



PROPERTY FORECLOSURE EVENTS IN MARYLAND

SECOND QUARTER 2018

JULY 2018

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
HOUSING AND ECONOMIC RESEARCH OFFICE
7800 HARKINS ROAD
LANHAM, MD 20706
WWW.DHCD.MARYLAND.GOV

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



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SECOND QUARTER 2018

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Property Foreclosure Events in Maryland

SECOND QUARTER 2018

Executive Summary

RealtyTrac reported a total of 188,843 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 second quarter of 2018, representing a decrease of 0.5 percent below the previous quarter when events increased 4.1 percent. Compared with the second quarter of 2017, foreclosure events declined year-over-year by 14.2 percent, the 11th consecutive quarterly decrease (Exhibit 1). The U.S. foreclosure rate, defined as the number of foreclosures per 10,000 households, virtually unchanged, inched down ten basis points from 14.3 in the previous quarter to 14.2 in the current quarter. Nationally, foreclosure activity dropped in 37 states but increased in the other 13 states and in the District of Columbia. The top five increases were in California, Connecticut, Florida, Massachusetts, and Michigan, while the largest declines were in Arizona, Hawaii, Iowa, Minnesota, and Wisconsin. Compared with the same quarter in 2017, total foreclosure events declined in 44 states but increased in Alaska, California, Michigan, South Dakota, Texas, Vermont, and in the District of Columbia.

In Maryland, foreclosure activity or events continues to fluctuate in the prior three quarters into the current quarter. Activity rose 8.1 percent from the preceding quarter to 6,796 events, inched up 0.3 percent in the fourth quarter of 2017, and decreased 14.7 percent in the quarter before. On annual basis, however, Maryland's foreclosure activity dropped 12.6 percent, representing the ninth consecutive year-over-year quarterly declines since the second quarter of 2016 (Exhibits 1 and 2).

New foreclosure filings in Maryland experienced a 19.1 percent rise to 2,840 events in the second quarter, the highest growth level since fourth quarter 2015. This increase can be attributed to in part to an “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 year over year volume, default levels declined for the 17th consecutive quarter, down 17.1 percent from year ago levels. Foreclosure sales grew by 6.6 percent from the prior quarter, and a 1.5 percent growth from the same quarter last year. Lender purchases rose by 7.4 percent over the previous quarter but were down 8.3 percent compared to the same quarter last year. Despite fluctuations in filings, steady increases in lender purchases continue to point toward increased confidence in the market as lenders work to clear the pipeline.

The foreclosure rate in Maryland increased 2.1 foreclosures per 10,000 households to 28.3 in the second quarter of 2018. Maryland's ranking remained among the top five states with the highest foreclosure rates nationwide, along with Connecticut, Delaware, Illinois, and New Jersey. The State's foreclosure rate was 99.3 percent above the U.S. rate of 14.2 in the second quarter.

Among the neighboring states, Delaware's ranking increased to the 2nd highest in the current quarter. Pennsylvania's ranking decreased to the 14th highest. Virginia's ranking fell from the prior quarter to the 22nd 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.

