



PROPERTY FORECLOSURE EVENTS IN MARYLAND

THIRD QUARTER 2022

SEPTEMBER 2022

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Property Foreclosure Events in Maryland
THIRD QUARTER 2022

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Property Foreclosure Events in Maryland

THIRD QUARTER 2022

Executive Summary

Realty Trac reported a total of 94,681 property foreclosure filings (or events) in the U.S., which includes notices of default; notices of foreclosure sales or auctions; and lender purchases of foreclosed properties (REO). This reflects an increase of 3.5 percent from the preceding quarter. Compared with year ago levels, foreclosures increased sharply by 97.5 percent (Exhibit 1) as the housing market returns to some normalcy after foreclosure related restrictions are no longer in place.

The U.S. foreclosure rate, defined as the number of foreclosures per 10,000 households, increased from 6.9 in the previous quarter to 7.1 in the current quarter. Nationally, foreclosure activity grew in 30 states and the District of Columbia but fell in the other 20. Events increased 9.0 percent in the District of Columbia (The District). Compared with levels from a year ago, foreclosure events increased in 49 states and in the District but declined in Vermont. The top five quarterly increases were in Kansas (113%), Maryland (70%), Alaska (52%), Massachusetts (37%) and Tennessee (37%). The largest declines were recorded in Minnesota, Missouri, Colorado, Oklahoma, and Vermont. On an annual basis, foreclosure events increased virtually in every state except Vermont.

In Maryland, foreclosure activity rose 70.0 percent from the prior quarter to 2,443 events. The increase from the second quarter can be attributed primarily to a substantial increase in the number of notices of default which increased by 129.0 percent. Foreclosure sales and lender purchases also grew in the third quarter as homeowners sought moderately priced homes amidst interest rate hikes. On an annual basis, foreclosure activity added over a thousand unique properties or by 170.8 percent, edging closer to pre-pandemic levels (Exhibits 1 and 2).

New foreclosure filings increased 129.0 percent to 1,516 in the third quarter and rose by 786.5 percent above the same period last year. Similarly, as with new filings, foreclosure sales increased by 18.2 percent to 617 properties as interest rate hikes are steering more homebuyers to seek bargains across the state. Compared with the same period last year, foreclosure sales grew 52.7 percent. Lender purchases rose from the prior quarter to 364 properties, a 26.8 percent increase from second quarter of 2022 and annually by 5.8 percent. Property foreclosure activity in Maryland is expected to gradually return to pre-pandemic levels since the expiration of the government's moratorium. Also, we expect foreclosure events to oscillate for the next few quarters as the market adjusts to interest rate hikes and other inflationary impact on Maryland households and across the nation.

Maryland's foreclosure rate continued to increase this quarter, up from 6.0 in the second quarter to 10.2 foreclosures per 10,000 households in the third quarter of 2022. While this showed an improvement, Maryland's ranking remained among the top ten states with the highest foreclosure rates nationwide, along with Connecticut, Delaware, Florida, Illinois, Indiana, Nevada, New Jersey, Ohio and South Carolina. The state's foreclosure rate was 3.1 higher than the U.S. rate of 7.1 in the second quarter.

Among the neighboring states, Delaware maintained the 2nd highest ranking; Pennsylvania rose from the 24th rank to the 23rd; Virginia's ranking also moved one spot to the 27th rank in the third quarter.

Realty Trac's method reports total number of filings in these stages of foreclosure. As a result, the sum of the 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, the total number of foreclosures in this report represents the number of unique properties only. "Events," "properties," and "filings" are used interchangeably in this report.

