

HomeLight's Lender Insights & Predictions

Down payment pressure is shifting buyer behavior

Nontraditional housing is quietly gaining traction

Foreclosure activity is stirring again in many markets

Equity-powered moves are redefining how homeowners transition

Persistent myths are freezing otherwise qualified buyers



About This Survey

HomeLight's Lender Insights & Predictions for Q2 2026 was fielded between February 19 and February 26, 2026, through an online poll of loan officers from 78 top lending companies across the United States, including American Pacific Mortgage, Fairway Independent Mortgage Corporation, The Loan Store, and more.

Data for previous HomeLight surveys can be accessed at the links below:

[Lender Insights & Predictions for 2026](#)

[Top Agent Insights & Predictions for 2026](#)

[Lender Insights Q3 2025](#)

[Top Agent Insights Q3 2025](#)

[Lender Insights Q2 2025](#)

[Top Agent Insights 2025 AI Edition](#)

[Lender Insights Q1 2025](#)

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Seneca, the Stoic philosopher of Ancient Rome, wrote this advice to a friend: “There are more things, Lucilius, likely to frighten us than there are to crush us; we suffer more often in imagination than in reality.”



In a housing market framed by economic uncertainty, political divisions, and military conflicts, a nationwide survey of lenders offers a clearer picture of what's real and what might be assumptions driven by fear.

New data collected by [HomeLight](#) reveals a changing landscape shaped by ongoing affordability challenges, innovation, human nature, and misconceptions. Record levels of home equity are also shifting the way existing homeowners approach buying and selling.

“The opportunity of access to home equity versus the sting of losing a historically low interest rate seems to have finally reached the tipping point that favors consumers moving forward with renewed hope and plans,” says Jeri Creson, a loan officer in Covington, Louisiana, with 40 years of experience.

At the same time, an increasing number of homeowners are facing foreclosure due to job losses, prolonged unemployment, and rising living expenses.

Here is a look at how the 2026 housing market is shaping up based on a survey of mortgage loan officers from top lending companies across the country.

Buyers are searching for ways around the down payment barrier

As affordability headwinds persist, loan officers nationwide report that a third (33%) of all potential borrowers are asking about [down payment assistance](#) (DPA) or lower down payment programs. In addition, 45% of lenders say they are often or very frequently asked about 0%-down mortgages.

“Older buyers are putting down sizable down payments, and buyers in the 30 to 40 age range are hitting 10%-20% down, but it's the younger generation buyers who look for the least amount of down payment,” says Bobbi Swann, a top loan officer in Clearwater, Florida.

For some buyers, 0%-down home loans are available through government-backed programs, such as VA and USDA. Some lender-specific programs are presented as “zero down” but may include workarounds, such as combining an FHA loan with a forgivable second mortgage.

Lenders say the most common solution for buyers seeking to avoid high upfront costs typically involves a [DPA program](#) offered by nonprofit organizations, employers, and federal, state, county, or local government agencies. It’s estimated that there are more than [2,600 active homebuyer assistance programs](#) available in the United States.

Christopher Nickel, a loan officer in Troy, Michigan, says it’s good that people are asking questions. “A lot of buyers think they need to wait to be perfectly qualified and don’t know about down payment assistance programs and low-credit-score programs that would make them eligible to buy.”

A typical down payment for most U.S. homebuyers in the current market is 14%, according to loan officers nationwide.



TYPICAL DOWN PAYMENT

14%

≈ \$58,800 on a \$420K home

BUYER TREND SHIFT



Nearly a quarter of lenders report seeing an increase in buyers putting down 5%-10%



A fifth say more of their clients are putting down less than 5%

Nontraditional homes are moving into the mainstream

As Americans look for other ways to get their foot in the homeownership door, loan officers are fielding more calls about financing alternative homes. 56% of surveyed lenders say manufactured and mobile homes are the top choice for buyers seeking non-traditional options.