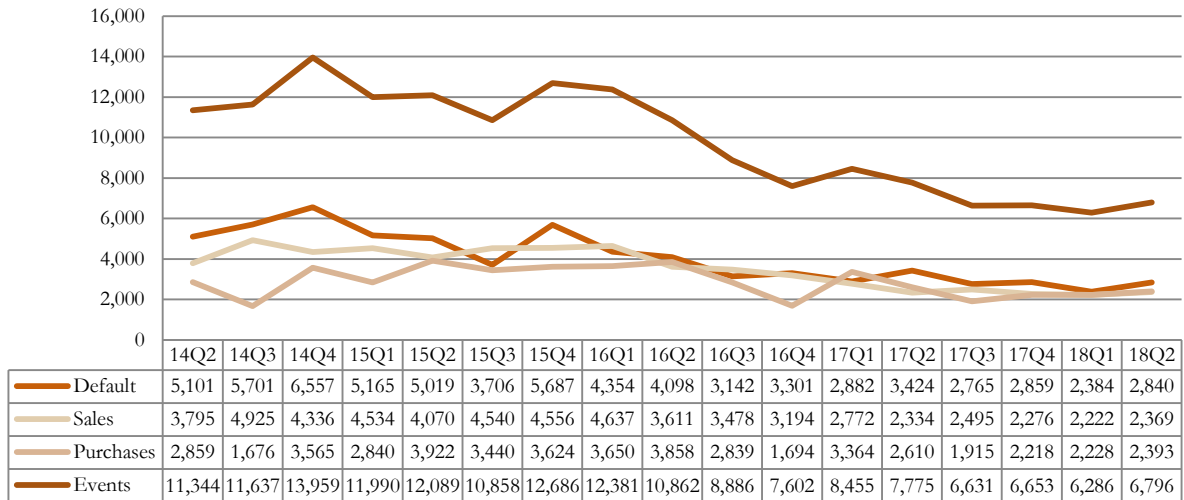
EXHIBIT 1: FORECLOSURES IN MARYLAND AND U.S.
SECOND QUARTER 2018

Indicator	Notices of Default	Notices of Sales	Lender Purchases	Properties with Foreclosure Filings*
<i>Maryland</i>				
Number of Events	2,840	2,369	2,393	6,796
Change (Last Quarter)	19.1%	6.6%	7.4%	8.1%
Change (Last Year)	-17.1%	1.5%	-8.3%	-12.6%
<i>U.S.</i>				
Number of Events	66,336	77,026	67,877	188,843
Change (Last Quarter)	3.3%	2.2%	3.8%	-0.5%
Change (Last Year)	-11.8%	-2.5%	-13.6%	-14.2%

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.

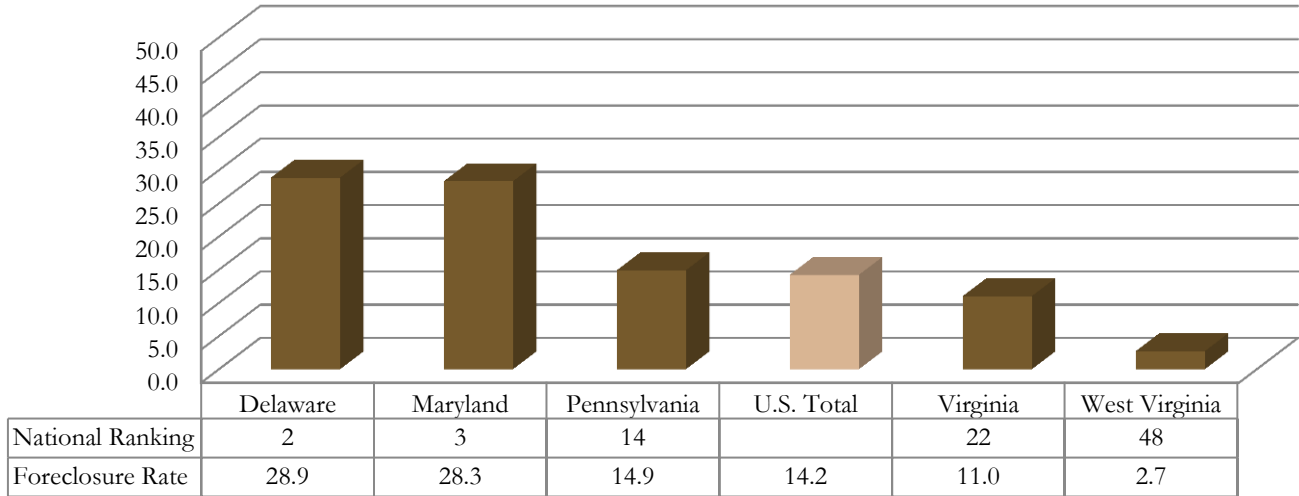
Source: RealtyTrac and DHCD, Housing and Economic Research Office

