

HOUSE ECONOMIC MATTERS COMMITTEE
230 Lowe House Office Building
Annapolis, Maryland

October 14, 2020

Agenda

Virtual Committee Briefing:

3:00 p.m. **Update on Foreclosures during COVID-19 Pandemic**

Office of the Maryland Attorney General

Brian E. Frosh, *Maryland Attorney General*

Maryland Department of Labor

Meredith Merchant, *Director of Financial Education and Community Outreach, Office of the Commissioner of Financial Regulation*

Maryland Department of Housing and Community Development

Matthew Heckles, *Assistant Secretary and Director of the Community Development Administration*

J. Hunter Pickels, *Director, Legislative and Federal Affairs/Housing Policy Officer*

Maryland Bankers Association

Mindy Lehman, *Senior Vice President of Government Relations and Communications*

Bob Enten, *General Counsel*

Maryland Legal Aid

Anthony H. Davis II, *Director of Advocacy for Consumer Law*



House Economic Matters
OAG Foreclosure Briefing
October 14, 2020

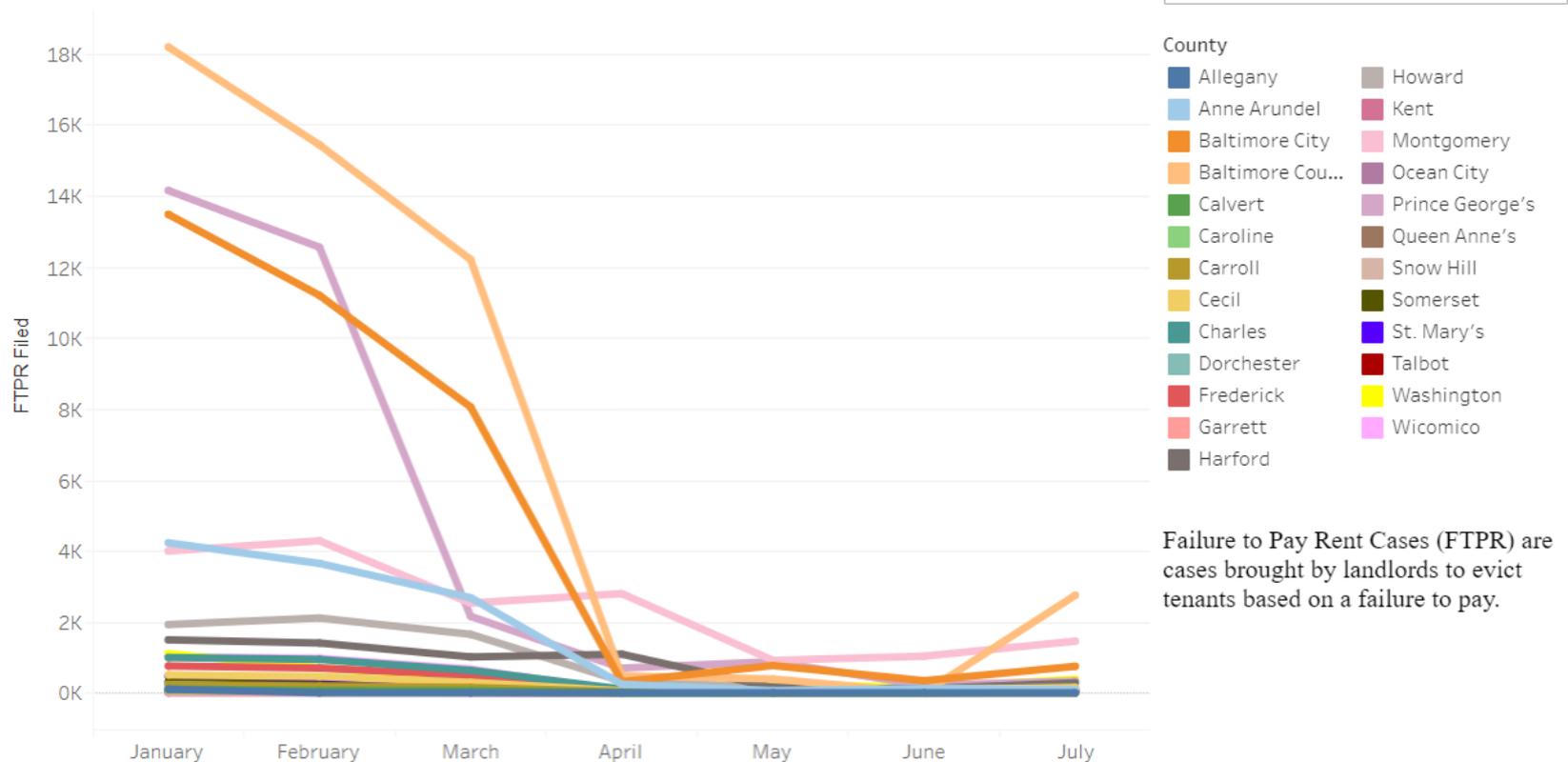


Overview

- COVID-19 Access to Justice Task Force
- Failure to Pay Rent Filings
- Failure to Pay Rent Filings, Warrants, Evictions
- Foreclosure Notices
- MVLS Foreclosure Intake by Race
- Peoples Law Library Housing Pages
- Maryland Legal Aid Housing Intake
- Fair Housing Action Center Last Months Intake

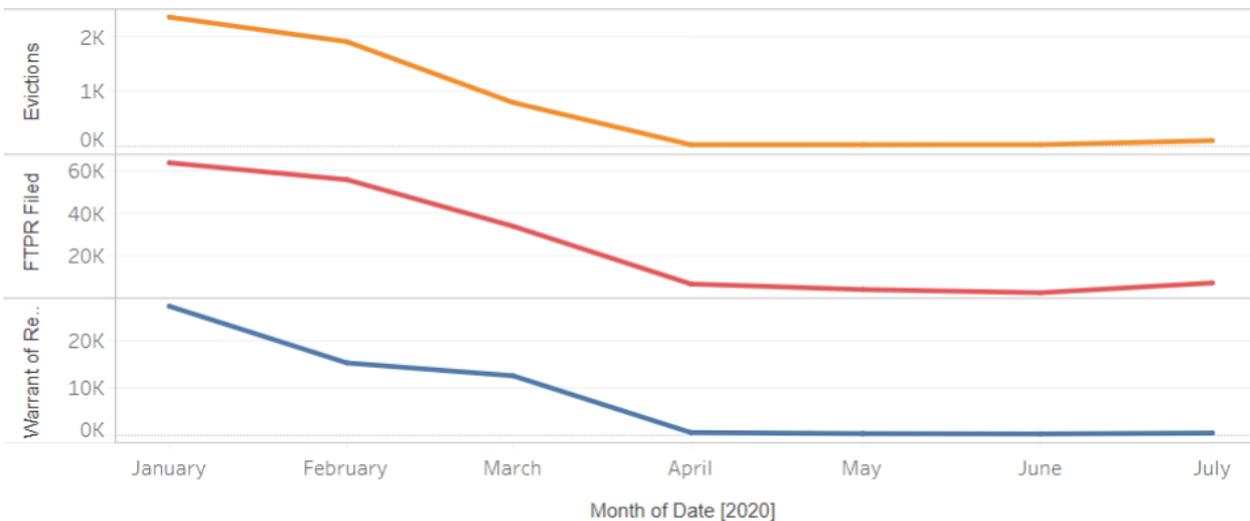
FTPR Filings Down Drastically, Yet Starting to Rise