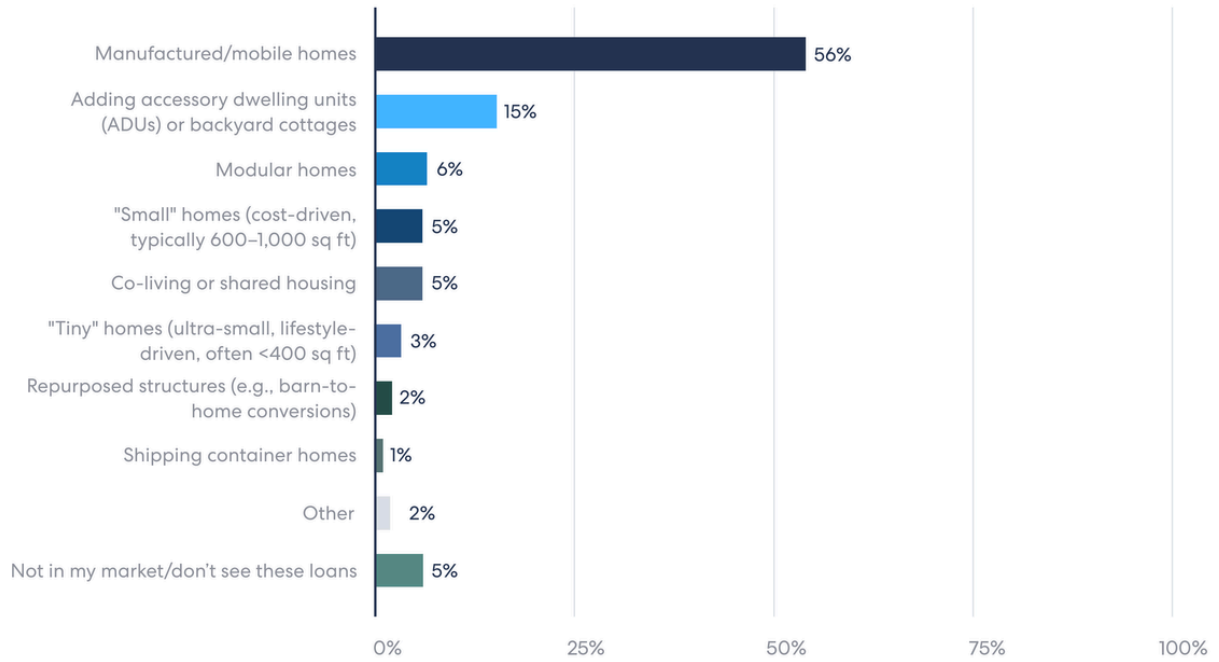


The definition of alternative homes can include everything from tiny homes and [ADUs](#) to structure conversions and shipping containers. In parts of her Louisiana market, Creson says, “Barndominiums and Quonset homes seem to be all the rage.”

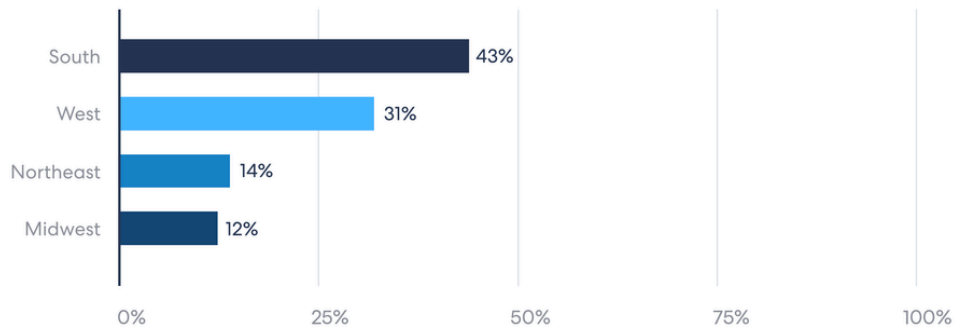
Surveyed loan officers report that:

- Borrowers in the South and West are most interested in financing alternative homes.
- The top borrower group showing interest in alternative homes is first-time homebuyers seeking a lower-cost entry.
- More than half of all surveyed loan officers have clients asking about financing for alternative homes.