EXHIBIT 2: STAGES OF FORECLOSURE ACTIVITY IN MARYLAND
SECOND QUARTER 2018



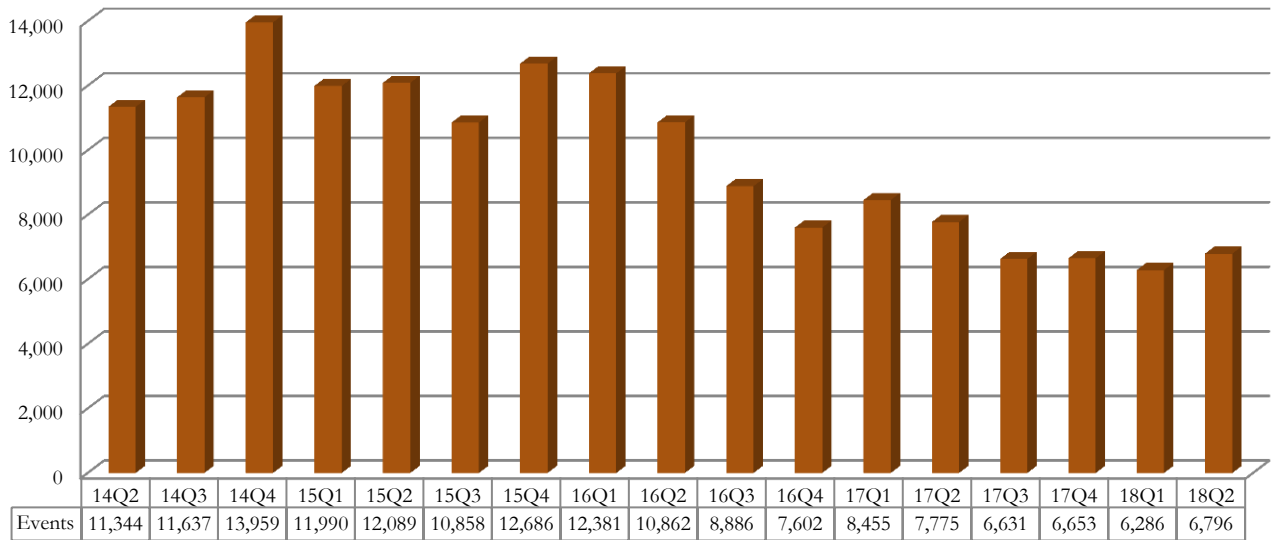
Source: RealtyTrac and DHCD, Housing and Economic Research Office

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



Source: RealtyTrac and DHCD, Housing and Economic Research Office

CHART 2: TOTAL FORECLOSURE ACTIVITY
SECOND QUARTER 2018



Source: RealtyTrac and DHCD, Housing and Economic Research Office

Table 1 shows the distribution of second quarter foreclosure events in Maryland. Compared to the preceding quarter, foreclosure events increased in 20 Maryland jurisdictions, declined in three, and was unchanged in Anne Arundel County. Compared with year ago levels, foreclosure activity fell in 14 jurisdictions. Garrett County had the greatest increase from the previous quarter with 64.3 percent and Talbot had the greatest growth from the previous time last year at 107.7 percent.

Prince George's County with 1,842 events had the largest share of foreclosures statewide, accounting for 27.1 percent of the total. Foreclosure activity in the county rose 22.9 percent above the previous quarter but fell by 4.3 percent from the year prior. Baltimore City with the second largest share of foreclosures experienced an 8.2 percent decrease in the second quarter to 1,055 filings, accounting for 15.5 percent of the statewide share. On an annual basis, the City's foreclosures fell 25.1 percent below prior year levels. Baltimore County had 1,024 events, or 15.1 percent of the total, had the third highest share in Maryland. Foreclosures in this county fell 2.0 percent below the prior quarter, and by 18.1 percent from year ago levels.

Other counties with a large share of foreclosure events include Anne Arundel (547 events or 8.0 percent), Montgomery (448 properties or 6.6 percent of the total), Harford (245 events or 3.6 percent), Charles (198 events or 2.9 percent), Washington (182 events or 2.7 percent), Howard (179 events or 2.6 percent), and Frederick (142 events or 2.1 percent). These ten jurisdictions represented 86.2 percent of all foreclosures events in Maryland.

