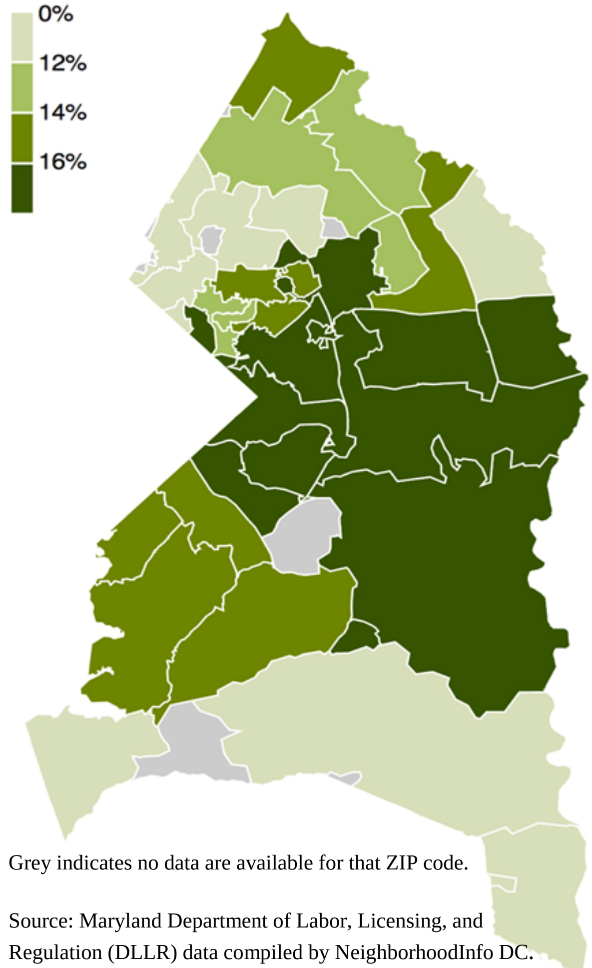
Foreclosures in Prince George's County: 2011

The housing crisis hit Prince George's County hard compared to the nation overall, and Prince George's was the most affected county in the Washington, DC, region. By 2011, two years after the official end of the recession, the Prince George's foreclosure rate, at 5.3 percent, was nearly twice the rate for the region overall and nearly 7 times higher than that of Arlington, Virginia (the lowest in the region).[1] The crisis's persistence received new attention in the spring of 2012 when the attorneys general of 49 states and the District of Columbia reached a $26 billion settlement with the nation's five largest mortgage-servicing institutions. The settlement allocated nearly $1 billion to Maryland, much of which will be used for mortgage modifications, foreclosure counseling, and educational outreach.

Making sure that these new funds are used effectively to assist struggling homeowners will be a challenge, and it will be important to target and deploy the settlement resources carefully. This is no less crucial in Prince George's County, a diverse community with areas of relative poverty, relative wealth, and different local housing markets. Some parts of the county will require solutions that would not be suitable in others, and residents will be best served if elected officials, community organizations, and housing counselors coordinate their efforts for the greatest impact. The data in this brief and on NeighborhoodInfo DC's web site, http://www.NeighborhoodInfoDC.org/, provide useful tools for the targeting necessary to bring the settlement money where it is most needed.

Figure 1. Notices of Intent to Foreclose as Percentage of Residences by ZIP Code, Prince George's County, 2011



Grey indicates no data are available for that ZIP code.

Source: Maryland Department of Labor, Licensing, and Regulation (DLLR) data compiled by NeighborhoodInfo DC.

Summary of Findings

- In 2011 in Prince George's County, 33,439 single-family detached, townhome, and condominium residences out of 219,873 (approximately 15 percent) received notices of intent to foreclose (NOIs) from mortgage servicers.
- Countywide, the median borrower receiving a NOI in 2011 was 79 days delinquent on mortgage payments at the time the notice was issued.
- The median borrower in the county receiving a NOI in 2011 owed $6,400 in late mortgage payments, fees, and penalties at the time of the notice.
- The majority of NOIs (67 percent) came from five mortgage servicers: Bank of America, Wells Fargo, Citi, JPMorgan Chase, and Ally/GMAC.

Notice of Intent to Foreclose

This brief utilizes notice of intent to foreclose (NOI) data gathered from Maryland's Department of Labor, Licensing, and Regulation (DLLR). NOIs result when mortgage-servicing banks notify delinquent homeowners that foreclosure proceedings are being initiated.[2] Maryland statute requires mortgage servicers to report all NOIs to DLLR. In 2011, DLLR agreed to share the NOI data with NeighborhoodInfo DC to facilitate reporting of the information and to allow local jurisdictions use of these data to promote better county and local responses to the foreclosure crisis.

