



# PROPERTY FORECLOSURE EVENTS IN MARYLAND

THIRD QUARTER 2018

**SEPTEMBER 2018**

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
HOUSING AND ECONOMIC RESEARCH OFFICE  
7800 HARKINS ROAD  
LANHAM, MD 20706  
[WWW.DHCD.MARYLAND.GOV](http://WWW.DHCD.MARYLAND.GOV)

LARRY HOGAN, GOVERNOR  
BOYD K. RUTHERFORD, LT. GOVERNOR  
KENNETH C. HOLT, SECRETARY  
TONY REED, DEPUTY SECRETARY



**Property Foreclosure Events in Maryland**  
**THIRD QUARTER 2018**

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# Property Foreclosure Events in Maryland

THIRD QUARTER 2018

## Executive Summary

RealtyTrac reported a total of 177,146 property foreclosure filings (or events) in the U.S., including notices of default, notices of foreclosure sales and lender purchases of foreclosed properties, during the third quarter of 2018, down 6.2 percent from the previous quarter and by 7.7 percent from year ago levels (Exhibit 1). The U.S. foreclosure rate, defined as the number of foreclosures per 10,000 households, declined from 14.2 in the previous quarter to 13.3 in the current quarter.

Third quarter data show that foreclosure activity declined 18 out of the 21 (86.0 percent) judicial states compared with 18 out of the 30 (60.0 percent) non-judicial states including the District of Columbia. In a judicial foreclosure state, the lender is required to file a complaint in court in order to foreclose whereas in a non-judicial foreclosure state, the lender may proceed with a foreclosure without going through the legal system. The final outcome in either judicial or non-judicial in the foreclosure process is a foreclosure sale.

Nationwide, foreclosure activity fell in 35 states and in the District of Columbia but increased in the other 15. The top five increases were in Alaska, Hawaii, Idaho, West Virginia and Wisconsin, while the largest declines were in Massachusetts, Michigan, Nebraska, New Hampshire and Oklahoma in the third quarter of 2018. Compared with the same period in 2017, total foreclosure events declined in 35 states and in the District of Columbia but increased 10.0 percent or higher in Alaska, Arkansas, Missouri, Nevada, North Dakota, West Virginia and Wisconsin.

In Maryland, foreclosure activity or events continues to fluctuate from the prior five quarters into the current quarter, up one quarter, down another. Foreclosures declined 6.0 percent from the prior quarter to 6,390 events and by 3.6 percent in the third quarter of 2017. On annual basis, however, Maryland's foreclosure activity continues its downward trend, representing the tenth consecutive year-over-year quarterly declines since the second quarter of 2016 (Exhibits 1 and 2).

New foreclosure filings in Maryland increased 10.3 percent to 3,133 events in the third quarter following a 19.1 percent increase in the preceding quarter. This growth can be attributed in part to a continuing "uptick of defaults on 2014 vintage FHA" that is becoming risky due FHA-insured borrowers with relatively higher debt-to-income ratios above 50.0 percent. The third quarter growth marks the first quarter quarterly rise in new defaults since the first quarter of 2014 in year-over-year volume, reversing the 17 consecutive quarters of declines. Foreclosure sales fell modestly by 0.9 percent from the prior quarter and by 5.9 percent from the same quarter last year. Lender purchases recorded the highest decline since the fourth quarter of 2016. Purchases dropped 34.3 percent to 1,573 properties - its lowest level since fourth quarter 2013 and by 17.9 percent on an annual basis. The steep decline in purchases may be attributed to dwindling inventory in the foreclosure pipeline. Decreases in foreclosure inventory bode well for the ongoing recovery in the housing market and the economy at large.

The foreclosure rate in Maryland increased 1.7 foreclosures per 10,000 households to 26.6 in the third quarter of 2018. Maryland's ranking remained among the top five states with the highest foreclosure rates nationwide, along with Delaware, Florida, New Jersey and Nevada. The State's foreclosure rate was 99.0 percent above the U.S. rate of 13.3 in the third quarter. Among the neighboring states, Delaware's ranking was unchanged at highest in the current quarter. Pennsylvania's ranking fell to the 12<sup>th</sup> highest. Virginia's ranking improved from the prior quarter to the 29<sup>th</sup> highest in the current quarter.

