sales and prices to slow, but experts say there are early signs that housing demand may be creeping back around.

According to a report from Redfin, home sales fell 35.1% year over year in November on a seasonally adjusted basis—the largest decline in Redfin’s records dating back to 2012.

Home-price growth also lost momentum, as the median U.S. home-sale price rose just 2.6% from a year earlier, the smallest gain since May 2020—when the onset of the coronavirus pandemic brought the housing market to a near halt.

New data showed the housing market continued to cool in November as elevated housing costs kept buyers and sellers on the sidelines. New listings also slumped 28.4% year over year, the biggest drop on record aside from April 2020. Despite the decrease in listings, overall supply rose 4.6% from a year earlier—a sign that

homes lingered on the market as demand ebbed. On average, the typical for-sale home took 37 days to go under contract, up from 23 days a year earlier.

Metro-Level Highlights: Pandemic Boomtowns, Pricey Coastal Cities Drove Market Slowdown

- » **Home sales:** Pandemic boomtown Las Vegas saw the biggest drop in home sales, down 51.8% year over year in November. Next came San Jose, California (-50.1%); Salt Lake City (-49.9%); Stockton, California (-49.8%); and Oxnard, California (-48.7%).
- » **Prices:** Eleven metros saw year-over-year declines in median sale prices, with San Francisco leading the drop (-11.1%). It was followed by San Jose, Detroit, Pittsburgh, and Boise, Idaho, all

- down between 2% and 3%.
- » **Supply:** Pandemic boomtowns North Port, Florida, and Tampa led an increase in the number of homes for sale, with active listings rising 61.3% and 46.1%, respectively. Next came Nashville, Tennessee (45.1%), New Orleans, Louisiana (40.2%), and Seattle (39.2%). Florida metros likely topped the list because Hurricane Ian drove people to sell their homes; North Port and Cape Coral, another area hit by the storm, were the only two metros where new listings rose monthly in November. However, experts say there are early signs that demand may be starting to creep back as mortgage rates fall. There was a slight downtick in the portion of home-purchase agreements that were canceled in November, and mortgage applications and Redfin’s Homebuyer Demand Index have both been on the rise.
- “The worst of inflation is likely in the rearview mirror,” Redfin Economics Research Lead Chen Zhao said. “We do anticipate that

mortgage rates will decline slightly further in 2023 as the Fed’s actions continue to bring inflation down, which should ultimately bring more homebuyers back to the market. Still, we have a ways to go until we reach recovery mode, and we may see sales continue to ebb in the short term.”

Mortgage rates reversed course in late November, dropping below 6.5% after soaring to the highest level in roughly two decades at 7.08% earlier in the month, but they’re still twice as high as they were a year ago. The recent decline was driven by signs of easing inflation, which prompted the Federal Reserve to slow the pace of interest-rate hikes. But the Fed signaled that it has more work to do to quell inflation and isn’t yet finished raising rates.

“Prospective buyers in places like San Francisco and Austin, where prices have already fallen from a year ago, should pay close attention to a potential turnaround,” Zhao said. “It could be the time to take action as demand and competitive offers could pick up in the coming months.”



Consumer Housing Sentiment Reports Show Slight Improvement

Fannie Mae's latest Home Purchase Sentiment Index reverses course, picking up from the previous month's lows.

Finishing up Fannie Mae's Home Purchase Sentiment Index (HPSI) dataset for 2022, year-end data for December showed the index increased 3.7 percentage points, settling at a rate of 61%—a number just above the HPSI low set in October 2022.

Of the Index's six major components, three of them improved month over month—those being homebuying conditions, mortgage rate outlook, and job security—while the others fell.

Just 21% of survey respondents

believe it is a “good time to buy a home,” likely due to high mortgage rates and still-high home prices; this number is up from 16% in November. However, the percentage of respondents who believe it is a good time to sell a home decreased from 54% to 51% month over month.

On the topic of home price expectations, the percentage of respondents who say home prices will go up over the next year remains unchanged at 30%, while the percentage of those who say home prices will go down

increased to 37% from 34%.

The percentage of respondents who say mortgage rates will go down in the next year increased from 10% to 14%, while the percentage who expect mortgage rates to go up decreased to 51% from 62%.

Survey respondents were also found to be less pessimistic about their job security as compared to last month as the percentage of those who are worried about losing their job during the next year decreased from 21% to 17%.