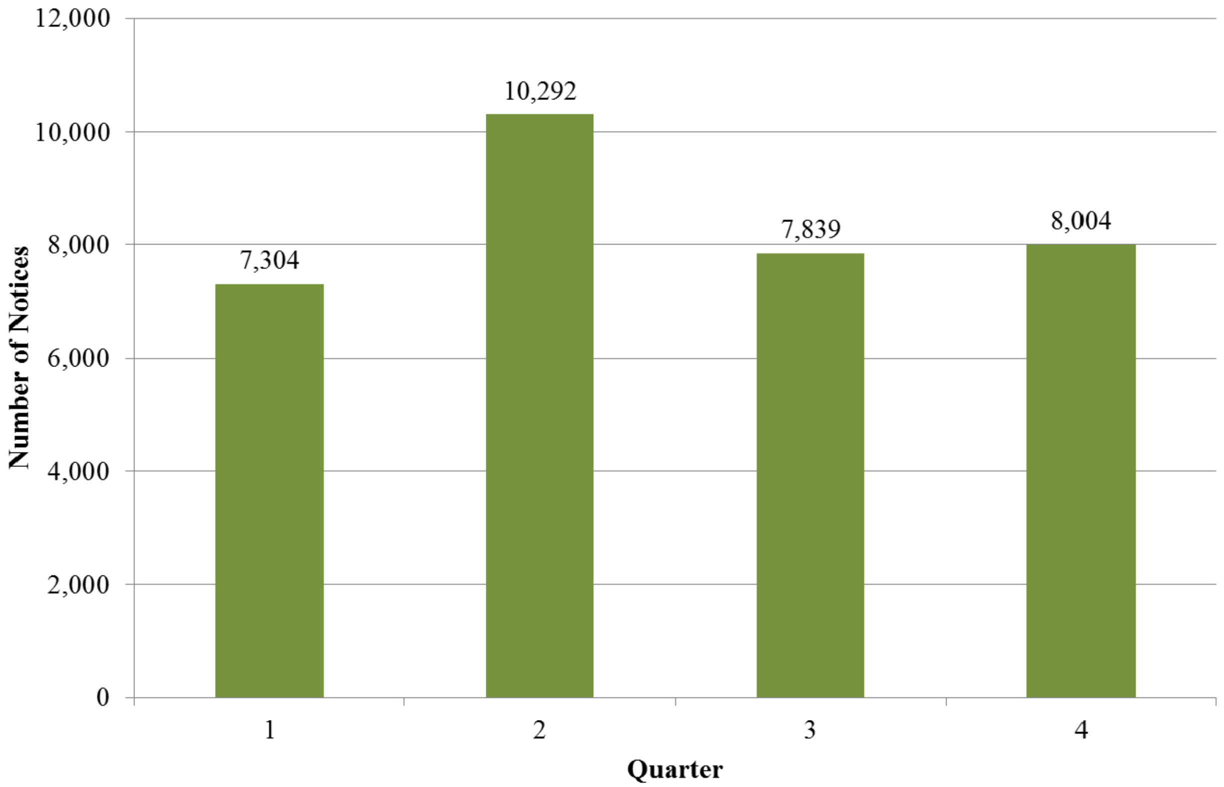
The NOI data received by NeighborhoodInfo DC include the ZIP code where the affected property is located, the date the notice was received, the number of days the loan is delinquent at the time of the notice, the total dollar amount of overdue payments along with penalties and fees the servicer has assessed, and the names of the entities that originated and currently service the loan. NeighborhoodInfo DC has started processing these data on a quarterly basis to create indicators of foreclosure activity for Prince George's County; this brief is our first public presentation of these data.

The NOI data do not include information about foreclosure sales or completions, so we do not know how many homeowners receiving a NOI will eventually lose their homes. It is entirely possible (indeed very likely) those homes receiving a NOI will remain in the foreclosure process for several months before reaching a resolution. The average time a residential property in Maryland remained in the foreclosure process was 634 days in the fourth quarter of 2011,[3] which is currently among the longest foreclosure timelines in the country.

In 2011, 33,439 single-family detached, townhome, and condominium residences in Prince George's County received a NOI from a mortgage servicer. More than 1 in 7 (15 percent) of the county's 219,873 residences entered foreclosure proceedings last year (figure 1). NeighborhoodInfo DC's most recent *Foreclosure Monitor* previously reported that the Prince George's foreclosure crisis was the most acute in the region.[4]

During 2011 NOI volumes (figure 2) and rates—NOIs per 100 residences—did not vary much by quarter. Countywide, there were approximately 8,000 NOIs in each quarter, with the exception of the second, which saw 10,200.

Figure 2. Notices of Intent to Foreclose, Prince George's County, 2011



Sources: Maryland Department of Labor, Licensing, and Regulation (DLLR) data compiled by NeighborhoodInfo DC.