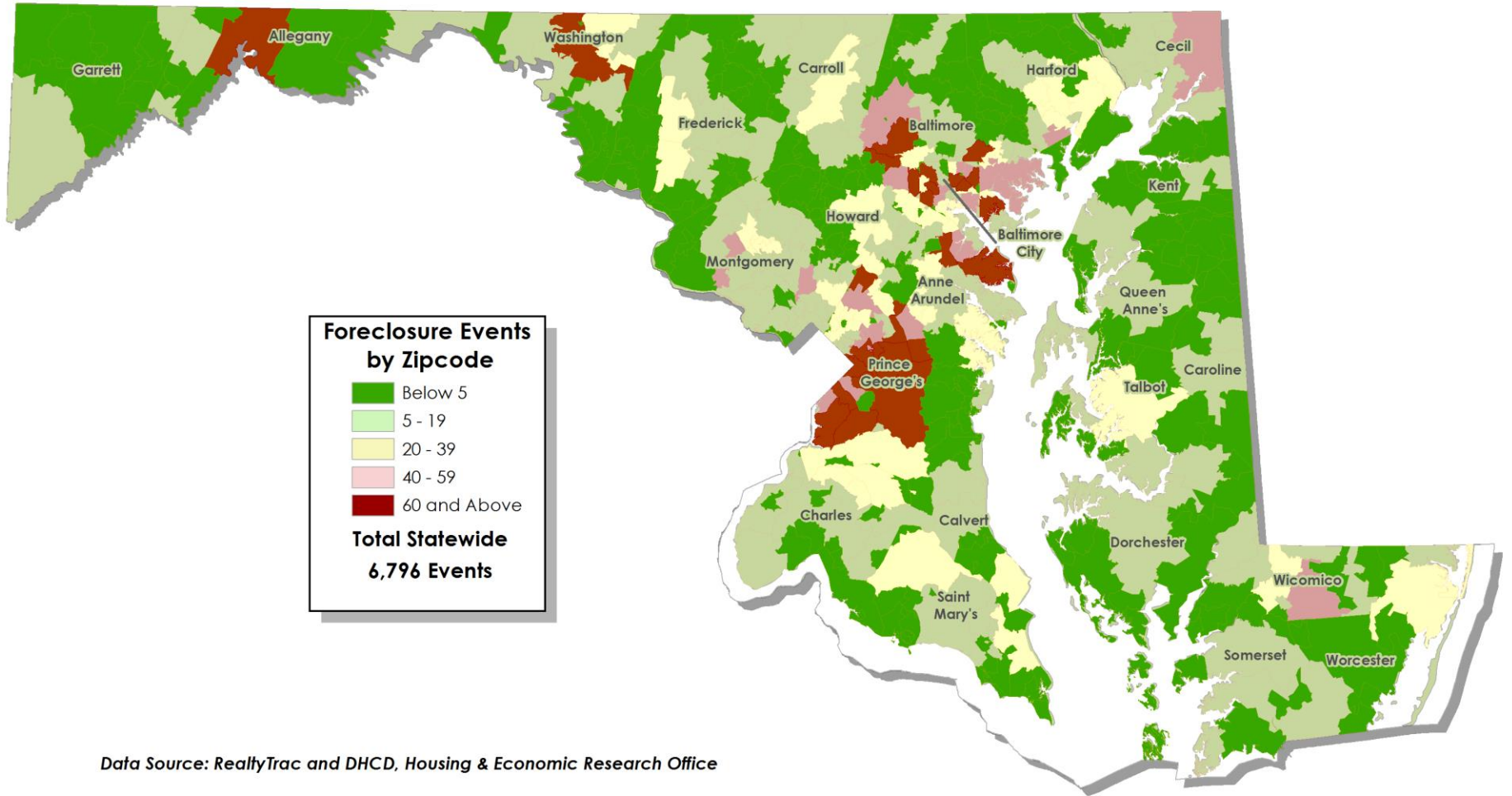
TABLE 1. PROPERTY FORECLOSURE EVENTS
SECOND QUARTER 2018

Jurisdiction	Notices of Default	Notices of Sales	Lender Purchases (REO)	Total*			
				Number	County Share	% Change from	
						2018 Q1	2017 Q2
Allegany	52	22	27	89	1.3%	30.9%	-1.1%
Anne Arundel	272	189	144	547	8.0%	0.0%	-6.3%
Baltimore	433	375	329	1,024	15.1%	-2.0%	-18.1%
Baltimore City	449	384	354	1,055	15.5%	-8.2%	-25.1%
Calvert	10	44	34	85	1.3%	6.3%	-18.3%
Caroline	2	13	20	32	0.5%	6.7%	39.1%
Carroll	38	46	40	109	1.6%	12.4%	-12.1%
Cecil	12	43	47	92	1.4%	48.4%	22.7%
Charles	28	101	100	198	2.9%	15.8%	-28.0%
Dorchester	6	12	16	34	0.5%	13.3%	54.5%
Frederick	29	68	61	142	2.1%	11.8%	-27.6%
Garrett	7	9	9	23	0.3%	64.3%	-23.3%
Harford	84	110	98	245	3.6%	-2.8%	-30.8%
Howard	79	64	54	179	2.6%	0.6%	-19.0%
Kent	5	7	8	17	0.3%	41.7%	54.5%
Montgomery	209	170	122	448	6.6%	14.9%	-19.0%
Prince George's	766	538	740	1,842	27.1%	22.9%	-4.3%
Queen Anne's	29	19	15	57	0.8%	7.5%	16.3%
Somerset	17	7	11	31	0.5%	29.2%	14.8%
St. Mary's	61	38	32	114	1.7%	6.5%	52.0%
Talbot	35	12	16	54	0.8%	20.0%	107.7%
Washington	103	59	49	182	2.7%	25.5%	10.3%
Wicomico	80	24	45	133	2.0%	24.3%	8.1%
Worcester	36	15	22	65	1.0%	18.2%	-1.5%
Maryland	2,840	2,369	2,393	6,796	100.0%	8.1%	-12.6%