Year over year, the index in total is down 13.2 points.

“In December, the HPSI inched upward slightly, as consumers reported increased expectations that mortgage rates and home prices may decrease over the next

year—perhaps reflecting recently observed declines in mortgage rates and average home prices,” said Doug Duncan, Fannie Mae's SVP and Chief Economist. “However, the HPSI remains very low by historical standards, particularly the ‘good time to buy’ component, and respondents continue to cite high home prices and unfavorable mortgage rates as the primary reasons for their pessimism.”

“As we enter 2023, we expect affordability to remain the top challenge for potential homebuyers, as even small declines in rates and home prices—from the perspective of the buyer—may not produce sufficient purchasing power,” Duncan concluded. “At the same time, existing homeowners may continue to wait to list their properties, since many have already locked in lower mortgage rates, creating minimal incentive to sell and buy again until rates are more favorable. We think the resulting tension will contribute to a continued decline in home sales in the coming months.”



Expanding Black Immigrant Homeownership Opportunities

Looking at Black immigration and homeownership nationwide, a study from the Joint Center of Housing Studies revealed that in many states, immigrants make up high shares of all Black households.

A study from the Joint Center for Housing Studies expands on efforts to close the historically large Black-white homeownership gap, as new data showed that many Black households are headed by immigrants, particularly in the Northeast, Texas, and Florida. Commentary from Postdoctoral Fellow Sharon Cornelissen further details nationwide figures and methods of increasing Black immigrant homeownership opportunities.

In “Black Immigrant Homeownership: National Trends and the Case of Metro Boston,”

a new working paper JHCS co-authored with Raheem Hanifa, American Community Survey data was used to highlight the growing number of Black immigrant households and Black immigrant homeowners specifically. In the paper, it’s also explored how these trends are playing out in greater Boston.

Looking first at Black immigration and homeownership across the nation, the paper shows how, in many states, immigrants make up high shares of all Black households. Nationwide, one in eight Black households (12%, or two million households) is headed by someone who was born abroad.

Immigrants Make up High Shares of Black Households in Some States

Many of these Black immigrant households have become homeowners. The national homeownership rate of Black immigrants (42.1%) is similar to the rate of native-born Black households (41.7%) but both rates represent a significant gap of around 30% below the white homeownership rate. At the same time, homeownership rates differ widely between Black immigrant groups. Less than 10% of Black households headed by a person born in Somalia own homes, compared to 56% of those headed by a person born in Jamaica. JHCS highlighted the unequal extent to which different Black immigrant groups attain homeownership and identify possible explanations behind these differences, considering the impact of geographic location, as well as the role of country of

origin, age structures, and immigration histories.

The paper then zooms in on Black immigrant homeownership in Massachusetts as a case study of a state where many Black households have immigrated. In Massachusetts, fully 46% of all Black households are headed by someone born in another country. Immigrants also make up high shares of Black households in other large states such as Florida (28%) and New York (36%).

JHCS compared mobility trends at the municipal level both within and outside of the city of Boston, to show how the suburbs are playing an increasingly important role in Black immigrant homeownership opportunities. Findings also show how immigrant groups are geographically concentrated in a small number of communities throughout eastern Massachusetts, with some suburban cities having specialized as “ethnoburbs” that house specific immigrant groups.



Mortgage Monitor: Rate Locks Drop to Five-Year Low

The latest Mortgage Monitor Report published by Black Knight revealed that, even amid typical seasonal downturns, rate lock volumes declined to record lows in year-end data.

The latest Mortgage Monitor Report published by Black Knight's Data and Analytics division revealed that even amid typical seasonal downturns, rate lock volumes declined 19.4% in December 2022 as still-elevated mortgage rates sidelined masses of potential homeowners.

According to Kevin McMahon, President of Black Knight's Optimal Blue division, rate lock volumes fell to their lowest levels in the five years that Optimal Blue has been tracking this metric. This decline was driven by a 20.5% drop in purchase locks, "reflecting the strong impact of seasonality and affordability pressures."

In addition, refinance activity continued to fall by double

digits, as cash-out and rate/term refinances are down 87% and 93% year over year, respectively.