The story changes significantly however when considering differences by ZIP code (figure 1 and table 1; map of ZIP codes is provided in figure 8). ZIP codes in the southern beltway region and the less-populated eastern part of the county experienced particularly high NOI rates (the percentage of all residences in the ZIP code who received a NOI). For example, ZIP code 20747 (in Forestville) had the highest NOI rate at 25.7 percent, that is, one in every four residences in that ZIP code received a NOI in 2011 (table 1). ZIP code 20716 (in Bowie) ranked second with a rate of 21.8 percent.

Table 1. Top and Bottom 10 Zip Codes by Notices of Intent to Foreclose as Percentage of Residences, Prince George's County, 2011

Top 10 Zip Codes by Notices of Intent to Foreclose per 100 Residences, 2011			Bottom 10 Zip Codes by Notices of Intent to Foreclose per 100 Residences, 2011		
ZIP CITY	**ZIP**	**NOI Rate**	**ZIP CITY**	**ZIP**	**NOI Rate**
FORESTVILLE	*20747*	25.7	**AQUASCO**	*20608*	6.0
BOWIE	*20716*	21.8	**COLLEGE PARK**	*20740*	6.9
LANDOVER	*20785*	21.4	**BOWIE**	*20715*	8.5
CAPITOL HEIGHTS	*20743*	19.2	**HYATTSVILLE**	*20782*	9.7
BOWIE	*20721*	19.0	**GREENBELT**	*20770*	10.5
UPPER MARLBORO	*20772*	18.7	**BRANDYWINE**	*20613*	10.5
LANHAM	*20706*	17.6	**ACCOKEEK**	*20607*	10.7
CHELTENHAM	*20623*	17.4	**MOUNT RAINIER**	*20712*	11.7
SUITLAND	*20746*	17.3	**HYATTSVILLE**	*20783*	11.8
BRENTWOOD	*20722*	17.0	**LAUREL**	*20708*	12.2

Some ZIP codes like 20623 (in Cheltenham) had high rates (17.4 percent) with very few residences (992 total residences). In contrast, ZIP codes like 20772 (in Upper Marlboro) had both high rates (18.7 percent) and many residences receiving a notice (14,579 total residences).

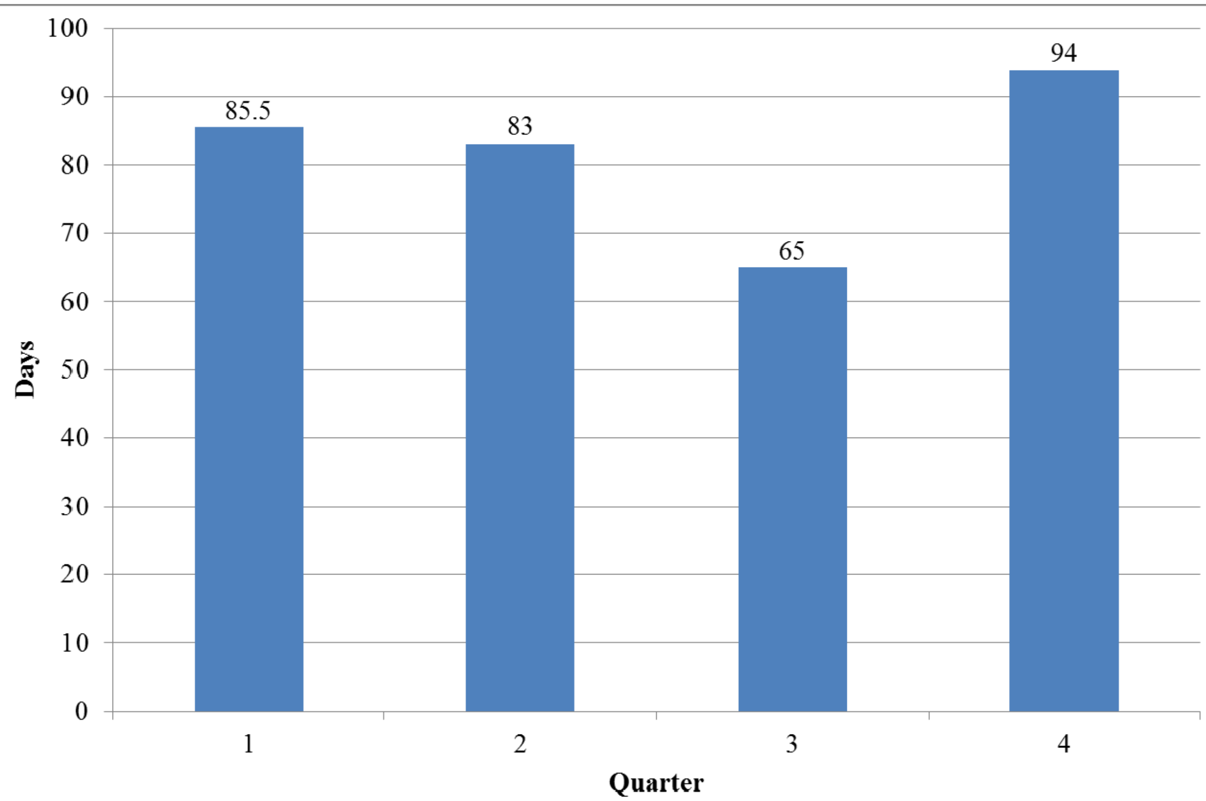
Other ZIP codes, mostly in the northern part of the county, remained relatively unscathed (figure 1). For example, ZIP code 20608 (in Aquasco) had a NOI rate of just 6.0 percent and in 20740 (in College Park), 6.9 percent of residences received a NOI (table 1).