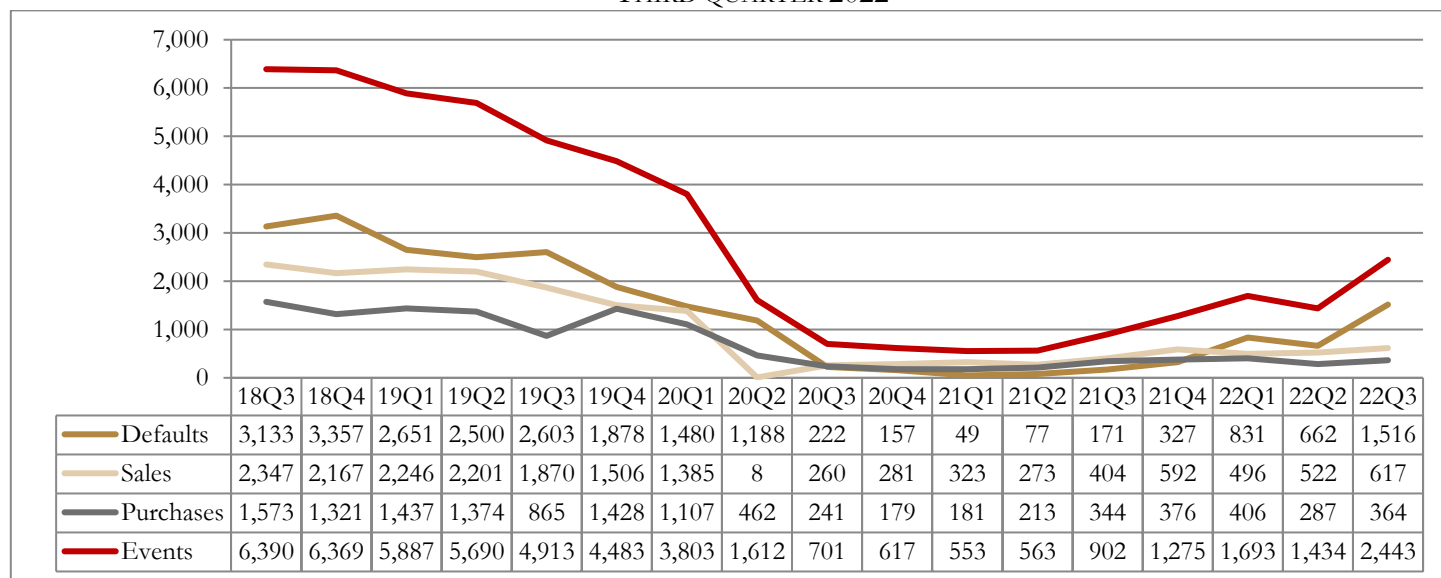
EXHIBIT 1. FORECLOSURES IN MARYLAND AND U.S.
THIRD QUARTER 2022

Indicator	Notices of Default	Notices of Sales	Lender Purchases	Properties with Foreclosure Filings*
<i>Maryland</i>				
Number of Events	1,516	617	364	2,443
Change (Last Quarter)	129.0%	18.2%	26.8%	70.4%
Change (Last Year)	786.5%	52.7%	5.8%	170.8%
<i>U.S.</i>				
Number of Events	43,252	42,928	10,515	94,681
Change (Last Quarter)	1.8%	2.5%	17.8%	3.5%
Change (Last Year)	194.4%	67.3%	38.8%	97.5%

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

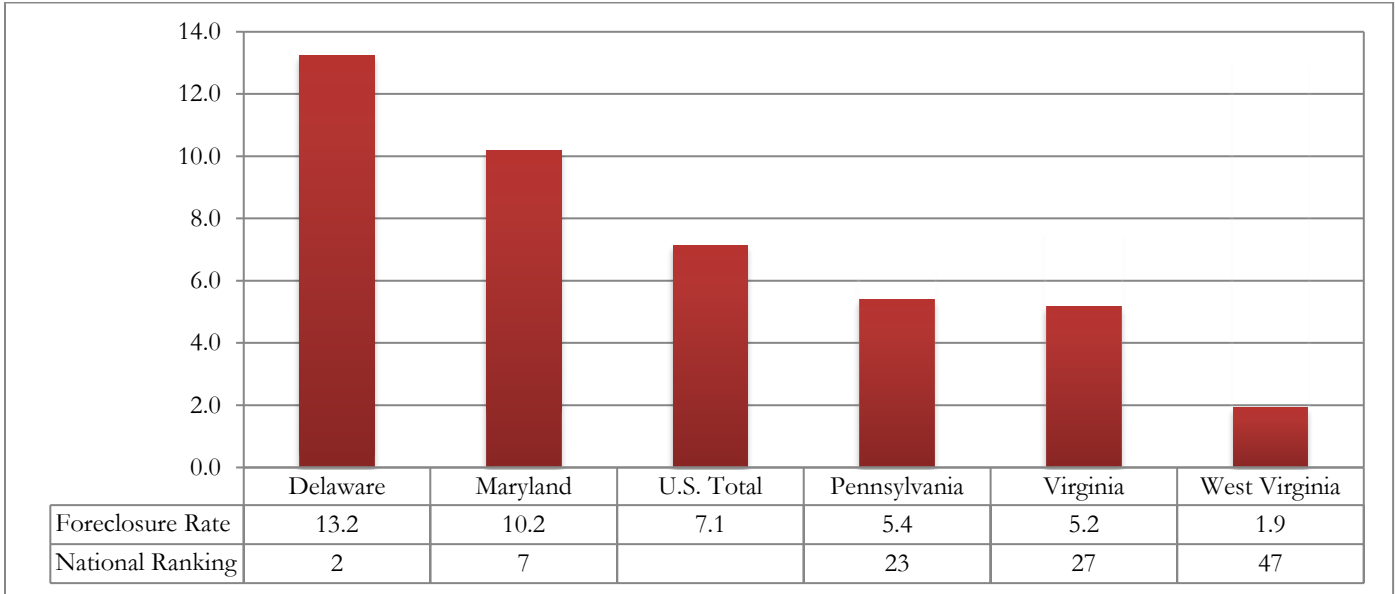
Source: Realty Trac and DHCD, Housing and Economic Research Office

