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MARCH 2023

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MORTGAGE MADNESS

Still hampered by high mortgage rates and tight supply, will the spring/summer housing market bring homebuyers back off the sidelines?

ALSO
IN THIS
ISSUE

The Automation Revolution Reaches a New Phase

Most lenders have automated much of the front end of their processes, and now, Robotic Process Automation (RPA) technology is helping to automate the in-between functions.

Op-Ed: Respect the Black Dollar

Tai Christensen of Arrive Home explains why now is the time for the Black community to shift their spending and invest in the American Dream of homeownership.

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A New Chapter

Beginning in April, both *MReport* and its sister publication *DS News* will join forces and become *MortgagePoint*, launching a new chapter in mortgage finance news coverage brought to you by the Five Star Institute. Each month, we will still bring you all the latest in the mortgage finance and loan origination markets, along with the latest in the investment, default servicing, REO, foreclosure, legal, and loss mitigation spaces. *MortgagePoint* will serve as your one-stop shop for all breaking news and all things relevant that impact your daily business.

This month, in the final issue of *MReport*, we look back on the past decade-plus of industry coverage. Launched as a spinoff and sister publication to *DS News*, the Five Star Institute brought *MReport* to life to focus on the “front half” of the industry, spotlighting lending and originations, while *DS News* would concentrate on the default servicing sector of the mortgage landscape.

Also this month, Phil Britt examines the nation’s spring home buying season in “Back in the Game?” Is the time near where rates will dip enough for prospective buyers to again enter the homebuyer market? Will those hampered by affordability issues and a volatile economy reach a point where they can break these impediments which constrain them? Turn to page 20 to find out what the experts have forecast for Q2 2023 and beyond in the U.S. housing sector.

And as the industry preps for the potential of a buyer’s market, the emergence of eSignatures, remote online notarization (RON), and eNote technologies will lead the way in expediting the mortgage process in the future. In his piece “This Year, Expect and Prepare for a Digital Revolution in Mortgage Industry,” Kosta Ligris—CEO and Founder of digital mortgage platform Stavvy—explains how the digital revolution will relieve mortgage professionals of tedious, robotic tasks, and allow for professionals to focus their energy on what they’re best at, building customer relationships and helping their clients attain the American Dream of Homeownership.

We take an even deeper dive into the digital mortgage revolution with Jimmy Lewis and Sridhar Loganathan of TrueFocus Automation, as they present their co-authored piece, “The Automation Revolution Reaches a New Phase.” Lewis and Loganathan explain how the industry is embracing Robotic Process Automation (RPA) technology to its fullest potential.

And as we close out February’s celebration of Black History Month, Tai Christensen of Arrive Home explains why the Black community should shift their spending and invest in homeownership in her op-ed piece beginning on page 32 titled, “Respect the Black Dollar.” In her piece, Tai explains why now is the time for the Black community to make a dynamic shift in its spending patterns and place critical importance on investing in their families and communities, and to build wealth through homeownership.

You will find all of this and more in the March 2023 issue, the final issue of *MReport*.

We all hope you enjoyed the ride that was *MReport* over the past 10-plus years, and we look forward to bigger and brighter things as the market continues to evolve as does our coverage of it with *MortgagePoint* beginning next month.

Sincerely,

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Editor-in-Chief



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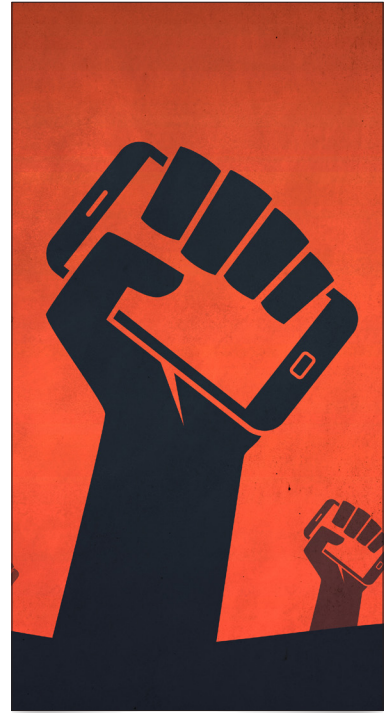
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Who's moving on and who's moving up in the industry.





Pioneering New Tech Advances

As the tech evolution continues, the following companies are embracing this wave of next generation programs and products as the industry steps closer to an all-digital mortgage process.

Streamlining the Home Buying Journey

CORELOGIC ANNOUNCES THE ACQUISITION OF ROOSTIFY

Irvine, California-based CoreLogic—a provider of global property information, analytics, and data-enabled solutions—has acquired Roostify, a digital mortgage technology provider.

“CoreLogic is committed to driving innovation throughout the mortgage manufacturing process,” said Jay Kingsley, President, Mortgage Solutions at CoreLogic. “We sit on an incredible amount of data, analytics, and essential

workflow solutions that, when properly integrated into the loan lifecycle, can deliver a better mortgage experience for borrowers as well as lenders. The Roostify acquisition will unlock our ability to quickly execute on this mission.”

By integrating Roostify’s digital mortgage tech platform with CoreLogic’s data, analytics, and workflow solutions, clients will gain critical information about borrowers and properties at the beginning of the loan process, saving both time and money. Due to limitations on when and how lenders receive data about property and borrowers, errors and loan conditions aren’t exposed until much later in the process,

during processing and underwriting. CoreLogic has the data assets and workflow platforms to expose critical information about the borrower and collateral much sooner, at the point of sale. Errors and conditions can be identified immediately, resulting in improved customer experience, limited processing and underwriting costs, and the ability to apply the appropriate processing and underwriting resources to each loan.

“We believe that this is an important transaction for the industry,” Roostify Co-Founder & CEO Rajesh Bhat said. “From inception, Roostify’s mission has been to accelerate and streamline the home lending journey. Bringing together

the power of CoreLogic’s data and analytics suite with the Roostify digital lending platform allows us to accelerate the journey towards a truly data-driven digital origination experience in one single platform.”

CoreLogic’s combined data from public, contributory and proprietary sources includes more than 4.5 billion records spanning more than 50 years, providing detailed coverage of property, mortgages and other encumbrances, consumer credit, tenancy, location, hazard risk, and related performance information. CoreLogic serves the real estate and mortgage finance, insurance, capital markets, and the public sector.



Seeking Fintech Innovators

FLAGSTAR ACCEPTING APPLICANTS FOR MORTGAGETECH ACCELERATOR PROGRAM

Flagstar Bank N.A., the bank subsidiary of New York Community Bancorp Inc., has announced that applications are now open for its fourth MortgageTech Accelerator program. This national program focuses exclusively on incubating fintech startups engaged in developing innovative solutions for the mortgage sector. It is the first and only accelerator program in the United States solely dedicated to mortgage technology.

“Flagstar’s MortgageTech Accelerator is about helping fintechs in order to give Flagstar mortgage customers a better experience throughout the mortgage lifecycle,” said Lee Smith, President of Mortgage at Flagstar. “We think we have a great value proposition for innovators who join the program: Test your innovation in real-world situations; learn firsthand how a mortgage company operates in a regulated bank environment; and let us help take you to the next level.”

Applicants can be fintech companies working on breakthroughs in all facets of the mortgage business, including origination, processing, marketing, servicing, compliance, sales, underwriting, credit, and quality assessment. Criteria for selection include potential for technological innovation, prospects for growth, and CRA impact.

Benefits of the program include:

- Partnering with an established national bank with over 35 years in the mortgage business
- Customized curriculum based on current and future needs
- Access to senior executive mentors from Flagstar with deep industry experience
- Informal Q&A sessions with Fannie Mae

- Informal sessions on compliance and regulatory strategies with Orrick, a tech-focused law firm
- Ability to test product/solution in a real-world controlled environment
- Access to a wide network of potential customers
- Potential for investment from Flagstar on successful completion of the program
- Potential for a vendor relationship with Flagstar on successful completion of the program

“We got tremendous support and insight from the team at Flagstar,” said Jeremy Foster, Chairman of Calque Inc. “They

helped us see how our product should be deployed in a bank environment and technologically what was involved in getting it right. As a result, we ended up with a process that’s dramatically more convenient. The program was incredibly valuable.”

Unifying Multiple Sales Channels

OPTIFINOW ANNOUNCES LENDER-CENTRIC CRM PLATFORM

Mortgage CRM provider OptifiNow has announced the launch of OptifiNow Flex, a version of

their CRM platform to support multichannel mortgage teams. Flex unifies the workflows for wholesale, retail, reverse mortgage, recruiting, and more into a single system. “Over the past few years, we’ve seen a worrying trend in the mortgage industry,” said Linn Cook, VP of Sales at OptifiNow. “Lenders are implementing two or even three different CRM systems to satisfy the needs of different sales channels. They want specific tools, integrations, and screens that provide each type of user with an ideal workflow, but they end up with a convoluted tech stack that drains their budgets and resources. Maintaining multiple systems and a complicated

different lender configurations, including simultaneous forward and reverse lending environments, multiple DBAs with different workflows, or the inclusion of a recruiting CRM within the overall platform.

Maintaining GSE Compliance

CLEAR CAPITAL ANNOUNCES UNIVERSAL DATA COLLECTION

Clear Capital has launched its Universal Data Collection (UDC) product, the latest in the company’s suite of products designed to support appraisal modernization. UDC supports Fannie Mae’s newly announced

“Lenders are implementing two or even three different CRM systems to satisfy the needs of different sales channels. They end up with a convoluted tech stack that drains their budgets and resources.”

—Linn Cook, VP of Sales, OptifiNow

IT environment in today’s tight business environment is unsustainable.”

OptifiNow Flex consolidates the functionality of multiple CRMs into a single solution. All sales channels log into a single site but the CRM experience is customized for each user.

“We can build completely different user experiences that provide the specific workflows or tools that type of user needs,” Cook added. “In many cases, we can even integrate different LOS systems and third-party services that are specific to each channel or division.”

OptifiNow has built omnichannel CRMs to support many

Value Acceptance + Property Data program, as well as Freddie Mac’s ACE+ PDR solution, empowering lenders with immediate national scalability and coverage.

When a lender receives loan eligibility for agency loan programs that allow for an inspection-based appraisal waiver, UDC ensures fast and accurate collection and submission that meets both Freddie Mac and Fannie Mae data standards.

With varying standards across the property data collection space, UDC provides flexibility, as eligible loans can be quickly and easily transferred to the agency with the loan program that meets the borrower’s needs, without the



need for an additional product. In addition to the flexibility provided, UDC is available at a fraction of the cost of a traditional appraisal, and completed in half the time.

“We have seen seismic shifts across the housing market in the past year, and the appraisal modernization policy work being done by Fannie Mae and Freddie Mac provides a welcomed change as alternative valuation approaches offer a crucial path forward for lenders and homeowners alike,” said Kenon Chen, EVP of Strategy and Growth at Clear Capital. “We have been planning for an industry-wide shift in appraisal backed by policy changes, and we have the data, analytics and technology in place to support this shift and enable widespread adoption of modern appraisal tools industry wide.”

Powered by Clear Capital, the UDC property data collection solution provides interchangeability and less complexity in management of loans, as well as ease of adoption with the availability of order management integrations, website ordering, and API ordering.

UDC is supported by ClearInsight, an easy-to-use mobile app that enables real estate professionals to quickly generate a complete digital picture of a home. The solution also leverages CubiCasa, a global-reaching real estate software company, to produce digital floor plans that provide Digital Gross Living Area (GLA), aligned with the American National Standards Institute (ANSI) standards.

“We wanted to provide an efficient and cost-effective method for data collection ordering and management that satisfies appraisal modernization policy changes, and delivers more confidence in closing times along with a faster, lower-cost experience for consumers,” said Dan McAlister, Director of Product Management for Clear Capital. “Simplicity of implementation is at the heart of Universal Data Collection, and we focused on removing adoption and loan management hurdles that have been so common in

the traditional appraisal process to create a product that will help facilitate the future of appraisals.”

Enhancing the Digital Experience

BLUE SAGE RELEASES NEW POINT OF SALE SOLUTION

Blue Sage Solutions LLC has released LION, its point of sale (POS), as a standalone offering for lenders to use with their chosen

associated closing costs, submit a loan application, auto-generate compliant initial disclosures, and interact with the lender or loan officer once the loan is submitted. Lenders can assign unsolicited loan applications submitted through LION to their sales team for follow up based on their own parameters.

The LION POS is bundled with Blue Sage’s Loan Officer Portal, which optimizes the sales process for sales teams and supports other aspects of loan production, including customer

“Today’s lenders are hungry for digital technology to help offset the costs of running their business amid fewer lending opportunities,” said Joey McDuffee, VP of Sales and Marketing for Blue Sage. “However, many lenders remain tied to their current loan platform and are not able to easily leverage highly automated point-of-sale technology. Because LION is easily integrated with other systems and has almost unlimited scalability, any lender can create the type of digital mortgage experience borrowers deserve while keeping their production costs to a minimum.”

Consumer-Facing Down Payment Assistance

HOMESCOUT PARTNERS WITH DOWN PAYMENT RESOURCE

Down Payment Resource (DPR) has announced that it has partnered with HomeScout LLC to help mortgage lenders generate and convert more leads by meeting heightened consumer demand for information about affordable pathways to homeownership.

HomeScout provides a suite of tools and services to help mortgage lenders increase production by generating and nurturing in-market homebuyer business at the early stages of the home buying journey. With affordability challenges causing many qualified borrowers to sideline themselves from home buying, HomeScout has partnered with DPR to rally homebuyer engagement with programs that reduce the costs of homeownership.

“Consumers’ eagerness to engage with our tools continues to signal an immense, unmet appetite for homebuyer assistance,” DPR Founder and CEO Rob Chrane said. “By making down payment assistance program information easily accessible through its consumer-facing portal and loan originator-branded landing pages, HomeScout is helping lenders see the opportunity homebuyer assistance programs offer to fill sales pipelines while helping qualified borrowers overcome

“Today’s lenders are hungry for digital technology to help offset the costs of running their business amid fewer lending opportunities.”

—Joey McDuffee, VP of Sales and Marketing, Blue Sage

loan origination system (LOS). A component of the Blue Sage Digital Lending Platform, LION will enable banks, lenders, and credit unions to provide borrowers with a seamless digital experience, while accelerating loan production and reducing costs. LION is highly configurable and supports dynamic workflows for purchase, refinances, and home equity transactions and is accessible from any device, anywhere, anytime.

With the LION POS solution, borrowers can shop and compare mortgage rates and

relationship management tools, side-by-side product and pricing quotes, and disclosure generation. Loan Officer Portal includes a robust notification system for borrowers, Realtors and Loan Officers through email and text and enables lenders to create borrower tasks and reminders based on rules-based conditions and needs lists. Loan Officer Portal is also available as a mobile app, allowing a lender’s sales team to communicate with and help guide their customers through the loan process no matter where they are.



financing hurdles to homeownership.”

HomeScout has embedded DPR’s down payment assistance finder in its partner-branded property search sites, thereby flagging listings that are eligible for homebuyer assistance programs including down payment and closing cost assistance, Mortgage Credit Certificates and affordable first mortgages. Each eligible listing invites consumers to discover which programs and how much funding they may be eligible for by supplying basic qualification information such as household size and income. Loan originators are notified when consumers engage with the assistance tool, enabling them to reach out with financial guidance at the earliest signs of homebuyer intent.

“Rob and his team are moving the needle by exposing a groundswell of consumer down payment assistance interest, but

the fact remains that consumers need lender support to finance a mortgage with down payment assistance,” HomeScout Founder and CEO David Camp said. “HomeScout’s partnership with DPR opens additional avenues for transactions for lenders, aligning with our mission to help our clients increase production.”

Eliminating Appraisal Bias

R3 AMC INTRODUCES NEW PROGRAM FOR APPRAISAL BIAS CLAIMS

R₃ AMC, a full-service appraisal management company (AMC), has announced its new insured appraisal solution, Val-Insure, for both overvaluation inaccuracies and undervaluation due to appraisal bias and related regulatory and legal claims. This pro-

gram combines mandatory bias training with enhanced errors & omissions (E&O) insurance to safeguard stakeholders.

Val-Insure includes three components to address and mitigate risk:

- Education of appraisers delivering covered appraisals to reduce bias and discrimination;
- Review of covered appraisals for potentially discriminatory content; and
- Insurance coverage that protects against losses caused by claims of bias or discrimination.

Bias Training Systems, a subsidiary of R₃, is the preferred training provider for Val-Insure. Conventional and FHA loans are covered under this program. The policy is underwritten by Hallmark Financial Services, a multiline national property and casualty insurer. Unitas Financial

Services serves as the managing general underwriter, and SSP Insurance Services acts as the originating broker.

“By combining R₃’s policy with concise, practical, and high-impact appraiser training, we are confident R₃ can help lenders satisfy risk mitigation requirements,” said Dan Streit, Owner of SSP Insurance Services.

Taking AI to the Next Level

PARADATEC’S AI-CLOUD PLATFORM NOW INTEGRATED WITH ENCOMPASS

Paradatec Inc., a provider of AI-based document analysis technology, has announced that its integration is now built on the latest API Platform and available through ICE Mortgage Technology, part of Intercontinental Exchange Inc.





The integration pairs Encompass by ICE Mortgage Technology with AI-Cloud, Paradatac's AI-based document analysis technology. Using event-based triggers, AI-Cloud automatically retrieves documents for classification from Encompass, indexes them while adding meta-data such as versioning information, and returns them to the Encompass eFolder using the lender's document names—all without human intervention.

Paradatac provides reliable results quickly, so clients can focus on customer care instead of clerical processes. AI-Cloud supports the entire lending lifecycle, identifying more than 850 specific document types and using machine-learning tools and pre-trained libraries to extract and transform 8,500 data points into actionable data.

"We're delighted to make the power of Paradatac available within Encompass," said Neil Fraser, Paradatac's Director of U.S. Operations. "For over 10 years, Paradatac has been meeting the mortgage industry's document classification, versioning, and data extraction needs. Our clients rely on Paradatac to seamlessly support the automation in their systems of record, so integrating AI-Cloud with Encompass provides new opportunities for origination efficiency."

Opening the Door for eClosings

SUPERIOR FINANCIAL CHOOSES DOCMAGIC TOTAL ECLOSE

DocMagic has announced that Superior Financial Solutions LLC, a CUSO-owned by Superior Financial Credit Union, has chosen DocMagic's Total eClose solution for completely paperless electronic mortgage loan closings and is now performing eClosing ceremonies using Remote Online Notarization (RON) through its title agency subsidiary.

"When we decided to offer our customers' members an electronic closing, we looked at

the companies with the most experience," said Kurt Neeper, President of Superior Financial Solutions. "DocMagic has gone further down this road than most, its user interface is one of the best in the industry, and its mobile capabilities are second to none. This is critical because most credit union members will be doing their remote closing on a phone or tablet."

Neeper said DocMagic's RON functionality was key to its decision to partner because he said consumers are drawn to it for the convenience it offers. Further, he said DocMagic's experience with eClose and Superior's experience with DocMagic made them good partners.

"Unlike many lenders who settle for a hybrid eClosing, Kurt took a different path," said

MERS—already knew DocMagic and were working with them, so it made the overall approval process much more seamless."

Hands-Free Doc Analysis

NEWFI LENDING PARTNERS WITH TAVANT ON DOCUMENT ANALYSIS

Tavant, a Silicon Valley-based provider of digital lending solutions, and Newfi Lending, a tech-focused multichannel mortgage lender, has announced the successful integration of Newfi's digital mortgage experience with Touchless Lending Document Analysis. This partnership marks Tavant's official expansion into non-QM lending.

platform, designed to integrate with existing lender systems seamlessly, including CRMs, Point-of-Sales, LOS, and document management systems. Document Analysis completely transforms document processing by instantly recognizing documents, optimizing document-related workflows, and accurately automating document classification, indexing, splitting, categorization, pairing with borrowers, and data extraction. Leveraging Touchless Documents will provide Newfi with a more streamlined and seamless experience for all stakeholders involved.