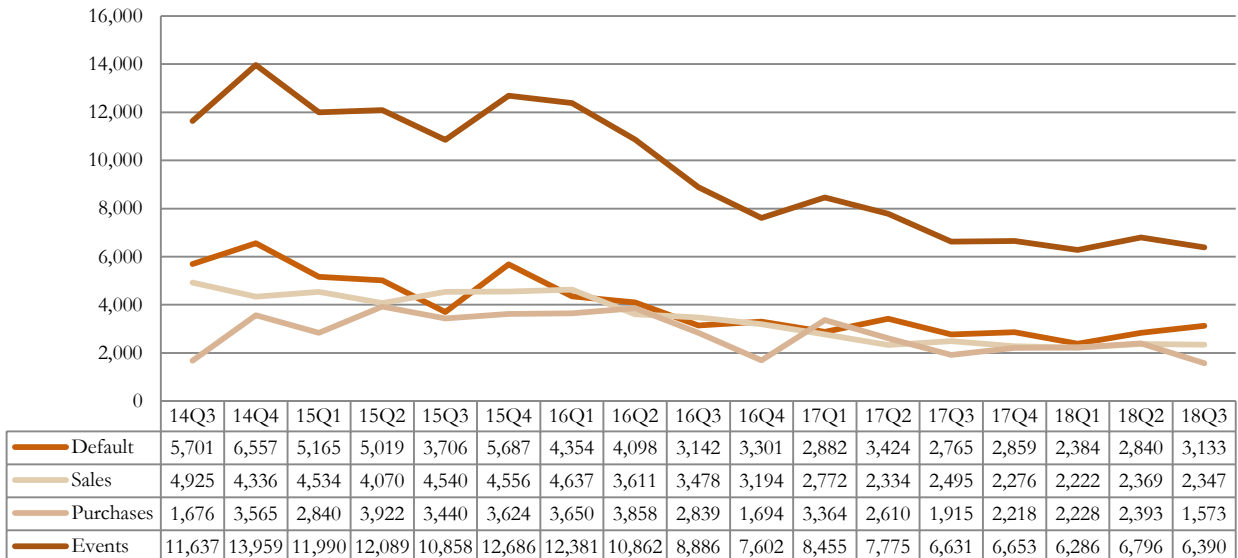
RealtyTrac’s methodology reports total number of filings in these stages of foreclosure. As a result, the sum of these stages of foreclosure during a quarter may exceed the actual number of foreclosed properties as properties are moved from one stage of the process to the other during the quarter. To eliminate multiple counting of foreclosure events, total number of foreclosures in this report represents the number of unique properties only. Events, properties, filings used in this report are used interchangeably.

<b>EXHIBIT 1: FORECLOSURES IN MARYLAND AND U.S.</b>				
THIRD QUARTER 2018				
<b>Indicator</b>	<b>Notices of Default</b>	<b>Notices of Sales</b>	<b>Lender Purchases</b>	<b>Properties with Foreclosure Filings*</b>
<i>Maryland</i>				
Number of Events	3,133	2,347	1,573	6,390
Change (Last Quarter)	10.3%	-0.9%	-34.3%	-6.0%
Change (Last Year)	13.3%	-5.9%	-17.9%	-3.6%
<i>U.S.</i>				
Number of Events	62,235	75,720	51,459	177,146
Change (Last Quarter)	-6.2%	-1.7%	-24.2%	-6.2%
Change (Last Year)	-2.7%	-10.7%	-8.1%	-7.7%

*The sum of the three stages of foreclosure may exceed the number of properties. The last column in this table represent the number of unique property foreclosures, hence multiple counting of the events has been eliminated.*

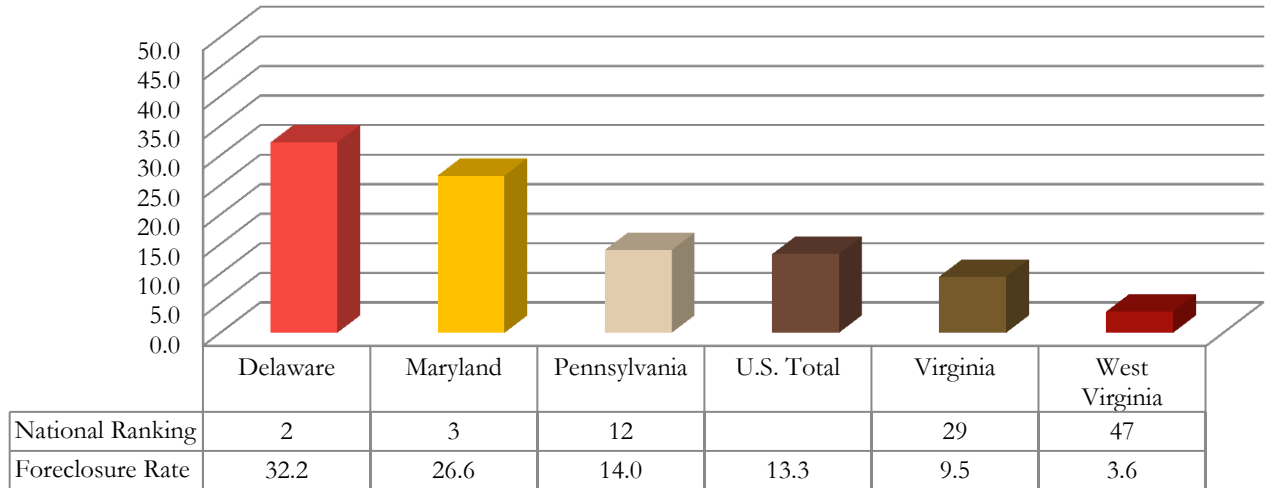
*Source: RealtyTrac and DHCD, Housing and Economic Research Office*