EXHIBIT 2. STAGES OF FORECLOSURE ACTIVITY IN MARYLAND
THIRD QUARTER 2022



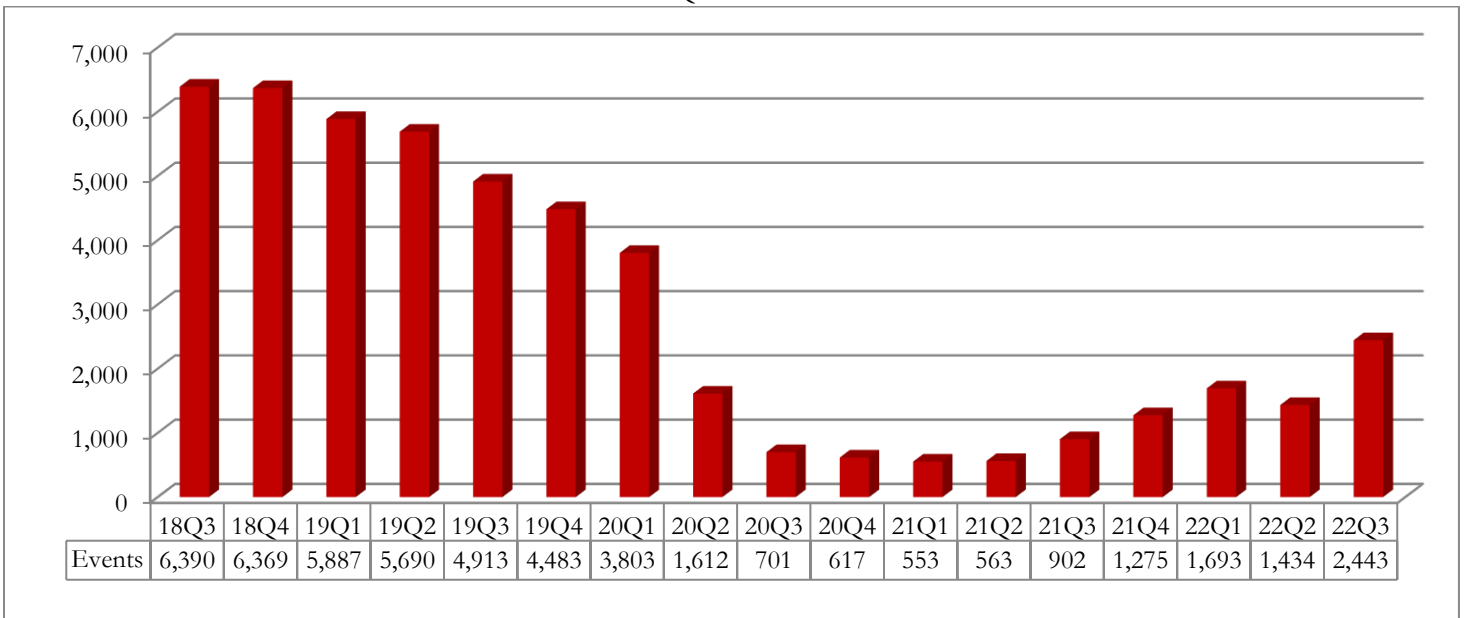
Source: Realty Trac and DHCD, Housing and Economic Research Office

CHART 1. FORECLOSURE RATES IN THE REGION
NUMBER OF FORECLOSURES PER 10,000 HOUSEHOLDS
 THIRD QUARTER 2022



Source: Realty Trac and DHCD, Housing and Economic Research Office

CHART 2. TOTAL FORECLOSURE ACTIVITY
 THIRD QUARTER 2022



Source: Realty Trac and DHCD, Housing and Economic Research Office

Table 1 shows the distribution of third quarter foreclosure events in Maryland. Compared to the second quarter of 2022, foreclosure events grew in all Maryland jurisdictions except Kent County. Queen Anne’s County had the highest quarterly growth (572.3 percent) followed by Howard County which increased by 243.2 percent; Dorchester County recorded 235.4 percent; St. Mary’s with 157.0 percent and Anne Arundel County with 147.0 percent. When compared to levels a year ago, foreclosure activity increased all 24 jurisdictions; the jurisdiction with the biggest year-over-year increase was also Queen Anne’s County at 995.1 percent.

Prince George’s County had the largest share of foreclosures statewide with 520 events accounting for 21.3 percent of the total. Foreclosure activity in Prince George’s County increased both quarterly and annually: 29.9 percent since the preceding quarter and 244.9 percent from the prior year. Baltimore County had the second largest share of foreclosures—14.9 percent—at 363 events, an increase of 62.9 percent since last quarter and up 121.8 percent from year ago levels. Baltimore City with 350 events, or 14.3 percent of total, had the third-highest share in Maryland; foreclosures in the county increased since last quarter and this period last year by 55.8 percent and 109.6 percent, respectively.