Tavant's partnership with Newfi to integrate Touchless Documents into their digital mortgage experience will feature machine-oriented classification, as well as handle Exception Processing for documents with

"Unless you are actively working with clients in this area every day, you won't even know what issues can arise."

—Kurt Neeper, President, Superior Financial Solutions

Dominic Iannitti, President and CEO of DocMagic. "Superior supports many credit unions with mortgage origination and consistently focuses on creating a great member experience. Kurt knew very early that delivering a fully paperless loan closing on an electronic tablet was the end goal, and we were excited to help him achieve it."

Neeper added, "Unless you are actively working with clients in this area every day, you won't even know what issues can arise. DocMagic had the experience and offered an integrated solution that already worked with what we were doing today. Plus, all of the other stakeholders—the GSE's,

"We have only recently started with Tavant's Touchless Documents, yet we already see returns in both labor effectiveness and data accuracy. Documents are just the first step for us, and we can't wait to get started with Credit and Collateral in the near future," said Amit Pall, SVP at Newfi Lending. "We have identified that our current implementation of Touchless Documents has realized an estimated 70% reduction in processing time and significantly reduced our dependency on FTEs and manual processes."

Document Analysis is a proprietary product of Tavant's Touchless Lending automation

low confidence rates, allowing for fully end-to-end document processing. Furthermore, documents processed through are sourced from Newfi's Broker Portal (BLU), which is also integrated with Touchless Lending, specifically the platform's Origination Experience designed for brokers and TPO partners.

"All in all, Tavant has taken care of Newfi's broker interface, broker feature functionality, and broker uploads of documents, which are then routed to Document Analysis, where we are doing the machine-oriented classification," said Mohammad Rashid, Head of Fintech Innovation at Tavant. "At our current stage,



Touchless Lending is classifying and processing all documents for Newfi's loans, which include over 358 different types of documents, with over 88,000 pages processed every month. We are reducing the number of people in the loop and the need for manual reviews, and we are doing it end-to-end.

Assuring Access to Trusted Financial Advisors

TRUSTENGINE LAUNCHES BORROWER INTELLIGENCE PLATFORM

Sales Boomerang and Mortgage Coach have announced their union under the new name TrustEngine, an identity that embodies the merged organization's vision to help lenders drive undeniable value as clients' trusted financial advisors. The name also reflects the brand's heritage as a trusted service provider to mortgage lenders for more than a quarter-century. The new name takes effect immediately and coincides with the beta release of the TrustEngine Borrower Intelligence Platform, a solution that wraps around the entire mortgage tech stack to drive volume by identifying loan opportunities and engagement strategies tailored to each borrower's needs.

The TrustEngine Borrower Intelligence Platform drives increased loan applications, customer loyalty, and team performance by collecting, enhancing, and analyzing borrower data; prescribing actionable borrower opportunities; pacing opportunity delivery; guiding compelling borrower and loan officer interactions that convert; and providing comprehensive performance measurement and refinement.

"We are thrilled to debut our new name and our Borrower Intelligence Platform on the same day," CEO Rich Harris said. "This groundbreaking solution will help lenders become lifelong champions for borrowers by gaining access—for the first time in history—to the kind of world-class customer

intelligence leveraged by global leaders like Apple, Microsoft, and Amazon."

The TrustEngine Borrower Intelligence Platform offers deep behavior analysis to generate granular borrower segments and predict mortgage loan needs, facilitating more relevant borrower outreach. The TrustEngine Borrower Intelligence Platform equips mortgage advisors with proven scripts and dynamically generated presentations that show borrowers their best loan options based on their unique financial situation, credit profile and life stage.

Compatible with every lender tech stack, TrustEngine magnifies the value of existing loan origination systems (LOS), customer relationship management (CRM) platforms, and marketing automation tools. The TrustEngine Borrower Intelligence Platform also measures conversion at the branch and individual level across various loan types and borrower outreach strategies, driving continuous process improvement over the life of the platform.

Capturing Client Opportunities

MONITORBASE LAUNCHES INSTANT INQUIRY ALERTS

MonitorBase, a mortgage fintech, has launched instant credit inquiry alerts for their mortgage lender clients. As part of the MonitorBase platform, the new feature alerts loan officers within minutes when a contact in their database has a mortgage credit pull with a competitor, and instantly generates a credit offer email without the loan officer needing to take additional action.

The largest banks have historically had better access to data technologies and relentless call center teams, placing smaller mortgage lenders and brokers without access to the tools to defend their database and clients at a disadvantage. The launch of MonitorBase's new, proprietary instant trigger alerts means smaller lenders, regional banks and even single brokers now possess the

same type of powerful relationship retention technology that was formerly available only to big banks. By providing instant alerts and credit offers, the new feature helps loan officers reengage past relationships before they are inundated with solicitations from other lenders.

"We are thrilled to offer this new instant inquiry alert technology to our clients, so they never miss a potential sales opportunity," MonitorBase CEO Louis Zitting said. "Finally, even the smallest mortgage lenders can know the minute a client or partner is in the market for financing, and 24 hours before lead sellers send that information to hundreds of other lenders. At a time when origination volumes are down across the board, being an entire day ahead of the competition will mean everything."

According to MonitorBase VP of Business Development William LeBaron, mortgage trigger leads are a challenging endeavor because they often prompt multiple mortgage lenders to blow up the phone of the prospect or past client.

"No one wants to be inundated with mortgage offers every time they experience a slight improvement in their credit or make a single inquiry," LeBaron said. "Unfortunately, smaller mortgage lenders, solo shops, and brokers face the greatest consequences when this occurs because they can potentially lose a client to a big bank. But by giving them a head start, our instant inquiry alerts place loan officers in a much better position than their competition."

MonitorBase was founded in 2007 by Zitting, and is based in Murray, Utah.

Ensuring PMI Price Checks

PMI RATE PRO PRICING TOOL NOW INTEGRATED WITH MORTGAGE CADENCE

PMI Rate Pro, a fintech firm founded by loan originators to help build stronger relationships with mortgage borrowers, has completed a new

integration with the Mortgage Cadence Platform (MCP), the newly-released, cloud-based digital lending platform from Mortgage Cadence. Through the new integration, users can easily check pricing for private mortgage insurance (PMI) from all six major underwriters.

"This puts some real power into the hands of the loan originator because it allows them to effortlessly search all MI providers and get the best price for their borrowers," said Nomi Smith, Founder and CEO of PMI Rate Pro. "We've been working very hard on our robust API and Mortgage Cadence is the first mortgage origination technology provider to put it to use. We're very proud to be working with the MCP team."

MCP is a modern, flexible and intuitive cloud-based LOS designed with an open architecture to meet the needs of a wide range of lenders, across all products and channels. Featuring advanced automation, high-quality analytics, and open services strategy, MCP delivers a seamless experience from application to closing.

PMI Rate Pro is an API-based technology provider that has built a single API to pull pricing data from all six possible sources of mortgage insurance, so loan officers can provide transparency into loan pricing. Of the 70% or so of all homebuyers that will require mortgage financing to buy a home, the National Association of Realtors (NAR) estimates that 52% will put down less than 20% on their home purchase and require PMI. LOs who can offer better pricing will win more business.

"We are thrilled to announce the availability of automated MI rate quoting in MCP, powered by PMI Rate Pro," said Jim Rosen, EVP of Services at Mortgage Cadence. "This addition furthers our commitment to providing MCP lenders with efficient and automated tools to make their lending operations streamlined. In MCP 2.1, lenders will be able to submit a single request via PMI Rate Pro, and evaluate the rate quote responses from all of their MI providers; and, quickly



identify the rate quote available that is in the best interest to the borrower (i.e. Best Execution)."

Unlocking Home Equity Options

BETTER LAUNCHES 'EQUITY UNLOCKER'

Better Mortgage has launched its Equity Unlocker program, a new financial product designed for those with vested equity like Amazon employees. Amazon employees will be the first to benefit from Equity Unlocker, which gives them the ability to finance their homes without selling their shares, achieving financial independence sooner. Better Equity Unlocker is available immediately in Florida, New York, and Washington state for current and former Amazon employees with vested equity in Amazon.

Reports have found that there are 54 million millennials in the U.S. workforce and more than 70% say they cannot afford to purchase a home. Wishful homebuyers aren't able to save for a down payment due to student loans,

inflation, and the home affordability crisis. What's worse, even if they save enough for expenses, other costs can quickly add up, including closing costs, furnishings, and an emergency fund for repairs. The combination of these factors is making it increasingly difficult to unlock access to homeownership in the United States.

Better Mortgage created Equity Unlocker after noticing that many Amazon employees had already trusted Better, who has funded \$1 billion-plus for their home financing needs, and that equity compensation was a particular concern for these customers. A recent Schwab survey found that 43% of millennials have exercised or sold equity compensation, which makes up nearly one-third of employee net worth. With Better's new Equity Unlocker program, Amazon employees can afford a home by pledging, not selling, their equity in Amazon. This allows them to realize the American Dream of homeownership while also participating in the growth of their company.

"At Better, our mission is to make homeownership cheaper, faster, and easier for all Americans," Better CEO and Founder Vishal Garg said. "The

status quo is broken. The entire process around homeownership is opaque and stressful. For young professionals burdened with student debt and lack of savings, we know how hard it is to buy a home. This problem is exacerbated when many of the best and fastest growing companies increasingly reward their employees with equity rather than cash. Even though equity is a valuable asset, it is considered ineligible by most banks and financial institutions when calculating the necessary down payment on a home. Today, we are very excited to announce that we have created Equity Unlocker to help Amazon employees unlock their equity, their homes, and their futures."

Previously, Amazon employees would have had to sell their equity to afford a home or take out a potentially costly, daily mark-to-market margin loan against their Amazon stock. Unlike traditional methods, Better Mortgage's Equity Unlocker product is non-mark-to-market and non-recourse, meaning that the terms of the loan won't change with the stock market. With Equity Unlocker, Amazon shares will be valued at the time of the home appraisal and then the rate and term can be locked, all within

Better's seamless digital platform. Equity Unlocker offers competitive pricing compared to the average rate for a margin loan and comes with all the other benefits of a 30-year fixed rate mortgage. The Equity Unlocker program is also available for the purchase of second homes or investment properties.

Better has been an Amazon Web Services (AWS) customer since the company was founded in 2015. Better's pioneering loan origination system, Tinman, is powered entirely by AWS, leveraging numerous products to support cloud computing, processing capacity and software needs.

"Better collaborated with AWS and Amazon leaders to find new ways to engage customers in the home-buying journey," said Chandan Sharma, Managing Director, Worldwide Business Development, Enterprise and Industry Verticals at Amazon Web Services. "Equity Unlocker was built on AWS to help Better Mortgage reach more customers, and extend their buying power. By building Equity Unlocker on AWS, Better Mortgage is able to innovate continuously and improve the user experience while continuing to provide best in class service to their customers."

INTRODUCING

MortgagePoint Magazine

THE INDUSTRY'S MOST VALUED PUBLICATIONS JOINING FORCES

This April, the Five Star Institute's premier trade publications, *DS News* and *MReport*, are joining forces to become *MortgagePoint*. This new publication will bring you the same exclusive news, features, interviews, and commentary you've come to expect from Five Star—now taken to the next level and all in one place. *MortgagePoint* will be your one-stop shop for coverage of the full spectrum of mortgage, from originations to default. Scan the QR code to sign up and learn more.



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

PATTY ARVIELO

CHRISTY BUNCE



New American Funding (NAF) has announced the promotion of Patty Arvielo to CEO and the promotion of COO Christy Bunce to the role of President.



Arvielo founded New American Funding two decades ago with her husband, Rick, who also serves as CEO. The Arvielo's partner in leading New

American Funding for nearly 15 years has been Bunce.

Bunce joined New American Funding in 2008, initially serving as Operations Manager. Bunce's role at the company grew alongside the company itself. Bunce's experience and expertise in loan processing, underwriting, and funding served as a guide for the company's growth from its beginning as a California-based call center, to a nationwide lender.

In 2012, Bunce was named COO, and since then, New American Funding has increased both its business and its workforce exponentially. When Bunce began at New American Funding, the company had zero retail footprint and dozens of employees. Now, the company has 170 nationwide locations and more than 3,500 employees.

"Christy Bunce has truly been invaluable to our company over the years," New American Funding Co-Founder and CEO Rick Arvielo said. "Christy has been instrumental in helping us build this company into the envy

of the industry, which is why we're proud to have her step into this critical role at NAF.

In her previous role as COO, Bunce managed the day-to-day operations of one of the nation's largest lenders. Bunce also oversaw the creation and expansion of New American's mortgage servicing division.

Over the course of her career at New American Funding, Bunce also pushed for the company to become a Fannie Mae, Freddie Mac, and Ginnie Mae direct lender, seller, and servicer. Bunce now works closely with the GSEs and government on lending initiatives, specifically those for typically underserved communities, areas where New American Funding focuses its business and therefore has expertise in.

In her new role as President, Bunce will continue to manage the company's day-to-day operations, while using her expertise and experience to help shape the future of New American Funding as it expands into new lines of business, grows its suite of offerings, and further solidifies its position as an industry leader.

MIKE CASS



Nations Lending, a full-service national mortgage lender, has announced the opening of its newest branch in Minneapolis, Minnesota, to be led

by Mike Cass who will serve as Area Sales Manager. In his new role, Cass will be responsible for the continued growth of Nations Lending, focused on adding new branch locations in communities throughout the upper Midwest. He will report to VP, Midwest Regional Manager Tim Dowling.

Cass brings more than 30 years of

mortgage industry experience, with expertise in operations, underwriting, finance, and sales. He's able to utilize his experiences to deliver homeownership to borrowers with the best programs, prices, and service. Prior to joining Nations, he served at Caliber Home Loans.

"Nations has incredible company culture with an unmatched dedication to helping its lending team continuously grow," Cass said. "I was impressed by the strong values of teamwork, professionalism, and integrity that are evident in all aspects of the company. I am excited to be a part of an organization that prioritizes employee growth and well-being, and I am confident this positive work environment will allow our region to thrive both professionally and personally."

Dowling added, "Mike brings a wealth of experience, passion, and a clear vision to the table. His ability to connect with and motivate his team, coupled with his deep understanding of the industry, makes him the right candidate to lead our presence in the upper Midwest. I have no doubt that under his guidance, our company will continue to thrive and deliver exceptional results."

AARON DRAGO



Deephaven Mortgage has announced that Aaron Drago has joined the company as COO. Drago is a seasoned financial services executive

who has successfully improved the operations of many large lending institutions. Most recently, he served as COO for the Southeast and Mountain West divisions of Guaranteed Rate.

"Aaron combines a depth of opera-

tional experience with a focused and disciplined approach to process optimization. This will serve Deephaven well as we scale operations to meet strong demand for our products," said John Keratsis, President and CEO of Deephaven.

In his new role, Drago is responsible for the continuous optimization and performance of Deephaven's daily operations, focusing on the goals of driving long-term, sustainable growth and maximizing the satisfaction of Deephaven's wholesale customers and correspondent partners.

"Deephaven already differentiates itself through its agility and highly responsive service. In nautical terms, we're a yacht, rather than a cruise ship, with the flexibility to make changes that cater to customers' emerging needs," Drago said. "I'm excited to help us innovate our operations and leverage technologies to build on that advantage—and ultimately empower brokers and correspondents to serve more non-QM borrowers."

JAY FARNER

BILL EMERSON



Rocket Companies has announced that following a 27-year career at the company, CEO Jay Farner plans to retire from his position effective June 1, 2023.



At that time, Bill Emerson, longtime Rocket executive and current Vice Chairman of Rock Holdings, will assume the role of

CEO on an interim basis.

Farner will begin transitioning his roles and responsibilities to Emerson to ensure a seamless transition on June 1. Farner has also decided to step down from his position on the Rocket Board of Directors, effective February 9, 2023, and Emerson has been appointed to the Board, effective immediately.

Rocket's Board of Directors has begun its search for a permanent CEO, and has retained a leading firm to support its evaluation of internal and external candidates.

"For nearly three decades, Jay has poured everything he has into making our organization successful," said Dan Gilbert, Founder and Chairman of Rocket Companies. "Since being appointed CEO of Rocket Mortgage in 2017, and subsequently CEO of Rocket



Companies in connection with the August 2020 IPO, Jay has overseen the most rapid period of growth and profitability in our 37-year history. His passion for people and vision for the future has benefitted Rocket tremendously and on behalf of the entire Board, I'd like to thank him for all of his work over the years."

Emerson brings 30 years of experience at Rocket, as well as a deep understanding of the housing and financial technology industries. He served as CEO of Rocket Mortgage from 2002-2017 and has served as Vice Chairman of Rock Holdings, the majority shareholder of Rocket Companies, and former parent of Rocket Mortgage, since 2017.

"I want to thank Jay for everything he has done for this organization," Emerson added. "He has been a tremendous leader and friend. His strong vision created a pathway for Rocket Companies' continued success today and into the future. I am excited to roll up my sleeves with our team to continue driving Rocket's incredible growth."

Under Emerson's leadership at Rocket Mortgage, the company became the second largest retail mortgage lender in America, broke numerous company records for mortgage volume and earned an array of esteemed industry awards for client satisfaction. In addition to his tenure at Rocket Mortgage, Emerson has served as the Chairman of the national Mortgage Bankers Association (MBA) and has testified before Congress several times on policies to help expand access to home financing. Emerson currently serves as a board member of the Housing Policy Council (HPC) and the HPC Executive Council.

"Being part of this amazing organization has been one of the most rewarding experiences of my life. More than 27 years ago, fresh out of college, I decided to join a small mortgage company led by Dan Gilbert. I never could have predicted the amazing journey that one decision would have taken me on, and I want to thank Dan for his mentorship, guidance, and friendship over the years," Farner said. "Rocket Companies is full of incredible people—passionate about serving our clients, the community, and each other. While the time is right for me to focus on my family, I will certainly miss working with some of the brightest minds in the fintech industry."

MITCH FRIEDMAN
JODI SHOWMAN



CMG Home Loans, the retail division of CMG Financial, has expanded its Colorado presence with the addition of a new branch in Westminster.



Leading the new branch will be Branch Manager Mitch Friedman and Branch Manager Jodi Showman.

Friedman brings more than 27 years of mortgage banking experience to CMG. Throughout his career, he has built and managed branches at four different mortgage companies—totaling 20 years of Branch Management experience.

Showman has been in the mortgage industry for nearly 40 years. Prior to joining CMG, she acted as Co-VP of Sales for Colorado. Together, Showman and Friedman make a powerhouse team that will set a solid foundation for CMG's third Colorado branch. "Mitch Friedman and Jodi Showman are two of the preeminent mortgage bankers in Colorado," said Chip Larson, Western Divisional Vice President, Retail Lending."

ANDREW HUBACKER



Pontiac, Michigan-based United Wholesale Mortgage (UWM) has named Andrew Hubacker as its new CFO, overseeing all financial aspects of the company, including accounting, internal and external reporting, financial compliance, tax, treasury and liquidity management, and budgeting and forecasting. Hubacker originally joined UWM in October of 2020 as Chief Accounting Officer and took on the role of Interim Principal Financial Officer in July of 2022.

"Andrew has made such a positive impact at UWM since the day he started," said Mat Ishbia, President and CEO of UWM. "His nearly three decades of experience and deep knowledge allowed him to expand our finance team's capabilities and made him a key player in helping UWM go public back in 2021. He has been acting as the CFO since the passing of Tim Forrester, and has done a phenomenal job in all aspects. I know he's

capable of taking on this role and has been doing it at a high level already."