**EXHIBIT 2: STAGES OF FORECLOSURE ACTIVITY IN MARYLAND**  
THIRD QUARTER 2018



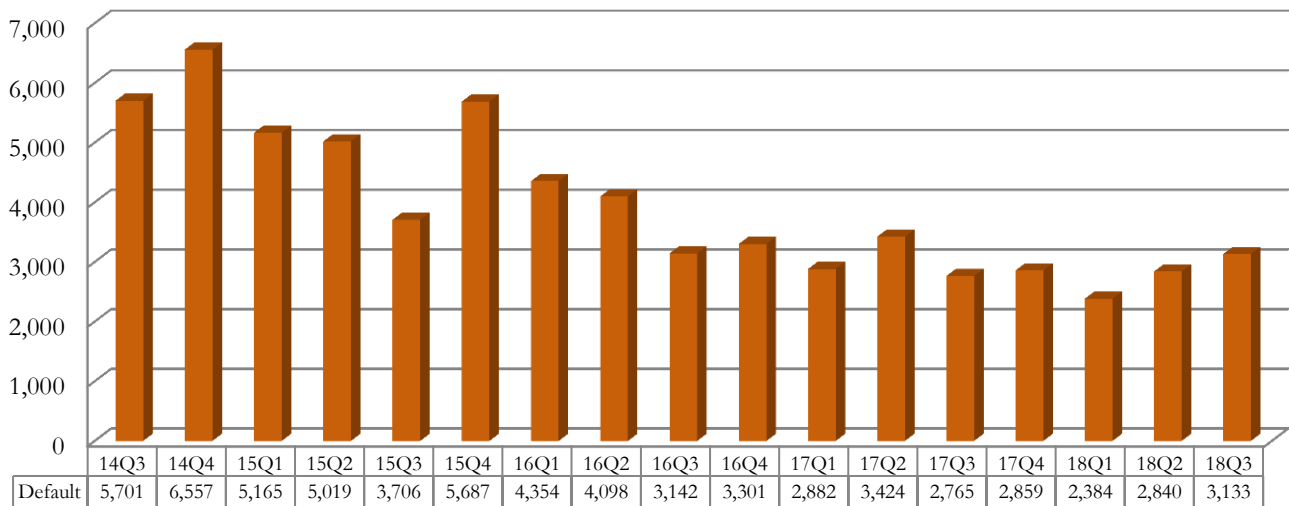
*Source: RealtyTrac and DHCD, Housing and Economic Research Office*

**CHART 1: FORECLOSURE RATES IN THE REGION**  
**NUMBER OF FORECLOSURES PER 10,000 HOUSEHOLDS**  
 THIRD QUARTER 2018



Source: RealtyTrac and DHCD, Housing and Economic Research Office

**CHART 2: TOTAL FORECLOSURE ACTIVITY**  
 THIRD QUARTER 2018



Source: RealtyTrac and DHCD, Housing and Economic Research Office

Table 1 shows the distribution of third quarter foreclosure events in Maryland. Compared to the second quarter, foreclosure events grew in 13 Maryland jurisdictions, declined in the other eleven. When compared with year ago levels, foreclosure activity declined in 16 jurisdictions. Caroline County had the highest growth from the previous quarter with 54.8 percent and Talbot recorded the largest decline statewide at 44.2 percent. From year ago levels, Kent County had the highest growth of 70.3 percent due to a significant increase in the number of new defaults while Somerset had the largest decline of 31.9 percent due to a fall in the number of new defaults in the county.

Prince George's County with 1,430 events had the largest share of foreclosures statewide, accounting for 22.4 percent of the total. Foreclosure activity in the county fell 22.3 percent below the preceding quarter and by 2.6 percent from the prior year. Baltimore City with the second largest share of foreclosures experienced the lowest growth of 0.4 percent in foreclosures in the second quarter with 1,059 filings, accounting for 16.6 percent of the statewide share. On an annual basis, the City's foreclosures fell 14.2 percent below prior year levels due mainly to a substantial drop in lender purchases. Baltimore County with 966 events, or 15.1 percent of the total, had the third highest share in Maryland. Foreclosures in this county fell 5.6 percent last quarter and a year ago by 6.5 percent.

Other jurisdictions with relatively large share of foreclosure events include Anne Arundel with 504 events (7.9 percent), Montgomery (477 events or 7.5 percent), Charles (256 properties or 4.0 percent of the total), Harford (251 events or 3.9 percent), Frederick (188 events or 2.9 percent), Howard (167 events or 2.6 percent), and Washington (145 events or 2.3 percent). These ten jurisdictions represented 85.2 percent of all foreclosures events in Maryland.