"Mortgage rates declined through the first half of December but reversed course as the Fed doubled down on their stance of additional tightening in 2023. The spread between mortgage rates and the 10-year Treasury yield narrowed another 22 basis points during the month to 264 basis points, which is 40 basis points off the recent high, but is still up 81 basis points for the year."

"Using Black Knight's McDash mortgage performance data to provide comparative history, December saw the fewest purchase locks in a single month since early 2014, and the fewest overall rate locks on record dating back to January 2000 when

Black Knight began reporting origination metrics," McMahon continued. "The number of mortgage holders locking in a rate to refinance their existing mortgage also set a new record low for the fourth consecutive month."

Other data highlighted by Black Knight includes:

- » Purchase locks fell 20.5%, while rate/term refs dropped 11.2% and cash-out refs were down 14.1%, with total refinance locks making up 16% of the month's overall activity.
- » Optimal Blue Mortgage Market Indices from Black Knight showed 30-year rates dipping below 6.25% in mid-December before reversing course to finish the month at 6.52%, roughly even with the previous month.
- » Seasonal headwinds combined with interest rate and affordability pressures continue to challenge purchase lending, with the dollar volume of such locks down 45.9% over the past three months and down 48.9% from December 2021.
- » Purchase lock counts—which

exclude the impact of home price changes—were down 47% year over year with total rate lock counts down nearly 70% over that same span.

- » Using Black Knight's McDash mortgage performance data to provide comparative history, that represents the fewest purchase locks in a single month since early 2014, and the fewest overall rate locks on record dating back to January 2000 when Black Knight began reporting origination metrics.
- » The number of mortgage holders locking in a rate to refinance hit a record low for the fourth consecutive month in December and is now more than 50% below the previous record low set back in July 2000.
- » Credit scores for cash-out refinances rose five points to 691 (down 34 points over the past 12 months) and fell four points for rate/term refinances but remained unchanged for purchase transactions.



Kansas Town Ranks as Zillow's Most-Searched Market in 2022

A study of the nation's most searched markets found the town of Prairie Village at the top of its popularity rankings.

According to a data analysis from Zillow, Prairie Village, Kansas, came in as the most searched market of 2022, showcasing continued interest in the Midwest region, marking a dramatic shift from 2021's predominantly leaders from West Coast.

Using Zillow page-view traffic, available housing inventory, price appreciation, sales data, and other housing metrics that indicate consumer demand, Zillow analyzed thousands of ZIP codes within the nation's 100 largest metropolitan areas to create a ranking of the site's most popular U.S. cities.

Through their analysis, Zillow ranked the nation's top markets in several categories, including Most Popular Overall, Most Popular Large City, Most Popular Vacation Town, Most Popular Seaside Town, Most Popular Retirement Town, Most Popular Small Town, and Top College Town.

"The most popular places on Zillow showcase a few trends we've noticed over the course of the year—most notably that affordability has become the chief driver of the market, said Anushna Prakash, Economic Data Analyst at Zillow. "The Midwest and most Northeastern markets saw relatively small run-ups in home values over the course of the pandemic and now are still affordable enough for residents to shop in."

The shift from fully remote to hybrid working situations may have played a factor in the Zillow searches as well.

While the percentage of employees working remotely all or most of the time is lower than in the

early pandemic, the share working from home at least some of the time is now much higher, according to Pew Research. This may help explain the higher popularity in 2022 of vacation spots and small towns within a somewhat reasonable, occasional commute to downtown employment centers.

Most Popular on Zillow Overall: Prairie Village, Kansas

An upscale suburban community just minutes from downtown Kansas City, Prairie Village jumped to the top of Zillow's popularity rankings with site-leading page views of for-sale listings per day. Established on the Kansas-Missouri state line and featuring several activity-filled

parks, posh shops, and restaurants, Prairie Village also tops Zillow's popularity rankings for small towns.

"I think when most people are looking at houses, they are looking at building a home, and that goes beyond the four walls of the structure you live in and expands to the community," said Earvin Ray, Owner of Ray Homes in Kansas City. "Prairie Village offers the trifecta of beautiful homes, a spectrum of accessible price points, and great amenities, such as highly rated schools, community events, and local shopping."

The Kansas City metro area is one of several Midwest markets still seeing robust competition for houses because they're relatively affordable. Mortgage costs as a share of income and the years needed for renters to save up for a down payment are far lower than the national average.

Rounding out the top three overall on Zillow in popularity were Derry, New Hampshire, and Bon Air, Virginia.