Hubacker was originally recruited by the late Forrester, UWM's previous CFO, to help take the company public. Hubacker's extensive background and expertise made him the perfect candidate for the role. In a condensed amount of time he helped implement new finance processes and programs to transition the company from private to publicly held, shares of which trade on the New York Stock Exchange (NYSE).

Prior to joining UWM, Hubacker spent 18 years at Deloitte & Touche LLP, including more than 12 years as an audit partner. He also spent time at AOL LLC and the Securities & Exchange Commission (SEC). He is a Certified Public Accountant (CPA) in the state of Michigan and graduated from Michigan State University with a bachelor's degree in accounting.

"I'm humbled to be named UWM's Chief Financial Officer," Hubacker said. "From helping to take the company public through the largest SPAC in history, to becoming the number one overall mortgage lender in the nation, my experiences at UWM have been nothing short of extraordinary. The positive mindset and service mentality every single team member and leader have here is truly unmatched. I'm eager to continue elevating and enhancing the role and capabilities of our finance team as a strategic business partner to the company."

FRANK MANCINO



Florham Park, New Jersey-based The Money Store is pleased to announce that Frank Mancino has joined the company as the Divisional Manager of the Eastern Region.

Mancino is an industry veteran with more than 35 years of experience in mortgage lending. He started his mortgage career in the post-closing department of Cenlar Home Loans in 1986. Leveraging his ability to connect with people, he quickly ascended to underwriting, where he found his passion for becoming a Mortgage Loan Officer. During the early 1990s, Mancino became a top-producing Loan Officer at prominent firms such as GMAC Mortgage and Chase Manhattan.

By 1995, Mancino joined Countrywide Home Loans as Branch Manager and VP. During Mancino's

tenure, his flagship branch in Hamilton became one of the top origination branches in the nation. In 2005, Mancino and his team joined Gateway Funding, which Finance of America acquired in 2015. His branch continued to be the top branch in the company for Gateway/Finance of America, and he was promoted to Regional VP of the Mid-Atlantic region. His region grew to 23 branches with more than 100 Loan Originators and \$2 billion-plus in yearly funding in 2020 and 2021.

"I'm excited to join an organization celebrating its 50th year in business," Mancino said. "I look forward to working with the amazing team at the Money Store to expand the East Coast brand and meet the current market challenges with a proven winner. The Money Store has made strategic moves to be well-positioned for the future, and I look forward to adding my contribution to this company's continued growth and success."

MATT NADER



First Home Mortgage Corporation has announced the promotion of Annapolis, Maryland, Branch Manager Matt Nader to a new role

within the organization as SVP, Director of Sales. Nader steps into the position with more than 17 years of industry experience, having spent the last five with First Home Mortgage.

"As a co-leader of our Annapolis Branch, Matt has excelled," President of First Home Mortgage Steve Lagana said. "The Annapolis team has grown under his leadership, delivering high volume and successful outcomes. Despite his busy schedule, Matt is generous with his time and has a solid reputation for supporting and assisting our loan officers not only in Annapolis, but across the entire organization."

Nader began his mortgage banking career in 2006 after graduating from Johns Hopkins University. In 2018, he joined the First Home Mortgage team as a Loan Originator and Branch Manager of the company's Annapolis office location. Since 2019, he has distinguished himself as the company's top originator for four consecutive years.

"The last five years of originating at First Home Mortgage have been the greatest chapter of my career," Nader said. "I am looking forward to this new opportunity, and I can't wait



to dig in deeper with our sales force and marketing team to further build our origination business, open new relationships, and continue to be the best retail mortgage provider in the U.S.”

TIM NOLAN



Planet Home Lending, a national mortgage lender and servicer, has opened a new branch in Dallas, Texas, to be led by Retail Branch Managers Tim Nolan and Jerry Frye, and Assistant Branch Manager Jim Loughborough.

“Like other major markets around the country, the Dallas market has slowed in the last year, but we expect to see activity pick up in 2023,” Nolan said, noting that Zillow recently ranked Dallas as fourth on its list of hottest housing markets this year. “With Planet’s comprehensive suite of lending solutions, we can support more people on the journey to homeownership. Whether it’s down payment and closing costs assistance for first-time homebuyers, buydowns that temporarily lower the effective interest rate for move-up buyers, or no money down loans backed by USDA and VA, Planet Home Lending has the tools to thrive in today’s real estate market.”

The Dallas team also serves real estate investors with special landlord loans based on rental cash flows rather than borrower income.

“The Dallas team has decades of local experience, and they are a terrific addition to the Planet family,” said Michael Dubeck, CEO and President of Planet Financial Group, parent of Planet Home Lending. “They are deeply committed to offering support and industry knowledge on the road home.”

KYM POLADSKY



Fairway Independent Mortgage Corporation has announced that mortgage veteran Kym Poladsky has joined the company in its Denver region working with the Mandie Pallone team.

“We are beyond excited to have someone like Kym, who is a mortgage legend in our part of Colorado, join us at Fairway,” Fairway Branch Manager Pallone said. “Kym is a \$70 million plus producer who will fit right into the Fairway culture.”

Poladsky was most recently with

Flagstar Bank and Guaranteed Rate Mortgage before that. She brings 40 years of mortgage and real estate experience to Fairway.

“I chose to make a career in residential mortgage lending, because I believe homeownership can be a basis for lifetime financial security,” Poladsky said. “And having the power of Fairway’s operations behind us, and its ability to deliver the fastest and most dependable closings in the industry is going to be a great fit.”

Fairway Independent Mortgage has more than 7,000 team members and 500 branches nationwide and funded \$42 billion in 2022.

BRIAN WESSELHOFF



National mortgage lender Waterstone Mortgage Corporation has promoted Brian Wesselhoff to the role of Chief Information Officer (CIO) at the Pewaukee-based corporate office.

Wesselhoff joined Waterstone Mortgage in March 2018, when he was hired as the company’s IT Manager. In January 2021, he was promoted to VP-Information Technology. Wesselhoff’s most recent promotion comes on the heels of former Waterstone Mortgage CIO Tom Knapp’s retirement.

When Wesselhoff joined Waterstone Mortgage in 2018, he had more than 20 years of experience in IT management. During his tenure with the mortgage lender, he has led several large-scale initiatives and critical projects to support the company’s secure and advanced technology environment. Wesselhoff and his team also led the change to a work-from-home environment at the start of COVID-19, ensuring a seamless transition for Waterstone Mortgage employees nationwide.

Wesselhoff’s most recent accomplishments include the modernization of the corporate data center; enhancement of the new employee IT onboarding process for individuals and branches; increased reliability and uptime for all IT infrastructure systems; and more.

“Brian is a proven professional in all aspects of IT,” Waterstone Mortgage President & CEO Jeff McGuinness said. “In addition, he has built a strong team and developed personal and meaningful relationships with his team members and key vendor partners that comprise our IT infrastructure. Brian is direct and clear in his communica-

tion and prioritizes providing a high level of reliable IT services. He has built the trust of our Waterstone Mortgage personnel by delivering results and focusing on a high level of customer service.”

In his new role as CIO, Wesselhoff will lead Waterstone’s many technology initiatives, such as hardware, servers, data center, data and voice technologies, and security measures. He will also oversee the management of the company’s ticketing system, which streamlines requests across various departments.

“I appreciate the opportunity Waterstone Mortgage has provided me to continue to develop as a professional and a leader within the organization,” Wesselhoff said. “I wouldn’t be where I am today without—first and foremost—my family, the support of my talented employees who execute our strategy, and our supportive and accessible executive leadership team at Waterstone Mortgage. I look forward to our continued investment in reliable, efficient, and innovative technology solutions that enable our organization to continue delivering the American Dream of homeownership.”

SERVICE PROVIDERS

ALLEN ILLGEN



Mortgage Connect LP, a national mortgage services provider, has announced the hiring of Allen Illgen as National Sales Executive,

Originations. Illgen will work directly with clients to provide expertise as they leverage Mortgage Connect’s suite of products to optimize their workflow by building greater efficiency and automation into their originations processes.

For home equity lenders, Illgen will assist clients using Mortgage Connect’s ground-breaking proprietary FINTRAC technology to reduce costs, automate workflow, and move loans quickly and seamlessly from point-of-sale to close.

Illgen has more than 20 years of experience in the mortgage industry. He worked previously as Director of National Services for Title365, and prior to that, as VP of National Sales at American Title, and VP at Indecomm Global Services.

“We are excited to welcome Allen to Mortgage Connect. Allen is a well-known and respected professional in our industry,” said Cristy Ward, Chief

Strategy Officer and EVP of Mortgage Connect. “He brings a tremendous amount of expertise that will be a great benefit as we continue to expand our national footprint.”

Mortgage Connect has been providing cutting-edge solutions to mortgage lenders for 15 years, and last year, Mortgage Connect made Inc. 5000’s list of Fastest-Growing Private Companies by growing 540% over three years. The honor marked the third consecutive time Mortgage Connect has made the Inc. 5000 list and the fourth time overall.

“At Mortgage Connect, we are always focused on the consumer experience and how we can best serve clients through our innovative solutions, advanced technologies, and industry expertise,” said Jeff Coury, CEO of Mortgage Connect. “We are thrilled to welcome Allen to our team and know he will be an integral part in helping us deliver the level of service our clients are accustomed to.”

JOE MOWERY



Joe Mowery has joined Incenter LLC as SVP of Enterprise Business Development, drawing on more than 20 years of leadership roles in the mortgage and title

industries. In his new role, Mowery will introduce C-level mortgage executives to Incenter’s solutions for optimizing their operations, from origination and servicing to mortgage servicing rights (MSR) trading.

Based in Denver, Mowery brings a strong operational and business development background to his new firm. His previous positions include President of Title365 (rising from COO), and leadership roles with Cherry Creek Mortgage, Voxtur, LenderLive Network, First American Title Insurance Company, and several other national businesses.

“Mortgage leaders will find Joe’s experience to be particularly helpful in today’s challenging market,” said Tom Piercy, President, National Enterprise Business Development, Incenter and Managing Director, Incenter Mortgage Advisors. “He understands how to combine process re-engineering with outsourcing to increase revenues and profits.”

“Even during tough times, mortgage lenders have tremendous opportunities to diversify into other revenue-producing areas, efficiently and at scale,” said Mowery. “In anticipation of their



needs, Incenter has put together a variety of offerings to help them quickly capture new borrowers or partners. I am excited to introduce my network to these Incenter solutions.”

MASANA NOMA-WEPRIN



Big Purple Dot, provider of an ecosystem of mortgage marketing technologies, has hired Masana Noma-Weprin, a seasoned mortgage marketing executive and longtime Big Purple Dot customer, as its new Chief Product Officer (CPO).

As CPO, Noma-Weprin will oversee marketing, product enhancement and product development, including Big Purple Dot’s recruiting platform, which enables home lenders to identify, engage and recruit loan originators. She’ll also manage enhancements to the platform’s customer relationship management functions.

“As we prepare to expand our industry-leading recruiting platform, it is important that we have a chief product officer who has a deep understanding of marketing and the mortgage industry,” Big Purple Dot CEO Roxana Davidoff said. “Not only was Masana the most qualified candidate for the position, but she also shares our values and passion for our mission to empower the mortgage industry to simplify the homebuying process. She is an excellent addition to the Big Purple Dot family.”

Noma-Weprin has been in the mortgage industry since 2008 and has worked as the vice president of marketing at Revolution Mortgage, TotalChoice Mortgage, and Homeside Financial.

“As a customer for seven years, I’ve been a huge fan of the Big Purple Dot user experience and believe strongly in its advanced and nimble marketing platform,” Noma-Weprin said. “In addition, Roxana is an amazing executive leader whom I have always admired and respected. I’m looking forward to contributing to Big Purple Dot’s ongoing success.”

SUMITA PANDIT



Radian Group Inc. has named Sumita Pandit Senior EVP and Chief Growth Officer. Reporting to Radian CEO Rick Thornberry, Pandit will join the company’s executive leadership team

and lead activities associated with developing and implementing the company’s long-term strategic growth plans.

“I am delighted to have Sumita join our team and I look forward to working with her to develop and execute our comprehensive long-term growth strategy,” said Thornberry. “She is a talented executive with a successful track record of helping transformative digital companies achieve their growth plans. Given her broad experience, Sumita is an excellent addition to complement our outstanding team as we continue to focus on accelerating our strategic vision for Radian in a rapidly changing marketplace. In this position, Sumita will be focused on leveraging Radian’s strong capital position and strategic financial flexibility to identify, develop and execute on opportunities to achieve our long-term strategic goals.”

Pandit joins Radian after serving as the COO of global digital payment company, dLocal, since 2021. Previously, Pandit was a Managing Director and Global Head of Fintech Investment Banking for J.P. Morgan. Prior to J.P. Morgan, Pandit worked at Goldman Sachs. During her investment banking career, she advised some of the world’s most transformational companies across industry verticals including fintech, proptech, insurtech, financial software and neobanks. In 2021, she was named to the Top 25 Women Leaders in Financial Technology list by The Financial Technology Report. She serves on the board of Pushpay, a public company that offers donor engagement software to non-profits.

“I am excited to join Radian and look forward to partnering with Rick and the rest of the leadership team to drive the company into its next phase of growth,” Pandit said. “Radian is a leader in the mortgage and real estate markets, and its focus on digital transformation puts it squarely in the vanguard of what’s next in those sectors. With strong customer relationships, proprietary data and analytics platforms, and innovative digital products and services, combined with a talented team and capital resources, I believe Radian is uniquely positioned to lead the mortgage and real estate markets into the future and I am excited to be a member of the team.”

KEVIN QUINN



Indecomm, a provider of mortgage technology and services, announced that it has tapped Kevin Quinn as SVP of Servicing. Quinn will

be charged with accelerating the application of Indecomm’s Genius products in the servicing operation, innovating new services, driving client expansion, and ensuring client success.

Quinn has more than 20 years of experience helping mortgage servicers optimize operations with tech-driven services. He brings a wide range of skills to the team including consultative sales, business process services, outsourcing, partnership strategy, and digital transformation.

Before joining Indecomm, Quinn was SVP, Head of Partnerships at Moder. Quinn also served as Head of Sales and Business Development at Sourcepoint.

“We are excited that Kevin has joined the team,” said Indecomm COO Krish Swaminathan. “Kevin’s experience and process knowledge will help us better leverage our Genius suite of technology and automation products to improve efficiencies and drive down costs in the servicing operation.”

Bringing Quinn to the servicing team is part of the company’s strategy to augment Indecomm’s mortgage servicing BPS approach using RPA, machine learning, and intelligent decisioning present in the company’s Genius suite.

“Adopting automation to streamline servicing workflow is essential to tackling rising costs and resource constraints,” said Quinn. “Indecomm has the technology, automation, and service model needed to transform the way servicers operate, and I am thrilled to be a part of that effort.”

RICK SEEHAUSEN



LauraMac has named Rick Seehausen as its new Chief Strategy Officer. A mortgage executive with nearly 30 years of industry experience, Seehausen

will be responsible for working with the LauraMac leadership team to develop the company’s vision and oversee strategic planning, including new and existing product development.

Seehausen brings a wealth of experience and a passion for the mortgage banking industry. From 2003-2017, he served as President and CEO of LenderLive, steering the company into a premier provider of advanced technology solutions and outsourced financial services to the banking and mortgage industries. Most recently, he served as Vice Chairman, President, and COO at Cherry Creek Holdings, the parent company of Cherry Creek Mortgage, where he will continue to serve as Vice Chairman.

“We are thrilled to welcome Rick aboard,” said LauraMac CEO Bob Fulton. “I have known and worked with Rick for more than a decade and am delighted that he chose LauraMac to further his transition from leader to strategist. I look forward to working closely with Rick to leverage the success of our Loan Review System, prepare the launch of our Loan Acquisition System, and guide us in the development of new product lines.”

Seehausen is also a Principal at Calterra Capital, the parent company to LauraMac, and serves as an Executive Advisor to other personal holdings.

“I am very pleased to join such an amazing team,” said Seehausen. “LauraMac has built a highly advanced transaction management platform with endless configuration possibilities, enabling the company to efficiently launch multiple product lines to help companies that rely on data make faster and more reliable decisions.”

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



Looking Back at More Than a Decade of *MReport*

As MReport prepares to become MortgagePoint next month, we take a look back at our past decade-plus of covering the mortgage lending marketplace.

By David Wharton

MReport magazine was first founded in 2011, launched as a spinoff and sister publication to the longer running *DS News*, both published under the umbrella of the Five Star Institute. While *DS News* provided in-depth coverage of the default servicing sector of the mortgage ecosystem, *MReport* would focus on the “front half” of the industry with coverage spotlighting lending and originations.

In April, that long history will enter its next chapter as both *DS News* and *MReport* merge into one new publication: *MortgagePoint*. This change, in the works for some time now, reflects the realities of how interconnected both these aspects of the mortgage market and our readership have become. *MortgagePoint* will continue *DS News* and *MReport*'s commitment to covering every aspect of mortgage and housing, just as we have for the past few decades, but now unified under a single masthead and editorial strategy. We can't wait to show you what's next.

But first, we want to take a moment to honor the legacy that brought us here. Just as we're doing in this month's *DS News*, we will revisit some of the more noteworthy and memorable issues of *MReport* that we've brought you over more than a decade of reporting.



July 2012

While politics is only our beat inasmuch as it impacts our industry, there's no question that elections have consequences both in general and in the housing market. Our July 2012 issue examined the stakes of that year's presidential election between Barack Obama and Mitt Romney, breaking down the potential impact on housing policy that both candidates brought to the table.



February 2013

In 2021, the *Wall Street Journal* reported that 68% of all mortgages issued the year prior were from non-bank lenders, up from 58.9% in 2019. Non-bank lenders have remained an important segment of the modern American housing market, led by juggernauts such as Rocket Mortgage and United Wholesale Mortgage. In February 2013, our cover story got out front of this important topic.



October 2013

The forced innovation of the COVID-19 era has sped the development of digital processes and made remote work more than just a curiosity, even as economic pressures have forced lending shops to be strategic about how they staff and what they outsource. Back in October 2013, as the nation recovered from the 2008 financial crisis, we brought you this look at the rise of business-process outsourcing.



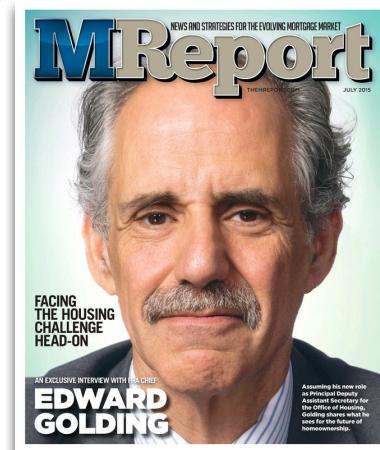
December 2013

The formation of the Consumer Financial Protection Bureau in 2011 marked a dividing line that had huge impacts on mortgage lending and servicing over the ensuing decade-plus. In our December 2013 cover story, *MReport* examined how those early ripples were changing the business of mortgage, only two years in.



November 2014

The GSEs—Fannie Mae and Freddie Mac—have been lightning rods for controversy since the previous financial crisis. After being placed into conservatorship in September 2008, debate has continued over how that conservatorship should be managed, and even whether that conservatorship should continue or finally be terminated. In this cover story, *MReport* examined the stakes in play and the arguments from all sides.



July 2015

We are always excited when we get the chance to interview the politicians, policymakers, and government officials whose decisions and hard work help shape the housing market on a day-to-day basis. In this issue, we profiled Edward Golding, then the Principal Deputy Assistant Secretary for the Office of Housing for FHA, who spoke about FHA's core initiatives and his vision of the future of homeownership.