*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

Second Quarter 2018



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

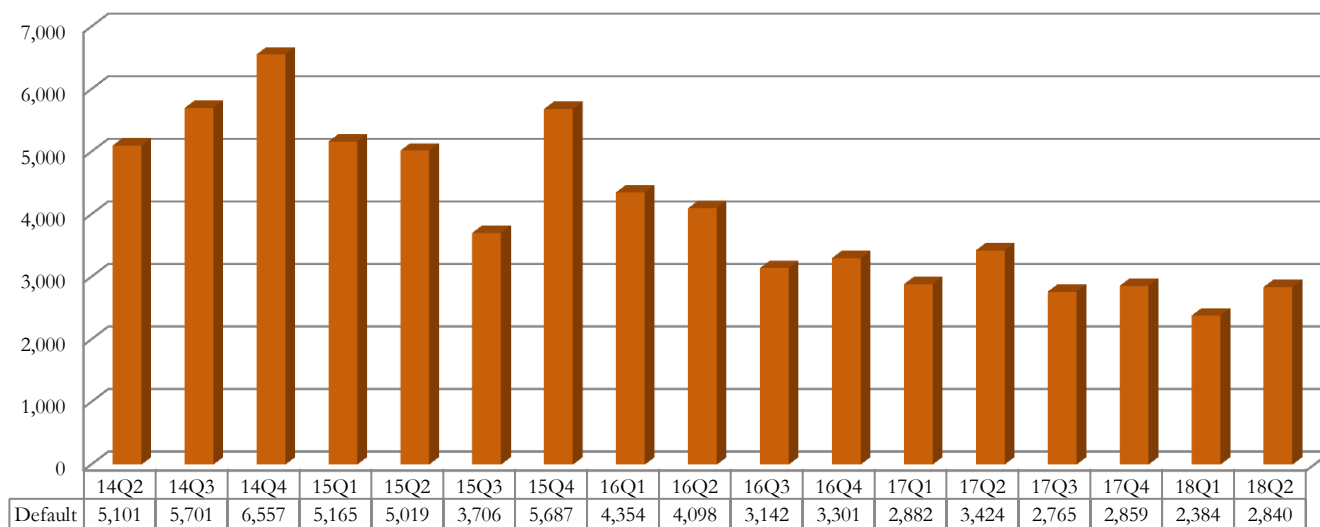
Notices of Mortgage Loan Default

SECOND QUARTER 2018

Notices of default (the initial document filed by the lender to start the foreclosure process, also called pre-foreclosure stage) rose 19.1 percent to 2,840 filings in the second quarter (Chart 3). Compared to last year, new foreclosure filings continued to decline by 17.1 percent, recording the seventeenth consecutive quarter of year over year declines (Table 2). Eleven Maryland jurisdictions recorded year over year quarterly declines while 10 showed increases with no change in the other three.

By jurisdiction, Prince George’s County accounted for the largest share of defaults with 27.0 percent of all filings statewide or 766 notices (Table 2). The county’s default notices increased 26.2 percent from the previous quarter and by 3.0 percent above last year’s volume. Baltimore City, with 449 default notices (15.8 percent of the total), had the second highest number of defaults in Maryland. The City’s new defaults fell 9.3 percent from the preceding quarter levels and by 27.3 percent above last year levels. Baltimore County, with 433 default notices, or 15.2 percent of the total, had the third highest number of notices. The County’s default notices declined 18.0 percent from the previous quarter and by 27.6 percent below last year’s volume. Other counties with high defaults included Anne Arundel with the fourth highest number of notices (272 default notices, or 9.6 percent of the total). Montgomery County had the fifth largest share with 209 notices or a 7.4 percent share. Together, these jurisdictions represented 75.0 percent of all default notices issued statewide.