Most Popular Large City: Grand Rapids, Michigan

Grand Rapids, Michigan, topped Zillow's popularity chart among cities with populations greater than 200,000, driven by category-leading page views per listing and relatively affordable homes. A wide selection of breweries and a growing local foodie scene are putting Grand Rapids on the map for connoisseurs.

Richmond, Virginia, landed in second place, while Omaha, Nebraska, took third. The three top results led the category for page views per listing, and all feature typical home values significantly lower than the national average of \$357,733.

Most Popular Seaside Town: Beverly, Massachusetts

The Boston suburb of Beverly, Massachusetts, features miles of coastline and easily accessible public parks. Gloucester,





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Massachusetts, and Newport, Oregon (the most popular beach town in 2021), ranked second and third for similar reasons.

Most Popular Retirement Town: Dunedin, Florida

With Dunedin's location on the Gulf Coast west of Tampa, the town features local access to plenty of waterfront parks and country clubs. Florida is home to the top three cities in the category, with Sarasota placing second, and St. Pete Beach in third. Demand for homes has surged in Florida throughout the pandemic.

Most Popular Small Town: Windham, New Hampshire

Windham, New Hampshire, a bedroom community outside

Boston, scored highest on Zillow's index after Prairie Village. Typical home values of \$738,574 in Windham are higher than in the Boston metro area (\$643,642). Zillow defined "small towns" as cities with populations between 15,000 and 25,000. Hockessin, Delaware, located outside Philadelphia, followed Windham for second place.

Most Popular Vacation Town: Lavallette, New Jersey

A popular summer vacation destination for dwellers of nearby New York, Lavallette, New Jersey, features long, sandy beaches for swimming, surfing, and fishing in the Atlantic; space for bocce, tennis, and rollerblading; and opportunities for crabbing, sailing, and other water sports in

Barneget Bay.

Vacation areas have seen a surge in popularity throughout the pandemic as remote work makes them viable for visits longer than just weekends and holidays. Applications for mortgages in vacation areas rose 30% from 2019 to 2020, with activity concentrated around mountains and coasts, according to a Zillow analysis of Home Mortgage Disclosure Act data.

Indian Rocks Beach, Florida, and South Lake Tahoe, California, followed Lavallette in Zillow's results in the Most Popular Vacation Town category.

Top College Town: Tempe, Arizona

Part of the Phoenix megaplex, Tempe is home to Arizona State University. Reigning as Zillow's

Top College Town for the second year in a row, the city is home to the second-highest total number of rental listings among college towns studied, after Cambridge, Massachusetts, and has one of the largest populations of undergraduate and graduate college students.

Smithfield, Rhode Island, where Bryant University is located, came in second place; while Bowling Green, Ohio, home of Bowling Green State University, landed third.

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CFPB Survey Reveals Household Financial Health Is Declining

With housing affordability remaining an issue nationwide, the CFPB’s Making Ends Meet report—an annual survey of consumer financial health—shows many downtrends in consumers’ ability to repay their debts.

The Consumer Financial Protection Bureau (CFPB) has released a new Making Ends Meet report covering the financial health of American households. Since 2019, the annual Making Ends Meet consumer surveys showed improvement in financial health during the first few years of the COVID-19 pandemic, due in part to a tight labor market, reductions in consumer spending, and access to pandemic-related relief programs.

However, new data from early 2022 revealed a decline in several key measures, as well as a rapid deterioration in financial health for Hispanic consumers, consumers under the age of 40, and low-income renters. In addition, while

unemployment remains low, more than 37% of households were unable to cover expenses for longer than one month if they lost their main source of income.

The 2022 survey was mailed to a sample of consumers in January, with responses collected between January and March. Utilizing data collected from the survey, as well as from the CFPB’s Consumer Credit Panel, the report focused on several measures of consumer financial health, including:

- » The CFPB’s financial well-being score, which serves as a comprehensive measure of overall subjective financial well-being
- » Whether households had difficulty paying bills and expenses in the previous year

- » How long households could cover expenses if the main source of income was lost
- Many consumers are not financially prepared for a disruption to their main source of income, even as unemployment remains low, according to report findings. Nearly 37% of households report that they could not cover expenses for longer than one month, even with accessing savings, borrowing money, selling assets, or seeking help from family and friends. The report also finds that, in 2022, 1 in 8 households also experienced lost income from unemployment or reduction in work hours, and roughly one-third of households experienced a major unexpected expense, including vehicle repair, unexpected medical expense, or a household repair.