FEATURE



September 2015

Through its Women in Housing editions and the associated Women in Housing Leadership Awards presented at the annual Five Star Conference, the Five Star Institute and MReport have long made it a point to spotlight the accomplishments of our industry's extraordinary women in a field to this day heavily dominated by men. In September 2015, this took the form of profiling Sheila Bair, FDIC Chairperson from 2006-2011 and the first female president of Washington College.



June 2016

In our June 2016 edition, MReport got the chance to spotlight not just one high-level mortgage executive, but an entire team of them. In our cover profile, "A Common Vision," we spoke with a half-dozen of Chase Bank's executive team, including CEO of Mortgage Banking Mike Weinbach, CFO for Mortgage Banking David Beck, and more.



October 2016

In October 2016, MReport turned its spotlight onto another of the nation's largest financial entities with a profile of Wells Fargo's Head of Home Lending Franklin Codel, who discussed homebuyer education, his leadership style, and how the market had changed since the chaos of the 2008 financial crisis.



August 2018

The dream of homeownership is a top priority for many Americans, but ensuring sustainable, responsible access to that goal is not always as easy as it should be. In our cover story "Shut Out," MReport turned the spotlight on the emerging "gig economy" and other segments of our society who were being underserved by our industry.



January 2020

In "Shaping the Future of HUD & FHA," MReport delivered an exclusive interview with HUD Deputy Secretary Brian Montgomery, who spoke about the False Claims Act, better aligning with the GSEs, and how FHA was working to upgrade their technological infrastructure.



April 2020

With the world reeling from the outbreak of the COVID-19 pandemic, in April 2020, MReport examined how the mortgage industry was—just like every other industry—scrambling to adapt. The cover story is a fascinating snapshot of a specific moment in time, featuring insights from executives at Carrington Mortgage Holdings, Flagstar Bank, Quicken Loans, RoundPoint Mortgage Corporation, Wells Fargo, and more, as well as several prominent economists.



FEATURE



January 2022

In “Strong Values, Translated Into Strong Execution,” *MReport* got the chance to speak with Mary Ann McGarry, CEO of Guild Mortgage. McGarry shared her lessons learned from over four decades of experience in mortgage, and how she worked to lead Guild with “the soul of a small company” but the resources of a large one.



May 2022

Sometimes, it’s all about the cover. Our May 2022 cover story, “Game of Homes,” provided a solid look at the state of American homeownership at the time, but the fact that we were able to capture that within a perfect marriage of theme, visuals, and cheeky pop-culture reference—well, there’s a reason this is one of the issues I’ll always keep framed on my office wall.



October 2022

In “Defining the Culture,” *MReport* got the chance to profile Kristy Fercho, then-Head of Wells Fargo Home Lending and formerly President of Mortgage for Flagstar Bank. Fercho spoke about the “extraordinary privilege” of helping people achieve the American Dream of homeownership. (Note: the very next month, Fercho shifted roles at Wells Fargo, becoming the bank’s Head of Diverse Segments, Representation and Inclusion.)

INTRODUCING

MortgagePoint Magazine

THE INDUSTRY’S MOST VALUED PUBLICATIONS JOINING FORCES

This April, the Five Star Institute’s premier trade publications, *DS News* and *MReport*, are joining forces to become *MortgagePoint*. This new publication will bring you the same exclusive news, features, interviews, and commentary you’ve come to expect from Five Star—now taken to the next level and all in one place. *MortgagePoint* will be your one-stop shop for coverage of the full spectrum of mortgage, from originations to default. Scan the QR code to sign up and learn more.





FROM THE PUBLISHER

MortgagePoint
Magazine

The Five Star Institute to Launch MortgagePoint Magazine

Next month, Five Star is preparing for the next evolution of our commitment to covering the mortgage and housing industries. This April, we're taking the next step forward as we prepare to bring you *MortgagePoint* magazine: a unified publication that represents the next step in our commitment to covering all aspects of our industry, all in one place.

MortgagePoint was born from countless discussions with our readers, our clients, and our other industry partners over the past couple of years. From those conversations, a few things became apparent. One, while we're enormously proud of the work the Five Star reporting team has done with *DS News* and *MReport* over the years, the division between the two has become increasingly

artificial. While our readership encompasses professionals working in all aspects of the industry, from originations to default as well as supporting areas such as real estate agents, financial services attorneys, service providers, fintechs, and more, our reader feedback has made it clear that most of our readership doesn't tune in only for *DS News* or only for *MReport*—they read both. This

makes a lot of sense, given that the American system of housing and mortgage is a complex ecosystem, and no portion of that ecosystem exists in a vacuum. The economic factors impacting originations and refi volume may lead to adjusted foreclosure volumes down the road, and the shifts in default numbers can serve as harbingers of where the larger industry is headed in the months to come.

"In the face of challenges such as inflation, recessionary conditions, and the lingering ways the industry landscape has been fundamentally altered during the unprecedented past few years, it's never been more critical for mortgage professionals to have a clear, comprehensive understanding of the big picture. That is the perspective that *MortgagePoint* is

designed to bring its readers," said Ed Delgado, Chairman Emeritus, of Five Star Global, the parent company of both *MortgagePoint* and the Five Star Institute.

It's all of a piece, in other words, and *MortgagePoint* is our solution to that feedback: putting all the industry news you've come to rely on from *DS News* and *MReport* in one place. *MortgagePoint* will offer businesses and individuals access to up-to-date mortgage industry data, news, and commentary alongside in-depth profiles of the hard-working individuals who support all aspects of this complex sector of the American economy. Through that single portal, *MortgagePoint* will also continue to bring you multimedia features such as webinars and podcasts to provide users with a



FROM THE PUBLISHER

comprehensive view of the mortgage landscape.

MortgagePoint will also give our industry partners an ideal platform to spotlight their companies and contributions, providing streamlined content accessibility for partners. Throughout its properties, *DS News* reaches a combined readership of 50,000 people each month, and an additional audience of well over 20,000 on social media. *MReport* reaches a similar amount of 45,000. Together, they share 80% of the same audience.

“With *MortgagePoint*, our goal is to create one unified brand across our magazine, email marketing, and website properties, organically increasing the reach for advertisers without the risk of losing a captive audience,” said Jonathan Hughes, President of Five Star Global. “With *MortgagePoint*, our partners will enjoy greater magazine circulation, a larger subscriber base through our Daily Dose, and greater digital impressions without having to choose between the brands and risk missing an important segment of their potential audience. We strongly believe that *MortgagePoint* represents the natural next step for the growth path FSI has been on since the launch of *DS News* nearly a decade and a half ago, and we can’t wait to show our readers and partners where this new platform will take us.”

MortgagePoint Magazine will launch this April with a special edition focused on government loan servicing and the government’s role in the mortgage and housing industries, timed to coincide with Five Star’s annual Government Forum at the National Press Club on April 11. It will include a cover

spotlight interview with Julia R. Gordon, Assistant Secretary for Housing and Federal Housing Commissioner, U.S. Department of Housing and Urban Development. From there, we’ll bring you a new edition of *MortgagePoint* each month, alongside a supporting website (launching in May) that will unify the strengths of *DS News* and *MReport* in one single location, continuing to bring you the insights and reporting you’ve come to expect.

Existing magazine subscribers will be folded into *MortgagePoint* seamlessly, so you won’t have to worry about missing a single issue.

For those who enjoy our daily and weekly email blasts, the *DS Daily Dose* and *MDaily* publications will continue, now co-branded under the *MortgagePoint* banner but continuing to bring you the same mix of news, interviews, features, industry announcements, and more. And *MortgagePoint Weekly* will

take over the Saturday morning slot, bringing you a roundup of each week’s most important and impactful coverage.

To reserve your *MortgagePoint* subscription and ensure you’re kept up to date on all the announcements, make sure to sign up here. We’re excited about everything we have to show you in the months ahead as we begin our *MortgagePoint* journey. We hope you’ll all join us on that road.

“With *MortgagePoint*, our goal is to create one unified brand across our magazine, email marketing, and website properties, organically increasing the reach for advertisers without the risk of losing a captive audience.”

—Jonathan Hughes, President, Five Star Global



Back in the Game?

Still hampered by high mortgage rates and tight supply, will the spring/summer housing market bring homebuyers back off the sidelines?

By Phil Britt

With mortgage rates about double where they were a little over a year ago, the likelihood they will still increase at least slightly, a tight supply of homes for sale, and relatively little new single-family construction, the spring/summer real estate market will be a challenging one.

According to the Federal Reserve Bank of St. Louis, the average 30-year fixed mortgage had a 6.5% interest rate at the end of February, compared to 3.76% at the end of February 2022, and just over 3% at the end of 2021.

The Mortgage Bankers Association's February 21, 2023, Mortgage Finance Forecast estimated \$1.873 trillion in 1-4 family home mortgage originations for 2023, down from \$2.245 trillion in 2022. Purchase originations were expected to be 76% of mortgages, up from 70% a year ago.

Rates are still expected to increase another 50 to 75 basis points this year, perhaps more if inflation continues above the Fed's target rate, but the majority of the rise in rates is likely already

in place, economists and mortgage experts agree.

Now that most of the increase in interest rates is through, homebuyers are starting to inch back into the market, but many will stay on the sidelines until the interest rate picture is much more in focus, which could be soon, said **Eric Fox**, Veros Real Estate Solutions' Chief Economist. "A lot of those folks on the sidelines are going to be ready to get back in the market during the spring and summer buying season."

Though rates are double what they had been, the earlier rates were lower than they had been for many years, Fox pointed out. "We've had strong markets in the past when interest rates were at 8 and 10%. I think at some point we knew we would get back to higher rates."

"If the Fed does get interest rates under control, the bond market will rally and mortgage rates will go down because of that," said **Ron Vaimberg**, President of Ron Vaimberg International.

"No matter what [mortgage] interest rates do, sooner or later, people adapt to what the new

market is," Vaimberg said. "We saw that when mortgage rates moved to 5%. At first, everything stopped. Then, all of a sudden, it started going again. Then they jumped to 7% and everything stopped again. Then they came down into the 6% range, and in mid-January, people started coming out of the woodwork and were buying homes at a much faster pace than they were during the prior quarter. Sooner or later, people adapt."

Fox and other market experts expect home prices, which have already fallen some, to drop more before increasing again. Though they don't expect the sharp appreciation of 2023, there will be bidding wars and all-cash offers, they agreed.

Growth Is Possible

Though rates are up this year, Go Mortgage expects its volume to increase significantly to \$1.8 billion this year, company CEO **Michael Isaacs** said.

"Our strategy for growing volume in 2023 is to add pro-

ducers, taking market share in areas where we don't have offices today," Isaacs explained. "It's mostly feet on the street, retail officers entrenched in local communities—where most of their business comes from—and their relationships with local Realtors and other referral partners."

However, most loan officers won't do more volume than last year, Isaacs added. "If you want to grow, I think you have to add people—mostly good producers with good books of business—and take market share from others. That's the only way to grow in the current market."

Earlier in the year, mortgage experts had expected rates to go up a little more early, but level off or even fall by the end of the summer, which could lead to a small refinancing opportunity. However, economic reports that came out in late January and February showed that inflation was still running hot, though not as hot as in the second half of 2022.

"I don't think that we will see the refinance wave that we were hoping for," Isaacs said. "It will con-





tinue to be a challenging market, and I don't think the market will truly recover until 2024."

Other experts *MReport* interviewed agreed that lower mortgage rates likely won't occur until 2024, though there are some recently published forecasts still calling for slightly lower rates by the end of the year.

The Mortgage Rate Gap

One issue, according to Isaacs, is that the homeowners who in a more normal market would be looking to move up, for the most part, aren't doing so because it would mean exchanging a mortgage at 3%, or even lower, for one at twice the interest rate.

"People will not move unless they have to," agreed **Doug McCoy**, Director of the Indiana University Center on Real Estate Studies. "Ninety-one percent of homeowners have a long-term, fixed-rate mortgage. They're not going to give that up unless they have to, and that's the lion's share of the existing housing market."

With remote work more commonplace than before the COVID-19 pandemic, fewer people need to move due to a job change, McCoy added.

"It used to be people moved every seven years, that just doesn't apply anymore," Vaimberg said.

Vaimberg added that some people took advantage of the historically low interest rates of the last few years to remodel their homes, removing some of the urgency to move up or elsewhere.

There will still be some migration to the south for retirees and those who can work remotely who have the financial means, McCoy said. "It all depends on the cost of the housing and if it fits into their budget. They might wait a year or two to see if rates come down."

According to McCoy, though borrowers can save 50 to 75 basis points with an adjustable-rate mortgage, most borrowers prefer the certainty of a fixed-rate mortgage.

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McCoy also expects more buyers to opt for the lower payments of a 30-year mortgage, even if they could qualify for a 15-year mortgage. "To my mind, no one should commit to more than a 15-year mortgage. The difference in the monthly payment isn't enough to justify it. If they need to, they should get a second job to afford the monthly payment on a 15-year mortgage. It's amazing how little principal people pay down in the first years of a 30-year mortgage, but people still do it because all they can see is the monthly payment."

Mortgage rates over 3.5% price out as much as 60% of potential buyers, according to **Abhinav Asthana Tavant**, Business Head, Fintech Products. "Some statistics say that about 80% of the popula-

tion in the homebuying journey is negatively affected by interest rates above 3%."

With rates at current levels, the monthly mortgage payment for the average home is about \$8,500 per year, or about \$700 per month more than it was last year, Asthana said. "This puts the [potential] home buyer under two kinds of pressure—how do you bring in that extra \$8,500 in additional income each year and home prices are still high."

Some potential homeowners are waiting for rates to drop. Others are being advised by real estate agents to accept the higher payments for now—if they can qualify for it and afford it—then refinance in what is expected to be a lower rate environment in 18 to 24 months."

Mortgage lenders need the spread between the existing mortgages and new mortgages to narrow, Isaacs said. For example, his own mortgage is in the 3% range. Going to a move-up home with a rate of about 5.5% would be a much easier decision than moving up to a home with a 6% mortgage.

Homeowners that do want to buy the move-up home can be better served by keeping the initial home and renting it out if they have the wherewithal to still come up with the down payment for the second home, Isaacs said.

While economists expect inflation to stay high while the job market remains strong, a strong job market helps ensure that homebuyers have the wherewithal to make their monthly payments. If the job market was weaker, risk, and therefore, mortgage rates, would be higher, Asthana said.

Lack of Inventory

Though the buyers might be ready to get back in the market, the same won't be true of sellers, so supply will be severely constrained, Fox said. "That will give us some upward pressure on pricing."

According to Fox, the hot markets during the pandemic—San Francisco, Austin, Boise, Silicon Valley, and some cities in Utah—will continue to see some price softening, while cities with low cost of living will see higher price appreciation.

Beyond higher interest rates and would-be sellers holding onto their homes, another issue putting a damper on the home mortgage is lack of inventory, Isaacs said. "Most inventory in our industry is created by people moving up selling one house buying a new house or by new construction. And we're just not seeing builders build much new product as we would like."

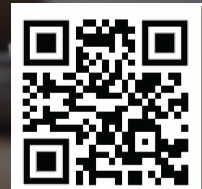
Builders are nervous about the market and the general economy, Isaacs said.

"Although rising builder sentiment indicates a turning point for housing later this year, lackluster



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ter single-family production in January is a sign that the housing sector faces further challenges, as elevated mortgage rates and high construction costs continue to put a damper on the market," the National Association of Home Builders said in February.

Overall, housing starts decreased by 4.5% to a seasonally adjusted annual rate of 1.31 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

The January reading of 1.31 million starts is the number of housing units builders would begin if development kept this pace for the next 12 months. Within this overall number, single-family starts decreased by 4.3% to an 841,000 seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, decreased by 4.9% to an annualized 468,000 pace.

"Housing construction weakened in January as ongoing affordability conditions fueled by high mortgage rates and building material costs challenged the market," said **Alicia Huey**, NAHB Chairperson. "While a recent two-month upturn in builder sentiment indicates a turning point for single-family construction could take hold in the months ahead, policymakers need to fix the supply chain for building materials to ensure builders can add the additional inventory the housing market desperately needs."

Builders were burned by building too many spec homes in the past, so they are only building homes under contract, so little new supply is coming on the market, Isaacs said.

A related issue is that with the cost of labor and building materials up substantially, except for lumber, which has fallen in price in the last year, builders can't profit from building starter homes, which further constrains the inventory at the bottom of the market, Isaacs said. "In Columbus, Ohio, where I live, you can't build a new house for under \$400,000."

Student loan debt is also

"If you're a mortgage professional and you want to succeed, you have to keep your head down, stop focusing on market conditions, and focus on what you can control."

—Ron Vaimberg, President of Ron Vaimberg International

impacting the ability of younger people to buy a house. Though the debt payments on government student loans have been suspended for more than two years, those payments are now set to restart in the summer. Even if some of that outstanding debt is forgiven, which depends on a pending Supreme Court decision, many younger consumers will still have substantial college payments remaining, impacting their ability to save for a down payment and make mortgage payments.

On the positive side, people are earning more today than they did 10 years ago, Isaacs said. Plus, there are down payment assistance programs that can help some potential homebuyers. But there's still a substantial financial shortfall for many who would typically be looking to purchase their initial homes.

For those who have the financial means, the limited supply means that, like last year, many

homes are selling for over list price, a trend that Isaacs expects to grow into the spring and summer.

"The inventory problem won't be fixing itself any time soon," Isaacs said.

Keys to Success

To succeed in this challenging market, mortgage lenders need to recruit new loan officers to add to volume while also retaining the loan officers they have, Isaacs said. Lenders that cut support and resources are in danger of losing their best staff.

"Find loan officers in markets where you think you can take market share and increase volume, then give them a compensation structure that makes sense in the current environment and continue to take market share," Isaacs said.

"To succeed in this environment, we all have to work a lot harder than we've worked in

the last 10 years," Isaacs added. Lenders will have to look harder to find the top-producing real estate agents to partner with—the 80-20 rule has become the 90-10 rule, or even the 95-5 rule, with the top five or 10% of real estate agents doing the lion's share of business in the local market.

Cost-cutting is important as well, Isaacs said. "Build your model around what you are doing today, not what you think that you will be doing in 90 days. It might not be better 90 days from now. Hope is not a strategy."

"If you're a mortgage professional and you want to succeed, you have to keep your head down, stop focusing on market conditions, and focus on what you can control," Vaimberg said. "As long as you work on your sales skills, work on your marketing, and out-prospect your competitors, you don't have to worry about anything. But you may have to work three, four, or five times harder for the same amount of business."

Looking Forward

Asthana expects a good refinance market once rates do drop. "We've already seen \$1.8 trillion in mortgages originated at rates north of 5.5%. Banks are sitting like hawks, watching this game. That's where the independents have to get much smarter and leaner because in the next eight to 10 months there will be a [refinancing] opportunity." **M**



PHIL BRITT started covering mortgages and other financial services matters for a suburban Chicago newspaper in the mid-1980s before joining *Savings Institutions* magazine in 1992. When the publication moved its offices to Washington, D.C., in 1993, he started his own editorial services room and continued to cover mortgages, other financial services subjects, and technology for a variety of websites and publications.

THE 2023 FIVE STAR LINEUP

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



April 11

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 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.



May 16-18

reo connect

Las Vegas

Designed for REO professionals committed to making the REO process profitable, efficient, and effective towards eliminating blight from our neighborhoods. This carefully curated event provides targeted industry insights and intimate networking in a relaxed environment—featuring distinctive content to support the asset managers, service providers, and agents who specialize in REO.



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.

THEFIVESTARINSTITUTE



This Year, Expect and Prepare for a Digital Revolution in Mortgage Industry

The emergence of eSign, RON, and eNote technologies will lead the way in expediting the mortgage process in 2023.

By Kosta Ligris

Real estate transactions still look, in many ways, the same way they have for generations, with homebuyers, real estate agents, lenders, attorneys, sellers, and title professionals physically sending and signing documents.