CHART 3: NOTICES OF MORTGAGE LOAN DEFAULT
SECOND QUARTER 2018



Source: RealtyTrac and DHCD, Housing and Economic Research Office

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

Jurisdiction	2018 Q2		% Change from	
	Number	% of Total	2018 Q1	2017 Q2
Allegany	52	1.8%	333.3%	48.6%
Anne Arundel	272	9.6%	15.3%	-6.8%
Baltimore	433	15.2%	-18.0%	-27.6%
Baltimore City	449	15.8%	-9.3%	-27.3%
Calvert	10	0.4%	n/a	-81.5%
Caroline	2	0.1%	100.0%	100.0%
Carroll	38	1.3%	2.7%	-34.5%
Cecil	12	0.4%	n/a	NA
Charles	28	1.0%	1300.0%	-78.8%
Dorchester	6	0.2%	n/a	NA
Frederick	29	1.0%	866.7%	-71.8%
Garrett	7	0.2%	n/a	-56.3%
Harford	84	3.0%	18.3%	-43.6%
Howard	79	2.8%	-10.2%	-30.7%
Kent	5	0.2%	66.7%	150.0%
Montgomery	209	7.4%	80.2%	-14.7%
Prince George's	766	27.0%	26.2%	3.0%
Queen Anne's	29	1.0%	61.1%	0.0%
Somerset	17	0.6%	70.0%	142.9%
St. Mary's	61	2.1%	84.8%	103.3%
Talbot	35	1.2%	288.9%	105.9%
Washington	103	3.6%	110.2%	13.2%
Wicomico	80	2.8%	105.1%	42.9%
Worcester	36	1.3%	28.6%	2.9%
Maryland	2,840	100.0%	19.1%	-17.1%

Source: RealtyTrac and DHCD, Housing and Economic Research Office

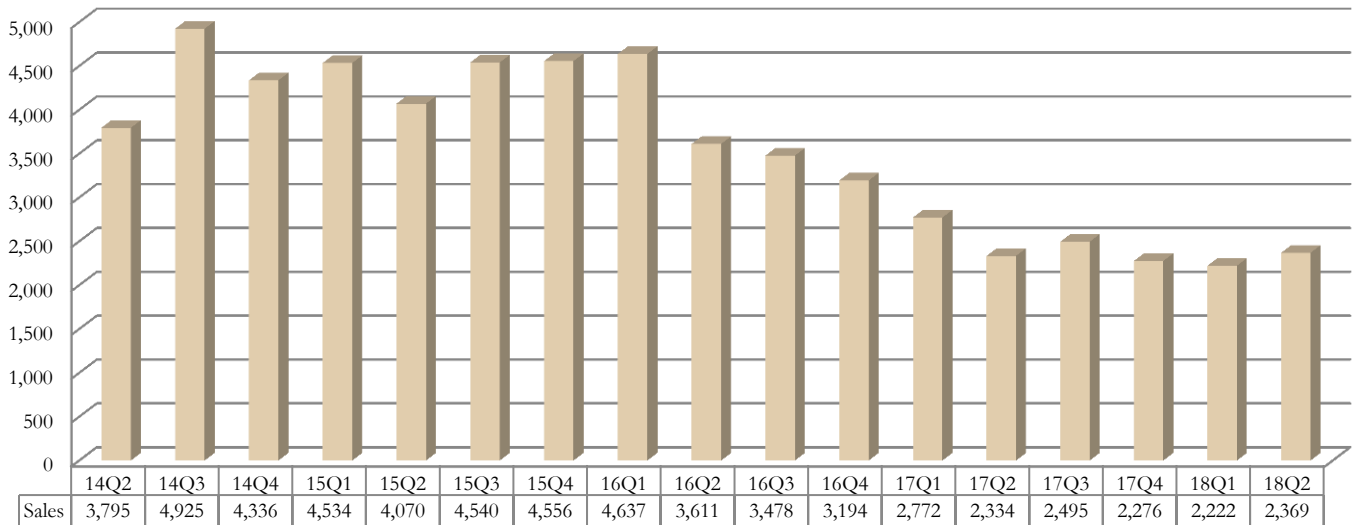
Notices of Foreclosure Sales

SECOND 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) rose 6.6 percent from the prior quarter to 2,369 filings (Chart 4). Compared to the second quarter 2017, foreclosure sales inched up 1.5 percent. Foreclosure sales fell in six Maryland jurisdictions from the previous quarter, increased in the other 18. On an annual basis, foreclosure sales declined in nine Maryland jurisdictions, increased in the other 14 counties with no changes in Garret County. The most significant quarterly and annual growth was in Talbot County and declines were in Caroline and Wicomico counties, respectively.