The report discusses how consumers also faced frequent income uncertainties, as income variability increased sharply from 2021 to 2022. The increase was particularly large for Hispanic consumers and consumers under

age 40. Also, while racial and ethnic groups applied for credit at similar rates, Black and Hispanic consumers were more likely to be turned down or not receive as much credit as they requested. Black and Hispanic consumers were also much less likely to apply for credit in the first place because they believed they would be turned down.

Among renters, 31% missed at least one rental payment in the previous year and approximately 8% were not current on their rent as of February 2022. Yet only 6% of renters had received rent payment or flexibility since the pandemic began.

Nearly 18% of student loan borrowers have annual incomes under \$125,000 and loan balances under \$10,000. Under the Department of Education’s proposal for student debt relief, currently on hold due to pending litigation, borrowers with federal student loans who meet these criteria would have their entire student debt balance forgiven.

Wells Fargo to Pay \$3.7B as Part of CFPB Agreement



“This far-reaching agreement is an important milestone in our work to transform the operating practices at Wells Fargo and to put these issues behind us,” said Charlie Scharf, Wells Fargo’s CEO.

The Consumer Financial Protection Bureau (CFPB) has reached a final agreement with Wells Fargo, which has been ordered to pay \$3.7 billion for the widespread and systemic abuse of customers through misapplied loan payments, wrongfully seized homes and vehicles, adding extraneous fees or incorrectly applying interest rates which resulted in losses for over 16 million consumer accounts.

The total judgment amount consists of a \$1.7 billion civil fine and \$2 billion to consumers hurt by Wells Fargo. The fine will go to the CFPB’s Civil Penalty Fund, where it will be used to provide relief to victims of consumer

financial law violations. Of the \$2 billion in restitution, \$1.3 billion will go toward auto lending accounts, \$500 million to deposit accounts, and \$200 million to mortgage accounts.

“Wells Fargo’s rinse-repeat cycle of violating the law has harmed millions of American families,” CFPB Director Rohit Chopra said. “The CFPB is ordering Wells Fargo to refund billions of dollars to consumers across the country. This is an important initial step for accountability and long-term reform of this repeat offender.”

The CFPB’s specific findings include that Wells Fargo:

- » **Unlawfully repossessed vehicles and bungled bor-**

rower accounts: Wells Fargo had systematic failures in its servicing of automobile loans that resulted in \$1.3 billion in harm across more than 11 million accounts. The bank incorrectly applied borrowers’ payments, improperly charged fees and interest, and wrongfully repossessed borrowers’ vehicles. In addition, the bank failed to ensure that borrowers received a refund for certain fees on add-on products when a loan ended early.

- » **Improperly denied mortgage modifications:** During at least a seven-year period, the bank improperly denied thousands of mortgage loan modifications, which in some cases led to Wells Fargo customers losing their homes to wrongful foreclosures. The bank was aware of the problem for years before it ultimately addressed the issue.

- » **Illegally charged surprise overdraft fees:** For years, Wells Fargo unfairly charged surprise overdraft fees—fees charged even though consumers had enough money in their account to cover the transaction at the time the bank authorized it—on debit card transactions and ATM withdrawals. As early as 2015, the CFPB, as well as other federal regulators, including the Federal Reserve, began cautioning financial institutions against this practice, known as authorized positive fees.

- » **Unlawfully froze consumer accounts and misrepresented fee waivers:** The bank froze more than 1 million consumer accounts based on a faulty automated filter’s determination that there may have been a fraudulent deposit, even when it could have taken other actions that would have not harmed customers. Customers affected by these account freezes were

unable to access any of their money in accounts at the bank for an average of at least two weeks. The bank also made deceptive claims as to the availability of waivers for a monthly service fee.

The agreement also forces Wells Fargo to immediately stop charging surprise overdraft fees and ensure that the unused portion of GAP insurance contracts is refunded to the borrower when a loan is paid off or otherwise terminates prematurely.

The CFPB also calls Wells Fargo a “repeat offender” as they have been the subject of multiple enforcement actions in the past for other violations including faulty student loan servicing, mortgage kickbacks, fake accounts, and harmful auto loan practices.