Failure to Pay Rent Filings



FTPR Filings, Warrants, & Evictions

Failure to Pay Rent Filings, Warrants, Evictions

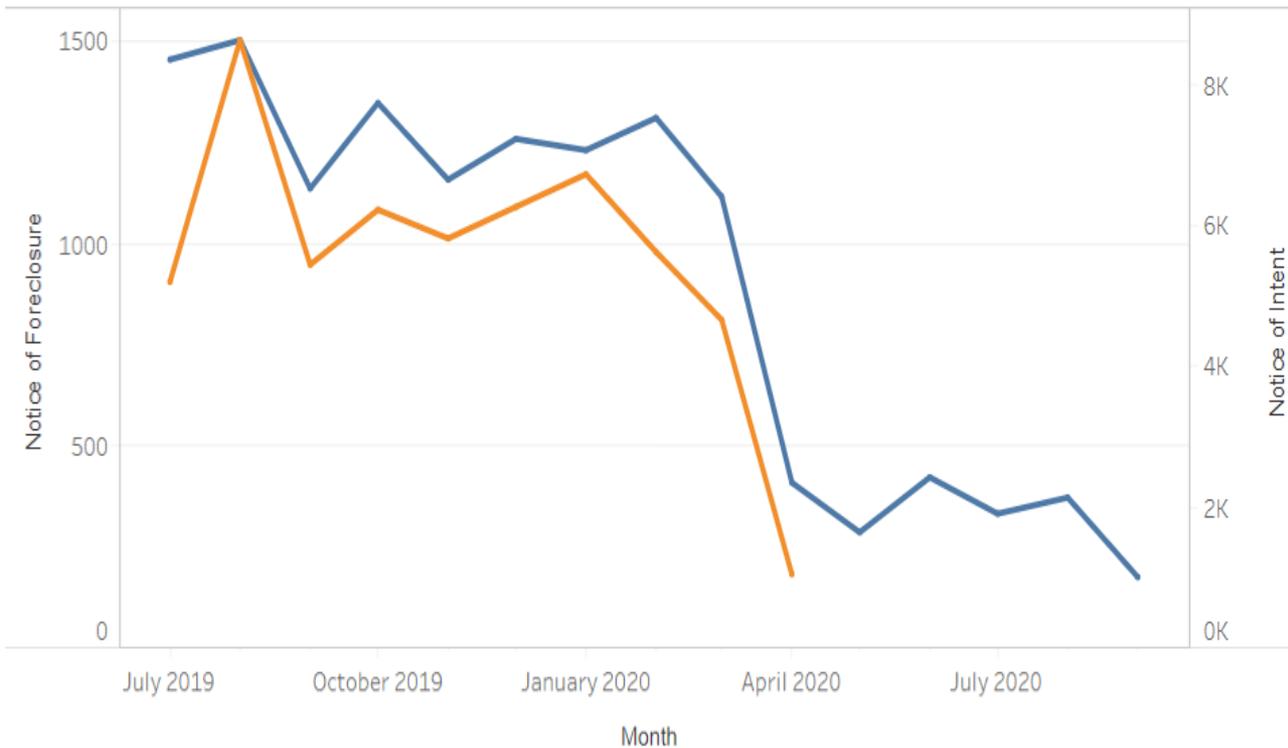


This chart shows failure to pay rent cases filed compared to actual evictions and warrants of restitution issued. Actual evictions are when the eviction is actually executed to evict a tenant from a building. A warrant of restitution when a landlord files paperwork to have the Sheriff actually evict the tenant.



Foreclosure Notices Down

Foreclosure Notices



People attempting to foreclose on a property must file a notice of intent and a notice of foreclosure with the Maryland Department of Labor. We currently only have Statewide records.

Measure Names
■ Notice of Foreclosure
■ Notice of Intent

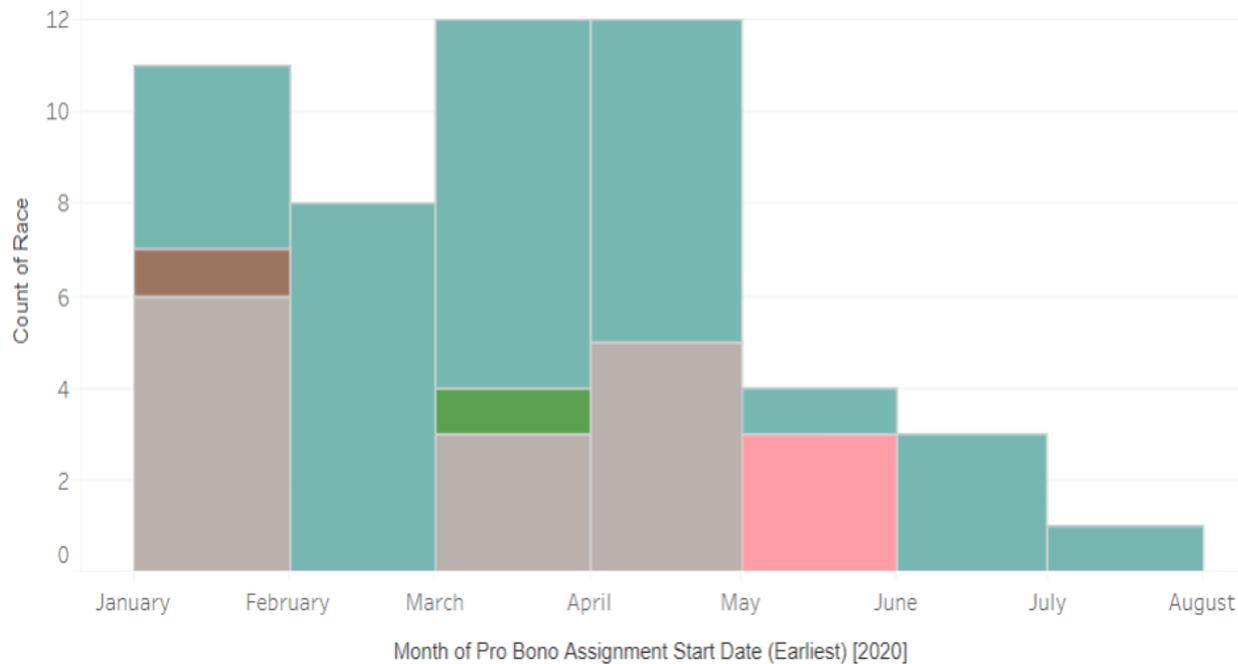


MVLS Foreclosure Intake by Race

MVLS Foreclosure Intake By Race

County of Dispute

(All) ▼



The bar graph represents the race of people calling MVLS for foreclosure assistance during a particular month. Select a county to drill down on the data.

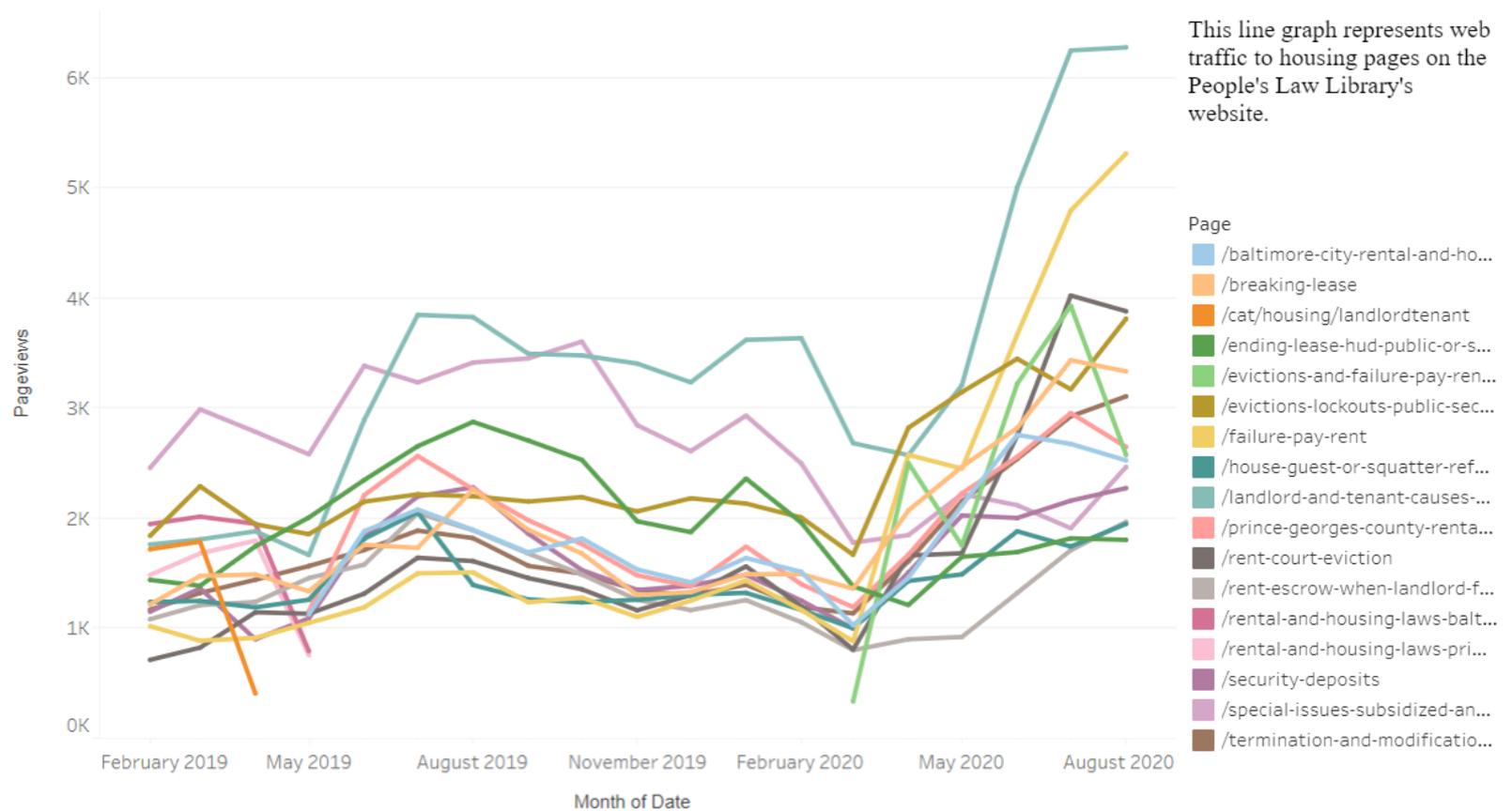
Race

- Black (Not Hispanic)
- Declined to answer
- Hispanic or Latino
- Unknown/Not Given
- White (Not Hispanic)