Three other jurisdictions had relatively large shares (greater than 100 events) of foreclosure events. Anne Arundel had 222 events (or 9.1 percent of the total). Montgomery had 192 events (or 7.8 percent of the total). Charles followed with 125 events (or 5.1 percent). These jurisdictions represent 72.5 percent of all foreclosure events in Maryland.

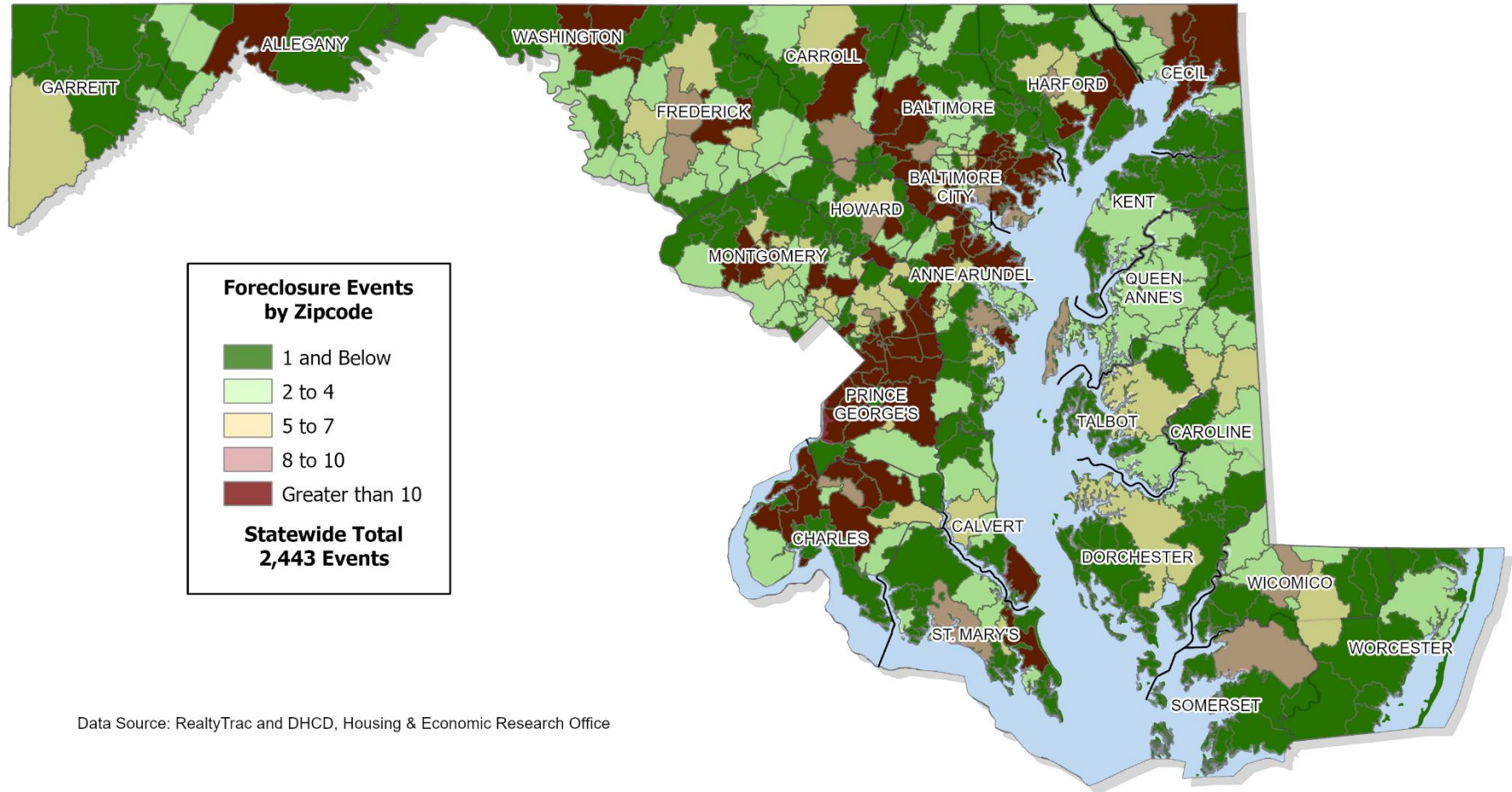
TABLE 1. PROPERTY FORECLOSURE EVENTS
THIRD QUARTER 2022

Jurisdiction	Notices of Default	Notices of Sales	Lender Purchases (REO)	Total*			
				Number	County Share	% Change from	
						2022 Q2	2021 Q3
Allegany	28	9	5	39	1.6%	138.8%	289.9%
Anne Arundel	131	67	30	222	9.1%	147.0%	168.7%
Baltimore	251	79	41	363	14.9%	62.9%	121.8%
Baltimore City	217	97	44	350	14.3%	55.8%	109.6%
Calvert	21	9	8	37	1.5%	87.4%	205.9%
Caroline	8	4	3	14	0.6%	34.4%	274.9%
Carroll	29	11	5	43	1.8%	107.5%	176.6%
Cecil	34	12	9	54	2.2%	68.8%	285.7%
Charles	66	27	33	125	5.1%	78.7%	193.3%
Dorchester	11	5	0	15	0.6%	235.4%	139.3%
Frederick	51	21	4	75	3.1%	72.2%	323.5%
Garrett	7	4	1	12	0.5%	14.8%	143.8%
Harford	63	20	11	91	3.7%	103.7%	199.9%
Howard	36	15	16	67	2.7%	243.2%	77.2%
Kent	4	2	1	7	0.3%	-0.9%	97.6%
Montgomery	102	57	35	192	7.8%	129.8%	167.7%