In a prepared statement issued after the deal was announced, Wells Fargo said that current leadership has made “significant progress to transform Wells Fargo.” “As we have said before, we and our regulators have identified a series of unacceptable practices that we have been working systematically to change and provide customer remediation where warranted.

This far-reaching agreement is an important milestone in our work to transform the operating practices at Wells Fargo and to put these issues behind us,” said Charlie Scharf, Wells Fargo’s CEO. “Our top priority is to continue to build a risk and control infrastructure that reflects the size and complexity of Wells Fargo and run the company in a more controlled, disciplined way.”

“We have made significant progress over the last three years and are a different company today,” Scharf said. “We remain committed to doing the right thing for our customers and working closely with our regulators and others to deal appropriately with any issue that arises.”



Senate Passes VA Appraisal Modernization Measure

Under HR 7735, servicemembers, veterans, and their families will have increased access to more affordable, sustainable homeownership opportunities through the Department of Veterans Affairs.

The U.S. Senate has announced the passage of HR 7735, the Improving Access to the VA Home Loan Benefit Act of 2022.

Under the terms of HR 7735, sponsored by Sen. Dan Sullivan and Rep. Mike Bost, the VA will be required to:

- » Issue certification requirements for appraisers;
- » Execute minimum property requirements;
- » Review the process for selecting and reviewing comparable sales;
- » Implement quality control processes;
- » Establish the Assisted Appraisal Processing Program; and
- » Establish the use of waivers or other alternatives to existing appraisal processes.

"MBA applauds the Senate for passing—by unanimous consent—this bill that helps to ensure our nation's servicemembers, veterans, and their families have access to more affordable, sustainable homeownership opportunities through the Department of Veterans Affairs' (VA) Home Loan Program," said Bob Broeksmit, CMB, President and CEO of the Mortgage Bankers Association (MBA). "The enactment of this MBA-endorsed legislation will now help streamline the homebuying process for veterans and their families by requiring the VA to update its home appraisal rules and program guidelines. To the benefit of buyers and lenders, the VA will now be required to encourage hybrid appraisals, employ emerging technologies, and revisit

policies on property inspection waivers, minimum property requirements, and comparable sales."

The VA home loan program has allowed millions of servicemembers, veterans, and their families the opportunity to become homeowners, a benefit that has empowered U.S. veterans with the resources they need to purchase, retain, and adapt homes at a competitive interest rate and helps to ease the transition from active duty to civilian life. While VA's home loan program has historically performed well and assisted many nationwide in achieving homeownership, it has not kept pace with today's

homebuying practices in certain ways. Veterans using a VA home loan are required to have an in-person appraisal performed by a VA-approved appraiser before purchasing their home. However, there are often long wait times for the relatively few VA-approved appraisers to become available to perform these appraisals, resulting in veterans being forced to wait longer to complete the homebuying process and move into their new home.

"VA home loans have given millions of veterans and their families the opportunity to purchase a home," Rep. Bost said. "Yet, on average, veterans wait longer and pay more during the closing process due to VA's out-of-date appraisal requirements. That's why I am introducing the Improving Access to the VA Home Loan Act of 2022 with my friend, Senator Dan Sullivan. This bill will make sure that veterans

are not unfairly disadvantaged during the home buying process and allow for a modern, digital appraisal process, which will get them into their new home faster."

The U.S. House of Representatives passed HR 7735 back in mid-September and now moves on to the desk of President Biden for his signature.

"We commend the bill's author, House Veterans' Affairs Committee Ranking Member Mike Bost, and the Senate companion's lead sponsors, Senators Dan Sullivan and Jacky Rosen, for introducing and helping to pass the proposal in a broad, bipartisan manner in both the House and Senate," Broeksmit added. "MBA also commends current House Veterans' Affairs Committee Chairman Mark Takano, and the Senate Veterans' Affairs Committee Chairman and Ranking Member, Jon Tester and Jerry Moran, for the key roles they played to help advance HR 7735."

"VA home loans have given millions of veterans and their families the opportunity to purchase a home. Yet, on average, veterans wait longer and pay more during the closing process due to VA's out-of-date appraisal requirements."

—Rep. Mike Bost

FHFA Imposes More Fannie/Freddie Oversight

Fannie Mae and Freddie Mac will now need Federal Housing Finance Agency approval—and possibly public comment—before offering new products, in order to ensure safety and soundness standards.