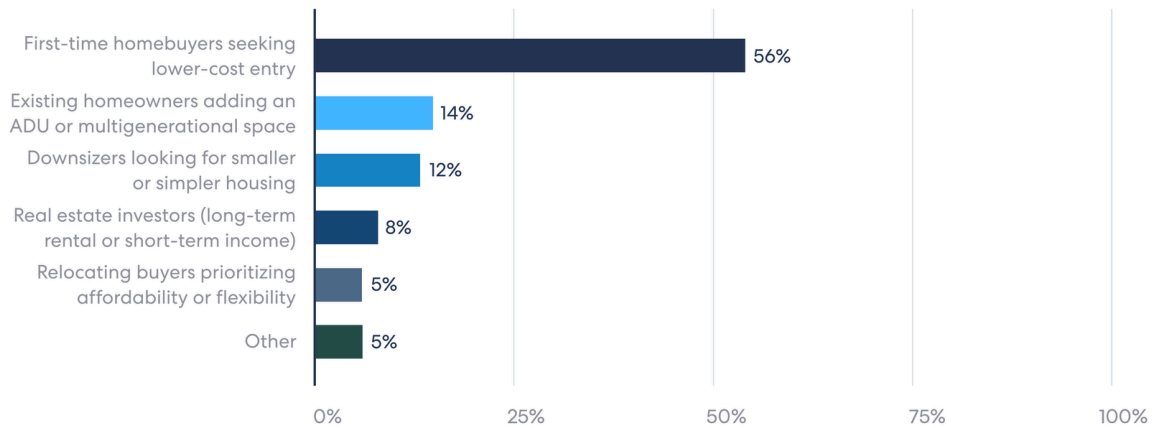
Which type of alternative home are you seeing the most interest in?



Geographically speaking, where are you seeing the most interest in financing for these types of alternative homes?



Which borrower group is showing the most interest in financing alternative housing options?



Foreclosure activity is ticking upward

As financial pressures mount for some homeowners, 21% of loan officers report an increase in foreclosure rates. Their responses support the [latest data from ATTOM](#), which shows continued year-over-year increases.

"Foreclosure activity in January rose year over year for the eleventh straight month, continuing a trend that has now carried into early 2026," said Rob Barber, CEO at ATTOM. "Foreclosure starts were up 26 percent from a year ago, while completed foreclosures increased nearly 59 percent."

However, Barber added, "Although foreclosure activity has been rising steadily, overall levels remain well below historic peaks, suggesting that most homeowners are still on stable footing even as higher housing costs and broader economic pressures create stress in certain pockets of the market."

According to [ATTOM](#), at the start of 2026, Delaware, Nevada, and Florida had the highest foreclosure rates in the nation. Florida, Texas, and California topped the nation for foreclosure starts.

Surveyed loan officers report that:

- The most foreclosures in the current market are occurring in the South and the West.
- Homeowners ages 35-44 have the highest foreclosure rate.
- Job loss or prolonged unemployment is the top factor contributing to foreclosures.



Lenders urge homeowners to act early

Lenders stress that solutions exist to help homeowners facing foreclosure, but early action and open communication are crucial.

“Do not ignore it, and do not assume you are out of options,” says Ashlee Sheppard, a loan officer in Evans, Georgia. “We recently worked with a 90-year-old homeowner who was heading toward foreclosure and had no idea he qualified for a reverse mortgage.”

“Your first call should be to your bank or lender to explore any assistance or repayment options available,” advises Laura Uribe, a loan officer in Santa Clarita, California, with 36 years of experience. “If those solutions don’t work, reach out to a trusted Realtor to determine how much equity you may be able to preserve through a sale before the situation progresses further.”

When asked about their biggest frustration with the 2026 housing market, the top three responses from loan officers were:

1. Affordability challenges (home prices and interest rates)
2. Economic uncertainty affecting borrower confidence
3. Buyers hesitant to give up low existing mortgage rates

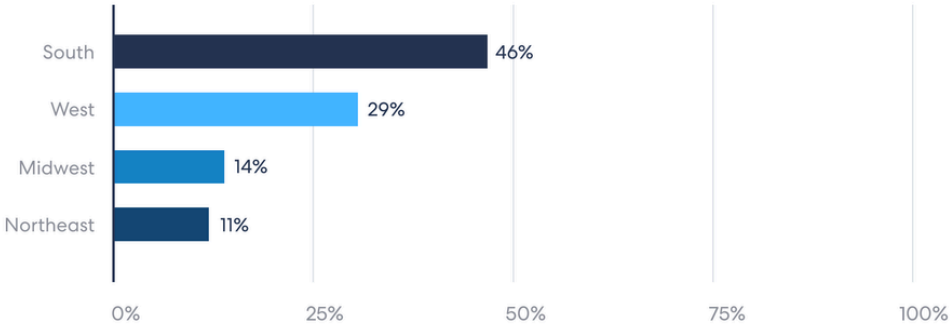
That said, 42% of loan officers predict an increase in foreclosures in 2026.