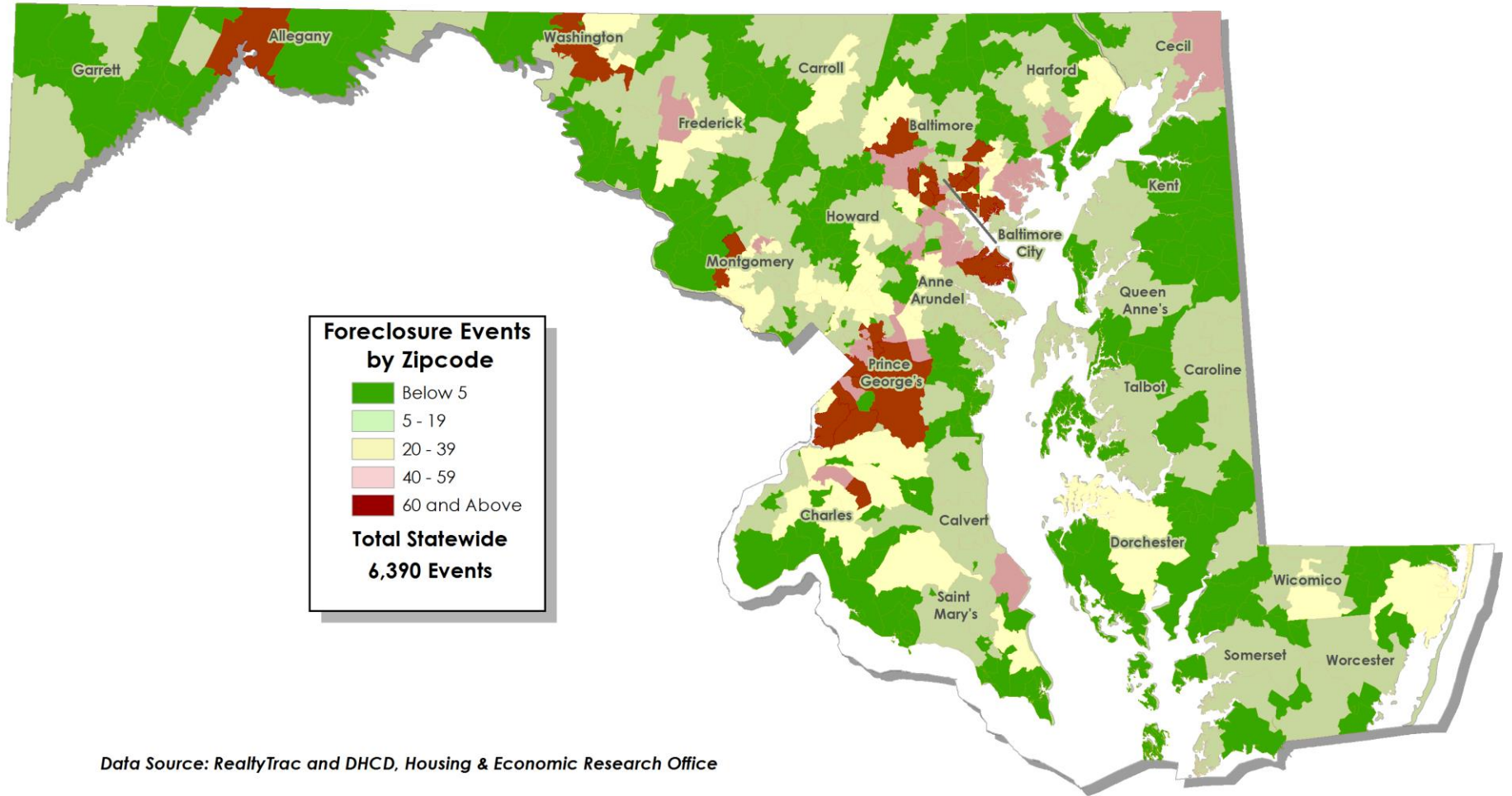
**TABLE 1. PROPERTY FORECLOSURE EVENTS**  
THIRD QUARTER 2018

Jurisdiction	Notices of Default	Notices of Sales	Lender Purchases (REO)	Total*			
				Number	County Share	% Change from	
						2018 Q2	2017 Q3
Allegany	26	30	35	82	1.3%	-8.1%	33.8%
Anne Arundel	250	174	127	504	7.9%	-7.8%	-2.9%
Baltimore	509	366	199	966	15.1%	-5.6%	-6.5%
Baltimore City	541	400	244	1,059	16.6%	0.4%	-14.2%
Calvert	57	41	27	111	1.7%	30.9%	46.7%
Caroline	25	8	19	50	0.8%	54.8%	56.0%
Carroll	56	47	32	120	1.9%	10.4%	-4.1%
Cecil	56	43	26	109	1.7%	18.5%	28.2%
Charles	131	92	54	256	4.0%	29.0%	27.2%
Dorchester	19	17	18	50	0.8%	48.0%	47.7%
Frederick	95	67	43	188	2.9%	32.7%	-17.6%
Garrett	10	4	10	24	0.4%	5.1%	-2.7%
Harford	121	88	73	251	3.9%	2.2%	-8.0%
Howard	76	63	42	167	2.6%	-6.8%	-1.8%
Kent	16	7	5	26	0.4%	52.0%	70.3%
Montgomery	260	180	89	477	7.5%	6.5%	11.6%
Prince George's	668	529	367	1,430	22.4%	-22.3%	-2.6%
Queen Anne's	22	14	17	48	0.7%	-16.5%	-13.3%
Somerset	13	9	5	24	0.4%	-23.9%	-31.9%
St. Mary's	46	32	27	98	1.5%	-14.1%	-16.7%
Talbot	10	9	12	30	0.5%	-44.2%	-16.6%
Washington	55	62	43	145	2.3%	-20.2%	-14.6%
Wicomico	34	41	36	98	1.5%	-26.4%	-26.0%
Worcester	38	24	22	77	1.2%	18.8%	-1.1%
<b>Maryland</b>	<b>3,133</b>	<b>2,347</b>	<b>1,573</b>	<b>6,390</b>	<b>100.0%</b>	<b>-6.0%</b>	<b>-3.6%</b>