It's monotonous, slow, error-prone, and simply not what customers typically choose when making monumental purchases. While mortgage lending and the closing process have historically been manual, it's increasingly clear that these methods are no longer efficient or effective. More than that, customers will seek out businesses that lean into the digital age.

The trend toward digitalization in the mortgage industry has been building for some time, but here's how I expect it to accelerate in 2023.

Increased RON Adoption

Remote online notarization (RON) relieves the notary from having to be in the same physical space as the parties signing the documents they're notarizing. Unfortunately, this tool hasn't been utilized to its fullest potential yet, because laws

haven't kept up with the technology. However, that is expected to change this year, as it appears that the SECURE Notarization Act will be signed into law in some form, and when it does, the industry will finally have clarity about the use of RON.

Another technology I expect to take off in 2023 is eNote technology. eNote allows for the digital signing of a promissory note by the lender and borrower. Already legal in all 50 states, eNote offers several advantages over paper notes, particularly when it comes to security. In addition, eNote offers mortgage originators the opportunity to have greater control over the entire process, which will become increasingly important as market conditions evolve. Other benefits include significant savings in terms of time and money, reduction in human error, and increased customer satisfaction.

The Customer Is King

We're coming off a hot market, and forecasts are clear that overall loan volume will decrease. As a result, there will be fewer loans to compete over, and those borrowers, regardless of demographics, will look for the

convenience, speed, and security that digital closings provide.

For most clients, though, the mostly-digital process will begin and end with an in-person experience. This hybrid approach, which will employ eSign, RON, and eNote to varying degrees, will become the new norm as lenders seek more control over the process while also making transactions quick and secure for customers.

Change Is Imminent for Title and Settlement

The retraction in the mortgage market is a clear challenge for title and settlement businesses. However, new tools will enable them to do more with less. Those that make the quickest and best use of those tools—eSign and RON, particularly—will be positioned to expand their geographic footprint and close more deals faster, making them busier than before.

So many mortgage and underwriting tasks are robotic, and humans tend to make mistakes, particularly with tedious tasks. When we're talking about

mortgage deals, mistakes can cost time, usually time from multiple professionals who didn't plan on filling out that paperwork all over again.

The digital revolution, which has already started in the mortgage underwriting world, will eliminate the cost and environmental damage associated with paper and mail. It will save numerous hours and money by reducing errors. Perhaps most importantly, it will relieve these tedious, robotic tasks, allowing professionals to focus their energy on what they're best at, building customer relationships and helping their clients.

This year will be won by those who fully embrace digitization's potential for the entire mortgage ecosystem. Those who do will experience less frustration and loss due to errors, their team members will be empowered to do what they do best, and their customers will experience a process that is both safer and more modern than the competition. **M**



KOSTA LIGRIS is CEO and Founder of digital mortgage platform Stavvy.

The digital revolution ... will relieve these tedious, robotic tasks, allowing professionals to focus their energy on what they're best at, building customer relationships and helping their clients.





The Automation Revolution Reaches a New Phase

Most lenders have automated much of the front end of their processes, and now, Robotic Process Automation (RPA) technology is helping to automate the in-between functions.

By Jimmy Lewis & Sridhar Loganathan

It's no secret that many mortgage lenders have taken significant steps to streamline their operations in recent years, mostly through modern technology. However, the focus of those efforts has trended toward the "front end" of the transaction: Point of Sale (POS) and Loan Origination System (LOS) platforms, as well as some effort to modernize appraisal management, compliance or document prep, extraction, and management. And yet, an ICE Mortgage Technology report found that the typical mortgage transaction costs a lender between \$7,000 and \$9,000 to originate. It still takes more than 45 days on average from application to closing.

While much progress has been made in automating "anything automatable," there's still much room for improvement—so much so that a recent Acuity Knowledge Partners analysis indicates that optimizing and streamlining other parts of the mortgage process will remain a strategic priority throughout the industry despite a tepid outlook for the market in 2023.

So, what's left to automate? Plenty. And while the automation discussion has gone from LOS and POS to talk of specialized technology solutions, tech stacks and the future with open API (Application Programming Interface), the mortgage process is complex enough that even now, there are still dozens of minor but necessary (and time-consuming) functions or processes that remain manual. These are the "in-between" areas that automation has not fully absorbed. But now, with the use of Robotic Process Automation (RPA) technology, more commonly known as "bots," this too is changing.

Bots Can Be Useful

For some, the term "bot" has a negative connotation. Bots are perceived by some as bits of code designed by retailers to track their every move or habit online. Others know bots only from their experience with rudimentary, unhelpful "chat bots," the worst of which only impede the customer experience.

While "bots," like any kind of technology, are only as good as their design, purpose, and use, they are proving extremely helpful in many industries.

UiPath defines RPA as "a software technology that makes it easy to build, deploy, and manage software robots that emulate human actions interacting with digital systems and software. Just like people, software robots can do things like understand what's on a screen, complete the right keystrokes, navigate systems, identify and extract data, and perform a wide range of defined actions." RPA is flexible, versatile, generally operates outside of existing technologies, thus not impeding other elements of the tech stack, and works 24/7/365. It is best deployed for simple, repetitive and, some would say, mundane tasks or processes. Best of all, like any useful technology, it empowers employers to redeploy their human resources to more complex, engaging tasks while accelerating the speed and efficiency with which things like data entry or extraction had been performed by people.

Where Does RPA Help Mortgage Lenders?

We are seeing RPA starting to be employed throughout the mortgage processing phase of the transaction. Oftentimes, it is used to vastly improve interactions between phases of the process (application to data entry; underwriting). It is also being used by lenders using technologies that are not fully integrated or able to take advantage of open API (e.g. Where a POS is not able to smoothly transfer data into the LOS).

In all these cases, RPA is being used to replace things like manual (human) data extraction or entry, as well as eliminating the error-prone "stare and compare" processes. So, in cases where loan processors were required to spend time and effort dragging a potential borrower's data into the LOS, including things like contacting the borrower for missing or corrected information, bots are starting to be used instead.

In fact, it is fair to think of





RPA technology as a tool for almost any “in-between” task or process. Even in today’s more automated mortgage lending world, anywhere you find a disconnect between technologies, you are highly likely to find a human being manually pulling, comparing, or inputting (if not verifying or updating) data as well as moving it along to the next automated phase of the process. These are the areas that make it difficult to bring down the cost to originate or averages days to close.

RPA technology is also being used to automate parts of the credit prequalification process as well as many other burdensome, administrative (but necessary) tasks that generally fall to an LO. For example, bots can help to sort credit scores and send the corresponding applications to the most appropriate “bucket.” So, the applications with the top FICO scores would be sent straight to the LO, while fair scores might be sent for further evaluation by the credit team.

In fact, those credit scores may, in and of themselves, have been pulled or extracted with the help of bots. The same is true of background checks or flood certifications. All of these tasks are notoriously time consuming and take LOs away from what they do best: winning new customers and supporting applicants with more complex challenges. All the same, for compliance or practical reasons, these tasks remain necessary to the process. Where bots are used to improve the efficiency (and productivity) of LOs, they are also playing a role in the potential increase of revenue.

Bots can also help during the closing and even post-closing process. Again, the technology is an optimal way to eliminate manual data entry from the operation. Take, for example, the labor intensive production of closing disclosures. Or compliance with investor requirements or guidelines. Consider, even, forms made necessary by municipality or local regulator that might not have been

addressed by a larger, more global technology, thus requiring a processor to manually pull the required data from wherever it might otherwise reside within the tech stack (or, worse, from another paper form or Excel spreadsheet) and manually enter it into the corresponding website or system required.

Anywhere processors, underwriters or frontline staffers once needed to spend significant time cutting and pasting, emailing files, or even spending inordinate amounts of time with two, three, or five different portals or programs open at their workstations, the potential for the effective automation of those processes is made possible with bots.

The world of mortgage lending has come a long way in a very short time. As we see the removal of many of the legal, regulatory, and practical barriers that helped drive the mortgage transaction process into the convoluted and confusing operation it has long been, we are seeing lenders turn to technology to streamline the

process and, in so doing, make it more transparent and profitable. While lenders have fully embraced the modernization of the origination side of the process, they are ready to attack the gaps in their workflow and the processing or “back end” functions that have long slowed the course of the transaction. In so doing, it is very likely they will turn to bots for assistance. **M**



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INTRODUCING

MortgagePoint Magazine

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Op-Ed: Respect the Black Dollar

Tai Christensen of Arrive Home explains why now is the time for the Black community to shift their spending and invest in the American Dream of homeownership.

By Tai Christensen

In February, we celebrated the contributions of Black Americans and Black Excellence, and LeBron James made headlines for surpassing Kareem Abdul-Jabbar's all-time high scoring record in the NBA. It was a remarkable achievement in athletics with one Black man surpassing the accomplishments of another Black man.

Black excellence is routinely celebrated in professional sports, with Black athletes representing 73% of NBA players and 58% of the NFL. This year's Super Bowl featured two Black quarterbacks, in another example of Black men making athletic history. And while Blacks continue to excel in this capacity, unfortunately, we continue to lag in one critically important arena: homeownership.

According to a recent report, the Black homeownership rate continues to trail our white counterparts in this country by 30 percentage points. And while it is

true that Blacks on average have less annual income than whites, the Black dollar is responsible for a large portion of consumer spending in our country. In fact, a recent study found that in 2021, the Black dollar was responsible for over \$1 trillion in spending on consumer goods and services. Furthermore, Black Americans were responsible for 20% of all luxury goods purchases in 2021, even though we only represent 13% of the American population.

Wait a minute—we make less money than other races, but spend more on luxury goods and services and have the lowest homeownership rate of any other race. Something is not right here ...

The time has come, that we, as a Black community, make a dynamic shift in our spending patterns and place critical importance on investing in ourselves and our families. Investing in ourselves means prioritizing our dollar spend in ways that directly







increase the wealth within our Black households and transitioning that wealth to future generations. And for the majority of Americans, the number one vehicle supporting wealth creation is investing in sustainable homeownership.

The question remains: How can we as a mortgage lending industry create more opportunities to support our Black brothers and sisters in becoming sustainable homeowners?

My humble answer: Take Black women seriously as a viable base to increase homeownership in our community.

According to this report from Urban Institute, the Black female demographic has increased our share in households headed by women to just over 60%, which is more than any other racial demographic. In fact, over the last 30 years, Black women have increased their homeownership rate by 5.6%, while Black men have experienced the greatest decrease in homeownership over the same time period. Additionally, Black women have the highest labor force participation rate of all women.

That said, Black women remain the most underserved segment of all potential household formations, across these racial and gender divides. And instructing loan officers to blindly target Black females is hardly going to be an effective industry strategy.

It is incumbent upon the mortgage industry to create meaningful and trustworthy outreach to Black Americans—and more specifically, Black women. And this certainly goes beyond slapping smiling Black faces on marketing material. True outreach means robust homebuyer education, taking time to shepherd potential homeowners slowly through the home buying process, and educating our underserved communities about down payment assistance programs, special purpose credit programs, and mortgage credits that are available to bridge the gap toward becoming a homeowner.

Having processes in place to support these underserved mar-

It is incumbent upon the mortgage industry to create meaningful and trustworthy outreach to Black Americans—and more specifically, Black women. And this certainly goes beyond slapping smiling Black faces on marketing material.

kets is a critical part of showing our communities of color that we are serious about advancing their homeownership. It also goes a long way to healing some of the financial trauma and distrust in banks that hold back minority communities. And we are seeing some progress. Arrive Home was created to provide down payment assistance and earned equity incentives to Black and minority homebuyers. And while we are not alone, there is still much to be done to significantly increase the number of Black homeowners in our country.

Fannie Mae recently announced the selection of five organizations to receive deliverable-based contracts under the Sustainable Communities

Innovation Challenge, a nationwide competition to help advance racial equity in housing.

Guaranteed Rate is offering Special Purpose Credit Programs that will provide up to \$8,000 in assistance to potential first-time homebuyers from underserved communities.

Despite these advances there is still measurable discrimination against Black Americans in all financial services, primarily in the form of higher interest rates and lower credit approvals. I echo the recent Black History Month speech from Federal Reserve Vice Chair Michael Barr at the Hope Economic Mobility Forum at Jackson State University, who said that more needs to be done to eradicate discrimination in our

financial institutions.


As we seek to diversify our industry by bringing in more young folks and people of color, let us listen deeply to these new groups of individuals. Hiring diverse talent creates a broader range of life experiences and perspectives. This can result in creating innovative solutions and programs that will help to begin to shrink the continually expanding racial homeownership gap.

Five generations ago, my great, great, great grandfather, who was born enslaved, decided to prioritize homeownership after he was emancipated. Upon his death in 1902, the 66-year-old had accumulated 50 acres of land and left a home to each of his eight children. I am so proud of my family history and filled with gratitude to be a beneficiary of the decisions he made so long ago. The time is now for a new generation of Black Americans to use the power of the Black Dollar to invest in wealth creation in our own community. And with innovative programs and creative solutions from our industry, as Sam Cooke sang, I know a change is gonna come. **M**



TAI CHRISTENSEN is Co-Founder and Chief Diversity Officer for Arrive Home, a national down

payment assistance social enterprise serving underbanked communities. Tai is also the host of the California Mortgage Bankers Association's podcast on Equity, Diversity, and Inclusion. She serves as Chair of the American Mortgage Diversity Council (AMDC) and also serves as a board member for Axis Lending Academy, a nonprofit that focuses on providing the mortgage lending industry with a more diverse talent pool of job candidates. Tai has been featured on Fox Business News, as well as articles in the Washington Post, MReport, Real Estate Weekly, Forbes, and numerous podcasts. Tai is passionate about assisting creditworthy borrowers in disadvantaged communities become homeowners and build intergenerational wealth through homeownership.



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Potential Homebuyers Opting to Rent Rather Than Buy

The share of families living in apartments has reached the highest level in half a century.

With 43 million families living in apartments, the highest level in half a century, renting is popular even among high-earners who can buy but prefer to rent their homes instead. According to the most recent analysis of IPUMS data from RentCafe shows that the number of renters with annual incomes of over \$150,000 grew by 82% between 2015 and 2020, faster than renters overall. There are now 2.6 million high-earners living in rentals in the United States, and among them are many millionaire renters.

High-income renters earning \$150,000 or more saw a rapid growth of 82% in five years—the most significant increase among all income groups—followed by renter households with annual incomes between \$100,000 and \$150,000. At the same time, middle-income renters grew at

a slower pace but still posted double-digit increases. The only segment to register a drop was that of households earning less than \$50,000, which decreased by 11.2%. This is explained by low-income renters moving in with family members when the pandemic started, as well as households whose earnings grew and transitioned to higher-income groups.

Top Cities with Biggest Increase in High-Income Renter Households

1. Seattle
2. Miami
3. Portland, Oregon
4. Nashville, Tennessee
5. Austin, Texas
6. San Jose, California
7. Denver, Colorado
8. Indianapolis, Indiana
9. Las Vegas
10. Phoenix

Top High-Income Renter Hotspots

1. New York, New York
2. Los Angeles
3. San Francisco, California
4. Chicago
5. San Jose, California
6. San Diego
7. Seattle
8. Houston
9. Washington, DC
10. Boston

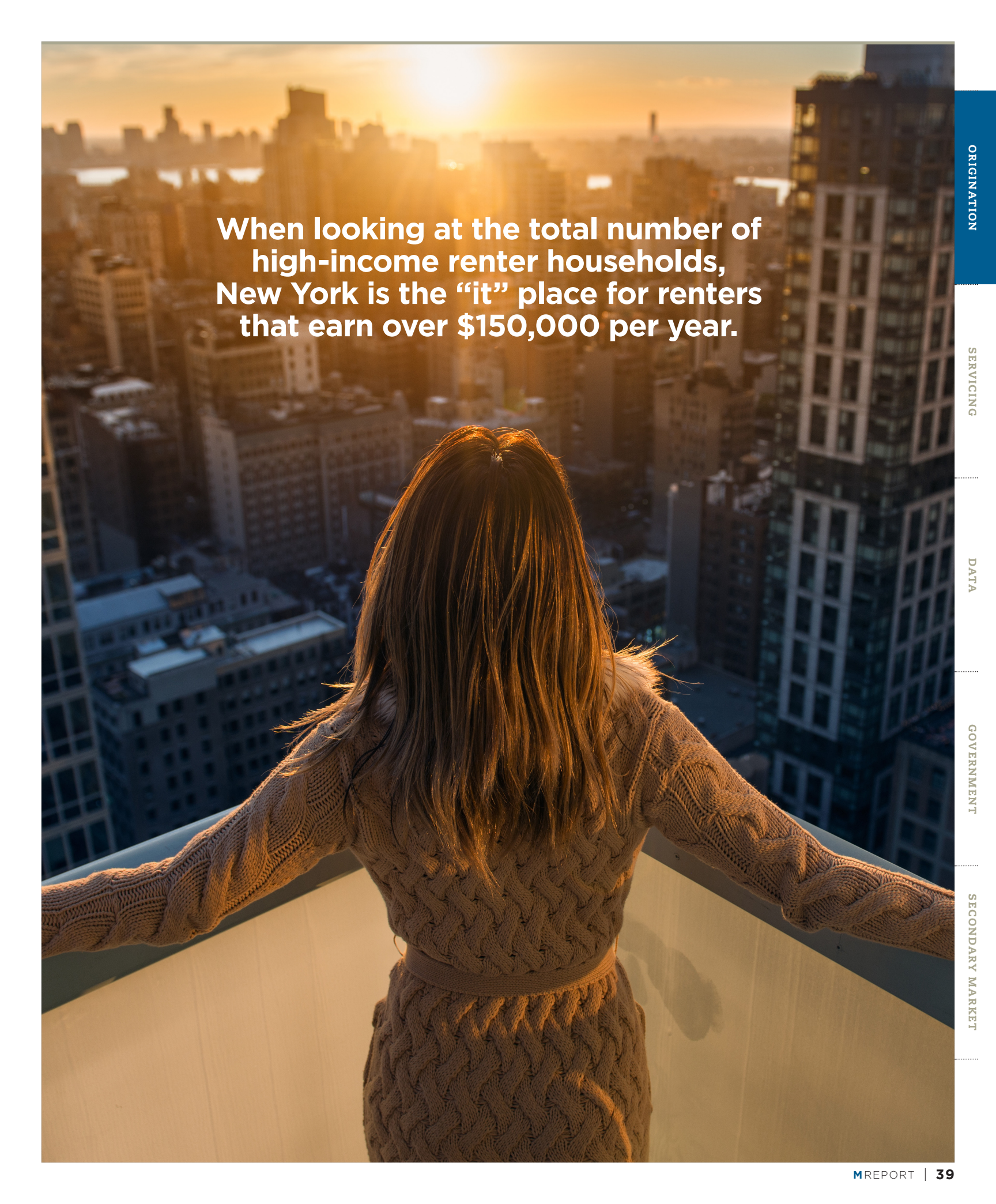
What Makes Those Who Can Afford to Buy Turn to Renting?

Part of the answer may be found in high home prices, which made homeownership less attractive, especially for those well-heeled residents in pricey locations. This becomes even more obvious when comparing home prices to renter income in the cities with the highest increases in high-income renters.

The number of renter households with incomes of more than \$1 million also reached a record high of 3,381 in 2020—three times as many as there were in 2015 when 1,068 millionaires were renting their homes in the United States, according to the most recent data from IPUMS.

According to a survey from Charles Schwab, Americans consider that an average net worth of 1.1 million represents being financially comfortable. Data also showed that it seems that being financially comfortable is a millennial trait, with this demographic making up a majority (28%) of millionaire renters. For many millennials of homebuying age and with above-average incomes, lifestyle renting is a better choice than owning.