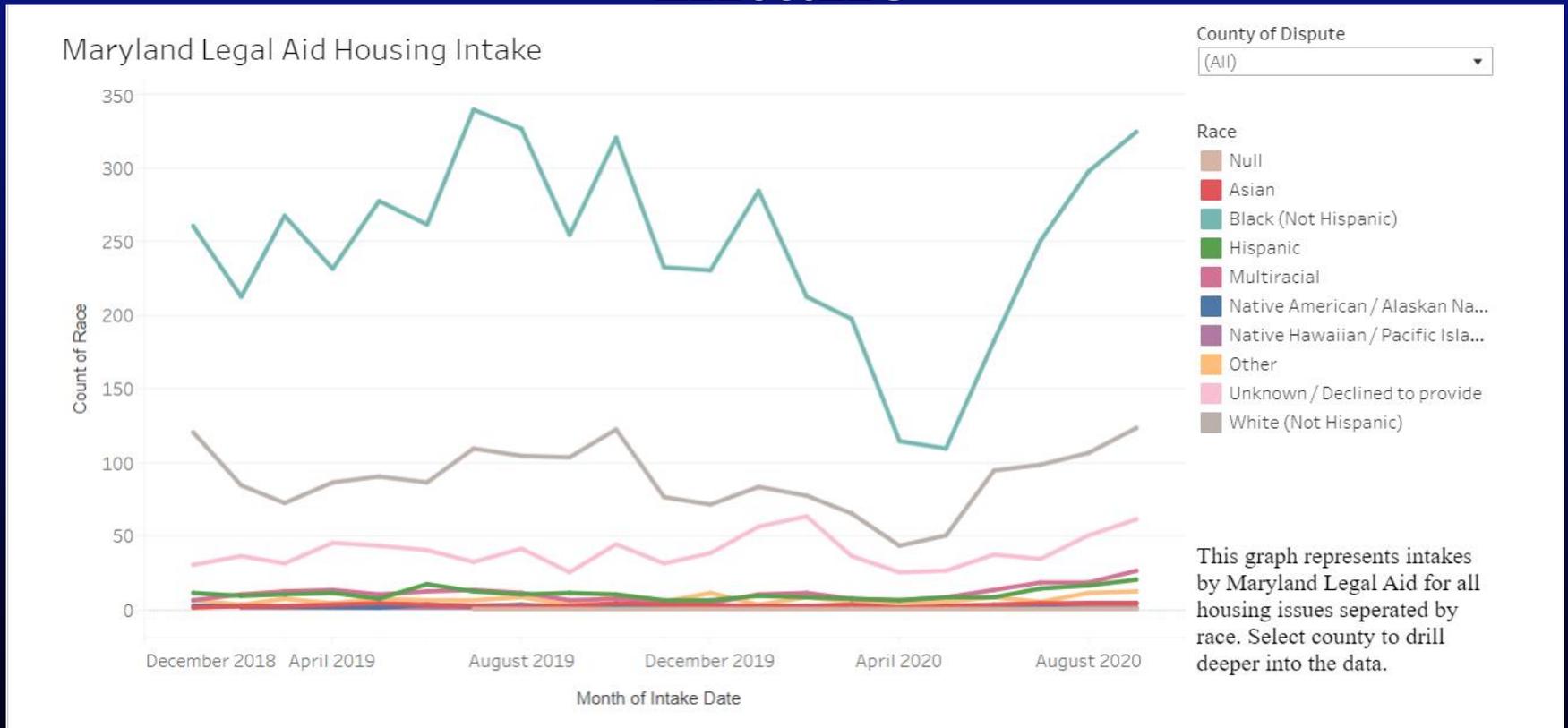


Peoples Law Library Housing Pages

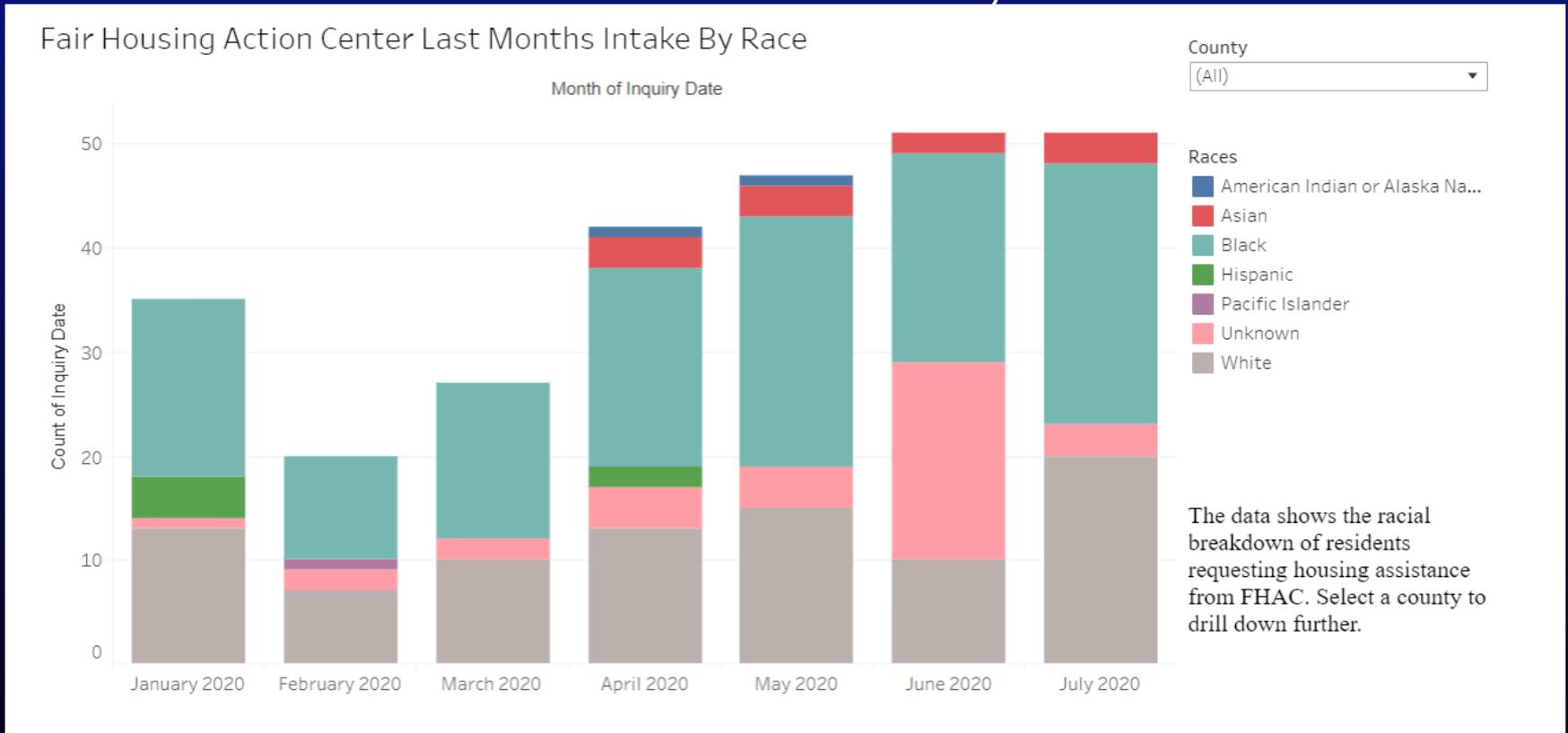
Peoples Law Library Housing Pages



Maryland Legal Aid Housing Intake



Fair Housing Action Center Last Months Intake by Race



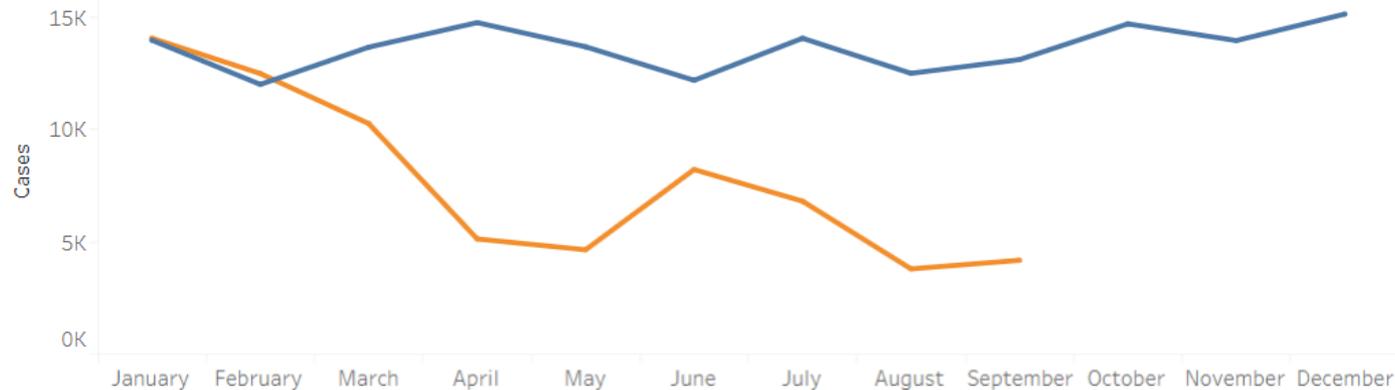
Small Claims Dashboard

Small Claims Dashboard