\*The sum of the three stages of foreclosure may exceed the total. Total number of foreclosures represents unique properties.  
Source: RealtyTrac and DHCD, Housing and Economic Research Office

# Maryland Foreclosure Events

Third Quarter 2018



Data Source: RealtyTrac and DHCD, Housing & Economic Research Office

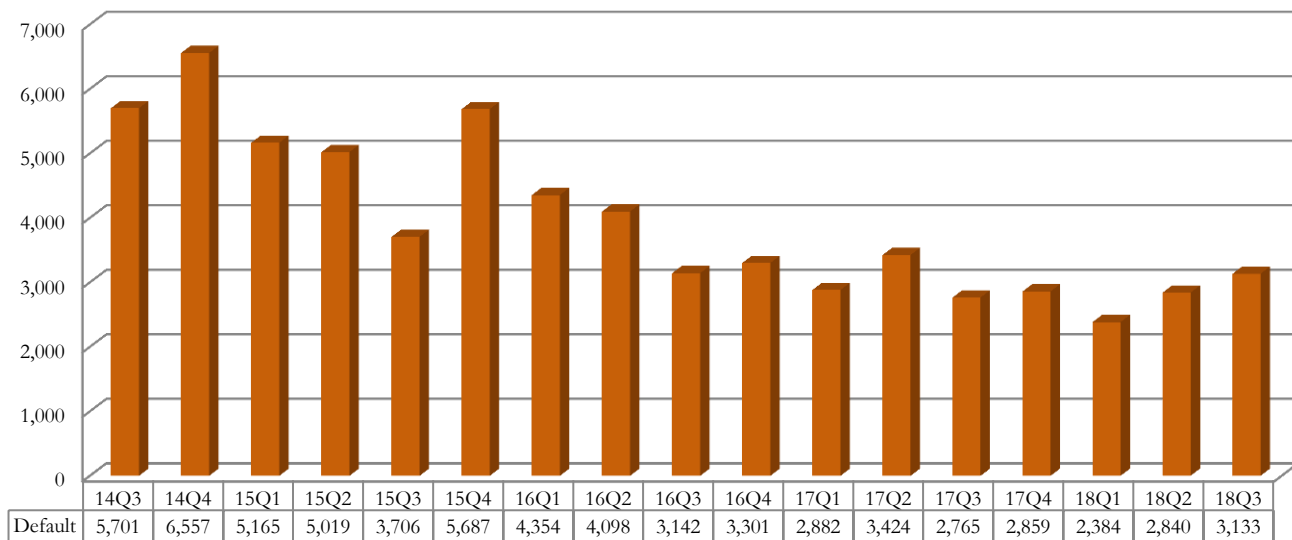
## Notices of Mortgage Loan Default

### THIRD QUARTER 2018

Default notices (the initial document filed by the lender to start the foreclosure process, also called pre-foreclosure stage) rose 10.3 percent to 3,133 filings in the third quarter (Chart 3) due in part to continuing “uptick of defaults on 2014 vintage FHA” that is becoming risky due FHA-insured borrowers with relatively higher debt-to-income ratios above 50.0 percent. Compared to last year, new foreclosure filings grew by 13.3 percent for the first time since first quarter 2014, reversing the seventeenth consecutive quarter of year over year declines (Table 2). Thirteen jurisdictions recorded year over year quarterly growth, nine showed decreases with no changes in Caroline and Cecil counties due to no defaults from a year ago.

By jurisdiction, Prince George’s County accounted for the largest share of defaults with 21.3 percent of all filings statewide or 668 notices (Table 2). The county’s default notices fell 12.8 percent from the previous quarter but inched up 1.2 percent above last year’s volume. Baltimore City, with 541 default notices (17.3 percent of the total), had the second highest number of defaults in Maryland. The City’s new defaults grew 20.3 percent from the preceding quarter levels and by 3.0 percent above last year levels. Baltimore County, with 509 default notices, or 16.3 percent of the total, had the third highest number of notices. The County’s default notices grew 17.7 percent from the previous quarter and by 17.8 percent above last year’s volume. Other counties with high defaults includes Montgomery County, had the fourth largest share with 260 notices or a 8.3 percent share, and Anne Arundel with the fifth highest number of notices (250 default notices, or 8.0 percent of the total). Together, these jurisdictions represented 71.1 percent of all default notices issued statewide.

