

# PROPERTY FORECLOSURES IN MARYLAND FIRST QUARTER 2011



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# **PROPERTY FORECLOSURE EVENTS IN MARYLAND FIRST QUARTER 2011**

## **EXECUTIVE SUMMARY**

RealtyTrac reported a total of 681,153 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 first quarter of 2011, down 14.8 percent below the previous quarter and down 26.9 percent below the first quarter of 2010 (Exhibit 1). One in every 191 U.S. households received a foreclosure filing during the quarter, compared with the foreclosure rate of 162 recorded in the previous quarter.

Property foreclosures in Maryland declined by 20.2 percent to 4,777 events in the first quarter of 2011, the lowest quarterly filings since the third quarter of 2007. Compared to the fourth quarter of 2010, foreclosures were down in 42 states (including the District of Columbia) with Maryland recording the 19<sup>th</sup> largest quarterly decline nationwide. Maryland property foreclosures declined by 67.8 percent below last year, representing the second largest annual decline in the nation. The State's overall foreclosure rate continued to improve, reaching 490 households per foreclosure in the current quarter, compared with 390 in the previous quarter. However, the State's national ranking in foreclosure rate declined from the 37<sup>th</sup> highest in the previous quarter to the 35<sup>th</sup> highest in the current quarter. The first quarter foreclosure rate in Maryland represented an improvement of 156.9 percent above the national average rate.

The significant decline in Maryland foreclosure filings during the past two quarters can be attributed in large part to lenders continuing to adjust to new procedures set forth in the new foreclosure mediation law that went into effect on July 1, 2010, requiring financial institutions/lenders to provide additional information/forms to homeowners when filing notices. However, a comparison of filing trends over the past two quarters shows that as lenders become more acquainted with the new filing procedures, the number of foreclosure filings will likely rise again in the coming months. The quarterly rate of decline in filings has slowed down substantially, falling from 57.5 percent in the fourth quarter of last year to 20.2 percent in the current quarter. In addition, foreclosures in March reached a five-month high of 2,150 filings, accounting for 45 percent of the first quarter filings in Maryland. The March foreclosures were up 63.3 percent above February filings, representing the highest monthly growth in foreclosures during the past 20 months. The bulk of the growth in March foreclosures is due to a sharp increase in the number of new foreclosure filings which grew by 296.1 percent over the previous month, the highest monthly increase in over four years.

The first quarter of 2011 recorded a continuing drop, albeit at a slower pace, in the share and number of notices of default and foreclosure sales in Maryland (Exhibit 2). Share of default notices in all foreclosure events declined from 25.4 percent in the previous quarter to 19.9 percent in the current quarter, the lowest share in four years. Default notices declined by 37.4 percent in the first quarter to 950 filings, down 81.8 percent below last year. Share of foreclosure sales declined from 31.1 percent in the fourth quarter of 2010 to 22.6 percent of all events in the first quarter. Foreclosure sales declined by 41.9 percent below the previous quarter to 1,081 filings and were down 84.7 percent below last year. Lender purchases in the first quarter, accounting for 57.5 percent of all foreclosure activity, represented the largest share of foreclosure events during the past five years. Lender purchases increased by 5.3 percent above the previous quarter to 2,746 events and were up 5.9 percent over last year.

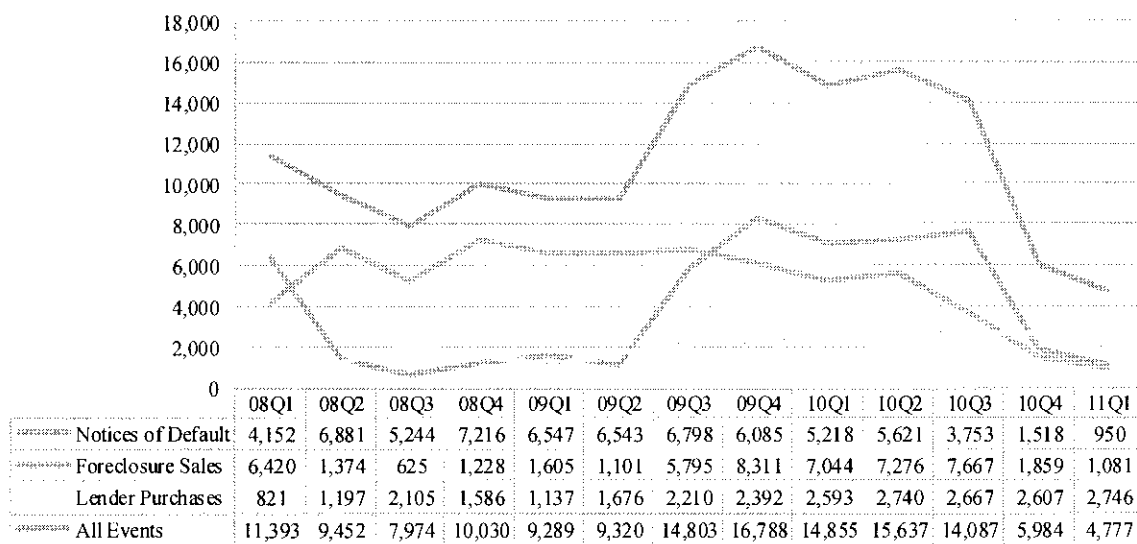
The first quarter foreclosure filings declined in all Maryland jurisdictions except in Prince George's County where they increased by 15.5 percent to 2,005 filings. The County's foreclosures accounted for a staggering 42.0 percent of all foreclosure activity in Maryland, significantly above the previous quarter share of 29.0 percent (Exhibit 3). However, compared to last year, foreclosure activity in Prince George's County declined by 47.4 percent. Baltimore City with 448 foreclosure filings (9.4 percent of the total) had the second highest number of foreclosures in Maryland. The City's foreclosure activity declined by 47.0 percent below the previous quarter and was down 81.7 percent below last year. Montgomery and Baltimore counties had the same number of foreclosures in the first quarter, accounting for 425 filings (or 8.9 percent of the total) each – the third highest foreclosure activity in Maryland. Montgomery County's foreclosures declined by 36.2 percent below the previous quarter and were down 72.4 percent below last year. Baltimore County's foreclosure filings declined by 34.9 percent below the last quarter and decreased by 76.7 percent below last year. Anne Arundel County with 326 foreclosures (6.8 percent of the total) and Frederick County with 173 foreclosures (3.6 percent of the total) rounded up the fifth and the sixth top foreclosure jurisdictions in Maryland. Together, these six jurisdictions represented 79.6 percent of all foreclosure activity statewide.