Prince George's	333	127	69	520	21.3%	29.9%	244.9%
Queen Anne's	17	7	6	29	1.2%	572.3%	995.1%
Somerset	6	3	1	10	0.4%	51.4%	78.6%
St. Mary's	24	11	14	48	2.0%	157.0%	143.3%
Talbot	8	3	1	11	0.5%	62.6%	279.3%
Washington	38	21	14	70	2.9%	59.7%	276.5%
Wicomico	21	3	8	32	1.3%	23.8%	362.8%
Worcester	10	2	5	17	0.7%	122.4%	49.5%
Maryland	1,516	617	364	2,443	100.0%	70.4%	170.8%

*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

Property Foreclosure Filings in Maryland

Third Quarter 2022



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

Notices of Mortgage Loan Default

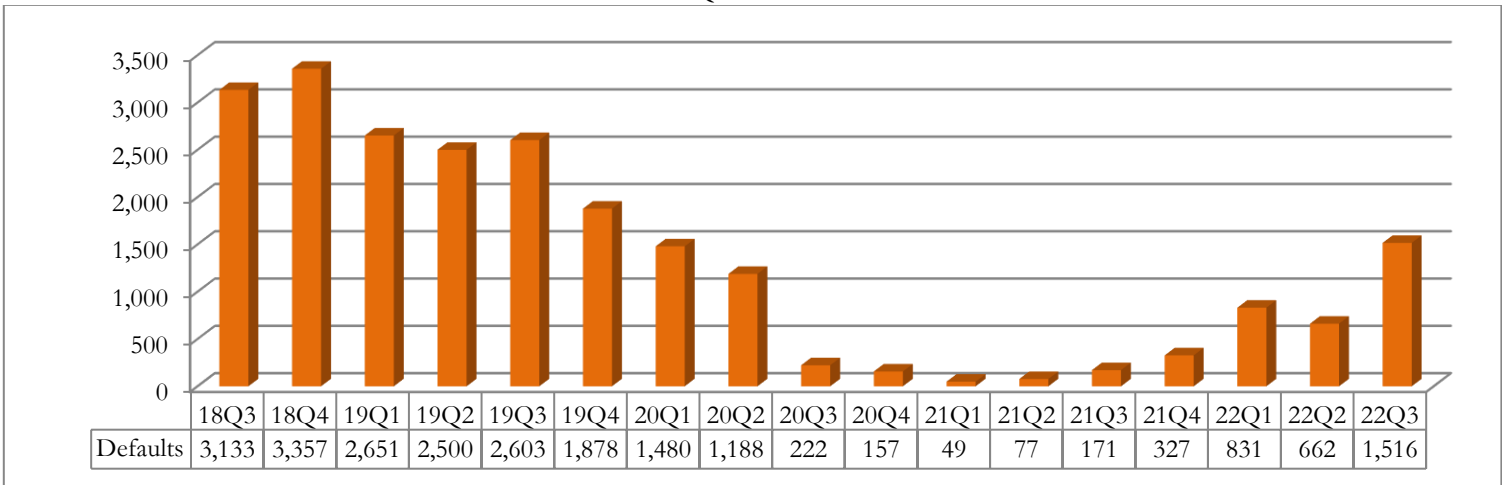
THIRD QUARTER 2022

Default notices (the initial document filed by the lender to state the foreclosure process, also called pre-foreclosure stage) increased to 1,516 filings, a 129 percent rise since the second quarter (Chart 3). This is a 786 percent increase from the third quarter of 2021 when four jurisdictions recorded zero default notices. All Maryland jurisdictions experienced an increase in default notices since last quarter. Almost all jurisdictions reported more than double digit growth from the same period last year due in part to servicers resumption of pre-pandemic operation levels as restrictions are no longer in place.