Median Days Delinquent

Although a NOI can be filed as soon as a borrower misses a single mortgage payment, servicers typically wait until a loan falls further behind before initiating a foreclosure process. How far behind a homeowner is on his/her mortgage payments can be an important factor in whether that homeowner can find a solution to avoid losing the home to foreclosure. ZIP codes that had borrowers who were more delinquent on their payments at the time the notice was issued were not necessarily the same as those with the highest rates of NOI activity.

Countywide, the median borrower receiving a NOI in 2011 was two-and-a-half months (79 days) behind on monthly loan payments (figure 3).

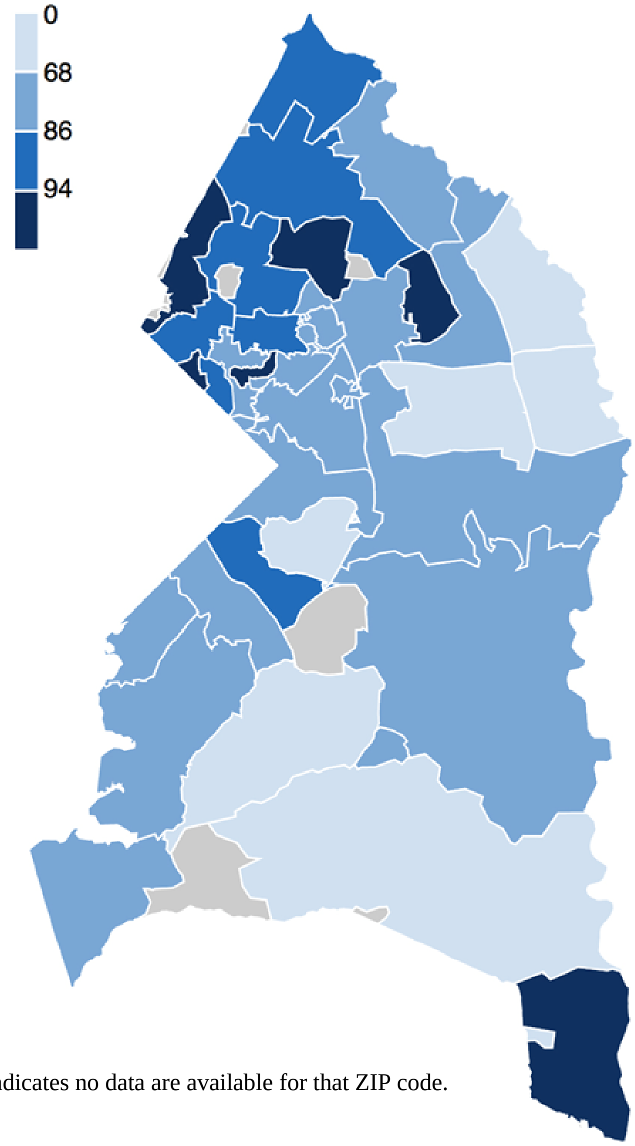
Figure 3. Median Days Delinquent, Prince George's County, 2011



Sources: Maryland Department of Labor, Licensing, and Regulation (DLLR) data compiled by NeighborhoodInfo DC.

But, as with NOI rates, this number varied widely across ZIP codes (figure 4). For example, ZIP code 20783 (in Adelphi) had a median delinquency of 148 days—or nearly six months behind—while ZIP code 20712 (in Mount Rainier) had a median delinquency of 115 days. In contrast, in ZIP code 20613 (in Brandywine) the median borrower receiving a NOI was only 67 days behind and in ZIP code 20715 (in Bowie) the median NOI borrower was 68 days delinquent.

Figure 4. Median Days Delinquent by ZIP Code, Prince George's County, 2011



Grey indicates no data are available for that ZIP code.

Source: Maryland Department of Labor, Licensing, and Regulation (DLLR) data compiled by NeighborhoodInfo DC.