Gen X follows closely behind, making up 23% of millionaire renter homes. As the first generation that redefined and broke away from the American Dream of homeownership, Gen Xers initially turned to renting due to the strain brought on by the 2008 housing crisis. Today, they're following the same lifestyle renting



When looking at the total number of high-income renter households, New York is the “it” place for renters that earn over \$150,000 per year.



trends as their younger counterparts.

Data shows that the most popular jobs among millionaire renters are in management positions (1,653); followed by securities, commodities, and financial services sales agents (519); chief executives and legislators (468); software developers (459); and lawyers, judges, magistrates, and other judicial workers (421).

According to IPUMS data, the rental home size of millionaire households varies across the United States, with three-bedroom homes being the national average. Millionaire renters in Washington, D.C., have the largest homes with, on average, five bedrooms, followed by Jersey City, New Jersey, with four. Alternatively, in cities like Los Angeles, San Francisco, and New York, the average home size is three bedrooms.

Wealthy renters live mainly on the coasts—specifically, in California, New York, and Washington, D.C. San Francisco held second place in the number of millionaire renter households but had the biggest spike between 2015 and 2020. The Golden City's rental homes inhabited by millionaires multiplied a whopping 17 times (1,629%), growing from 17 households in 2015 to a total of

294 in 2020. California is a millionaire magnet, as the number of seven-digit income renters also rose significantly in Los Angeles, by 361%, to 143 in 2020. Washington, D.C., has 121 renters who earn over one million dollars per year.

Major urban areas are the millionaire renter hotspots, with New York at the top of the list with the highest number. Data also found that 2,457 renter households earn over a million dollars per year, three-quarters of the national total.

Seattle, Miami, and Portland Boasted the Largest Increase in High-Income Renters in the U.S.

High-income renters—those who earn at least \$150,000 per year—are growing across the nation. According to U.S. Census data, in 14 cities across the United States, high-income tenants more than doubled in numbers in the last five years. Specifically, the 10 cities that saw the most significant increases in the number of rich renters are scattered mostly throughout the West and the South, with Seattle taking the lead as the fastest-growing high-income renter hotspot.

To that end, high-income

renters nearly tripled in Seattle (169%) compared to 2015, making it the nation's fastest-growing area for affluent renters. In fact, 17% of renter households in Emerald City have an income of over \$150,000. Here, their number increased from 12,305 to 33,111 in just five years—thanks, in part, to a healthy and diverse job market. Technology titans, such as Amazon and Microsoft, are fueling the employment needs of Seattleites, along with a booming biotech industry. Despite this, not even well-off Seattleites could keep pace with the growth of home prices in the last five years: 58%.

A similar spike of 166% in wealthy renters pushes Miami into second place. Granted, homeownership in Miami-Dade County has been dropping consistently even before the pandemic. So, it comes as no surprise that 2020 saw an influx of rich renters, reaching a high of 8,653 households (compared to 3,258 just five years prior).

In third place, Portland, Oregon, registered a 148% rise in the number of high-earning renters, reaching 9,503 as of 2020. Despite salary increases rivaling home price increases, some well-off Portlanders still choose to rent.

When looking at the total number of high-income renter households, New York is the “it” place for renters that earn over \$150,000 per year. The Big Apple had a total of 296,594 such households in 2020, representing a share of 11% of the national total. On the opposite coast, Los Angeles lags behind New York with 82,655 high-income renter households, despite registering considerable growth in the last five years. Two other California cities are in the top five: San Francisco and San Jose with 80,020 households and 34,585 respectively, while Chicago takes fourth place with 50,999.

Overall, incomes on the West Coast are higher than elsewhere in the nation. In particular, San Francisco has the highest percentage of high-income households who rent their home, with 36% registered in 2020, compared to 19% in 2015. The Bay Area city's high median income and high-paying jobs are the main explanation behind San Francisco's 86% growth in rich renters in this timeframe. In a similar situation are San Jose, California, and Seattle, with high-income rental homes representing 25% and 17%, respectively, of the total renter households.

Data shows that the most popular jobs among millionaire renters are in management positions (1,653); followed by securities, commodities, and financial services sales agents (519); chief executives and legislators (468); software developers (459); and lawyers, judges, magistrates, and other judicial workers (421).



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Homebuyers Return as Market Shifts Toward Their Favor

According to a Redfin study, as homebuyers adjust to 6% mortgage rates, more homes have gone under contract in January than in the entire fourth quarter.

The housing market has begun to recover after hitting a low point in the second week of November, according to a report from Redfin. The number of Redfin customers requesting tours has improved by 17 percentage points from November, and the number of people contacting Redfin agents to start the homebuying process has improved by 13 points. Compared with a year ago, home tours and service requests are down 23% and 27%, but that's an improvement from the November trough when both were down 40%.

This is already translating into more home sales. Redfin agents report that bidding wars are back in some markets, including Seattle, central Florida, and Richmond, Virginia. Homebuyer demand remains down from its early 2022 highs, but the market has shifted into a new phase and well-priced listings are selling quickly.

Homebuyers Return as Power Dynamics Shift Toward Their Favor

Homebuyers have begun to acclimate to 6% mortgage rates, which may feel like a relief after watching affordability erode as rates surpassed 7% in the fall.



"I've seen more homes go under contract this month than in the entire fourth quarter. Listings that were stagnant in November and December are suddenly getting one to two offers," San Jose, California, Redfin agent Angela Langone said. "I'm getting texts and emails from prospective buyers now that the new year is in full swing, and the holidays are behind us. Mortgage rates aren't stopping people as much as they were at the end of 2022 now that they're down from their peak and

buyers are more willing to negotiate. Some buyers are having luck winning a home for under asking price, especially if it has been on the market for several weeks, but those days may be numbered."

Mortgage applications are up 28% from early November as the average 30-year-fixed mortgage rate has declined to 6.15% from its November peak of 7.08%—the largest 10-week decline since 2009. That has sent the typical homebuyer's mortgage payment down 10% (about \$180) since fall. Pending

home sales rose 3% in December from November on a seasonally adjusted basis—the first month-over-month increase in 14 months.

Bidding Wars Are Back in Some Markets

While demand is coming back in some parts of the country, homes that are eliciting bidding wars tend to be affordable, suburban, single-family, move-in ready, and priced competitively. Preliminary data on the share of Redfin agents' offers facing bidding wars points to small upticks in the Seattle and Tampa markets this month.

"Bidding wars are back in Seattle," local Redfin real estate agent Shoshana Godwin said. "One of our Issaquah listings got 12 offers and is under contract for \$155,000 over the \$1.4 million list price. The buyer waived every contingency, handed over \$300,000 of earnest money, and is letting the seller stay for free for two months after closing. Another home in Seattle's popular Ballard neighborhood was recently delisted after sitting on the market for over three months. The seller relisted it last week and it went pending in under a day."

Eric Auciello, Redfin's team manager in Tampa, has seen three modest single-family homes priced around \$300,000 wind up in bidding wars in central Florida this month, with 16, 17, and 23 competing offers.

"Homes that are in desirable school districts, priced well, and



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SECONDARY MARKET

in good condition are going off the market within days or even hours," Richmond Redfin agent Blake Edwards said. "Anything under \$400,000 will sell within the weekend. Even the \$1 million houses that are in great condition are selling within days. It really is property specific right now."

The Market for Condos and Expensive Homes Lags Behind

Condos and higher-priced homes are still a struggle to sell. Redfin agents report that sellers of expensive homes and condos are offering buyers incentives to close deals.

"The condo market in Washington, D.C., has been hit hard," local Redfin agent Marshall

Carey said. "Condo sellers are searching for ways to incentivize buyers. One of my buyers recently purchased a condo, and we got the seller to give them 3% of the list price back in cash. My buyer used 2% of that to buy down their mortgage rate."

"There's a ton of demand for affordable suburban homes, but the super high end isn't in demand," Chicago Redfin agent Dan Close said. "Property taxes are very expensive here, so buying a \$2 million home isn't practical for most people."

Sellers Have Been Slower to Return Than Buyers

Even though homebuyer demand is improving, the main factor driving bidding wars is low

inventory. Would-be sellers are more sensitive to elevated rates because 85% of mortgage holders have a rate far below today's level of roughly 6%. This "lock-in" effect and still-high rental prices are motivating many potential move-up buyers to become landlords instead of home sellers.

The measure of people contacting Redfin agents to sell their home has improved slightly; it's up 10 percentage points from the November trough. But there hasn't yet been a significant boost in listings nationwide. New listings fell 18% year over year during the four weeks ending January 22. That's the smallest decrease in almost three months, but much steeper than the 8% decline a year earlier.

Redfin agents have observed in their conversations with

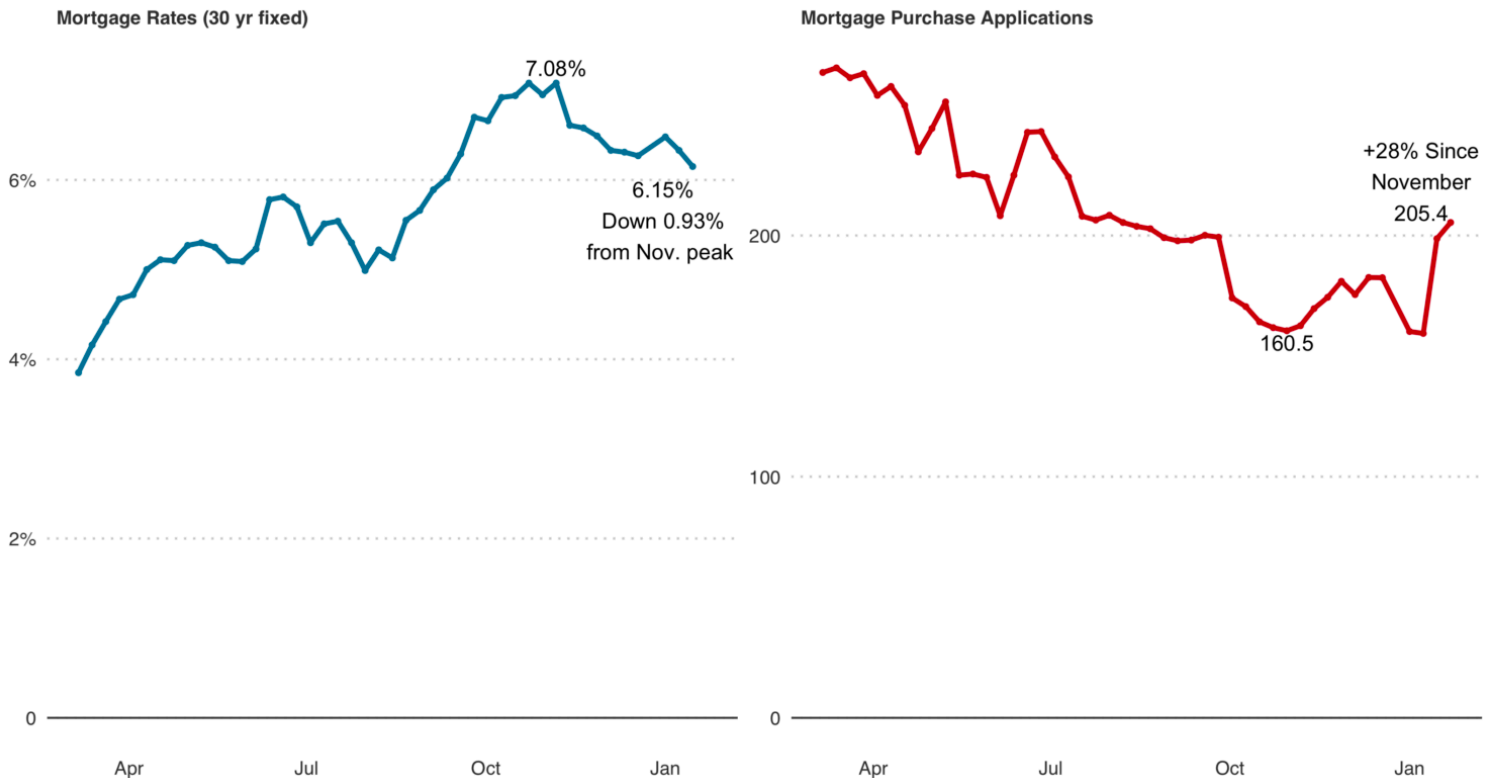
homeowners that there's fear around listing at a time when home-price growth has been shrinking and buyers are regaining power.

"Sellers are jumping on the first viable offer because they've heard from the media, friends, and family that the housing market is slowing," Edwards said. "It all feels very urgent. We prioritize educating sellers in real-time, so they understand how the market dynamics are shifting, with more buyers now coming back."

The market will likely see more sellers return as homebuyer demand increases and price growth stabilizes—especially given that there's pent-up supply from sellers who delisted their homes in the fall when the market was slowing.

Tide Shift

Homebuying Demand Began to Recover As Mortgage Rates Fell at Their Fastest Pace Since 2009



@TaylorAMarr Sources: Freddie Mac, PMMS; Mortgage Bankers Association, Seasonally Adjusted Purchase Index;



Home Purchase Mortgage Apps Fell Nearly 30% in December

Mortgage applications for new home purchases decreased 25.2% in December compared to a year ago, according to the MBA Builder Application Survey.

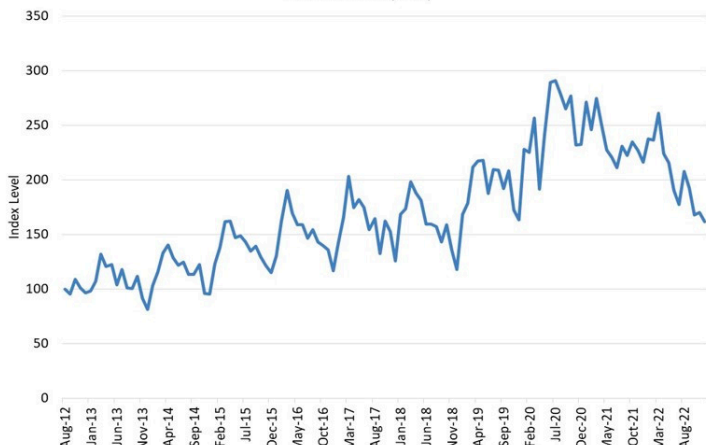
According to a report from the Mortgage Bankers Association (MBA) Builder Application Survey (BAS), data for December 2022 shows mortgage applications for new home purchases decreased by 25.2% compared to a year ago. Compared to November 2022, applications decreased by 5%. This change does not include any adjustment for typical seasonal patterns. “December new home purchase activity—both for applications and estimated sales—ran more than 20%

behind last year’s pace,” said Joel Kan, MBA’s VP and Deputy Chief Economist. “The decline in activity was in line with single-family housing starts that were 32% lower than a year ago. Higher mortgage rates and a weakening economy held back buyers at the end of last year.” “This week’s builder sentiment index from the NAHB reflected an improving outlook and increased homebuyer traffic, as mortgage rates have backed off from recent highs,” Kan said. “The housing market is still in need of more starter and entry-level

homes, especially when current demographic trends point to the potential for more younger households to enter homeownership in the near future. New construction of these units will help these buyers entering the housing market.” MBA estimates new single-family home sales, which has consistently been a leading indicator of the U.S. Census Bureau’s New Residential Sales report, is that new single-family home sales were running at a seasonally adjusted annual rate of 641,000 units in December 2022, based on data from the BAS. The new home sales estimate is derived using mortgage application information from the BAS, as well

as assumptions regarding market coverage and other factors. The seasonally adjusted estimate for December is a decrease of 2.9% from the November pace of 660,000 units. On an unadjusted basis, MBA estimates that there were 45,000 new home sales in December 2022, a decrease of 8.2% from 49,000 new home sales in November. By product type, conventional loans composed 69.1% of loan applications, FHA loans composed 20%, RHS/USDA loans composed 0.3%, and VA loans composed 10.5%. The average loan size of new homes increased from \$392,465 in November to \$399,555 in December.

Builder Application Survey Market Index (NSA)



MBA and Census Estimates of New Home Sales Seasonally adjusted, thousands





U.S. Mortgage Performance Remained Strong in Late 2022

According to a CoreLogic report, mortgage delinquency and foreclosure rates remained near record lows in November, although 18 metro areas experienced annual increases in the delinquency rate.

CoreLogic has released its monthly Loan Performance Insights Report for November 2022, showing that for November, 2.9% of all mortgages in the United States were in some stage of delinquency (30 days or more past due, including those in foreclosure), representing a 0.7 percentage point decrease compared to 3.6% in November 2021.

To gain a complete view of the mortgage market and loan performance health, CoreLogic examines all stages of delinquency. In November 2022, the U.S. delinquency and transition rates, and their year-over-year changes, were as follows:

- Early-Stage Delinquencies (30 to 59 days past due): 1.4%, up from 1.2% in November 2021.
- Adverse Delinquency (60 to 89 days past due): 0.4%, up from 0.3% in November 2021.
- Serious Delinquency (90 days or more past due, including loans in foreclosure): 1.2%, down from 2% in November 2021 and a high of 4.3% in August 2020.
- Foreclosure Inventory Rate (the share of mortgages in some stage of the foreclosure process): 0.3%, up from 0.2% in November 2021.
- Transition Rate (the share of mortgages that transitioned from current to 30 days past due): 0.7%, up from November 2021.

Overall mortgage delinquency and foreclosure rates remained near record lows in November 2022, 2.9% and 0.3%, respectively.

While national mortgage delinquencies declined for the 20th straight month on an annual basis, 18 U.S. metro areas saw at least slight increases in late borrower payments, up from six in October and one in September. Despite that uptick and slowing home price growth in recent months, most owners are in good shape due to healthy amounts of equity. CoreLogic's latest Home Equity Report shows that U.S. homeowners with a mortgage saw their equity increase by 15.8% year over year in the third quarter of 2022, for an average gain of \$34,300 per borrower.

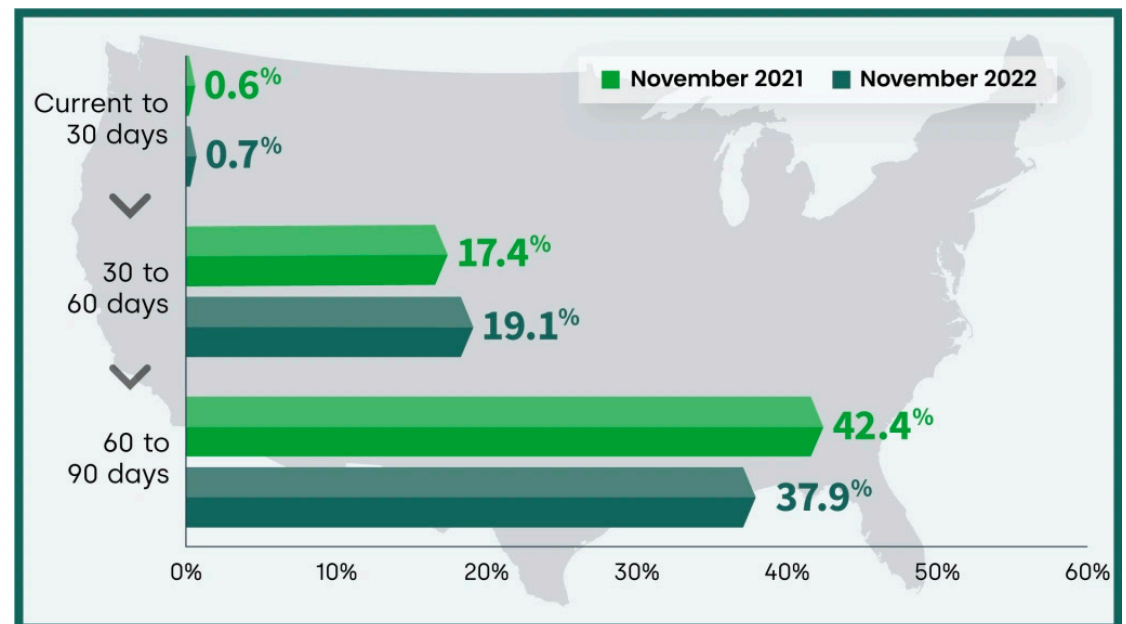
"Most homeowners are well positioned to weather a shallow recession," said Molly Boesel,

Principal Economist at CoreLogic. "More than a decade of home price increases has given homeowners record amounts of equity, which protects them from foreclosure should they fall behind on their mortgage payments."