Second quarter foreclosure sales rose by 13.0 percent in Prince George’s County to 538 notices but fell by 10.2 percent below last year’s volume. Foreclosure sales in the county accounted for 22.7 percent of all foreclosure sales statewide, the largest share among the State’s twenty-four jurisdictions (Table 3). Baltimore City with 384 notifications, or 16.2 percent of the total, had the highest number of foreclosure sales in Maryland. Foreclosure sales in the City increased 7.3 percent from the preceding quarter but declined 5.7 percent compared with the same period in 2017. Baltimore County with 375 notices, or 15.8 percent of the total, had the third highest number of foreclosure sales. Notices of sales in this county increased 6.5 percent from the previous quarter and by 12.6 percent from the year prior. The fourth and fifth highest share of foreclosure sales this quarter occurred in Anne Arundel (189 sales, or 8.0 percent) and Montgomery (170 sales, or 7.2 percent), respectively. Together, these jurisdictions accounted for 69.9 percent of all notices of sales issued statewide.

CHART 4. NOTICES OF FORECLOSURE SALES
SECOND QUARTER 2018



Source: RealtyTrac and DHCD, Housing and Economic Research Office

TABLE 3. NOTICES OF FORECLOSURE SALES
SECOND QUARTER 2018

Jurisdiction	2018 Q2		% Change from	
	Number	% of Total	2018 Q1	2017 Q2
Allegany	22	0.9%	-4.3%	-15.4%
Anne Arundel	189	8.0%	-3.1%	0.5%
Baltimore	375	15.8%	6.5%	12.6%
Baltimore City	384	16.2%	7.3%	-5.7%
Calvert	44	1.9%	15.8%	37.5%
Caroline	13	0.5%	-27.8%	30.0%
Carroll	46	1.9%	43.8%	-4.2%
Cecil	43	1.8%	34.4%	26.5%
Charles	101	4.3%	13.5%	23.2%
Dorchester	12	0.5%	9.1%	20.0%
Frederick	68	2.9%	4.6%	-2.9%
Garrett	9	0.4%	12.5%	0.0%
Harford	110	4.6%	-13.4%	13.4%
Howard	64	2.7%	16.4%	14.3%
Kent	7	0.3%	40.0%	-12.5%
Montgomery	170	7.2%	-6.6%	5.6%
Prince George's	538	22.7%	13.0%	-10.2%
Queen Anne's	19	0.8%	46.2%	35.7%
Somerset	7	0.3%	40.0%	-30.0%
St. Mary's	38	1.6%	11.8%	15.2%
Talbot	12	0.5%	50.0%	140.0%
Washington	59	2.5%	11.3%	20.4%
Wicomico	24	1.0%	-17.2%	-31.4%
Worcester	15	0.6%	7.1%	-11.8%
Maryland	2,369	100.0%	6.6%	1.5%

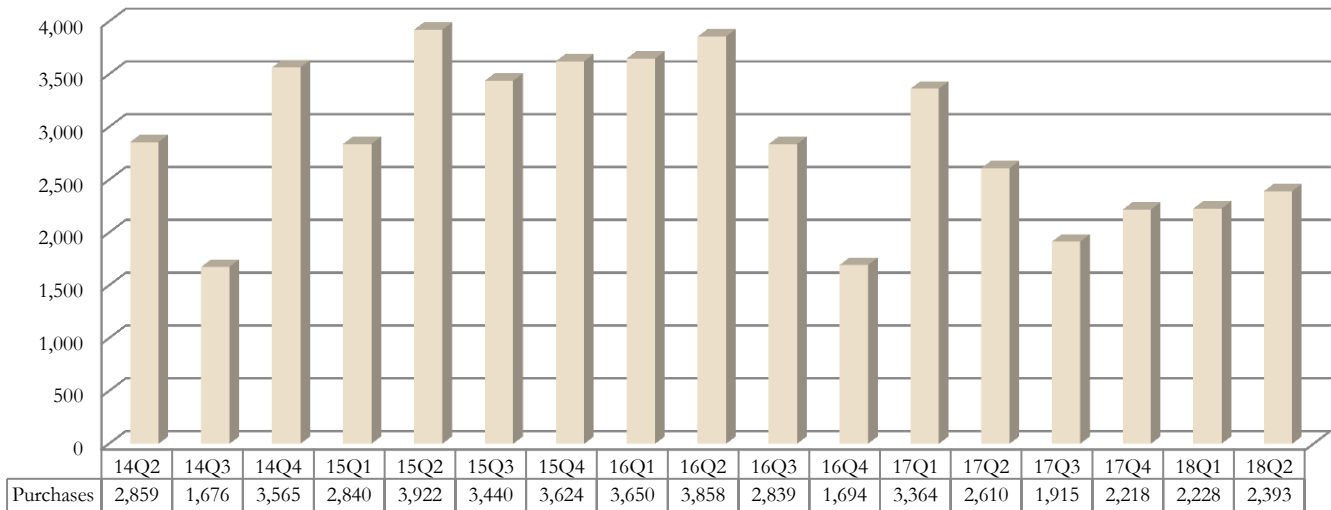
Source: RealtyTrac and DHCD, Housing and Economic Research Office