The median home value that loan officers are seeing on foreclosed, real estate-owned properties is **\$400,500**.

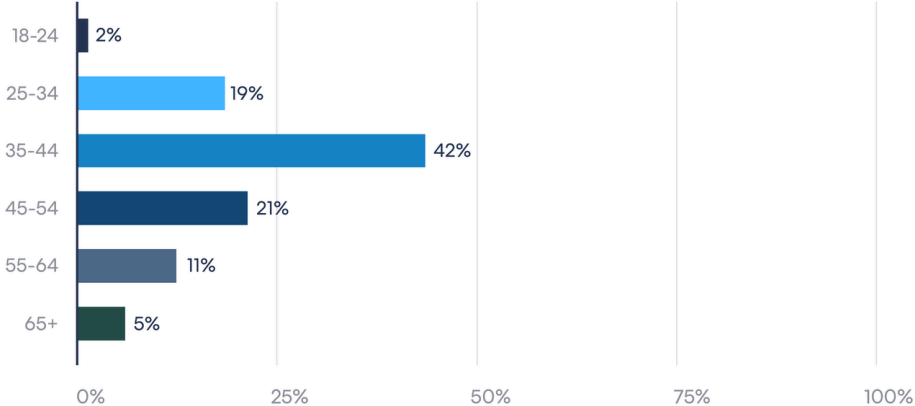
\$400,500



Geographically speaking, where are you seeing the most foreclosures?



What age range of homeowners are you seeing most often struggling with foreclosures?



The buy-first strategy is gaining momentum

As existing homeowners look to make a move, concerns about finding and affording their next home are boosting the popularity of equity-based bridge financing. 14% of lenders say they are often or very frequently asked about [buy-before-you-sell programs](#). Another 40% say they are occasionally fielding inquiries about this modern option.

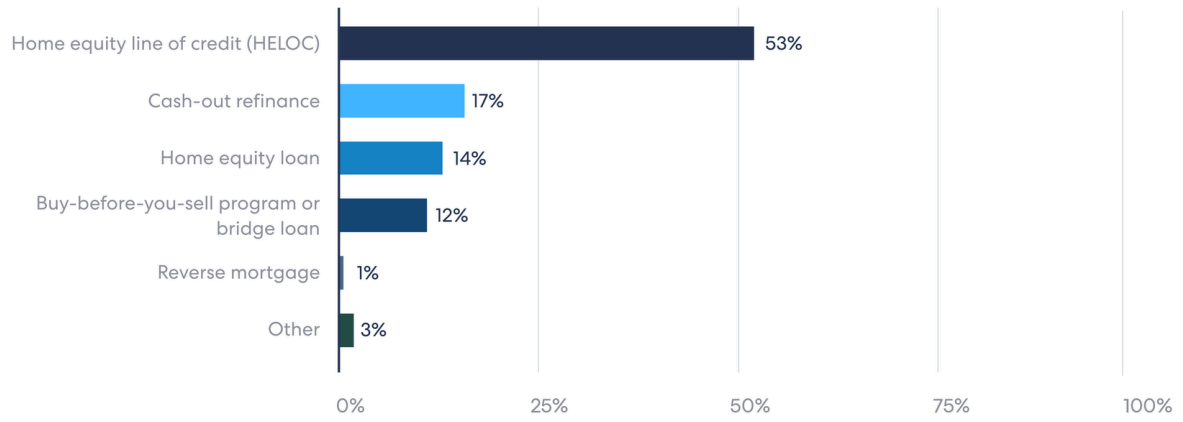
Buy-first programs offered by real estate solution companies allow homeowners to leverage their existing equity to purchase their next home before selling their current home.

Tapping into equity funds also allows a homeowner-buyer to make a stronger, [non-contingent offer](#) on their next property and make only one move, avoiding storage units, temporary housing, and the stress of timing their home sale just right.