By jurisdiction, Prince George’s County accounted for the largest share of defaults with 22.0 percent of all filings statewide or 333 notices (Table 2). The county’s default notices increased 30.0 percent from the previous quarter and by 691.0 percent from year ago levels during the pandemic where there were 41 defaults. Baltimore County, with 251 default notices (16.6 percent of the total), had the second-highest number of defaults in Maryland. The County’s new defaults increased by 221.0 percent from the preceding quarter and increased significantly (879.0 percent) since this time last year due to restrictions. Similarly, Baltimore City, with 217 default notices, or 14.3 percent of the total, had the third-highest number of notices, increased from the prior quarter and year ago levels.

Anne Arundel County’s 131 default notices were fourth-highest, 8.6 percent share. Montgomery County followed with 102 notices as the fifth-highest, 6.7 percent share. Together, these five jurisdictions represented 68.2 percent of all default notices issued statewide.

CHART 3. NOTICES OF MORTGAGE LOAN DEFAULT
THIRD QUARTER 2022



Source: Realty Trac and DHCD, Housing and Economic Research Office

TABLE 2. NOTICES OF MORTGAGE LOAN DEFAULT
THIRD QUARTER 2022

Jurisdiction	2022 Q3		% Change from	
	Number	% of Total	2022 Q2	2021 Q3
Allegany	28	1.8%	474%	965%
Anne Arundel	131	8.6%	244%	898%
Baltimore	251	16.6%	221%	879%
Baltimore City	217	14.3%	182%	532%
Calvert	21	1.4%	168%	2,047%
Caroline	8	0.5%	32%	n/a
Carroll	29	1.9%	205%	896%
Cecil	34	2.2%	127%	580%
Charles	66	4.3%	150%	1,018%
Dorchester	11	0.7%	432%	432%
Frederick	51	3.4%	200%	1,000%
Garrett	7	0.5%	124%	1,786%
Harford	63	4.1%	270%	1,995%
Howard	36	2.4%	225%	567%
Kent	4	0.3%	81%	n/a
Montgomery	102	6.7%	144%	628%
Prince George's	333	22.0%	30%	691%
Queen Anne's	17	1.1%	1009%	1,586%
Somerset	6	0.4%	124%	188%
St. Mary's	24	1.6%	204%	1,100%
Talbot	8	0.5%	171%	713%
Washington	38	2.5%	93%	1,163%
Wicomico	21	1.4%	94%	n/a
Worcester	10	0.7%	183%	n/a
Maryland	1,516	100%	129%	786%