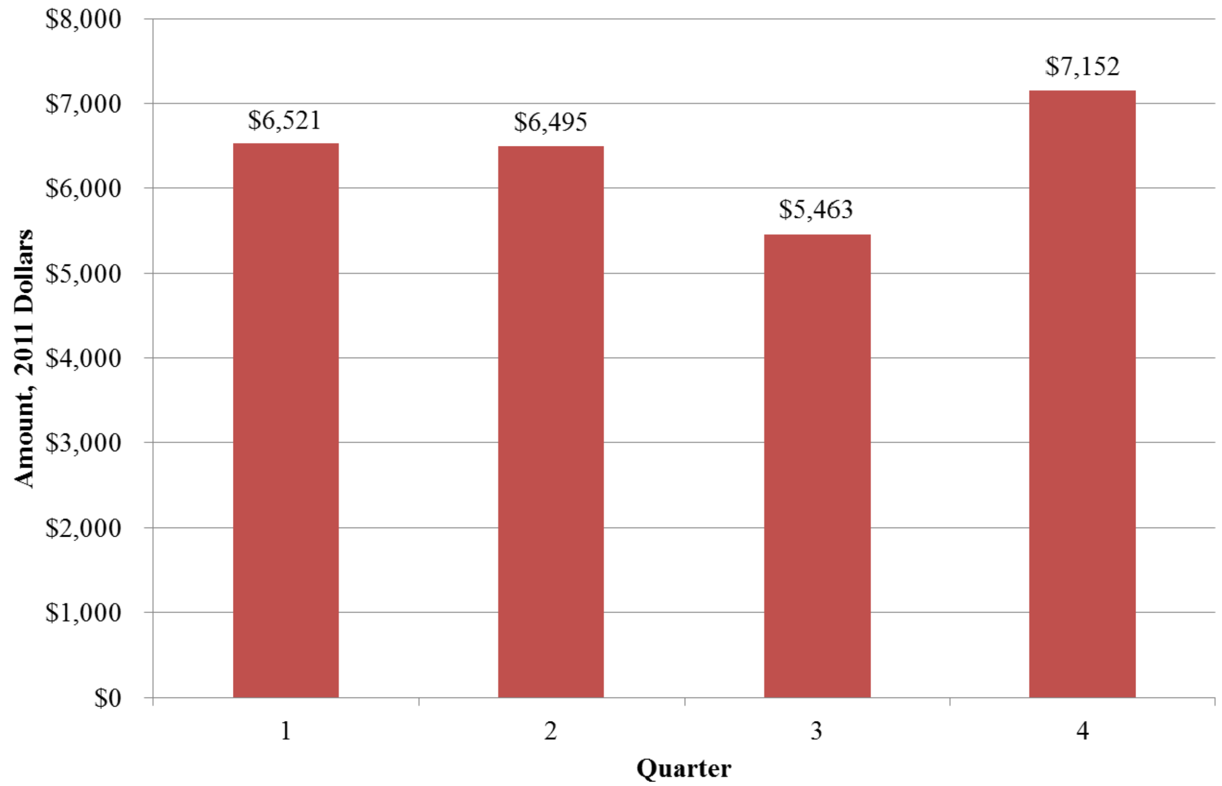
Interestingly, the ZIP codes that experienced the lowest rates of NOI activity largely coincided with the ones that were the furthest behind. These areas were generally north of the District of Columbia, both inside and outside the beltway. In contrast, the areas with the highest NOI rates had mortgages that were fewer days behind and included ZIP codes in the eastern and southern parts of the county.

One possible explanation for this pattern is that some servicers might initiate foreclosure proceedings sooner than others; those same servicers might have loans that are clustered in certain ZIP codes. Indeed, the number of days behind varies by servicer. Among the top 10 mortgage servicers in the county, the lowest was Wells Fargo, issuing NOIs with a median of 46 days' delinquency in 2011, while the highest was Ally/GMAC, with a median NOI that was 226 days delinquent. Nonetheless, NOI activity by servicer was distributed evenly throughout the county, and so it would seem that variation in NOI days delinquent by ZIP code cannot be explained simply by general servicer behavior. Other mechanisms, which cannot be discerned from these data, may be at work to produce these differences.

Median Cure Amount

The cure amount—the total dollar value of late payments, penalties, and fees listed on the NOI—provides yet more evidence that areas with relatively low rates of issuing NOIs might nevertheless be home to borrowers who face more serious delinquency problems. In the county overall, borrowers who received a NOI in 2011 owed the mortgage servicer a median cure amount of $6,400 (figure 5).