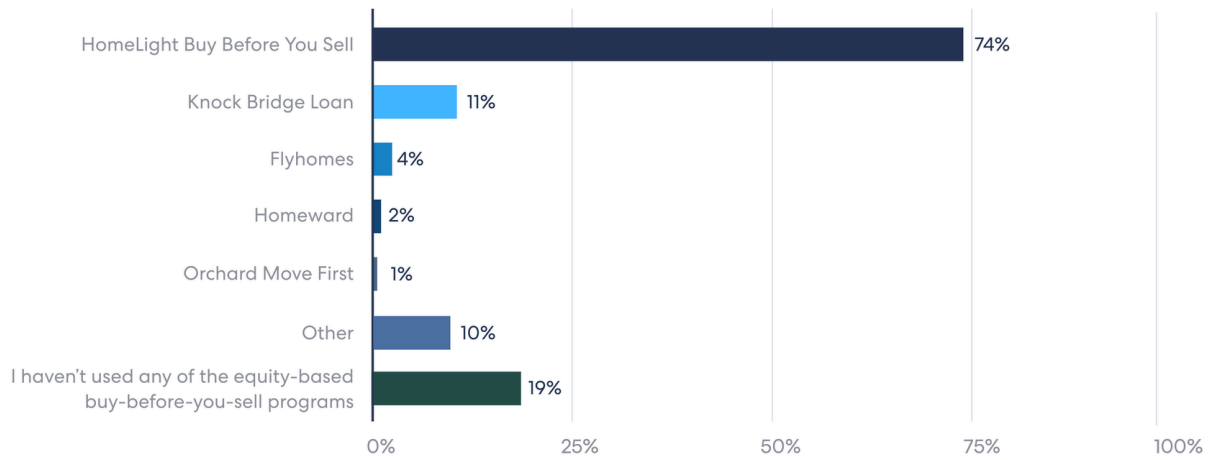
Other results from this survey section include:



What is the most common way homeowners are gaining access to their equity?



Which equity-based buy-before-you-sell programs do you typically recommend to borrowers? (Select all that apply.)

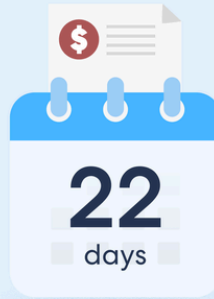


Timing Your Loan

Loan officers report the following average loan transaction times:



Home mortgage loan



Home equity loan



HELOC approval

Record home equity is reshaping borrower decisions

Lenders consistently describe record home equity as both a confidence booster and a strategic financial tool.

Equity is opening more financial options

“The biggest trend I see right now is that buyers are using the equity in their current home to pay off debt and put a significant down payment on their next home,” says Amber Rowley, a top loan officer in Wesley Chapel, Florida.

Rowley adds that she’s seeing more retirees selling a house with high levels of equity to [downsize to a mortgage-free home](#). “They’re essentially putting themselves in a better position by purchasing a home debt-free with a savings cushion.”

Homeowners with significant equity can also sidestep the age-old challenge of timing a home purchase and sale.

“A lot of buyers don't have to wait until selling to [make a move] because they have so much equity to tap into. They are completing their home purchase by accessing funds from their current home (via HomeLight, HELOC, etc.), then selling their home after moving,” says JP Poreba, a loan officer in Monroe, Georgia.

Poreba also points out a widening disparity in down payments. “Some buyers are putting the minimum down because they can barely come up with it, while buyers [with equity] are making large down payments, often 30% or more.”

“Accumulated equity is also making sellers more willing to consider lower offers, as they still have plenty of equity, and moving is the number one goal,” says Phil Cunningham, a loan officer with more than 30 years of experience.

Low-rate lock-in still shaping decisions

At the same time, that equity is creating a strategic balancing act. While some homeowners are tapping HELOCs, bridge financing, or buy-before-you-sell solutions to purchase without contingencies, others still feel “locked in” by their historically low mortgage rates and hesitate to give them up.

“In markets with high prices and larger equity gains, homeowners who locked in low mortgage rates are preferring to renovate or hold onto their homes rather than sell and give up those favorable terms,” explains Jeff Markell, a loan officer in Garden Grove, California.