**CHART 3: NOTICES OF MORTGAGE LOAN DEFAULT**  
THIRD QUARTER 2018



*Source: RealtyTrac and DHCD, Housing and Economic Research Office*



**TABLE 2. NOTICES OF MORTGAGE LOAN DEFAULT**  
THIRD QUARTER 2018

Jurisdiction	2018 Q3		% Change from	
	Number	% of Total	2018 Q2	2017 Q3
Allegany	26	0.8%	-49.2%	12.5%
Anne Arundel	250	8.0%	-8.0%	14.5%
Baltimore	509	16.3%	17.7%	17.8%
Baltimore City	541	17.3%	20.3%	3.0%
Calvert	57	1.8%	448.6%	432.8%
Caroline	25	0.8%	1265.4%	NA
Carroll	56	1.8%	48.9%	13.0%
Cecil	56	1.8%	366.7%	NA
Charles	131	4.2%	362.2%	343.9%
Dorchester	19	0.6%	208.3%	7300.0%
Frederick	95	3.0%	231.1%	2.6%
Garrett	10	0.3%	31.3%	-8.6%
Harford	121	3.9%	43.7%	1.9%
Howard	76	2.4%	-3.2%	-17.9%
Kent	16	0.5%	211.3%	625.0%
Montgomery	260	8.3%	24.4%	19.4%
Prince George's	668	21.3%	-12.8%	1.2%
Queen Anne's	22	0.7%	-25.0%	-28.9%
Somerset	13	0.4%	-22.7%	-38.8%
St. Mary's	46	1.5%	-24.5%	-1.1%
Talbot	10	0.3%	-71.1%	-40.9%
Washington	55	1.8%	-46.4%	-33.3%
Wicomico	34	1.1%	-56.7%	-24.9%
Worcester	38	1.2%	5.3%	-0.2%
<b>Maryland</b>	<b>3,133</b>	<b>100.0%</b>	<b>10.3%</b>	<b>13.3%</b>

Source: RealtyTrac and DHCD, Housing and Economic Research Office

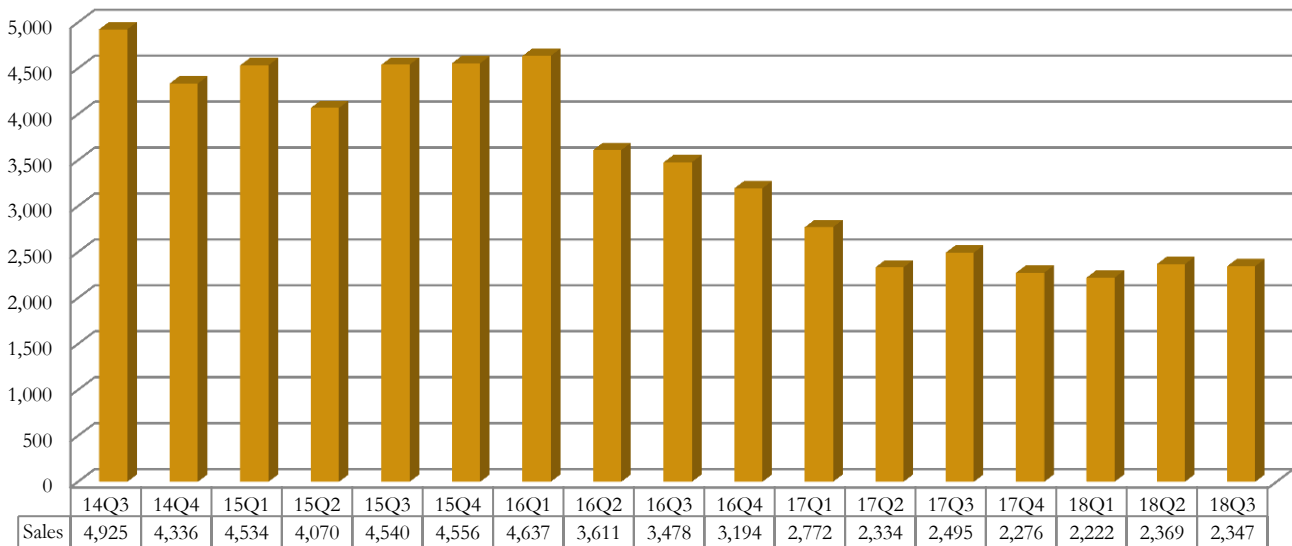
## Notices of Foreclosure Sales

### THIRD QUARTER 2018

Foreclosure sale or judgment of sales notice (an order signed by a judge authorizing the sale of a property at a public auction) inched down 0.9 percent from the prior quarter to 2,347 filings (Chart 4). Compared to the third quarter 2017, foreclosure sales also fell 5.9 percent in line with national trend as lenders clear out residual inventory from earlier defaults. Foreclosure sales fell in 14 Maryland jurisdictions from the previous quarter, increased in the other nine, and was unchanged in Cecil County. On an annual basis, foreclosure sales also declined in 14 jurisdictions but increased in the other ten. The most significant quarterly and annual growth was in Kent and Wicomico counties, declines were in Caroline and Garrett counties, respectively.