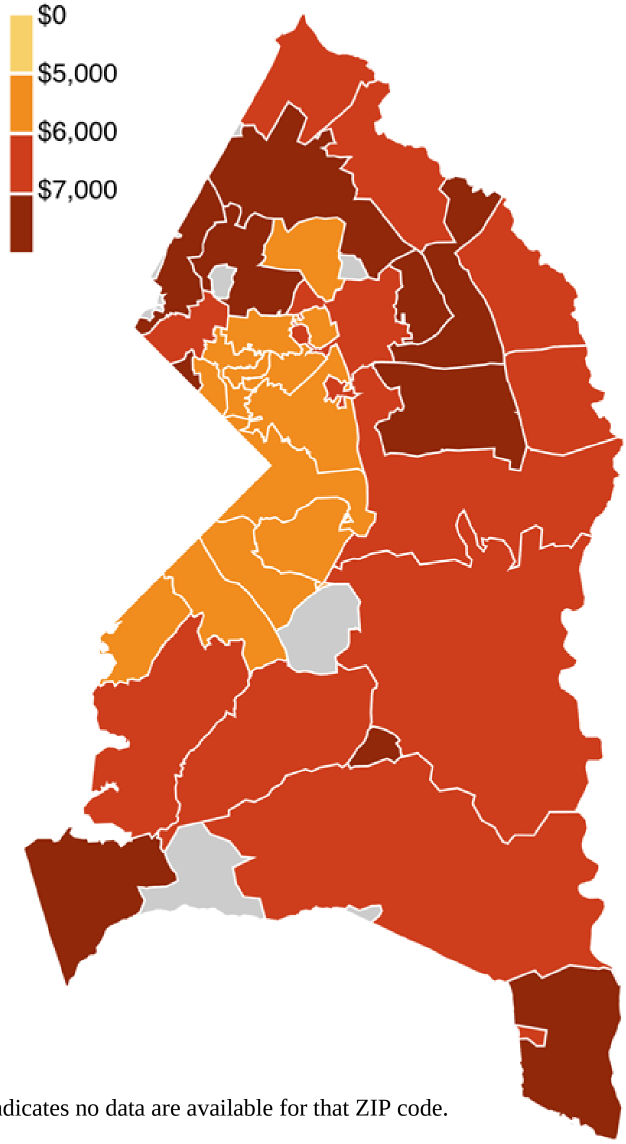
Figure 5. Median Cure Amount, Prince George's County, 2011



Sources: Maryland Department of Labor, Licensing, and Regulation (DLLR) data compiled by NeighborhoodInfo DC.

In some ZIP codes, however, borrowers tended to be further behind than others (figure 6). In ZIP code 20769 (in Glenn Dale), for example, the median borrower receiving a NOI owed over $10,400, while nearby ZIP code 20720 (in Bowie) had a median cure amount of over $8,000. In contrast, ZIP code 20743 (in Capitol Heights) had a relatively low median cure amount of $5,000.

Figure 6. Median Cure Amount by ZIP Code, Prince George's County, 2011



Grey indicates no data are available for that ZIP code.

Source: Maryland Department of Labor, Licensing, and Regulation (DLLR) data compiled by NeighborhoodInfo DC.

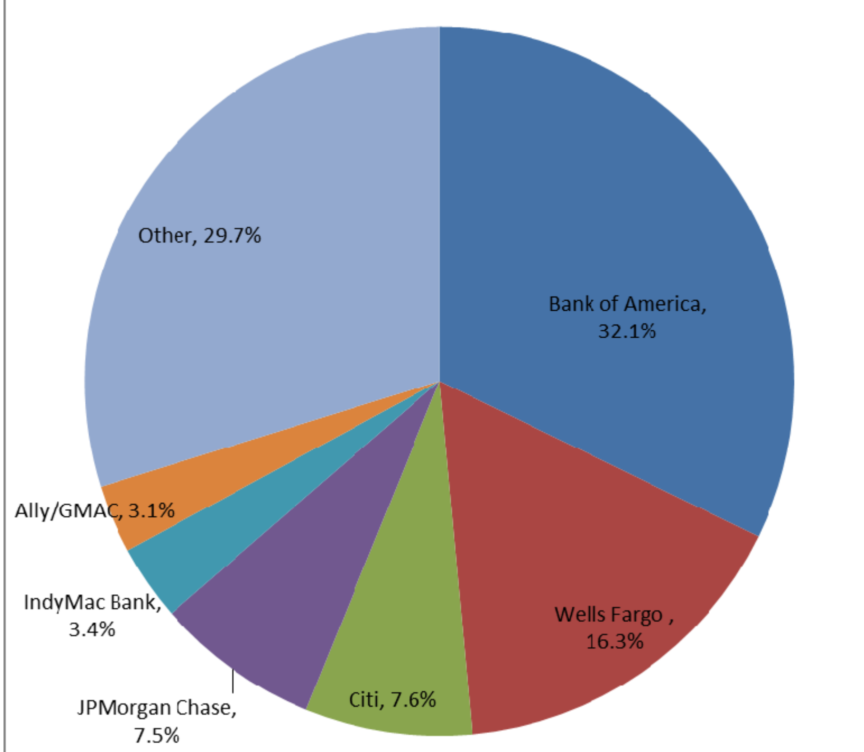
The ZIP codes with highest median cure amounts generally coincided with the ZIP codes that had more days delinquent and lower NOI rates. These ZIP codes were largely outside the beltway and in the northern third of the county. For example, the median cure amount for ZIP code 20769 (in Glenn Dale) was over $10,400, coupled with a median delinquency of 100 days. With a notice rate of 13 percent, 20769 fell in the middle of the pack. In contrast, ZIP code 20747 (in Forestville) had median cure amounts and days delinquent of $5,300 and 68, but a notice rate of over 25 percent.