**EXHIBIT 1. FORECLOSURES IN MARYLAND AND U.S.  
FIRST QUARTER 2011**

<b>Indicator</b>	<b>Notices of Default</b>	<b>Notices of Sales</b>	<b>Lender Purchases</b>	<b>Total</b>
<i>Maryland</i>				
Number of Events	950	1,081	2,746	4,777
Change (Last Quarter)	-37.4%	-41.9%	5.3%	-20.2%
Change (Last Year)	-81.8%	-84.7%	5.9%	-67.8%
<i>U.S.</i>				
Number of Events	197,112	268,995	215,046	681,153
Change (Last Quarter)	-16.6%	-19.2%	-6.4%	-14.8%
Change (Last Year)	-35.3%	-27.2%	-16.6%	-26.9%

*Source: RealtyTrac*

**EXHIBIT 2. FORECLOSURE ACTIVITY IN MARYLAND 2008 Q1-2011 Q1**



Source: RealtyTrac

**EXHIBIT 3. PROPERTY FORECLOSURE EVENTS IN MARYLAND JURISDICTIONS  
FIRST QUARTER 2011**

Jurisdiction	Notices of Default	Notices of Sales	Lender Purchases (REO)	Total			
				Number	County Share	% Change from	
						2010Q4	2010 Q1
Allegany	1	6	15	22	0.5%	-31.3%	-76.1%
Anne Arundel	35	80	210	326	6.8%	-29.2%	-71.2%
Baltimore	77	160	187	425	8.9%	-34.9%	-76.7%
Baltimore City	97	112	239	448	9.4%	-47.0%	-81.7%
Calvert	22	17	34	74	1.5%	-21.5%	-65.8%
Caroline	1	7	13	21	0.4%	-48.1%	-74.5%
Carroll	19	9	35	63	1.3%	-1.3%	-69.8%
Cecil	4	13	19	36	0.8%	-47.8%	-74.3%
Charles	33	47	71	151	3.2%	-27.7%	-70.9%
Dorchester	0	13	16	30	0.6%	-30.9%	-73.6%
Frederick	40	32	101	173	3.6%	-28.2%	-76.9%
Garrett	1	1	6	8	0.2%	-57.6%	-81.7%
Harford	35	45	68	148	3.1%	-4.8%	-64.1%
Howard	31	35	41	107	2.2%	-27.5%	-72.8%
Kent	3	3	4	10	0.2%	-41.0%	-77.1%
Montgomery	82	162	181	425	8.9%	-36.2%	-72.4%
Prince George's	414	286	1,305	2,005	42.0%	15.5%	-47.4%
Queen Anne's	7	6	18	31	0.7%	-49.4%	-74.6%
Somerset	1	5	9	16	0.3%	-53.3%	-62.8%
St. Mary's	2	14	13	29	0.6%	-55.0%	-81.4%
Talbot	0	2	12	14	0.3%	-30.9%	-76.1%
Washington	26	17	89	132	2.8%	-23.6%	-67.5%
Wicomico	12	0	27	39	0.8%	-32.2%	-72.3%
Worcester	6	9	31	46	1.0%	-45.6%	-69.3%
<b>Maryland</b>	<b>950</b>	<b>1,081</b>	<b>2,746</b>	<b>4,777</b>	<b>100.0%</b>	<b>-20.2%</b>	<b>-67.8%</b>

Source: RealtyTrac