Due to Freddie Mac and Fannie Mae's status as government-sponsored enterprises (GSEs), the Federal Housing Finance Agency (FHFA) has announced a new rule to protect the public and maintain high standards of financial safety and soundness.

According to an announcement from the FHFA, the GSEs will have to provide advance notice to the agency—and receive approval—before offering any new products or services. The final rule defines what

categories of activities would be considered “new,” and the FHFA will determine if such new products or services rise to the level of needing public comment.

The rule also establishes a public disclosure requirement, requiring the FHFA to publish its determinations on requested new activities or services.

“The final rule clarifies how FHFA will conduct assessments of new activities and products proposed by the Enterprises,” Director Sandra L. Thompson said.

“Enterprise activities can have significant effects on the mortgage market, consumers, and industry stakeholders, and today’s rule further refines FHFA’s process to ensure activities continue to serve the Enterprises’ mission while maintaining high standards of safety and soundness.”

The final rule implements Section 1321 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by Section 1123 of the Housing and Economic Recovery Act of 2008.

Ginnie Mae MBS Portfolio Continues to Grow

Ginnie’s November new MBS issuance supports the financing of more than 122,000 households nationwide, including more than 55,600 first-time homebuyers.

Ginnie Mae’s mortgage-backed securities (MBS) portfolio outstanding grew to \$2.325 trillion in November of 2022, including \$36 billion of total MBS issuance for November, leading to \$23 billion of net growth.

November’s new MBS issuance supports the financing of more than 122,000 households, including more than 55,600 first-time homebuyers. Approximately 69% of November MBS issuance reflects new mortgages that support home purchases, as refinance activity remained slowed due to higher

mortgage rates. The November issuance includes \$34.22 billion of Ginnie Mae II MBS and \$1.82 billion of Ginnie Mae I MBS, including approximately \$1.71 billion in loans for multifamily housing.

“Monthly issuance of Ginnie Mae MBS is returning to historic patterns, consisting of primarily purchase money transactions supporting tens of thousands of households in achieving first-time homeownership,” Ginnie Mae EVP and COO Sam I. Valverde said.

Ginnie Mae attracts global capital into the housing finance system

to support homeownership for veterans and millions of homeowners throughout the country.

The Mortgage Bankers Association’s (MBA) most recent monthly Loan Monitoring Survey found the total overall number of loans currently in forbearance remained flat relative to the prior month at 0.70% as of November 30, 2022. Ginnie Mae loans in forbearance increased five basis points to 1.46% in November 2022, up from 1.41%.

“There were pockets of weakness in the November data, despite the forbearance rate remaining unchanged and the overall loan performance of serviced loans staying mostly flat,” said Marina Walsh, CMB, MBA’s VP of Industry Analysis.

“The forbearance rate for Ginnie Mae loans increased for the fourth consecutive month, and the overall performance of the portfolio declined for the third consecutive month. Furthermore, the performance of government post-forbearance workouts also weakened.”

Ginnie Mae’s MBS programs directly support housing finance programs administered by the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), the U.S. Department of Housing and Urban Development’s (HUD) Office of Public and Indian Housing, and the U.S. Department of Agriculture’s Rural Housing Service (USDA).



FINAL THOUGHTS

Bridging the Appraisal Gap

“racial undervaluation”

Jonathan Liles, Senior Financial Analyst for the FHFA, details references to race in appraisals and the importance of appraisals in the discussion of wealth inequality.

“lack of visibility”

Mike Seminari, Director of Customer Experience, STRATMOR Group, on the inefficiency and overall lack of control that is often associated with the appraisal process.

“strengthening equality”

National Urban League President and CEO **Marc H. Morial** discusses racial discrimination in the home appraisal industry and how it is a significant barrier to economic equity.

“encouraging hybrid appraisals”

Bob Broeksmit, CMB, President and CEO of the Mortgage Bankers Association, on the enactment of the MBA-endorsed legislation that will help streamline the home buying process for veterans and their families by requiring the VA to update its home appraisal rules and program guidelines.

“drawing conclusions”

Justin Contat, FHFA Senior Economist, discusses how the new aggregate statistics collection is being used to establish better understanding about fair lending, appraisal values, and sizes of homes.



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