Two ZIP codes in the extreme south of the county exhibited the same pattern. ZIP code 20608 (in Aquasco), for example, had NOIs with median cure amounts of nearly $9,300 and median delinquencies of 113 days. The ZIP code's overall NOI rate was just 6 percent, however: despite the severity of delinquency for individual borrowers, relatively few homeowners in the ZIP code were, in fact, affected by foreclosure. ZIP code 20607 (in Accokeek) displayed a similar trend.

Special Focus: The Attorneys General Settlement and Mortgage Servicers in Prince George's County

The recent revelation of so-called robo-signing and other irregularities in foreclosure initiation practices by nationwide mortgage servicing institutions resulted in a $26 billion settlement geared toward addressing the still-pervasive foreclosure crisis. The 49 states and the District of Columbia that were parties to the settlement will each receive funds from five national mortgage servicers. Much of the money will be earmarked for borrowers in need of loan modifications, borrowers current with their loan payments but owing more than their home is worth, homeowners who lost their homes to foreclosure, and nonprofit organizations dedicated to addressing the crisis. Maryland's share of the settlement will reach nearly $1 billion; Prince George's county will likely be best served by a focused and coordinated approach by the county's nine district council members, the county executive, and its nonprofit housing counseling organizations.[5]

Figure 7. Percentage of Notice of Intent to Foreclose by Servicer, Prince George's County, 2011



Source: Maryland Department of Labor, Licensing, and Regulation (DLLR) data compiled by NeighborhoodInfo DC.

The data show that the five banks involved in the settlement, Bank of America, Wells Fargo, Citi, JPMorgan Chase, and Ally/GMAC, were five of the six largest mortgage servicers issuing NOIs in Prince George's County in 2011 (figure 7). Together, these servicers accounted for 22,728 NOIs, two-thirds of the total, and countywide the settlement servicers initiated NOIs for 1 of every 10 residences. Bank of America alone issued 32 percent (11,135) of NOIs in the county in 2011, and Wells Fargo issued 16 percent (5,485). Ally/GMAC, the smallest presence of the five settlement banks, serviced 1,045 NOI-receiving mortgages, 3 percent of the total. There was no discernible geographic pattern to the incidence of NOIs by servicer; loans from the five settlement servicers were evenly distributed throughout the county.

The median delinquency for NOIs issued by the five servicers was 76 days, and the median cure amount was $6,200. Both were similar to, but somewhat lower than, the county's overall median delinquency of 79 days and cure amount of $6,400. Ally/GMAC's loans were by far the most delinquent at the time the notice was issued, with the median borrower 226 days and $15,000 behind. Bank of America was second, with 125 days and $8,000. Wells Fargo and Citi initiated foreclosure proceedings relatively quickly after loans fell into delinquency, however. Their median days delinquent were 46 and 57 and their median cure amounts were $4,300 and $4,700, respectively.

The settlement funds apply only to loans serviced by the five banks and, in some cases, only those mortgages both serviced *and* owned by the banks. While not all loans by the settlement servicers are eligible under the settlement (and some mortgages that went into foreclosure before 2011 or that may not yet be in foreclosure are eligible), many recent NOI recipients could receive relief. The NOI data presented in this brief, therefore, provide one means of determining how to target outreach and assistance.