Current quarter foreclosure sales fell by 1.7 percent in Prince George’s County to 529 notices and by 4.5 percent below last year’s volume. Foreclosure sales in the county accounted for 22.5 percent of all foreclosure sales statewide, the largest share among the State’s twenty-four jurisdictions (Table 3). Baltimore City with 400 notifications, or 17.0 percent of the total, had the second highest number of foreclosure sales in Maryland. Foreclosure sales in the City increased 4.0 percent from the preceding quarter but declined 9.9 percent compared with the same period in 2017. Baltimore County with 366 notices, or 15.6 percent of the total, had the third highest number of foreclosure sales. Notices of sales in this county declined 2.5 percent from the previous quarter and by 3.5 percent from the same period last year. The fourth and fifth highest share of foreclosure sales this quarter occurred in Montgomery (180 sales, or 7.7 percent) and Anne Arundel (174 sales, or 7.4 percent) counties, respectively. Together, these jurisdictions accounted for 70.2 percent of all notices of sales issued statewide.

**CHART 4. NOTICES OF FORECLOSURE SALES**  
THIRD QUARTER 2018



Source: RealtyTrac and DHCD, Housing and Economic Research Office

**TABLE 3. NOTICES OF FORECLOSURE SALES**  
THIRD QUARTER 2018

Jurisdiction	2018 Q3		% Change from	
	Number	% of Total	2018 Q2	2017 Q3
Allegany	30	1.3%	36.6%	40.6%
Anne Arundel	174	7.4%	-7.9%	-13.7%
Baltimore	366	15.6%	-2.5%	-3.5%
Baltimore City	400	17.0%	4.0%	-9.9%
Calvert	41	1.7%	-6.0%	1.9%
Caroline	8	0.3%	-37.0%	-57.0%
Carroll	47	2.0%	1.7%	-8.1%
Cecil	43	1.8%	0.0%	4.9%
Charles	92	3.9%	-8.9%	-15.0%
Dorchester	17	0.7%	35.6%	-6.7%
Frederick	67	2.9%	-0.1%	-28.3%
Garrett	4	0.2%	-52.5%	-10.6%
Harford	88	3.8%	-20.0%	-7.5%
Howard	63	2.7%	-2.1%	3.1%
Kent	7	0.3%	-2.4%	42.1%
Montgomery	180	7.7%	5.9%	5.3%
Prince George's	529	22.5%	-1.7%	-4.5%
Queen Anne's	14	0.6%	-23.6%	26.9%
Somerset	9	0.4%	27.6%	38.5%
St. Mary's	32	1.4%	-15.5%	-22.0%
Talbot	9	0.4%	-25.0%	-30.8%
Washington	62	2.7%	6.1%	29.5%
Wicomico	41	1.7%	69.8%	-7.1%
Worcester	24	1.0%	62.5%	2.5%
<b>Maryland</b>	<b>2,347</b>	<b>100.0%</b>	<b>-0.9%</b>	<b>-5.9%</b>

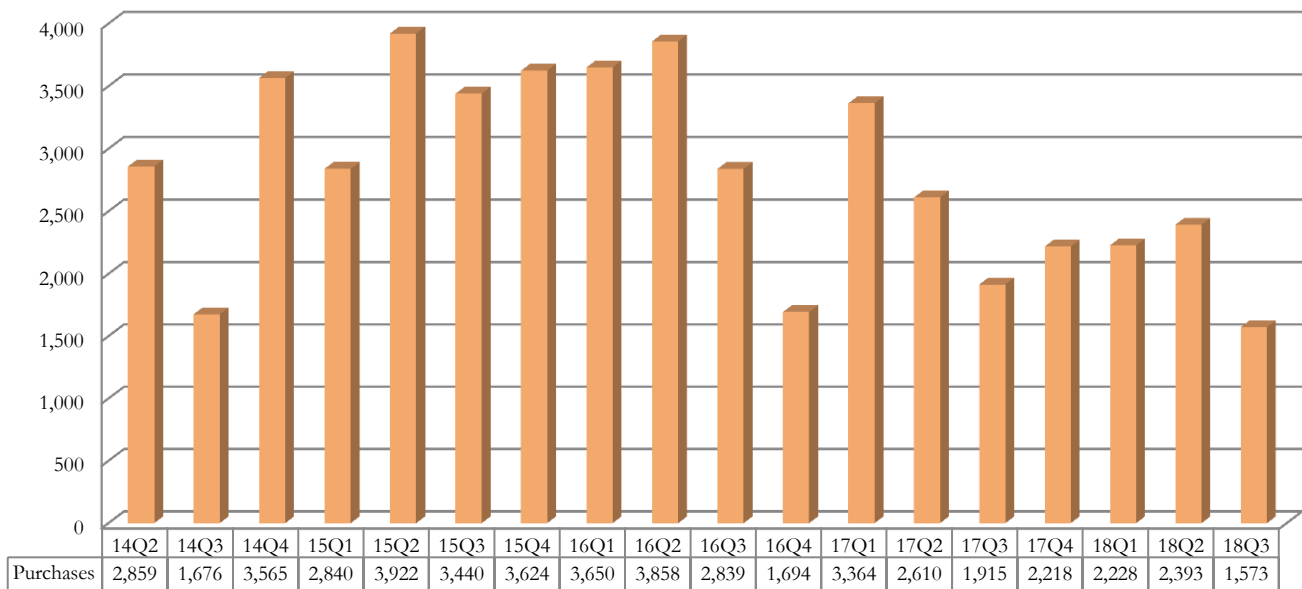
Source: RealtyTrac and DHCD, Housing and Economic Research Office