Source: Realty Trac and DHCD, Housing and Economic Research Office

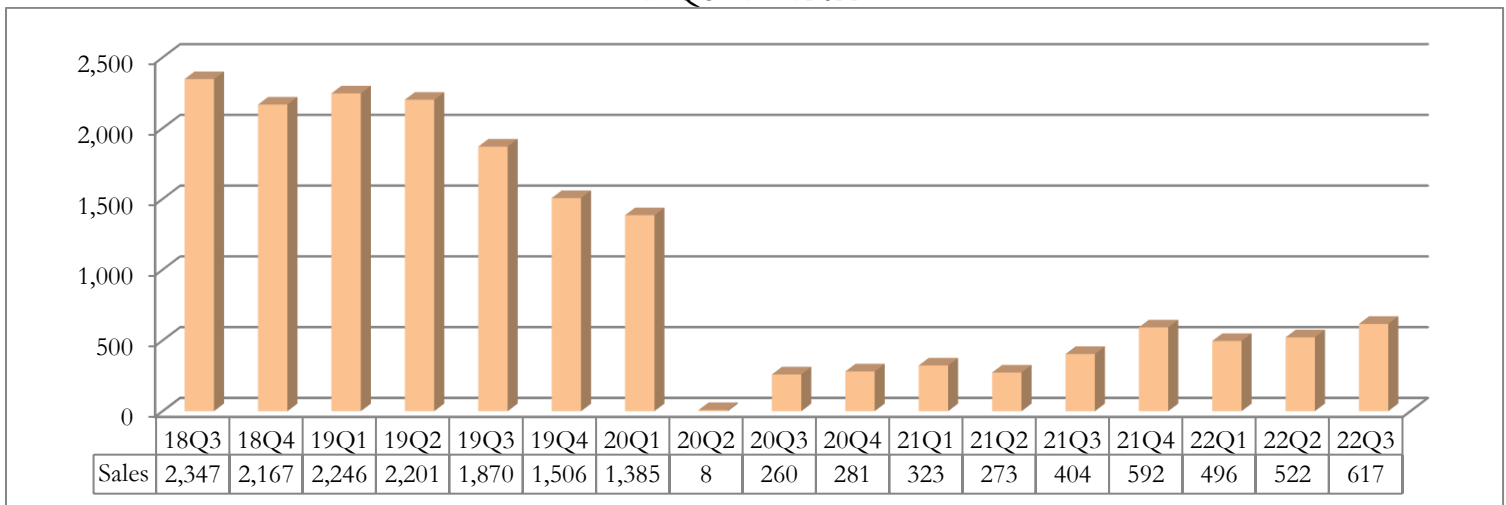
Notices of Foreclosure Sales

THIRD QUARTER 2022

Foreclosure sales notices or judgment of sales notices, (orders signed by a judge authorizing the sale of a property at a public auction) increased 18.2 percent from the prior quarter to 617 filings (Chart 4). Sales are rising slowly following the lift of COVID-19 mandates. The slow rise could be attributed to federal assistance through the homeowner assistance fund. Compared to the third quarter of 2021 foreclosure sales increased 52.7 percent. Foreclosure sales increased from the previous quarter in 15 jurisdictions, declined in seven and no sales for comparison in Dorchester County from the second quarter. On an annual basis, foreclosure sales declined in three of Maryland’s jurisdictions and increased in the other 21. Sales decreased in Howard, Washington, and Wicomico County. Howard County had the most significant quarterly growth of 318.2 percent in the preceding quarter while Worcester County experienced the largest drop of 67.8 percent in sales year-over-year.

Prince George’s County accounted for the jurisdiction with the highest share of foreclosure sales at 127 notices or 20.6 percent of all Maryland notices (Table 3). Current quarter foreclosures sales rose by 10.0 percent in Prince George’s County and 45.5 percent since the third quarter of 2021. Baltimore City with 97 notifications, or 15.7 percent of the total, had the second-highest number of foreclosure sales in Maryland. Foreclosure sales in the City decreased 1.8 percent from the preceding quarter but rose by 30.4 percent compared with the same period in 2021. Baltimore County with 79 notices, or 12.9 percent of the total—had the third-highest number of foreclosure sales. Notices of sales in Baltimore County fell 11.0 percent from the previous quarter but rose 24.7 percent from the same period last year. The fourth and fifth-highest shares of foreclosure sales this quarter occurred in Anne Arundel County (67 sales or 10.9 percent) and Montgomery County (57 sales or 9.3 percent). Together, these jurisdictions accounted for 69.3 percent of all notices of sales issued statewide.

CHART 4. NOTICES OF FORECLOSURE SALES
THIRD QUARTER 2022



Source: Realty Trac and DHCD, Housing and Economic Research Office

TABLE 3. NOTICES OF FORECLOSURE SALES
THIRD QUARTER 2022

Jurisdiction	2022 Q3		% Change from	
	Notices of Sales	% of Total	2022 Q2	2021 Q3
Allegany	9	1.4%	-16.5%	196.0%
Anne Arundel	67	10.9%	89.8%	104.6%
Baltimore	79	12.9%	-11.0%	24.7%
Baltimore City	97	15.7%	-1.8%	30.4%
Calvert	9	1.5%	50.0%	32.7%
Caroline	4	0.6%	35.8%	379.7%
Carroll	11	1.7%	6.1%	102.6%
Cecil	12	1.9%	-14.3%	200.0%
Charles	27	4.4%	14.3%	110.4%
Dorchester	5	0.8%	n/a	135.7%
Frederick	21	3.4%	69.3%	159.2%
Garrett	4	0.7%	73.8%	37.3%
Harford	20	3.3%	-9.9%	78.8%
Howard	15	2.4%	318.2%	-12.7%
Kent	2	0.3%	-29.8%	155.9%
Montgomery	57	9.3%	65.8%	34.4%
Prince George's	127	20.6%	10.0%	45.5%
Queen Anne's	7	1.2%	188.1%	450.0%
Somerset	3	0.5%	59.5%	34.0%
St. Mary's	11	1.8%	126.2%	85.9%
Talbot	3	0.5%	-25.0%	200.0%
Washington	21	3.4%	88.8%	200.9%
Wicomico	3	0.5%	-75.2%	-39.5%
Worcester	2	0.3%	72.0%	-67.8%
Maryland	617	100.0%	18.2%	52.7%