Year
2019
2020

County
(All)

Small Claims Filings

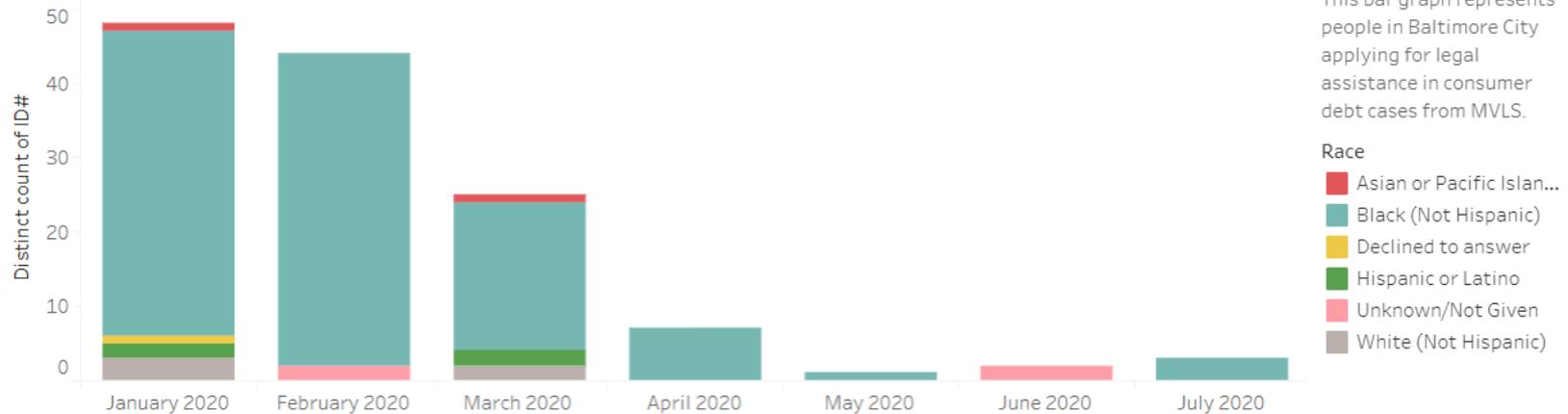


Small claims or contract cases filed in district court. The data was obtained from MVLS' CLUE database.



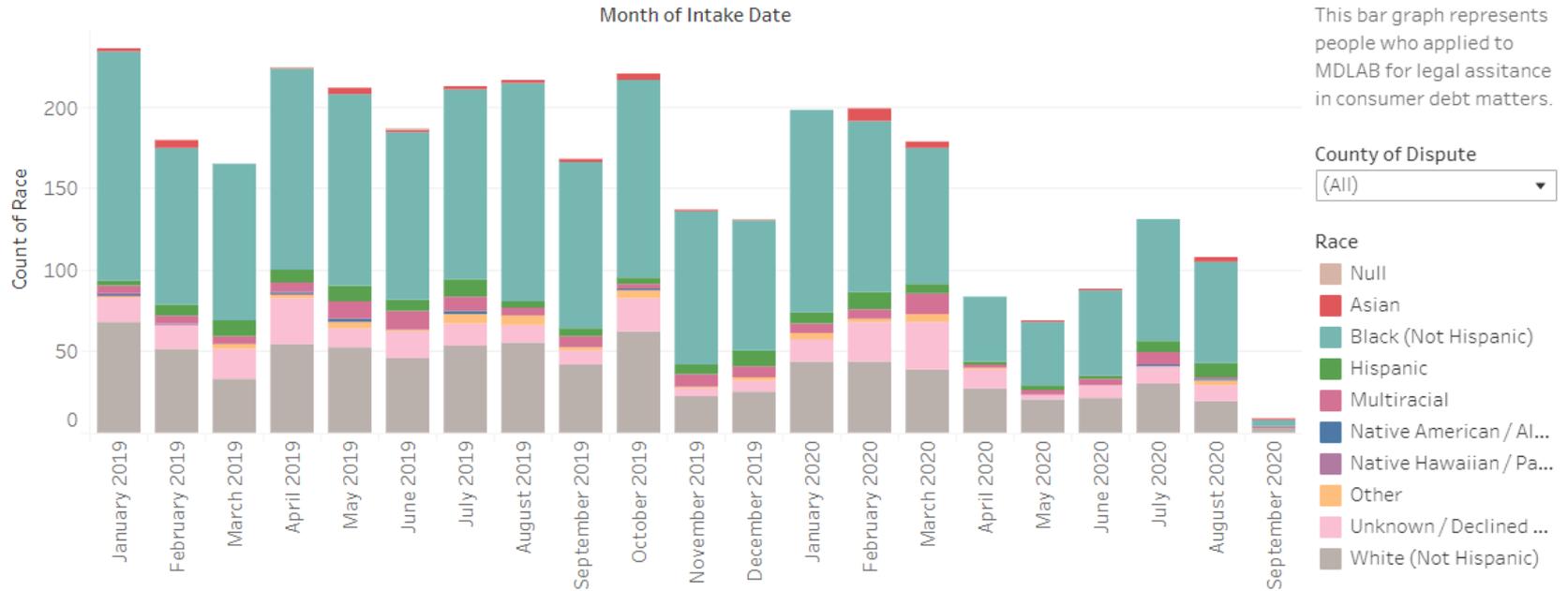
MVLS Debt Collection Intakes (Baltimore City)

MVLS Debt Collection Intakes (Baltimore City)