Lender Purchases of Foreclosed Properties SECOND 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) rose 7.4 percent this quarter to 2,393 properties. Compared to activity in the second quarter of 2017, lender purchases fell 8.3 percent. REOs increased in 12 jurisdictions from the previous quarter with the highest increase in Garrett County (50.0 percent), falling in the other 12 between 1.6 to 46.7 percent. Compared with year ago levels lender purchases declined in eight jurisdictions, conversely, growing in the other 16 with the most growth in Kent County (300.0 percent). Increases in lender purchases is good news for the housing market as it marks the final stage in the foreclosure process where properties are purchased directly by the banks and returned to their inventory for sale.

Prince George’s County had the highest concentration in Maryland (Table 4) with 740 lender purchases or 30.9 percent of the total. Lender purchases in the county rose 37.5 percent in the second quarter but only inched up 2.6 percent above last year. Lender purchases in Baltimore City, which totaled 354, accounted for 14.8 percent of purchases statewide. Sales in the City experienced a 12.6 percent decline from the previous quarter, and a 30.7 percent decrease from the previous year. Baltimore County, with 329 lender purchases (13.7 percent of the total), had the third highest concentration in Maryland. Lender purchases in the county were up by 19.2 percent from the preceding quarter but were down by 21.1 percent when compared with year ago levels. Other jurisdictions with a relatively large share of lender purchases include Anne Arundel (144 purchases or 6.0 percent) and Montgomery (122 purchases or 5.1 percent) counties. Together, these jurisdictions represented 70.6 percent of all lender purchases statewide.

CHART 5. LENDER PURCHASES OF FORECLOSED PROPERTIES
SECOND QUARTER 2018



Source: RealtyTrac and DHCD, Housing and Economic Research Office

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

Jurisdiction	2018 Q2		% Change from	
	Number	% of Total	2018 Q1	2017 Q2
Allegany	27	1.1%	-27.0%	-15.6%
Anne Arundel	144	6.0%	-12.2%	-2.0%
Baltimore	329	13.7%	19.2%	-21.1%
Baltimore City	354	14.8%	-12.6%	-30.7%
Calvert	34	1.4%	-24.4%	36.0%
Caroline	20	0.8%	42.9%	42.9%
Carroll	40	1.7%	11.1%	60.0%
Cecil	47	2.0%	38.2%	14.6%
Charles	100	4.2%	11.1%	13.6%
Dorchester	16	0.7%	-15.8%	45.5%
Frederick	61	2.5%	-4.7%	38.6%
Garrett	9	0.4%	50.0%	12.5%
Harford	98	4.1%	18.1%	-28.5%
Howard	54	2.3%	10.2%	-12.9%
Kent	8	0.3%	33.3%	300.0%
Montgomery	122	5.1%	-1.6%	-29.5%
Prince George's	740	30.9%	37.5%	2.6%
Queen Anne's	15	0.6%	-44.4%	36.4%
Somerset	11	0.5%	10.0%	-15.4%
St. Mary's	32	1.3%	-28.9%	68.4%
Talbot	16	0.7%	-46.7%	166.7%
Washington	49	2.0%	-14.0%	4.3%
Wicomico	45	1.9%	-10.0%	7.1%
Worcester	22	0.9%	15.8%	57.1%
Maryland	2,393	100.0%	7.4%	-8.3%

Source: RealtyTrac and DHCD, Housing and Economic Research Office