Overall, loan officers say equity is providing new flexibility, but today's rate environment still requires careful planning. Yet many potential buyers — with and without equity — are still holding back, often because of misconceptions about rates, affordability, and down payments.

5 misconceptions keeping buyers on the sidelines

We asked mortgage loan officers to share the biggest misconceptions that would-be buyers have about today's housing market.



Below are the top five false or misleading beliefs that lenders say are holding many buyers back from making a move.

1

“Rates will drop back to 3%-4%, so I should wait.”

The most common misconception loan officers cited was the belief that mortgage rates might return to pandemic-era lows. Many buyers are delaying purchases based on expectations that experts say are unlikely in the near term and, even in the long term.

“Many buyers think it’s better to wait for the rates to come down to try to purchase. However, it’s smarter to purchase now and likely get a better deal on the house price and/or receive seller concessions for the closing costs. Then, when the market improves, they can refinance to a lower rate.”

— Megan Kelly, loan officer in Irvine, California

2

“Waiting will make homes cheaper and more affordable.”

Buyers are trying to time the market, hoping for lower prices, lower rates, and more inventory at the same time. Loan officers warn that waiting often means facing higher prices or more competition later.

“Many buyers think waiting to purchase is a good thing. But waiting is costing most consumers a lot of money. Just doing some research from 2024 to 2026, and the property value has gone up 10%, and rates are similar or slightly lower. The cost of waiting has been far higher than consumers realize.”

— James Todd Branson, loan officer in Lee’s Summit, Missouri

3

“You need 20% down to buy a home.”

This myth remains widespread. Many buyers don’t realize that low-down-payment options — including 3% down programs and down payment assistance — are widely available.

“The biggest misconception buyers have in today’s market is still assuming they need a 20% down payment. They also tend to assume their own loan qualifications and get discouraged before speaking to a mortgage professional.” — Brit Alexander, loan officer in Commerce City, Colorado

4

“Rates are historically high or unusually unaffordable.”

Loan officers noted widespread misunderstanding about where rates stand in historical context. Many buyers view today’s borrowing costs as abnormally high, yet [over the past 50+ years](#), the average 30-year fixed mortgage rate has been approximately 7.7%. While pandemic-era lows reset expectations, current rates are much closer to long-term norms than many assume.

“Buyers and sellers often think they can time the market. There isn’t a magical day in which you will win, and another loses. The best you can do is play the game to the best of your ability when it is your time to play.”

— Pete McGhee, loan officer in Greenwood, Indiana

5

“Homeownership just isn’t financially possible right now.”

Loan officers report that many would-be buyers assume they’re priced out without reviewing their real numbers. In some cases, monthly ownership costs are closer to rent than buyers expect — especially when long-term equity and refinance opportunities are considered.

“So many people assume homeownership is out of reach before they ever have a real conversation about their numbers. Yes, there are more factors to consider in today’s market, but when we actually break it down and compare their current rent to what a mortgage payment could look like, the gap is often not what they expected.” — Ashlee Sheppard, loan officer in Evans, Georgia

Lenders dispel market crash fears

Finally, along with misconceptions, fears of a 2008-style housing collapse persist, despite continued supply constraints in many markets.

“There is not a housing bubble,” reassures Marty Nicoll, a top loan officer in Stroudsburg, Pennsylvania, with 17 years of experience. “Prices continue to rise due to short supply. And if rates continue to drop, more buyers in the market will mean higher prices. It’s all about supply and demand.”

Despite concerns about affordability, foreclosure data, and shifting buyer behaviors, most lenders are optimistic about what lies ahead. When asked to name the most exciting things about the 2026 housing market, the top three responses from loan officers were:

1. Stabilizing or moderating mortgage rates
2. Increased buyer activity or renewed demand
3. Signs of improving housing inventory

Lenders say expectations of a housing market crash are often driven more by headlines than by local data. Or as Seneca observed, we suffer more often in imagination than in reality.

Sheppard sums it up this way: “Homeownership is not always about finding the perfect rate or perfect timing. It is about understanding the full picture. When buyers take the time to look at the numbers clearly, many realize it is more possible than they thought.”