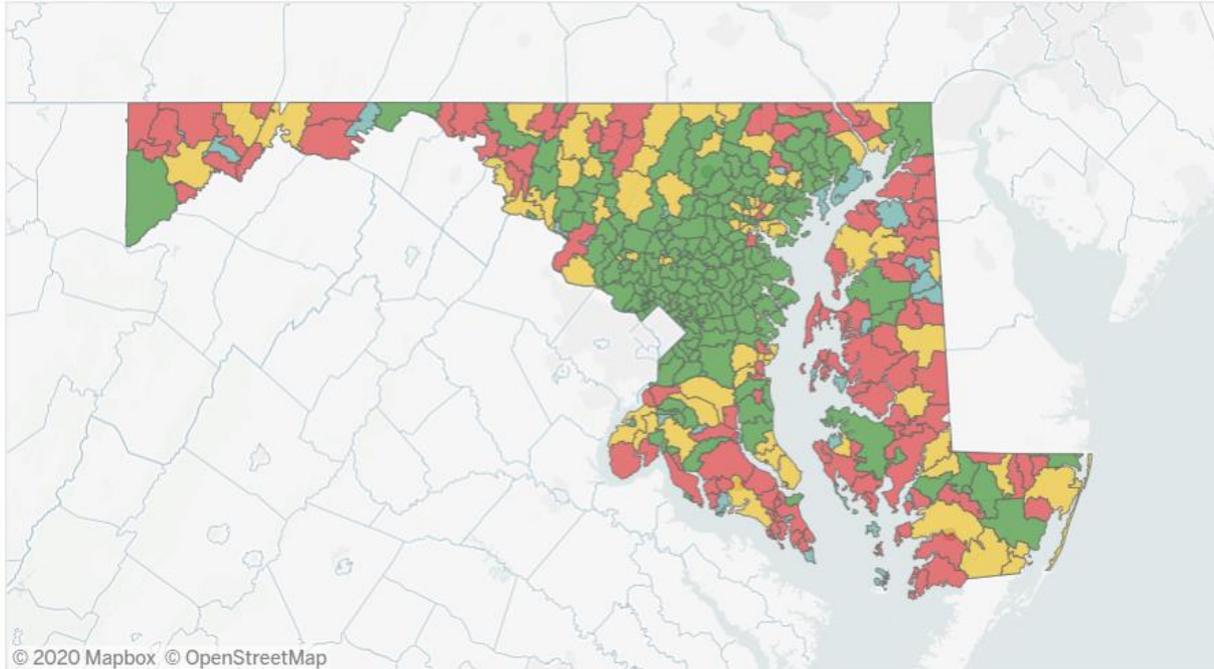
Maryland Legal Aid Consumer Debt Cases Intake

Maryland Legal Aid Consumer Debt Cases Intake



Map of Internet Upload Speeds by Zip

Map of Internet Upload Speeds by Zip Code



Average Upload Speed

- avg upload at least 3 mbps
- avg upload between 1.5 and 3 mbps
- avg upload less than 1.5 mbps
- missing data

Notes for Internet Upload Speeds Map:

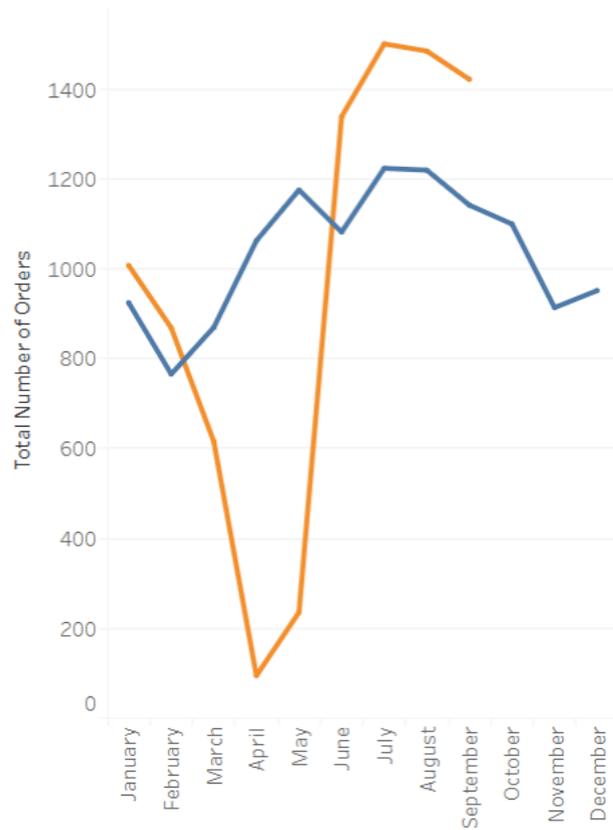
1. A speed of at least 3 mbps is sufficient for any type of group video call.
2. A speed between 1.5 and 3 mbps is sufficient for some sort of group video call but not a "normal" group Zoom call.
3. A speed of less than 1.5 mbps is insufficient for any type of group video call.

Year:

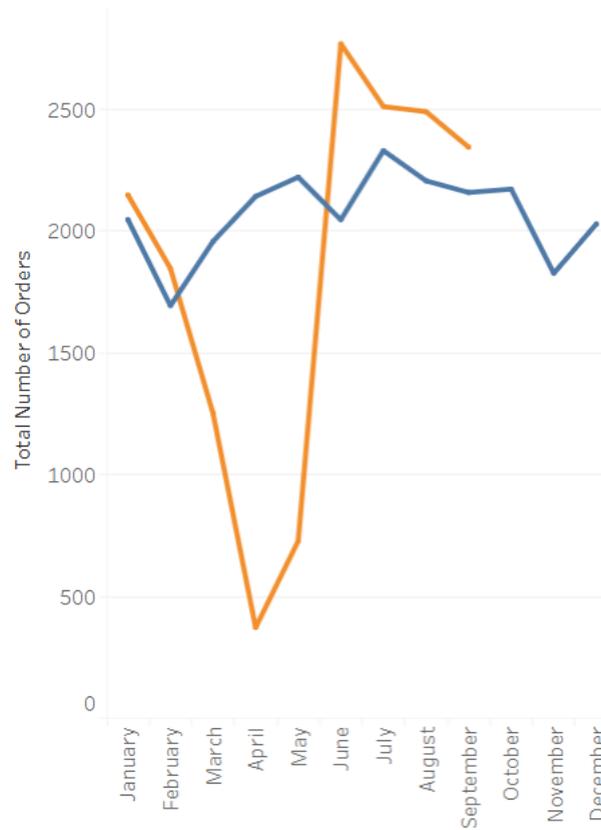


Peace & Protective Orders Increasing

Peace Orders



Protective Orders



Year

2019

2020

County Filter

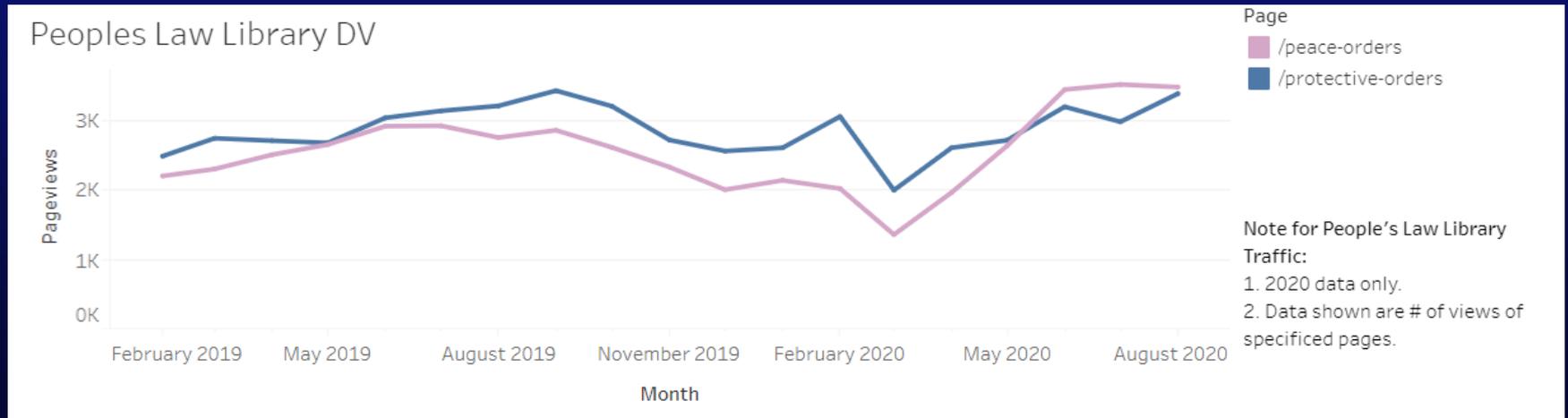
(All)

Notes for Protective and Peace Orders:

1. Blue line is 2019; orange line is 2020.
2. Can see one county at a time or statewide total ["(All)"]- use County Filter to the right.
3. Protective orders are for parties who are related or in a relationship. Peace orders are for everything else (i.e. neighbors)



Peoples Law Library DV



Online Access to TF Curated Data

- <https://www.marylandattorneygeneral.gov/Pages/COVIDDashboard.aspx>



Questions?