State and Metro Takeaways:

- In November, all states posted annual declines in overall delinquency rates. The states and districts with the largest declines were Louisiana (down 1.9 percentage points), Alaska (down 1.6 percentage points), and the District of Columbia and Hawaii (both down 1.3 percentage points). The remaining states' annual delinquency rates dropped between 0.1 percentage

- points and 1.2 percentage points.
- In November, 18 U.S. metro areas posted an increase in overall delinquency rates. The top three areas for mortgage delinquency gains year over year were Cape Coral-Fort Myers, Florida (up 3.1 percentage points); Punta Gorda, Florida (up 2.9 percentage points); and Bloomsburg-Berwick, Pennsylvania (up 0.6 percentage points).
- All but one U.S. metro area posted at least a small annual decrease in serious delinquency rates, with Houma-Thibodaux, Louisiana (down 4.2 percentage points); Odessa, Texas (down 3 percentage points); and New Orleans and Hammond, Louisiana (both down 2.9 percentage points) posting the largest declines. The only U.S. metro to see an increase in serious delinquencies was Bloomsburg-Berwick, Pennsylvania.



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Pending Home Sales Increase, Breaking a Six-Month Downturn

“This recent low point in home sales activity is likely over,” said Lawrence Yun, NAR’s Chief Economist. “Mortgage rates are the dominant factor driving home sales, and recent declines in rates are clearly helping to stabilize the market.”

According to the Pending Home Sales Index (PHSI) released by the National Association of Realtors (NAR), pending home sales increased 2.5% nationally, breaking a six-month streak of worsening numbers that began in May 2022.

The index now stands at 76.9 points as of December 2022. Year over year, pending transactions dropped by 33.8%. An index number of 100 was benchmarked to home sales when the report was created in 2001.

“This recent low point in home sales activity is likely over,” said Lawrence Yun, NAR’s Chief Economist. “Mortgage rates are the dominant factor driving home sales, and recent declines in rates are clearly helping to stabilize the market.”

Of the four major geographical regions of the country, the West reported the largest growth of the group at 6.4% in December to an index of 58.6 but overall decreased by 37.5% year over year.

The South saw the second-highest growth at 6.1% to an index of 94.1 but dropped year over year by 34.5%.

However, the PHSI dropped in the other two regions of the country.

In the Northeast, the PHSI dropped 6.5% from December to an index of 64.7%, a decline of



32.5% over December 2021.

The Midwest index shrank by the least—or 0.3%—to an index of 77.6, a decline of 30.1% year over year.

“The new normal for mortgage rates will likely be in the 5.5% to 6.5% range,” Yun added. “Job gains will steadily become important in driving local home-sales markets. The South, in particular, is set to outperform the rest of the country, thanks primarily to better job market conditions in this part of the country compared to other regions.”

The PHSI is a leading indicator

for the housing sector, based on pending sales of existing homes. A sale is listed as pending when the contract has been signed but the transaction has not closed, though the sale usually is finalized within one or two months of signing.

Realtor.com Economic Data Analyst Hannah Jones responded to the report, saying:

“December’s contract signings reflected the housing market’s ongoing struggle with affordability, as ample housing demand remained frozen by high prices and mortgage rates,” Jones said. “Though mortgage rates fell

as low as 6.27% in December, down 0.8 percentage points from November’s high, home prices remained elevated, up 8.4% compared to the previous year.”

“To the delight of many, mortgage rates have continued to fall, dropping to levels not seen since September, offering buyers the opportunity to dip a toe back into the market. Even with December’s retreat though, mortgage rates remained more than three percentage points higher than the previous year, which means that the mortgage payment for a median-priced home was \$730 higher than in December 2021. As a result, many buyers stuck to the sidelines, waiting for conditions to improve.”

“Though the market is still tipped in sellers’ favor, many homeowners have reconsidered their plans to sell as fewer buyers competing means less potential upside,” Jones concluded. “The ongoing lack of affordability has curbed buyer activity this winter, but lower interest rates and the coming spring homebuying season promise more opportunities for buyers and sellers alike.”

First American Deputy Chief Economist Odeta Kushi also commented on the report. “December 2022 pending-home sales improved for the first time since May 2022, increasing 2.5% from November but remaining 34% lower compared with one year ago,” Kushi said. “Pending-home sales are a forward-looking indicator of home sales based on contract signings.”

“We now have multiple leading housing indicators that are pointing to modestly higher sales activity,” Kushi continued. “Mortgage



applications have been trending higher alongside lower mortgage rates, pending-home sales are up, and home builder confidence increased in January.”

“Interested buyers are out there. From a financial perspective, the decision to buy a home comes down to a payment-to-paycheck calculation, and lower mortgage rates may help to reduce the mortgage payment while higher incomes can increase one’s monthly paycheck.”

“Lower mortgage rates and a still strong labor market have helped to stabilize the housing market,” Kushi concluded. “The market suffered a deep freeze in the winter months of 2022 but, if these dynamics persist, there is reason to believe that it will begin to thaw as the spring home-buying season approaches.”

Bright MLS Chief Economist Dr. Lisa Sturtevant had the following comments on today’s Pending Home Sales data:

“There was a modest uptick in new pending sales in December, rising 2.5% compared to November. December’s pending data suggests that the housing market may have bottomed out,” Sturtevant said. “Buyer activity pulled back late last year as mortgage rates hit 20-year highs. But rates have fallen, and today’s report is another sign that buyers are back.

“Mortgage applications jumped last week as rates fell to their lowest level since September. Both home showings and new contract activity has increased in many local markets with some agents reporting a return to bidding wars and multiple offers.”

“Predictions of a housing market collapse are way off base. There are many prospective buyers who have come to accept the ‘new normal’ of 6% mortgage rates and are tired of sitting out the opportunity to buy a home,” Sturtevant concluded. “So, while the 2023 housing market will be slower than the market during 2021 or even the first half of 2022, there could be an unexpected first-quarter surge in buyer activity if rates stabilize or even come down further in the coming weeks.”

Senior Home Equity Exceeds Record \$11.8T

The National Reverse Mortgage Lenders Association and RiskSpan Reverse Mortgage Market Index hit a record high of 413.22, while senior housing wealth grew by nearly \$226 billion in Q3 2022.

According to the National Reverse Mortgage Lenders Association (NRMLA)/RiskSpan Reverse Mortgage Market Index, homeowners 62 and older saw their housing wealth grow by nearly 2% (1.95%) or \$226 billion in Q3 to a record \$11.81 trillion from Q2 2022.

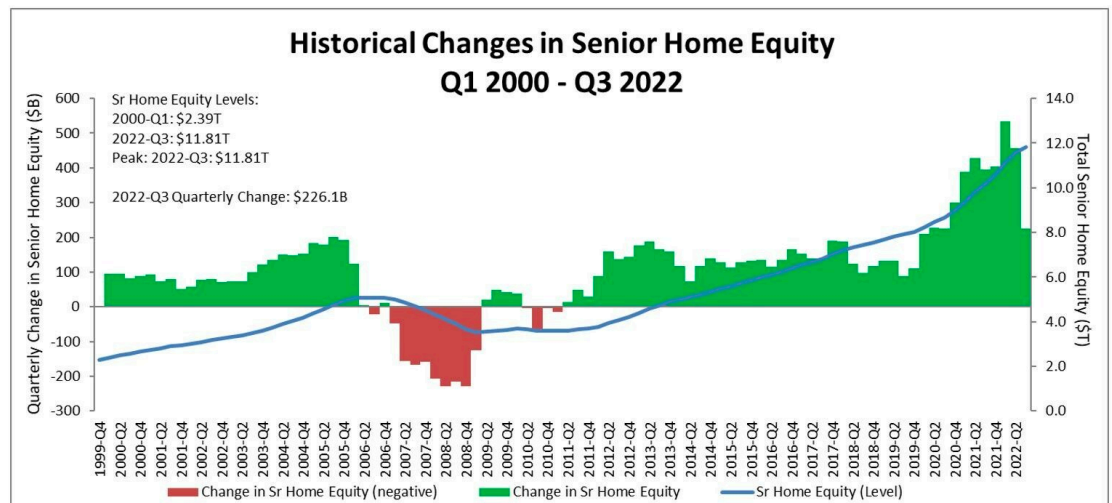
The NRMLA/RiskSpan Reverse Mortgage Market Index (RMMI) rose in Q3 2022 to 413.22,

another all-time high since the index was first published in 2000. The increase in older homeowners’ wealth was mainly driven by an estimated 1.95% or \$268 billion increase in home values, offset by a 1.93% or \$42 billion increase in senior-held mortgage debt.

“Multiple studies published over the past couple of years highlight the challenges faced by women to save for retirement

because of competing priorities, such as caring for children or an aging parent or relative,” NRMLA President Steve Irwin said. “Nevertheless, they own a substantial asset, their home. Therefore, when meeting with a financial planner, or other trusted advisors, it’s very important to consider home equity as a strategic asset that can be used to help enhance retirement security.”

Quarter Over Quarter Changes in Senior Home Equity



Prepared by RiskSpan, Inc.
Data sources: American Community Survey, Census, FHFA, Federal Reserve



Examining Homeownership Gender Gaps

Single women own an estimated 2.64 million more homes than single men nationwide, according to a new LendingTree study, and are more likely to own their homes.

While U.S. women earn 83.1 cents for every dollar a man makes, according to the U.S. Bureau of Labor Statistics (BLS), single women own more homes than single men.

A LendingTree analysis of U.S. Census Bureau data finds that single women are more likely than single men to own a home in 48 of 50 states. The study reveals which states are most popular for single homeowners, as well as where the homeownership gap between the genders is the largest.

Key findings:

- Single women own about 2.64 million more homes than single men in the 50 states. Single women own about 10.76 million homes, while single men own about 8.12 million. Put another way, single women own an average of 12.90% of the owner-occupied homes in the 50 states, versus 10.06% among single men.
- Louisiana has the highest share of homes owned by single women. 15.16% of Louisiana owner-occupied households are owned by single women—more than 2 percentage points higher than the 50-state average.
- North Dakota and South Dakota are the only states where single men own a higher share of homes than single

women. In North Dakota, single men own 12.70% of the state's owner-occupied homes (the highest share in any state), while single women own 11.08%. In South Dakota, those figures are 11.97% and 11.29%.

- Florida has the largest gap in homeownership rates among single women and single men. The gap is 4.55%—nearly 2 percentage points higher than the national average of 2.84%.
- Wyoming has the smallest gap in homeownership rates among single women and men. Though more single women own homes than single men, the Equality State nearly lives up to its name with a homeownership gender gap of only 0.39%.

States with the largest share of single-women homeowners:

No. 1: Louisiana

- Owner-occupied households: 1,202,510
- Households owned and occupied by single women: 15.16%
- Households owned and occupied by single men: 10.94%
- Gender gap between single homeowners: 4.22%

No. 2: Alabama

- Owner-occupied households: 1,379,476

- Households owned and occupied by single women: 14.98%
- Households owned and occupied by single men: 10.85%
- Gender gap between single homeowners: 4.13%

No. 3: South Carolina

- Owner-occupied households: 1,473,543
- Households owned and occupied by single women: 14.84%
- Households owned and occupied by single men: 10.65%
- Gender gap between single homeowners: 4.19%

States with the largest share of single-men homeowners:

No. 1: North Dakota

- Owner-occupied households: 204,325
- Households owned and occupied by single men: 12.70%
- Households owned and occupied by single women: 11.08%
- Gender gap between single homeowners: -1.62%

No. 2: Wyoming

- Owner-occupied households: 173,177
- Households owned and occupied by single men: 12.06%
- Households owned and occupied by single women: 12.45%
- Gender gap between single

homeowners: 0.39%

No. 3: South Dakota

- Owner-occupied households: 243,363
- Households owned and occupied by single men: 11.97%
- Households owned and occupied by single women: 11.29%
- Gender gap between single homeowners: -0.68%

States with the widest gender gap in homeownership rates between single homeowners:

No. 1: Florida

- Owner-occupied households: 5,771,345
- Households owned and occupied by single women: 14.80%
- Households owned and occupied by single men: 10.25%
- Gender gap between single homeowners: 4.55%

No. 2: Maryland

- Owner-occupied households: 1,600,605
- Households owned and occupied by single women: 13.39%
- Households owned and occupied by single men: 8.86%
- Gender gap between single homeowners: 4.53%

No. 3: Delaware

- Owner-occupied households: 287,153
- Households owned and occupied by single women: 14.44%
- Households owned and occupied by single men: 9.94%
- Gender gap between single homeowners: 4.50%





5.8 Million Opened First-Ever Lines of Credit in 2021



New-to-credit consumers are on the rise, with credit cards being the most common option.

First-time credit users, also known as new-to-credit (NTC) consumers, have been found to be just as much of a risk as consumers with an established credit history—if not a little better—according to new data from the credit bureau, TransUnion.

A global study entitled “Empowering Credit Inclusion: A Deeper Perspective on New-to-Credit Consumers” gives reassuring hard data to lenders in both the established and developing credit markets so they can extend additional credit products to these consumers without a corresponding rise in delinquency rates.

Covering not only the United States, but Brazil, Canada, Colombia, Dominican Republic, Hong Kong, India, the Philippines,

and South Africa, the study focused on subjects who had no prior credit history with the bureau when they opened their first-ever line of credit and continued examining their behaviors and performances for the following two years.

“A particular focus around the topic of financial inclusion is credit inclusion—the ability of consumers to access traditional lending products, such as credit cards, mortgages, and personal loans. These products serve as a means to financial mobility for consumers and can be a gateway to a better quality of life, enabling homeownership, business formation, and wealth creation,” said Charlie Wise, co-author of the study and Head of Global Research at TransUnion. “The

more consumers who can participate in credit markets in a region, the greater the opportunities for broad economic inclusion. The data from our study demonstrate that new-to-credit consumers are often good risks who are hungry for credit and will show loyalty to those financial institutions that offer them their first credit accounts.”

In the United States alone, 5.8 million consumers opened their first-ever line of credit in 2021, made up largely of the Gen Z at 59%, followed by millennials at 21%, Gen X at 12%, followed by 7% of baby boomers. The study found overall that these consumers were generally good risks when compared to a counterpart with an established file.

The study also found that the

most common type of credit line NTC consumers took out was a credit card, not only in the United States but in other countries as well.

“In nearly every region, depending on risk tier or time period of origination, instances occurred in which NTC borrowers had lower delinquency rates on newly opened credit cards than established borrowers,” said the study. “In the U.S., on subsequent credit card originations after opening their first account, NTC consumers had slightly higher delinquency rates than credit-served consumers in the same near prime and prime score ranges, though the differences are small enough to make the NTC segment a potentially attractive segment for lenders looking for profitable growth.”

Further, the study found that new and unforeseen expenses were the primary driver for opening a line of credit. A majority of NTC consumers across all regions, with the exception of India, reported receiving a credit product at the first institution where they applied—without needing to go to multiple lenders. In the United States, 54% of NTC borrowers reported receiving a credit product from the first institution where they applied.

“New-to-credit borrowers around the globe and in the United States will play a large role in the growth of many lenders’ books of business,” said Michele Raneri, co-author of the study and head of U.S. research at TransUnion. “Banks, credit unions, and other financial institutions who use alternative data while providing products, channels, and a positive onboarding process, will likely be the ones who succeed in building loyalty with this segment of the population.”

Ten Quarters of Equity Gains Come to a Close

While home equity levels remained relatively flat, equity-rich properties now make up 48% of all mortgaged properties.

As final bits of year-end data covering 2022 flow in, ATTOM Data's fourth-quarter Home Equity & Underwater Report revealed that 48% of residential mortgaged properties were considered equity rich, a slight decline from the third quarter of 2022 when that same number stood at 48.5% and up from the same period in 2021 at 41.9%.

According to ATTOM, equity-rich levels have essentially doubled compared to pre-pandemic levels. The decline experienced in the fourth quarter reversed a run of 10 straight quarterly gains as the portion of equity-rich mortgage payers went down in 31 states.

ATTOM explains this dip could be one of the first signs of how falling home prices have started to affect homeowners following a decade-long housing market boom.

Although the number of equity-rich mortgages has increased, the report also revealed that 2.9% of mortgaged homes, or 1-in-34 housing units, were considered seriously underwater in the fourth quarter of 2022. This figure is unchanged from the third quarter of 2022 and is down from 3.1%, or 1-in-32 properties a year earlier.

In total, 94.1% of homeowners had some sort of equity built up in their properties during the fourth quarter; this number is slightly down from 94.3% but up from 93.5% a year prior. The portion of homeowners with equity rises further when accounting for homeowners who have paid off their home loans.



"Dents are beginning to surface in the armor around the U.S. housing market after 11 years of a strong showing for owners," said Rob Barber, CEO of ATTOM. "Home values have been dropping since the middle of last year, which appears to be starting to cut into homeowner equity around the country."

"That's probably happening because values are sinking faster than owners are paying off their mortgages," Barber continued. "How that shakes out over the next few months will depend on a lot of factors, including where interest rates go. But for now, it looks like the runup in wealth

flowing from owning homes has stalled along with the market."

Among the major regions of the country, the West saw the biggest drops in home equity levels. The fourth-quarter declines were led by Idaho (the portion of mortgages homes considered equity-rich decreased from 65.8% in the third quarter of 2022 to 61.6% in the fourth quarter of 2022), Arizona (down from 63.4% to 59.9%), Nevada (down from 55.8% to 52.3%), Washington (down from 61% to 58.5%), and Oregon (down from 55% to 53.2%).

Conversely, the South had the biggest increase in the share of equity-rich homes during the

fourth quarter.

According to ATTOM, while the portion of mortgage homes considered seriously underwater remained historically low in the fourth quarter of 2022 in most of the nation, the largest increases were clustered in the West. The top increases were in Missouri (share of mortgaged homes that were seriously underwater up from 5.2% in the third quarter of 2022 to 7.1% in the fourth quarter), Hawaii (up from 1.5% to 2%), Idaho (up from 1.9% to 2.2%), New Mexico (up from 2.7% to 3%), and Wyoming (up from 2.9% to 3.2%).

Among 8,721 U.S. ZIP codes that had at least 2,000 residential properties with mortgages in the fourth quarter of 2022, there were 3,887 (46%) where at least half the mortgaged properties were equity rich.

The Midwest and South again had the top 10 states with the highest shares of mortgages that were seriously underwater in the fourth quarter of 2022. The top five were Louisiana (10.6% seriously underwater), Missouri (7.1%), Mississippi (6.8%), Illinois (6.3%), and Iowa (6.2%).

ATTOM further found that only about 234,400 homeowners were facing possible foreclosure in the fourth quarter of 2022, or just four-tenths of one percent of the 58.1 million outstanding mortgages in the United States. Of those facing foreclosure, about 216,000—or 92%—had at least some equity built up in their homes.

"Facing foreclosure is not nearly as impactful as it could be for the vast majority of homeowners because they have varying levels of financial cushion built up in their property," Barber concluded. "That should help them either refinance mortgages or, if they have to sell, still generate a profit from all the recent price increases."



TransUnion Releases the Q4 2022 Quarterly Credit Industry Insights Report

In Q4 2022, many consumers continued to look to credit as a means to help stave off financial pressures caused by inflation.