## Lender Purchases of Foreclosed Properties THIRD QUARTER 2018

Lender purchases or real estate owned (REO) by the lender (the final step in the foreclosure process that conveys property ownership back to lender) experienced its largest decline in almost three years – falling 34.3 percent to 1,573 properties in the third quarter of 2018. Compared to activity in the third quarter of 2017, lender purchases fell in 19 Maryland jurisdictions. The largest quarterly declines were in Somerset (56.0 percent) and Prince George’s (50.3 percent) counties. Year over year, lender purchases fell in 16 jurisdictions - the largest decrease was in Somerset County with a 56.3 percent and the highest increase in Allegany County (47.7 percent). Decreases in lender purchases offers positive news for the housing market as it may be a sign of declining properties in the pipeline for lenders to return to inventory for sale.

In the current quarter, Prince George’s County had the highest concentration in Maryland (Table 4) with 367 lender purchases or 23.4 percent of the total. Lender purchases in the county fell significantly by 50.3 percent in the third quarter but only by 2.9 percent below last year. Lender purchases in Baltimore City, which totaled 244, accounted for 15.5 percent of purchases statewide. Sales in the City posted a 31.0 percent drop from the previous quarter and by 36.6 percent from the previous year. Baltimore County, with 199 lender purchases (12.7 percent of the total), had the third highest concentration in Maryland. Lender purchases in the county were down by 39.4 percent from the preceding quarter and by 34.3 percent when compared with year ago levels. Other jurisdictions with relatively large share of lender purchases include Anne Arundel (127 purchases or 8.1 percent) and Montgomery (89 purchases or 5.7 percent) counties. Together, these jurisdictions represented 65.3 percent of all lender purchases.

**CHART 5. LENDER PURCHASES OF FORECLOSED PROPERTIES**  
THIRD QUARTER 2018



*Source: RealtyTrac and DHCD, Housing and Economic Research Office*

**TABLE 4. LENDER PURCHASES OF FORECLOSED  
PROPERTIES  
THIRD QUARTER 2018**

Jurisdiction	2018 Q3		% Change from	
	Number	% of Total	2018 Q2	2017 Q3
Allegany	35	2.2%	31.1%	47.7%
Anne Arundel	127	8.1%	-11.8%	-6.9%
Baltimore	199	12.7%	-39.4%	-34.3%
Baltimore City	244	15.5%	-31.0%	-36.6%
Calvert	27	1.7%	-21.3%	-15.1%
Caroline	19	1.2%	-8.4%	23.0%
Carroll	32	2.0%	-21.6%	-21.0%
Cecil	26	1.7%	-44.7%	-45.8%
Charles	54	3.4%	-46.3%	-24.8%
Dorchester	18	1.1%	16.0%	16.3%
Frederick	43	2.8%	-28.7%	-29.0%
Garrett	10	0.7%	20.6%	-2.2%
Harford	73	4.7%	-24.8%	-12.9%
Howard	42	2.7%	-22.0%	40.8%
Kent	5	0.3%	-32.5%	-48.5%
Montgomery	89	5.7%	-27.3%	26.3%
Prince George's	367	23.4%	-50.3%	-2.9%
Queen Anne's	17	1.1%	8.9%	5.5%
Somerset	5	0.3%	-56.0%	-56.3%
St. Mary's	27	1.7%	-16.4%	-23.0%
Talbot	12	0.8%	-25.0%	9.1%
Washington	43	2.7%	-12.5%	-21.7%
Wicomico	36	2.3%	-21.6%	-28.2%
Worcester	22	1.4%	2.8%	2.5%
<b>Maryland</b>	<b>1,573</b>	<b>100.0%</b>	<b>-34.3%</b>	<b>-17.9%</b>

Source: RealtyTrac and DHCD, Housing and Economic Research Office