**Office of the Maryland Commissioner of
Financial Regulation**

Update on the Status of Foreclosures in Maryland

Meredith Merchant

Director of Financial Education and Community Outreach

Office of the Commissioner of Financial Regulation

Maryland Department of Labor

for the

House Economic Matters Committee

October 14, 2020





Presentation Outline

- ✓ Office of the Commissioner of Financial Regulation (OCFR)
 - Overview
- ✓ OCFR Supervised Mortgage Entities
- ✓ Mortgage Foreclosures – Current Status
- ✓ Foreclosure Data
- ✓ OCFR Response and Resources
- ✓ Mortgage Relief – Current Status
- ✓ Final Comments
- ✓ Contact Us



OCFR Overview

- The **Office of the Commissioner of Financial Regulation (OCFR)** is **Maryland's chartering, licensing and supervising** Agency with authority over certain individuals and businesses providing mortgage services to Maryland consumers.
- OCFR obtains mortgage information from a number of sources including:
 - ✓ **Periodic examinations and investigations;**
 - ✓ **Reports and mortgage filings from supervised entities;**
 - ✓ **Other state and federal supervisory and law enforcement agencies;**
 - ✓ **Industry sources;**
 - ✓ **Consumer complaints; and**
 - ✓ **Advocacy groups**



OCFR Supervised Entities

OCFR supervises the following financial institutions and businesses providing mortgage services:

- State-chartered banks and credit unions; and
- Mortgage brokers, lenders, servicers, and originators.

These entities **are also typically subject to federal regulation** by federal banking authorities as well as other federal agencies (e.g., HUD) and federal mortgage agencies (e.g., FHFA, etc.).

Because of the differing regulators, **not all mortgage service providers are subject to the same rules.**



Mortgage Foreclosures - Current Status

Governor Hogan’s moratorium on residential foreclosures remains in effect. New foreclosures cannot be initiated in Maryland.

- [Governor Hogan’s executive order 20-04-03-01:](#)
 - Prohibits the “initiation of residential foreclosures”. To implement that prohibition he ordered the suspension of the Notice of Intent to Foreclose (NOI) electronic reporting system until further notice or the state of emergency is lifted.
 - Governor’s Order is ***not superseded*** by the lifting of the stay on foreclosure cases by the Maryland Court of Appeals. The Court’s action simply permits pending cases to continue and cases that could’ve been filed prior to the stay to proceed.

A federally mandated foreclosure moratorium is in place for “federally-backed” loans until December 31, 2020.



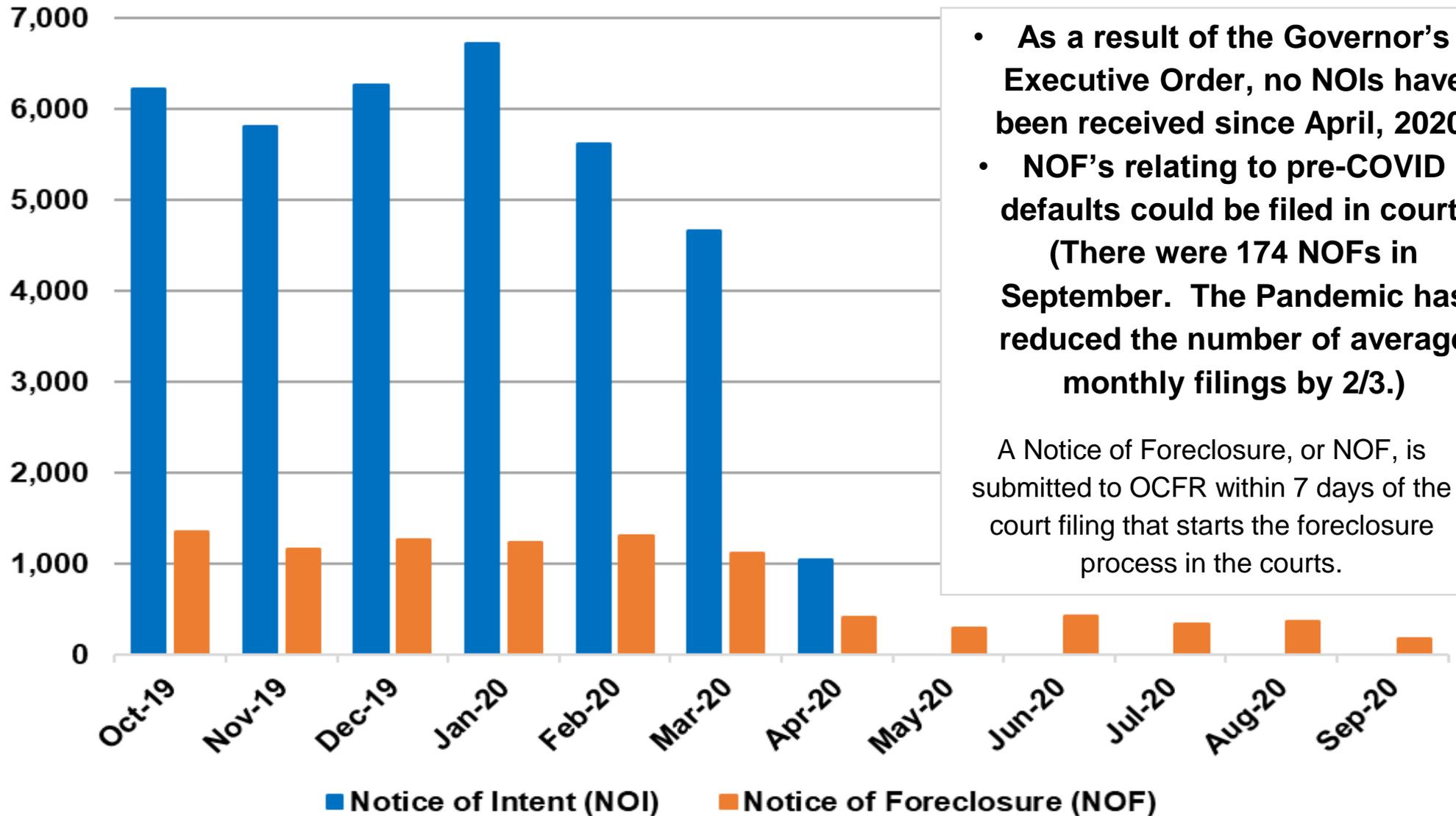
Mortgage Foreclosures - Current Status (continued)

- **Governor Hogan’s moratorium on residential foreclosure related evictions due to COVID-19 remains in effect.**
- **Foreclosure related evictions are also stayed under various federal directives including a federal REO-eviction moratorium in place for “federally-backed” loans until December 31, 2020.**



NOI and NOF Data

Notice of Intent / Notice of Foreclosure Volume by Month



- As a result of the Governor's Executive Order, no NOIs have been received since April, 2020.
- NOF's relating to pre-COVID defaults could be filed in court. (There were 174 NOFs in September. The Pandemic has reduced the number of average monthly filings by 2/3.)

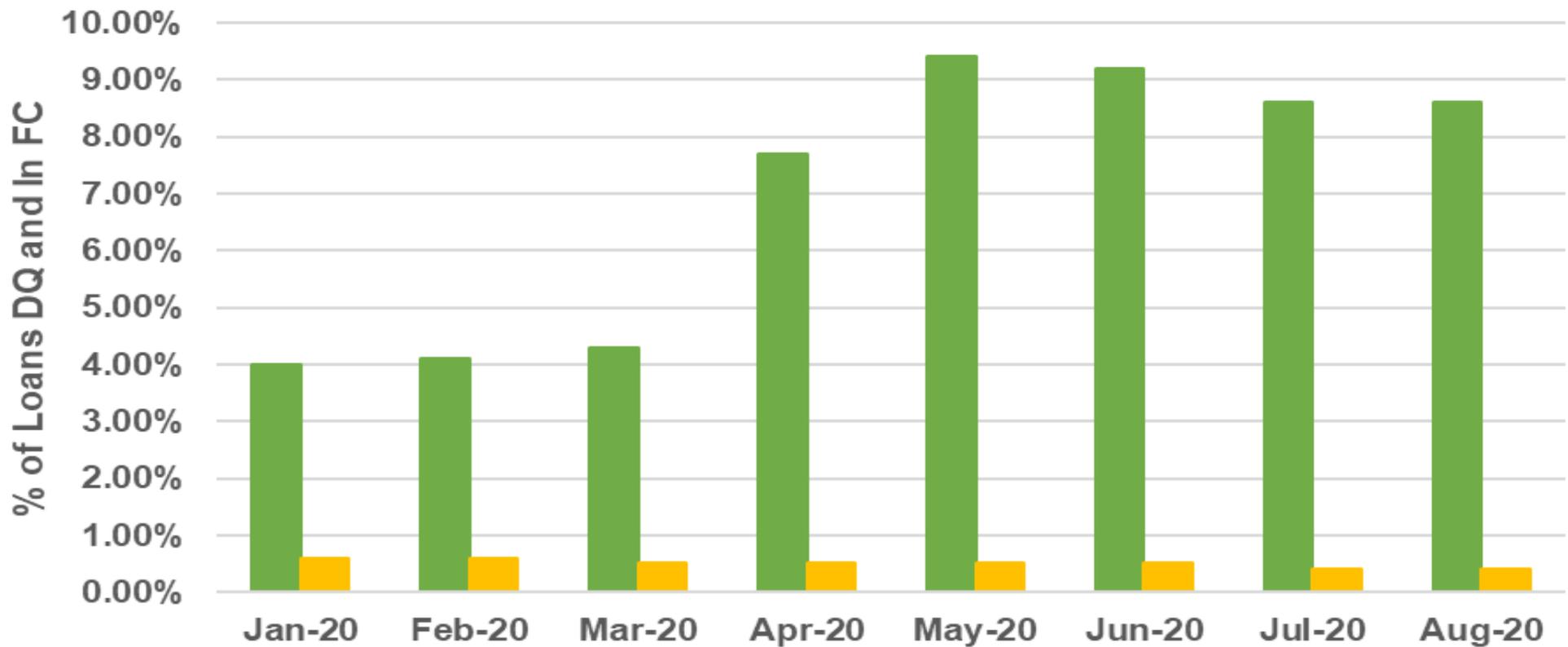
A Notice of Foreclosure, or NOF, is submitted to OCFR within 7 days of the court filing that starts the foreclosure process in the courts.