2026 Housing Market Forecast



MOSTLY SUNNY

A special thanks to HomeLight Elite lenders who participated in our survey

Here, in alphabetical order, we recognize HomeLight Elite lenders who took the time to participate and share their expertise for this survey. Elite lenders represent the top 1% of loan officers trained on Buy Before You Sell nationwide.



Aaron Bush

Fairway Independent Mortgage Corporation



Alex Knaus

American Pacific Mortgage Corporation



Alison Cougill

Fairway Independent Mortgage Corporation



Andrea Kindley

Fairway Independent Mortgage Corporation



Andrew Channell

NEXA Mortgage, LLC



Ashlee Sheppard

Fairway Independent Mortgage Corporation



Brit Alexander

Journey Mortgage Group



Jason Schott

Loan Haus, LLC



Jennifer Sheil

Synergy One Lending, Inc.



Jordan Campagna

South Towne Mortgage, LLC



Ned Harrison

First Option Mortgage, LLC



Philip Sheridan

Northwest Funding Group, Inc.



Raul Hernandez

REH Competitive Investments, LLC

Lenders who made this survey possible

Listed below, in alphabetical order, are the loan officers who participated in our survey and voluntarily offered to share their name to be included in the report.

Participants who are not mentioned by name here chose to remain anonymous or didn't provide enough identifying information in our survey to be listed.

Name	Name	Name
Al Hewitt	Jeff Markell	Megan Kelly
Alaina Gervais	Jeff Seidman	Megan McMahon
Alec Conrad	Jennifer Asbury	Mel McFarland
Amber Rowley	Jeri Creson	Michael D. Timmons
Austin Dimmler	Joe Sheriff	Michaela Eulberg
Barbara Holder	Joe Treinen	Mike Hogan
Benjamin Leonards	John Martin	Nicole Tennison
Bobbi Swann	JP Poreba	Olivia Duplessis
Brad Avergon	Julian Cordova	Patricia Stemple
Brian Ida	Julie Johnson	Pete McGhee
Brian Westervelt	Justin Hampton	Phil Cunningham
Cameron Ripley	Kara Whitman	Joe Quinones
Christina Bus	Karen Card	Rachel Harrelson
Christopher Nickel	Kelley Hamilton	Rachel Keller
Billy Slobin	Kelly Gufford	Raeanne Hagin
Colin Philbrick	Ken Swatman	Randi Mills
Cristi Hughes	Kevin Greene	Robert Vernon
Dan Zettler	Korey Fowler	Ryan Baril
Daniel Lariscy	Kristian Diaz	Scott Mayes
Deb HacsKaylo	Kristine Conklin	Seth Leeds
Debbie Solko	Kyle Larson	Shannon Rose
Denise Bangart	Lance Skirvin	Sherrie Liebert
Denise Maroldy	Laura Uribe	Stacey Van Rosendaal
Doug Perry	Leo Jordan	Steve Smith
Dustin Maciel	Linda Jarosz	Stewart Hoyer
Ed Diaz	Luis Perez	Tammy Barr
Victor Sanchez	Lynn M. Dufrechou	Tim McBratney
Felisa Schlosser	Mariah Allen	Tom Thayer
Gary Sturm	Marty Nicoll	Tony Tabrizi
Geoff White	Matt Allen	Wendy Lynch
Gretchen Russell	Matt Brown	Xavier Lawrence
James Todd Branson	Matt Hefner	
Jeff Glass	Matthew Lazowski	

About HomeLight

HomeLight is building the future of real estate — today. Our vision is a world where every real estate transaction is simple, certain, and satisfying for all.

Top real estate agents and loan officers are powered by HomeLight's platform to compete and win. Together, we deliver better outcomes to their clients during every step of the real estate journey. Our technology makes it easier to buy and sell homes, whether that's enabling clients to buy before they sell, find a top agent, or have certainty through a modern closing process.

Each year, HomeLight facilitates billions of dollars of residential real estate business on its platform for thousands of agents and loan officers.

Founded in 2012, HomeLight is a privately held company with offices in Scottsdale, San Francisco, Dallas, and Chicago, with backing from prominent investors including Zeev Ventures, Menlo Ventures, Group 11, Crosslink Capital, Bullpen Capital, Montage Ventures, Stereo Capital, Citi Ventures, Google Ventures, and others.

To learn more, visit homelight.com/press