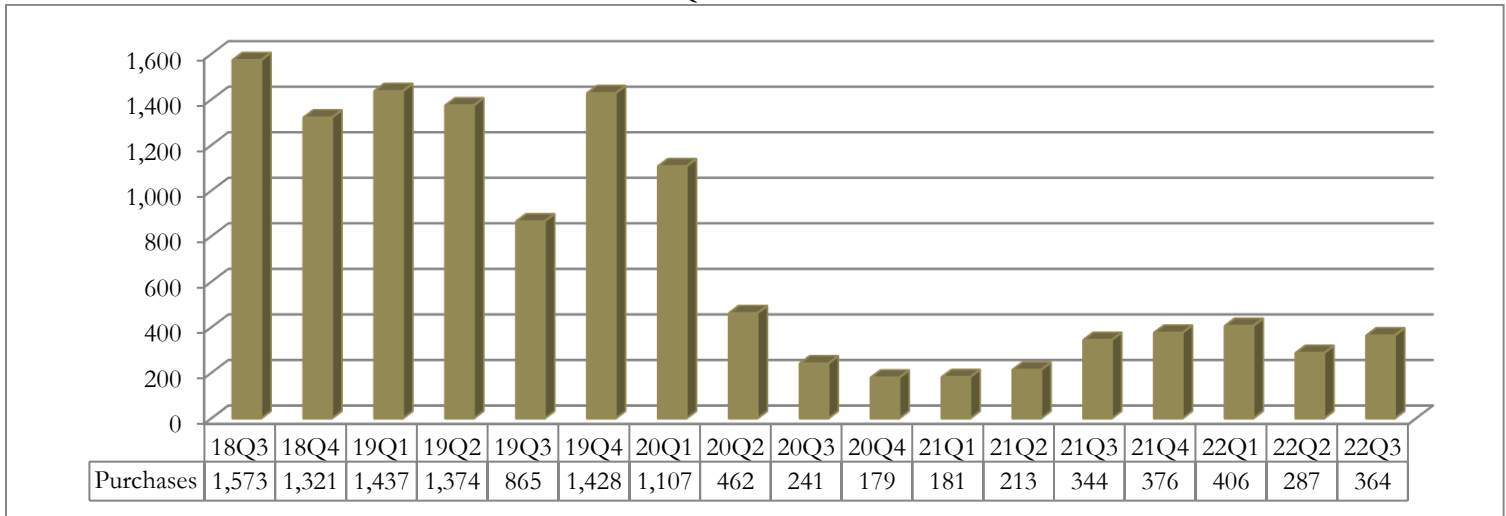
Source: Realty Trac and DHCD, Housing and Economic Research Office

Lender Purchases of Foreclosed Properties THIRD QUARTER 2022

Lender purchases, or real estate owned (REO) by the lender (the final step in the foreclosure process that conveys property ownership back to lender), increased 26.8 percent since the second quarter to 364. Compared to activity in the third quarter of 2021, lender purchases increased 5.8 percent. The largest quarterly and year-over-year increases were in Montgomery County which rose by 352.0 percent and Queen Anne’s County which rose significantly by 1,709.4 percent, respectively. The increase in lender purchases can be attributed to homebuyers looking for moderately priced homes as inflationary hikes in interest rates continue to price them out of their “comfort zone”.

In the current quarter, Prince George’s County had the highest concentration in Maryland (Table 4) with 69 lender purchases or 18.9 percent of the total. Lender purchases in the county rose 75.7 percent in the third quarter and 194 percent over last year’s volume. REO in Baltimore City, which totaled 44, accounted for the second-highest concentration at 12.1 percent of purchases statewide. Sales in Baltimore County dropped by 37.0 percent from the second quarter and decreased by 47.6 percent from the third quarter of 2021. Montgomery County, with 35 REOs recorded the fourth highest in the third quarter while Charles County, with 33 lender purchases (9.1 percent of the total), had the fifth highest concentration in Maryland. Lender purchases in the county increased by 58.4 percent from the preceding quarter and grew 39.1 percent when compared with the levels a year ago. Together, these jurisdictions represented 60.9 percent of all lender purchases.

CHART 5. LENDER PURCHASES OF FORECLOSED PROPERTIES
THIRD QUARTER 2022



Source: Realty Trac and DHCD, Housing and Economic Research Office

**TABLE 4. LENDER PURCHASES OF FORECLOSED
PROPERTIES
THIRD QUARTER 2022**

Jurisdiction	2022 Q3		% Change from	
	Number	% of Total	2022 Q2	2021 Q3
Allegany	5	1.3%	n/a	-11.8%
Anne Arundel	30	8.3%	63.1%	-21.7%
Baltimore	41	11.2%	-37.0%	-47.6%
Baltimore City	44	12.1%	-19.2%	-28.4%
Calvert	8	2.2%	33.3%	79.0%
Caroline	3	0.7%	-9.0%	-15.3%
Carroll	5	1.3%	125.1%	-38.5%
Cecil	9	2.5%	200.0%	50.0%
Charles	33	9.1%	58.4%	39.1%
Dorchester	0	0.0%	-100.0%	-100.0%
Frederick	4	1.2%	-73.4%	-13.7%
Garrett	1	0.4%	-74.5%	-21.7%
Harford	11	3.0%	79.0%	-35.5%
Howard	16	4.5%	208.1%	-1.6%
Kent	1	0.4%	-18.4%	-47.0%
Montgomery	35	9.6%	352.0%	108.0%
Prince George's	69	18.9%	75.7%	194.0%
Queen Anne's	6	1.6%	n/a	1709.4%
Somerset	1	0.3%	-50.0%	-16.0%
St. Mary's	14	3.9%	136.3%	18.8%
Talbot	1	0.3%	25.0%	25.0%
Washington	14	3.8%	7.1%	61.0%
Wicomico	8	2.2%	60.5%	306.1%
Worcester	5	1.4%	65.8%	-13.8%
Maryland	364	100.0%	26.8%	5.8%

Source: Realty Trac and DHCD, Housing and Economic Research Office