



Mortgage M&A Minute

2025 Year in Review



2026 Mortgage Industry Outlook

By Austin Maloney & Michael Goldman

For the first time in years, the mortgage industry looks ahead to a new year characterized by falling rates. 2025 brought the first rate cuts after a prolonged period of increases, and the mortgage M&A market responded with a strong degree of activity.

With the Presidential election and initial policy shifts of the new administration now in the rearview mirror, the market adjustment to the “higher-for-longer” interest rate narrative is finally softening. The Federal Reserve’s movements have set the stage for a gradual decline in rates, with Fannie Mae projecting the 30-year fixed rate to dip to approximately 5.9 percent by the end of 2026.

Greater stability is fueling a renewed appetite for M&A. While 2025 saw a flurry of consolidation (and even distressed) activity, we expect M&A activity to be increasingly driven by opportunistic acquisition and growth strategies while less influenced by the distressed or impatient exits that made up a sizable portion of deals over the last few years.

Select Recent Deals

Represented Chimera Investment Corporation in Its Acquisition of HomeXpress Mortgage

Represented Flagstar Bank in the Sale of Its Residential Mortgage Servicing Business

Represented Finance of America in Its Acquisition of PHH’s HECM Servicing Portfolio

Represented AG Mortgage Investment Trust in Its Acquisition of AG ARC

Represented Xpanse in Its Acquisition of MindBox

A Split Among Traditional Banks and Growth of Non-Banks

As we have noted for a couple of years, traditional banks continue to be split into two camps with respect to mortgage and mortgage servicing rights (MSRs) assets—those who want nothing to do with MSRs (or not any longer) and those who value the cash flow streams provided by MSRs and are willing to manage the associated risks. High profile moves have included Flagstar’s exit from the mortgage servicing and third-party origination business, a transaction in which the Hunton team represented Flagstar.

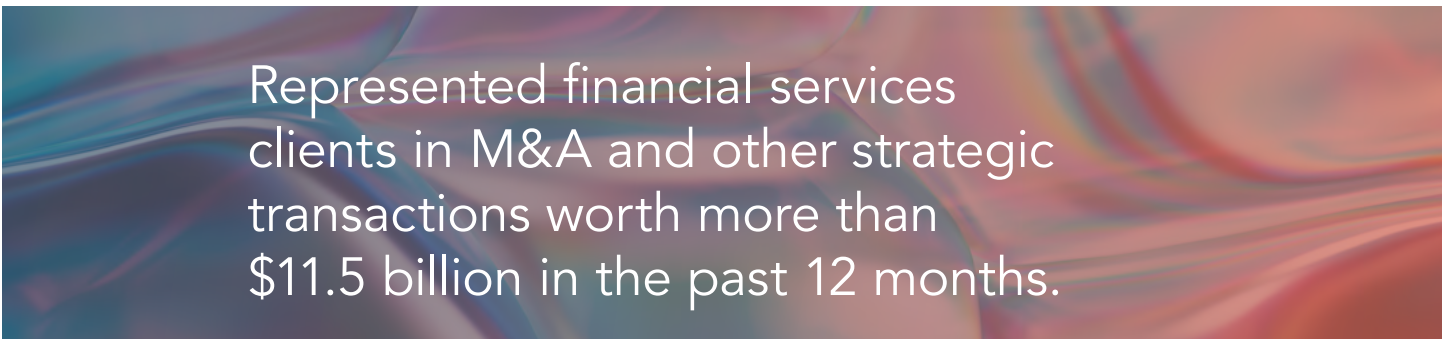
The combination of strict capital requirements and a desire to reduce exposure to the volatility of MSRs are a key driver for banks stepping back from the mortgage space. Not all traditional banks have adopted this strategy as we have worked with multiple regional banks seeking to grow their mortgage business and, in some cases, increase their exposure to mortgage assets.

In addition to banks growing their mortgage portfolios, numerous well-capitalized non-bank parties look to increase their market share, origination volume, and exposure to MSRs. An example of this is Chimera Investment Corporation’s acquisition of HomeXpress Mortgage Corp. earlier this year. We advised Chimera on the acquisition.

Technology-Driven Acquisitions

“AI” may have been a buzzword prior to 2025, but it dominated conversations across industries this year. Mortgage industry participants continue to grapple with how AI will be used throughout the underwriting and origination process and what efficiencies might be gained in servicing. Our world-class privacy and technology practice has provided advice to clients on best-practices in implementing AI strategies with an eye toward efficiency and compliance within a shifting and fast-developing landscape.

On the M&A side, we have seen technology-driven deals continue to be prevalent in 2025 and expect this trend to grow in 2026. Sales of technology platforms and tools do not always make headlines in the mortgage space, and in some cases parties desire to keep them confidential. The tools underlying these transactions can have significant impacts on an acquirer’s ability to scale their operations. Technology-focused deals require a different focus in diligence and negotiation and parties need to be clearly aligned on how the tech transfer will take place, including any transition arrangements. Our full-service team has worked on a number of technology-centered deals in the mortgage space and provides a start-to-finish solution for buyers and sellers. One deal we worked on this year in the mortgage technology space that was publicly announced was Xpanse’s acquisition of MindBox.



Represented financial services clients in M&A and other strategic transactions worth more than \$11.5 billion in the past 12 months.


The Year Ahead

Volume Increase and Demographic Driven Transactions

We are optimistic about M&A activity in 2026. Fannie Mae forecasts a rise in refinance share to 35 percent in 2026, a 9 percentage point increase over the expected 2025 share. Given the expected rise in volume and participants chasing top-line growth, we anticipate opportunistic acquirers will continue to consolidate, positioning themselves to benefit from upticks in origination and refinances. Of course, sellers are well aware of these market dynamics, and we expect premiums to increase as optimism returns to the mortgage space.

Our team also expects to see continued M&A activity in demographic driven sectors like reverse mortgages, shared equity (HEI) products and proprietary reverse products. Our client, Finance of America Reverse LLC, recently announced its agreement to acquire the reverse/HECM servicing portfolio of Onity Group Inc.'s subsidiary, PHH Mortgage Corporation. We expect to see more activity in this demographic-driven sector given the heavy concentration of home ownership in 55+ individuals in the US.

Happy Holidays!



Hunton is the most active law firm
advising on mortgage REIT M&A
in the past three years.

S&P Capital IQ, 2025

Contributors and Key Contacts

Hunton is proud to be one of the top, fully integrated and multidisciplinary legal platforms in the US for advising companies in the mortgage and financial services industry on transactional matters. We are—and have been for decades—at the forefront of advising mortgage companies and other financial services entities on mergers and acquisitions.

The collective experience of our mortgage industry M&A lawyers enables us to address the needs of mortgage companies on a holistic basis. We help senior business leaders negotiate the increasingly complex M&A path, and we collaborate across the firm with our top-tier warehouse financing, MSR/loan transfer, and securitization colleagues.

We pride ourselves on our institutional relationships with longstanding clients. Our overall approach to mortgage industry M&A transactions focuses on responsiveness to clients; seamless integration with client business and legal teams; creative, practical solutions; commonsense approaches; and, most importantly, completing transactions consistent with our clients' strategic goals.