Delinquency & Foreclosure Data

MD Loans in Delinquency and Foreclosure Jan - Aug 2020

(Source: Black Knight Mortgage Monitor)



	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
MD Del%	4.00%	4.10%	4.30%	7.70%	9.40%	9.20%	8.60%	8.60%
MD FC%	0.60%	0.60%	0.50%	0.50%	0.50%	0.50%	0.40%	0.40%



OCFR Foreclosure Response

With respect to foreclosures:

- Quickly established and maintained continuous consumer access (electronic and phone) to the Office permitting the filing of mortgage/foreclosure related complaints and consumer inquiries.
- Worked in conjunction with the Governor's Office to bring about voluntary mortgage forbearance agreements with lenders holding loans that were not covered by the CARES Act.
- Sent 14 advisories to supervised industries to make sure they are aware of new COVID-19 consumer protections and policy changes (advisories available on OCFR's website).
- Prepared to issue a new advisory to mortgage servicers and collectors reiterating that the Governor's moratorium against the initiation of foreclosures remains effective.



OCFR Foreclosure Response (continued)

- OCFR created and updates a comprehensive consumer guide with easy-to-access online resources and new informational webpages (see slide at the end for links).
- Gave 6 webinars (3 public webinars to consumers and 3 webinars to housing counselors and community groups) on COVID-19 financial relief options for Maryland residents.
- Holds regular check-in calls with federal regulatory partners, industry and consumer representatives
- **Coordinates and regularly communicates with other State regulators to closely monitor and supervise mortgage servicers and their forbearance practices and foreclosure activity.**

(NOTE: Commissioner Salazar is Vice Chair of the multi-state Non-Depository Supervisory Committee, which strives to coordinate states' supervision of non-bank mortgage lenders and servicers.)



OCFR Foreclosure Response (continued)

- OCFR intends to continue to closely monitor the activity of mortgage loan holders: (1) **to ensure that legal and affordable forbearance options are offered to borrowers;** (2) **to ensure compliance with the foreclosure moratorium;** and (3) **to ensure compliance with default servicing standards.**

Monitoring will be done through examination and state/federal coordination, communications with the court system, as well as obtaining input from consumers and their representatives.

- If violations are identified, OCFR will take appropriate enforcement action.
- OCFR will continue to engage industry and consumer representatives to share the latest updates and resources.



Mortgage Relief

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act – passed in March 2020 – includes mortgage relief for certain borrowers financially impacted by COVID-19.

- Federal mortgage relief applies to “federally-backed” loans:
Fannie Mae, Freddie Mac, Federal Housing Administration, Veterans Administration, USDA-Rural Housing Administration
- Borrowers can request a temporary pause in payments (“forbearance”)
- Property must be residential, but *does not have to be owner-occupied*.
 - Single Family Forbearance Period: 180 days, plus one extension
 - Multi Family Forbearance Period: 30 days, plus two extensions
- Federally-backed loans benefit from foreclosure moratorium until January 1, 2021.



Additional Mortgage Relief

If the mortgage does not qualify for federal relief because it is not a federally-backed loan...

- Many of Maryland's banks, credit unions, mortgage lenders and servicers have agreed and are providing forbearance flexibility to borrowers with non-CARES Act eligible loans on terms that are similar to CARES Act.
- These types of loans ARE subject to the Governor's foreclosure moratorium.
- *Borrowers should contact their mortgage servicer to find out what relief options are available to them.*



Final Comments

The impact of the pandemic:

- Maryland's economy and homeowners entered the pandemic in better shape than 2008 and the State's economy has been improving at a better pace than others; a trend that should help mortgage borrowers.
- OCFR has resources and means to supervise mortgage holders (better laws and more resources) and protect consumers and stands ready to use them.
- OCFR is part of a strong, national state regulatory network that produces coordinated monitoring of mortgage lenders and servicers and effective, multi-state actions to ensure consumer protections.
- Mortgage servicers have the infrastructure in place to handle requests for assistance from borrowers and comply with laws.
- Additional federal relief requested by Governor Hogan and other state and federal officials, including those at the Federal Reserve, would help ease the strain on Maryland's mortgage borrowers.



OCFR Online Resources

COVID-19 Consumer and Industry Resource webpages

www.labor.maryland.gov/finance/consumers/frcovid.shtml

- Addresses mortgage relief, foreclosure, student loans, banking, and other consumer debt and lending concerns
- Includes [Foreclosure Data Tracker](#) with weekly and monthly NOI and NOF totals, sourced from OCFR foreclosure reporting database

COVID-19 Financial Relief Guide for Marylanders

www.labor.maryland.gov/finance/consumers/frfinancialreliefguidecovid.pdf

- Downloadable PDF; updated regularly
- Shared with community nonprofits, government partners, and pushed out to the public via social media and unemployment claimant email

Contact Us

www.labor.maryland.gov/finance

(410) 230-6100

DLFRFinReg-LABOR@maryland.gov



Office of the Commissioner of Financial Regulation
Maryland Department of Labor
500 N. Calvert Street, Suite 402
Baltimore, MD 21202

Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Tiffany P. Robinson, Secretary
Antonio P. Salazar, Commissioner





Economic Matters Committee Foreclosure Briefing

October 14, 2020



Maryland Bankers Association



Mindy Lehman
Senior Vice President of
Government Relations and
Communications
Maryland Bankers Association



D. Robert Enten, Esq.
General Counsel
Maryland Bankers Association

Overview



- **Foreclosure Prevention:**

- MBA / Industry response
- Mortgage payment relief options
- Federal and State foreclosure and eviction moratoriums

Role of MBA/Industry



**The success of a bank is inherently linked
to the success of its clients and community**

Since mid-March, 2020:

Outreach/Media – very proactive – “Call your banker”

Weekly calls with members

Daily calls with other state/national banking Associations

Regular contact with banking regulators – nothing done in a vacuum

Ongoing contact with state and federal policy-makers

MBA online resource for banks and consumers

MBA's Online Resource



Visit MBA's COVID-19 web page for links to a variety of resources and our member banks:

<https://www.mdbankers.com/coronavirus-related-resources.html>



Mortgage Relief – Role of the Banking Industry

Contact Your Bank/Your Lenders/Creditors

Maryland banks stand by their borrowers/clients. Maryland banks are hard at work helping Maryland homeowners who are experiencing financial hardship. Banks routinely provide customized help to fit specific financial situations, through:

- Loan payment deferrals
- Forbearance – modifications
- Interest rate reduction requests
- Fee waivers
- Increases in lines of credit
- Consumer loans
- Consultation
- And more

Source - Maryland Bankers Association Survey 6/18/2020

Mortgage Relief – Federal Options, Federal Housing Finance Agency/FHA/HUD Guidance, Etc.