Amidst an economic environment of rising interest rates and high inflation, Q4 of 2022 saw consumers continuing to look to credit as a means to help stave off these financial pressures. TransUnion's Q4 2022 Quarterly Credit Industry Insights Report (CIIR) shows that whether it is Gen Z consumers opening credit cards, homeowners taking out home equity lines of credit (HELOCs), or consumers continuing to turn to unsecured personal loans, more and

more borrowers are looking to a range of credit products to cope with the financial pressures of today and better position themselves for the evolving financial landscape.

An example of increased credit usage: credit card balances continued to grow, reaching record levels at the end of 2022. Bankcard originations were also up year over year (YoY) in Q3 2022 (the most recent originations data available), from 20.1 million in Q3 2021 to 21.6 million. Gen Z consumers, in particular, increasingly

continued to turn to bankcards, showing YoY growth in both balances (up 64% YoY in Q4 2022) and originations (up 18.8% YoY in Q3 2022). Somewhat concerning is an upward trend in credit card delinquencies in both bankcard and private label; however, context is required. Delinquencies for bankcards in Q4 2022 are still hovering around pre-pandemic levels observed in 2019 while private label card delinquencies remain below pre-pandemic levels.

While higher interest rates dampened new and refinance

mortgage originations in Q3 2022, homeowners continued eagerly tapping into their record stores of home equity to help in consolidating their high interest debt. The most recent origination figures from Q3 2022 show that HELOCs and home equity loans (HELOANs) continued to be popular options in Q3 2022. Consumers are also still seeking out unsecured personal loans as a way to pay off high-interest debt and, despite growing delinquency rates among borrowers, lenders remain eager to lend, albeit seemingly with adjustments in their lending criteria that includes a gradual shift away from below-prime borrowers.



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HUD Announces Communities Will Receive Grants to Address Homelessness

The U.S. Department of Housing and Urban Development announced nearly \$315 million in grants to 46 communities across the nation to address unsheltered and rural homelessness.

The U.S. Department of Housing and Urban Development (HUD) announced the first set of communities to receive grants and vouchers to address homelessness among people in unsheltered settings and rural communities. The announcement totals nearly \$315 million in grants to 46 communities. In the coming weeks, HUD will be awarding grants to an additional set of communities, as well as allocating housing vouchers to awarded communities.

These grants and vouchers comprise a first-of-its-kind package of resources to help communities provide housing and supportive services to people in unsheltered settings and people experiencing homelessness in rural areas. Communities were also asked to develop a comprehensive approach to addressing unsheltered and rural homelessness that involves coordination with health care providers, other housing agencies such as public housing authorities, and people with lived experience.

“Homelessness is a crisis, and it is solvable. Housing with supportive services solves homelessness. That’s why, for the first time, the federal government is deploying targeted resources to meet the needs of people experiencing homelessness in unsheltered settings or in rural areas,” HUD Secretary Marcia L. Fudge said. “With these grants and vouchers,

HUD is filling this gap and giving communities the resources and tools to improve housing and health outcomes for people on the streets, in encampments, under bridges, and in rural areas.”

This funding initiative is also the first in which HUD has coordinated grants and housing

Biden-Harris administration has taken action to deliver housing relief and to solve homelessness. The American Rescue Plan Act of 2021 provided historic levels of homeless assistance including nearly 70,000 Emergency Housing Vouchers and \$5 billion in HOME Investment Partnership homeless-

“Homelessness is a crisis, and it is solvable.”

—Marcia L. Fudge, HUD Secretary

vouchers. In response to the competitive special Notice of Funding Opportunity, Continuum of Care (CoC) collaborative applicants were asked to formally partner with public housing authorities to leverage access to housing resources. Public housing authorities that are partnering with awarded CoC grantees will receive priority for approximately 4,000 Housing Choice “Stability” Vouchers that allow people experiencing homelessness to afford decent, safe, and sanitary housing.

From Day One, the

ness grants. HUD and the United States Interagency Council on Homelessness (USICH) launched House America, a national initiative in which HUD and USICH partnered with 105 communities led by mayors, county leaders, governors, and tribal nation leaders to place over 100,000 households from homelessness into permanent housing and add over 40,000 units of affordable housing into the development pipeline. In late December, USICH released All In: The Federal Strategic Plan to Prevent and End Homelessness,

which set forth President Biden’s ambitious goal to reduce all homelessness by 25% by 2025.

These resources build upon the momentum and renewed political will at all levels of government to solve homelessness through the provision of housing with supportive services. They respond directly to the calls from state and local leaders, advocates, and people with lived experience for more federal assistance to address unsheltered and rural homelessness specifically. And they provide communities with the resources and tools to respond to homeless encampments humanely and effectively and to avoid approaches that criminalize homelessness.

To make this announcement, HUD Secretary Marcia L. Fudge traveled to Chicago, Illinois, to present a \$60 million grant to Mayor Lori Lightfoot, All Chicago, and other members of the Chicago Continuum of Care, which coordinates the city’s response to homelessness. The Chicago CoC is using these resources to implement a comprehensive plan to reduce unsheltered homelessness that strengthens homeless outreach, provides rapid access to permanent housing and supportive services, and which was developed with the leadership and support of people with lived experience of unsheltered homelessness. The city’s plan also leverages health, behavioral health, and supportive services from partner organizations, as well as housing resources administered by the Chicago Housing Authority. HUD leaders will make similar announcements across the country to elevate local investments.



ORIGINATION

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DATA

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SECONDARY MARKET



Fannie Mae Competition to Help Advance Racial Equity in Housing

Fannie Mae has selected five proposals to help advance racial equity in housing through the \$5 Million Innovation Challenge, designed to assist in finding solutions to remove barriers in the home renting and homebuying experience.

Fannie Mae has announced the selection of five organizations to receive deliverable-based contracts under the Sustainable Communities Innovation Challenge, a nationwide competition to help advance racial equity in housing. Through the Innovation Challenge 2022 (IC22), the company sought innovative, scalable proposals to remove barriers that currently prevent many households, including Black households, from purchasing or renting a home.

The Innovation Challenge is part of Fannie Mae's Sustainable Communities Partnership and Innovation initiative, which focuses on developing collaborative, cross-sector approaches to advancing sustainable communities and generating solutions for the nation's most pressing housing issues. Fannie Mae solicited proposals that specifically address the insufficient supply of quality affordable housing options, insufficient funds for upfront and unexpected housing costs, and consumer credit challenges, including low credit scores and credit invisibility.

"A history of discriminatory housing policies and practices has created profound inequities in the housing system that persist to this day. The Innovation Challenge is one example of Fannie Mae's commitment to address those inequities and knock down the barriers that consumers, particularly Black consumers, face throughout the housing

journey," said Maria Evans, VP of Community Impact, Fannie Mae. "The proposals we selected provide thoughtful, tangible, scalable solutions to the most salient housing problems people face in the United States. We are excited to work with these organizations and to support their innovative projects."

- IC22 Contract Awardees:
 - ReBUILD Metro is a Baltimore-based nonprofit that works with community members to revitalize neighborhoods block by block and help prepare Black residents for first-time homeownership. Their Fannie Mae contract supports the Johnston Square: A Blueprint for Baltimore project, which will stabilize, restore, and reoccupy scattered-site abandoned and dilapidated properties; and begin the work to convert long-vacant lots into new units of affordable rental housing, street-level retail, and a four-acre community park; and rehab abandoned properties into a mixed-use development and green space.
 - Southside Community Development & Housing Corporation (SCDHC) is a nonprofit housing developer in the Richmond Metro Area. SCDHC creates viable, thriving, and sustainable communities across Central Virginia by providing residential and commercial development, homeownership and financial counseling and coaching,

employment services, and supportive programs to low-income families. Their Fannie Mae contract advances their SCDHC Emporia Pathways Project, which includes the construction of affordable housing. The project is part of a three- to five-year construction pipeline that will include rental housing and homeownership opportunities as well as rental and pre-purchase counseling, foreclosure prevention services, workforce development training, and a range of financial capability services.

- Twin Cities Habitat for Humanity brings people together to create, preserve, and promote affordable homeownership and advance racial equity in housing by connecting families with their communities through neighborhood revitalization projects. Their Fannie Mae contract will support Advancing Homeownership in the Twin Cities, a partnership with the Minnesota Homeownership Center to create and deploy a down payment assistance product that will help Black households to become homeowners. Twin Cities Habitat for Humanity will engage three Community Development Financial Institutions to administer the program and up to 10 regional mortgage lenders to pair the product with their affordable mortgages.
- The Community Builders is a mission-driven real estate

development corporation transforming communities with affordable rentals and properties for purchase across the Northeast, Midwest, and Mid-Atlantic regions. Their Fannie Mae contract supports the From Our Doors to Yours project, which will deploy an economic empowerment package to build and repair credit through on-time rental payments. It will leverage affordable rentals in Chicago, Detroit, and Richmond. On-site community life coaches will connect residents with relevant resources while providing Family Self Sufficiency Services to build savings through earned income.

- Module, a prefab housing company based in Pittsburgh, started with the goal of making good home design more accessible and a mission to support customers' health and well-being in well-designed, energy-efficient, highly functional homes that will last 100 years. In partnership with Enterprise Community Partners, Module will demonstrate the feasibility of locally owned modular construction micro-factories to complete energy-efficient affordable housing in urban communities of color. Their Fannie Mae contract will support their Last Mile Network project, setting the stage to expand the modular micro-factory concept to Prince George's County, Maryland, and Richmond, Virginia. Each facility will train new entrants in the construction trades, securing good-paying jobs while creating affordable housing and enabling Black homeowners and renters to build wealth.



ORIGINATION

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HUD Looks to Improve on Fair Housing Act

“This proposed rule is a major step towards fulfilling the law’s full promise and advancing our legal, ethical, and moral charge to provide equitable access to opportunity for all,” said Marcia L. Fudge, Secretary of Housing and Urban Development.

The Department of Housing and Urban Development (HUD) intends to publish a rule change in the Federal Register which ultimately aims to remedy the effects of the long history of discrimination in housing as part of the Fair Housing Act of 1968.

The rule change “fulfills the promise” of the Fair Housing Act and will also help foster opportunities in communities across the country so every resident can thrive.

This rule comes as a result of a memo signed by President Biden during his first few days in office to fully enforce the Fair Housing Act. It directs the government to promote fair housing choices, eliminate disparities in housing, and foster inclusive communities. It will also hold local communities, states, and public housing agencies accountable for setting ambitious goals to address fair housing issues facing their communities.

“This proposed rule is a major step towards fulfilling the law’s full promise and advancing our legal, ethical, and moral charge to provide equitable access to opportunity for all,” said Marcia L. Fudge, Secretary of Housing and Urban Development.

“Affirmatively furthering fair housing means more than merely steering clear of housing discrimination violations,” said Demetria L. McCain, Principal Deputy Assistant Secretary for Fair

Housing and Equal Opportunity. “Today, HUD is taking new, bold action to eliminate the historic patterns of segregation that continue to harm American families. This action will help make the purpose of the Fair Housing Act reality by making it easier for local communities to identify inequities and make concrete

Secretary Marcia Fudge and the Biden administration for the release of the long-awaited proposed rule to Affirmatively Furthering Fair Housing (AFFH). Under the AFFH mandate of the Fair Housing Act, federal agencies are required to take proactive steps to eliminate unequal living patterns across the country and help rem-

a number of key improvements to the 2015 rule. This includes a requirement to ensure all HUD grantees, including states and public housing agencies, can immediately begin engaging in more transparent and streamlined fair housing planning that is informed by both federal and local data; stronger community engagement

“This proposed rule is a major step towards fulfilling the law’s full promise and advancing our legal, ethical, and moral charge to provide equitable access to opportunity for all.”

—Marcia L. Fudge, Secretary of Housing and Urban Development

commitments to address them.”

Following the announcement by HUD, Congresswoman Maxine Waters, the top Democrat on the House Financial Services Committee commented:

“After years of targeted efforts to sabotage our nation’s Fair Housing Act, wage war on the civil rights of our communities, and stoke racial fear across the country, I applaud the Department of Housing and Urban Development (HUD) under

eddy decades of both government-sponsored and private residential segregation and inequality. With this proposed rule, I am confident that we as a nation will finally be able to carry out this mandate effectively and successfully while creating solutions to housing issues that affect people of color, families with children, people with disabilities, immigrants, and other groups of protected classes.

“I am especially pleased to see that this latest proposal will make

requirements; annual reporting guidelines to help communities assess their efforts to advance fair housing goals; and a complaint and compliance process to ensure grantees are abiding by their AFFH obligations. Ultimately, this proposed rule will go a long way in redressing the harm caused by the previous administration and bring us steps closer to ensuring that every family has access to fair and affordable housing in the communities of their choice.



ORIGINATION

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DOJ Agrees to \$31M Redlining Settlement With City National Bank

Through this latest agreement, the Justice Department's Combating Redlining Initiative has secured more than \$75 million in relief for communities that have suffered from lending discrimination.

The U.S. Justice Department (DOJ) has reached an agreement to resolve allegations that City National Bank engaged in a pattern or practice of lending discrimination by "redlining" in Los Angeles County. City National is headquartered in Los Angeles and is among the 50 largest banks in the nation.

This resolution will include more than \$31 million in relief to impacted individuals and communities. The agreement, which is part of the DOJ's nationwide Combating Redlining Initiative that Attorney General Merrick B. Garland launched in October 2021, represents the largest redlining settlement in its history.

"Fifteen months after I vowed that the Justice Department would be aggressively stepping up our efforts to combat discriminatory practices in the housing market, we have today secured the largest redlining settlement in Department history," U.S. Attorney General Garland said. "So far, the Combating Redlining Initiative has secured over \$75 million in relief for communities that have suffered from lending discrimination. The Justice Department will continue to build on our efforts to vigorously enforce federal fair lending laws and work to ensure that financial institutions provide equal opportunity for every American to obtain credit. In advance of what would have been Dr. Martin Luther King

Jr.'s 94th birthday, it is a fitting time to reaffirm our commitment to that work and to the pursuit of justice for all Americans."

The complaint alleges that from 2017 through at least 2020, City National avoided providing mortgage lending services to majority-Black and Hispanic neighborhoods in Los Angeles County and discouraged residents in these neighborhoods from obtaining mortgage loans. The complaint also alleges that during that time period other banks received more than six times as many applications in majority-Black and Hispanic neighborhoods in Los Angeles County than City National each year.

In addition, City National only opened one branch in a majority-Black and Hispanic neighborhood in the past 20 years, despite having opened or acquired 11 branches during that period. And unlike at its branches in majority-white areas, City National did not assign any employee to generate mortgage loan applications at that branch.

"This settlement is historic, marking the largest settlement ever secured by the Justice Department against a bank engaged in unlawful redlining," said Assistant Attorney General Kristen Clarke of the Justice Department's Civil Rights Division. "This settlement embodies Dr. Martin Luther King Jr.'s commitment to fighting economic injustice and ensuring that Black Americans and all communities

of color are able to access the American Dream and freely access the credit needed to purchase a home. Redlining is a practice from a bygone era, runs contrary to the principles of equity and justice, and has no place in our economy today. This settlement should send a strong message to the financial industry that we expect lenders to serve all members of the community and that they will be held accountable when they fail to do so."

Under the proposed consent order, which is subject to court approval, City National Bank has agreed to do the following:

- Invest at least \$29.5 million in a loan subsidy fund for residents of majority-Black and Hispanic neighborhoods in Los Angeles County; at least \$500,000 for advertising and outreach targeted toward the residents of these neighborhoods; at least \$500,000 for a consumer financial education program to help increase access to credit for residents; and at least \$750,000 for development of community partnerships to provide services that increase access to residential mortgage credit.
- Open one new branch in a majority-Black and Hispanic neighborhood and evaluate future opportunities for expansion within Los Angeles County; ensure at least four mortgage loan officers are dedicated to serving majority-Black

and Hispanic neighborhoods; and employ a full-time Community Lending Manager who will oversee the continued development of lending in majority-Black and Hispanic neighborhoods.

- Conduct a Community Credit Needs Assessment, a research-based market study, to help identify the needs for financial services for majority-Black and Hispanic census tracts within Los Angeles County.

"I am pleased that the U.S. Department of Justice has taken swift and aggressive action against City National Bank for its egregious pattern of redlining in majority Black and Latinx neighborhoods in Los Angeles County," Congresswoman Maxine Waters said. "This marks the largest redlining settlement that the Justice Department has ever secured, and I commend the Department on its initiative to combat redlining in communities across the country, including those in my district. Redlining refers to when a lender denies loans or refuses to extend credit on equal terms based on the characteristics, such as race or ethnicity, of an applicant's neighborhood. The practice dates back to when Federal government agencies, beginning in the 1930s, drew red lines around Black communities and other communities of color and labeled them as 'hazardous' as part of legally sanctioned residential segregation. With that said, I am outraged by City National Bank's clear and deliberate violations of the Fair Housing Act and Equal Credit Opportunity Act by discouraging borrowers in Black and Latinx



communities from applying for mortgages and under-resourcing branches in their communities. These discriminatory acts harmed so many families, including many throughout my district in areas like Hawthorne, Compton, and Watts, pushing them further away from their dreams of homeownership and locking them out of wealth-building opportunities.”

City National worked cooperatively with the Department to remedy the redlining allegations. In conjunction with this settlement, City National has announced that it is proactively taking steps to expand its lending services in other markets around

the country to provide greater access to credit in communities of color. Specifically, City National is working to facilitate additional homeownership opportunities in underserved communities, including by creating a residential mortgage special purpose credit program to cover geographic areas in various locations throughout the country, including New York, Georgia, Nevada, and Tennessee. Additionally, City National is planning to launch a small business lending program that will be aimed at assisting underserved business owners in operating and growing their businesses.

“At City National, supporting

our communities is core to who we are as an organization,” said Kelly Coffey, CEO of City National. “We take very seriously our obligation to ensure that all businesses and consumers have an equal opportunity to apply for and obtain credit. We believe City National has a role to play in supporting entrepreneurs and expanding access to homeownership in order to help individuals and communities thrive and build intergenerational wealth.”

In October 2021, Attorney General Garland launched the Justice Department’s Combating Redlining Initiative, a coordinated enforcement effort to address

this persistent form of discrimination against communities of color. The initiative is expanding the Department’s reach by strengthening partnerships with U.S. Attorneys’ Offices around the country, regulatory partners, and its partners in state Attorneys General offices. Since the initiative was launched, the Department has announced five redlining cases and settlements with a combined \$75 million in relief for communities that have been the victims of lending discrimination, including a \$20 million settlement with Trident Mortgage Company and a \$13 million settlement with Lakeland Bank.



FINAL THOUGHTS

Navigating Market Challenges

In this month's Final Thoughts, Five Star hears from experts on the current state of the housing market, market predictions, and some of the challenges homebuyers will face in 2023.

“big rewards”

Redfin Economics Research Lead **Chen Zhao** on the homeowners benefiting from purchasing during the pandemic housing boom.

“bottoming out”

National Association of Realtors Chief Economist **Lawrence Yun** discusses home prices, market affordability, and lower-priced regions witnessing modest growth, leaving more expensive regions to experience declines.

“stirring homebuyers to act”

Mortgage Bankers Association VP and Deputy Chief Economist **Joel Kan** details just how many applications for new home purchases there were in January, which was also a strong month for single-family housing completions.

“conditions considered poor”

First American Deputy Chief Economist **Odeta Kushi** discusses the conditions of homebuilder sentiment and whether there are signs of improvement.

“pushed to the sidelines”

Co-Founder and CEO of **Flyhomes Tushar Garg** on inflation and the difficulties homebuyers are facing amid high interest rates and home prices.

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This April, the Five Star Institute's premier trade publications, *DS News* and *MReport*, are joining forces to become *MortgagePoint*. This new publication will bring you the same exclusive news, features, interviews, and commentary you've come to expect from Five Star—now taken to the next level and all in one place. *MortgagePoint* will be your one-stop shop for coverage of the full spectrum of mortgage, from originations to default. Scan the QR code to sign up and learn more.



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