- For federally-backed mortgage loans (Fannie Mae, Freddie Mac, FHA, VA), the CARES Act allows a borrower to request an initial forbearance period of up to 180 days (and up to another 180 days after the first 180 days).
- A forbearance is a pause or reduction in their monthly mortgage.
- 4/27/20 – FHFA Statement - “NO LUMP SUM REQUIRED AT THE END OF FORBEARANCE”

Online Resource:

CFPB, FHFA, HUD launch a new mortgage and housing assistance website <https://www.cfpb.gov/housing>.

Mortgage Relief: Foreclosure and Eviction Protections – Federal Level Protections

- **Federal Protections Against Foreclosure and Evictions – FHFA Extends Foreclosure, Eviction Moratorium through December 31, 2020**
 - On March 18, the federal Coronavirus Aid Relief and Economic Security Act (CARES Act) established a 60-day moratorium on foreclosures and evictions for single-family mortgages backed by Fannie Mae or Freddie Mac. This moratorium has since been extended, most recently in August.
- **8/27: FHFA Extends Foreclosure and Eviction Moratoriums to end of the Year**
 - On August 28, the Federal Housing Finance Agency (FHFA) announced that Fannie Mae and Freddie Mac will extend the moratoriums on single-family foreclosures and real estate owned (REO) evictions until at least December 31, 2020. The foreclosure moratorium applies to Enterprise-backed, single-family mortgages only. The REO eviction moratorium applies to properties that have been acquired by an Enterprise through foreclosure or deed-in-lieu of foreclosure transactions. The current moratoriums were set to expire on August 31, 2020.

Online Resources: <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Extends-Foreclosure-and-REO-Eviction-Moratoriums.aspx> and <https://www.consumerfinance.gov/coronavirus/mortgage-and-housing-assistance/mortgage-relief/>

Mortgage Relief: Foreclosure Protections

State Level Protections



- Governor Hogan's April 3, 2020 Executive Order **prohibits the initiation of foreclosures** in Maryland.
- Notwithstanding the fact that Maryland's Circuit Courts have entered into Phase III and have lifted their stay on their handling of foreclosure actions, Governor Hogan's Executive Order number 20-04-03-01, ordering the Commissioner to close the Notice of Intent (NOI) to Foreclose electronic system to new filings, remains effective.
- Thus, **no new NOI submissions are being accepted.**

Online Resources: <https://www.dllr.state.md.us/finance/> and <https://governor.maryland.gov/wp-content/uploads/2020/04/Evictions-Repossessions-Foreclosure-AMENDED-4.3.20.pdf>

Mortgage Relief – Federal Resources for mortgage borrowers

- The Consumer Financial Protection Bureau (CFPB) has taken numerous steps to protect and assist consumers during the COVID-19 national emergency including:
 - making it easier for consumers to receive pandemic-relief payments;
 - informing consumers about their options as it relates to mortgage forbearance;
 - releasing a policy statement outlining the responsibility of credit reporting companies and furnishers; and
 - providing needed flexibility to enable financial companies to work with customers in need.

Online Resource: CFPB program websites [student loan payment suspension](#); [mortgage forbearance](#); [stimulus payments](#); and [the paycheck protection program](#). Additionally, the Bureau has a centralized [webpage with information on how consumers can protect their finances during the pandemic](#)

Mortgage Relief: Governor's Financial Relief Announcement



- The Governor's April 3rd Financial Relief announcement stated that “consistent with applicable guidelines, Marylanders may be eligible for the following opportunities upon contacting their financial service providers:
 - **90 Days of Payment Forbearance or Deferral.** Mortgage lenders and servicers will provide up to a 90-day forbearance or deferral period for mortgage payments.
 - **Waiving Late Fees.** Mortgage lenders and servicers will not charge late fees during the forbearance or deferral period.
 - **Credit Reporting.** Mortgage lenders and servicers will not report negative information to the credit bureaus during the forbearance or deferral period.
 - **90 Days Forbearance from Foreclosure Initiation.** All mortgage lenders and servicers will follow the forbearance and reduced payment programs established by federal authorities.

Online Resource: <https://www.dllr.state.md.us/whatsnews/frcovidrelief.shtml>

Thank you!



Reach out to your banker with specific questions.

www.mdbankers.com



Foreclosure Legal Assistance Project at Maryland Legal Aid



Anthony Hayes Davis II, Director of Advocacy for Consumer Law

William F. Steinwedel, Staff Attorney

Lorna M. Henry, Staff Attorney



MARYLAND --- LEGAL AID

Mission:

To provide high-quality legal services to the State's poor through a mix of services and to bring about the changes poor people want in the systems that affect them.

- The largest provider of free, direct, civil legal services in Maryland
- Maryland's 3rd largest law firm. As a private, non-profit law firm
- 12 office locations serving Maryland's 23 counties

FORECLOSURE LEGAL ASSISTANCE PROJECT (FLAP)

- ❖ In 2011, Maryland homeowners were given the **right to request and have a foreclosure mediation** [Real Property Article § 7-105.1].
- ❖ Maryland Legal Aid developed a special statewide task force to represent homeowners known as the Foreclosure Legal Assistance Project (FLAP).
- ❖ Initial funding provided by Legal Services Corporation, the Maryland Legal Services Corporation, the Maryland Department of Housing and Community Development, and the foreclosure settlement with the banks.

REPRESENTATION AT ALL STAGES OF THE FORECLOSURE PROCESS

- ▶ Full Service Legal Representation
 - Foreclosure and Mediation
 - Motions to Stay and Dismiss Sales
 - Orders for Possessions and Evictions
- ▶ Preserve Homeownership:
 - Loan Modification, Reinstatement
 - Notices of Error and CFPB Complaints
 - Bankruptcy Protection (Chapter 7 & 13)
- ▶ Defend against lender abuse and predatory lending
- ▶ Reverse mortgage default
- ▶ Estate matters & Inheritance issue
- ▶ HOA's; Property Taxes; Excess Proceeds

Who Is Eligible for Our Services?

- ▶ Maryland Legal Aid's services are free for financially eligible individuals which is based on income and assets available to the household.
- ▶ Household income must be below 125% of the federal poverty income guidelines.
- ▶ MLSC, Stulman, Ryan White, 60+ Program Income Guidelines/Title III-B (Senior) Homeowners
- ▶ Generally, must be U.S. citizen, legal permanent resident, VAWA, VOCA, asylum seekers



Where Our Clients Live

- ▶ Anne Arundel
- ▶ Washington
- ▶ Frederick
- ▶ Carroll
- ▶ Baltimore City
- ▶ Baltimore County
- ▶ Harford
- ▶ Cecil
- ▶ Prince George's, Howard
- ▶ Montgomery
- ▶ St. Mary's, Calvert, Charles
- ▶ Eastern Shore



COVID-19 Assistance

- ▶ Pre-Pandemic: 93 new client intakes between January 1 - March 13
- ▶ Post-Pandemic: 77 new client intakes between March 13 - August 31
- ▶ **Court closures, foreclosure filing moratoria, and industry-wide mortgage forbearance has kept new client intake numbers low (**not a solution**)**
- ▶ Client services during pandemic: brief advice; CARES Act relief, including those wrongly denied for a forbearance; bankruptcy protection; loan modification and hardship applications
- ▶ **Federally-backed mortgage loans have protections - Private loans do not**





What Happens When Forbearance Ends?

- Servicers review homeowner's application for assistance and all available loss mitigation options; Servicers are required to adhere to guidelines set by owners of loans
- New CFPB rule allows servicer the option of not obtaining additional application information or evaluating various loss mitigation options, but instead to offer a "payment deferral"
- Payment deferral allows homeowner to resume regular mortgage payments when a forbearance or delinquency ends and accounts for the months of missed payments by placing them at the end of the loan term.

- ▶ Fear is that lenders require lump sum repayment at the end of the forbearance
- ▶ CARES Act does not address servicer action at end of forbearance
- ▶ Federally-backed loan have published guidelines for end-of-forbearance
- ▶ Repayment Plan
- ▶ "Extend Modification"
 - Extend loan term equal to forbearance
- ▶ "COVID-19 Standalone Partial Claim"
 - zero interest, no fee, junior lien payable when mortgage paid off, home sold
 - available to borrowers who were current or less than 30 days delinquent as of March 1, 2020

FORECLOSURE LEGAL ASSISTANCE PROJECT

1-(888) 213-3320

<https://www.mdlab.org/>

Anthony Hayes Davis II
Director of Advocacy for Consumer Law
(410) 951-7703
adavis@mdlaborg