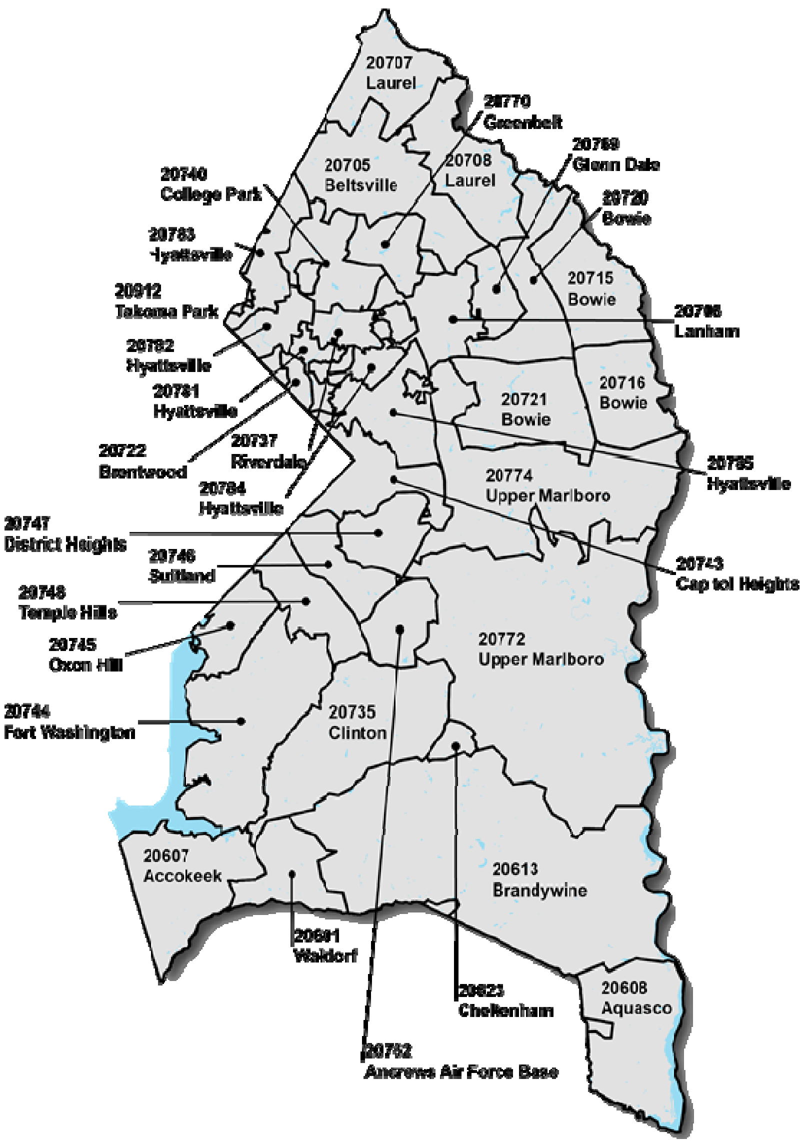
For example, a portion of the funding will be available in the form of neighborhood stabilization grants, allocated through a competitive RFP.[6] Prince George's County has already expressed desire to target these proposals to foreclosure "hot spots." As discussed, the crisis did not affect all parts of the county equally, and therefore a "one size fits all" countywide plan for targeting relief, outreach, and stabilization may not be the most effective. For example, large rural ZIP codes in and near Upper Marlboro received nearly one-third of all NOIs in 2011; efficient outreach and targeting mechanisms will be necessary to reach all affected homeowners in those areas. This part of the county is not where the deepest delinquencies were found, however. It is possible, therefore, that loan modification and financial counseling strategies could have a greater impact.

In contrast, ZIP codes like 20743 (in Capitol Heights) and 20785 (in Landover)—populous and inside the beltway—had the highest rates of NOI activity (above 18 percent). Those areas may benefit more than others from neighborhood stabilization and housing transformation resources.

Conclusion

As Prince George's County continues to work through issues created by the foreclosure crisis, the data presented in this brief, and on NeighborhoodInfoDC.org, can facilitate developing effective strategies and responses to help affected homeowners and neighborhoods. The data may further assist in writing effective proposals that demonstrate an understanding of local conditions and need, and thus gain funding from the national mortgage settlement and other sources. NeighborhoodInfo DC will publish updates of these data, as they are available, to help track progress on addressing the foreclosure crisis.

Figure 8. ZIP Codes in Prince George's County, 2011



Since the start of the national foreclosure crisis, Neighborhood Info DC has monitored the activity and health of the Washington, DC, region's housing market. Its analysis extended in 2011 into Prince George's County, Maryland, an inner-ring suburb. This brief is the second in a three-part series about Prince George's. The first brief provided a wide-angle demographics analysis; who lives in Prince George's County currently, and how has the population changed in the last decade? The third brief will detail the state and composition of the Prince George's housing market, including sales price and volume trends, and how they compare to other jurisdictions in the region. This brief addresses the persistent effects of the national foreclosure and credit crisis of 2008 by summarizing foreclosure activity in Prince George's County throughout 2011 using the latest loan-level Notice of Intent to Foreclose data. We provide countywide averages, as well as the individual changes in the county's ZIP codes. The entire series, along with interactive maps and other data on Prince George's County, can be found at http://www.NeighborhoodInfoDC.org/PrinceGeorges.

Zach McDade, Rebecca Grace, Graham MacDonald, Peter A. Tatian, and Jennifer Comey contributed to this brief.

[1]NeighborhoodInfo DC. 2011. Washington D.C. Metropolitan Area Foreclosure Monitor: County Profiles Arlington County. Washington, DC: The Urban Institute.

[2]An overview of the foreclosure process can be found on the DLLR web site: http://www.dllr.state.md.us/finance/consumers/mortforeinfo.shtml.

[3]*Washington Post*. 2012. "A Slow Housing Rebound for Prince George's County." http://www.washingtonpost.com/local/2012/03/03/gIQAYpcipR_graphic.html.

[4]Neighborhood Info DC. 2011. *Washington, D.C., Metropolitan Area Foreclosure Monitor—Summer 2011*. Washington, DC: The Urban Institute. http://www.urban.org/url.cfm?ID=412383.

[5]Office of the Maryland Attorney General. 2012. "Mortgage Servicing Settlement: Allocation of Settlement Funds for Housing Counselors, Legal Services and Other Housing Initiatives." http://www.oag.state.md.us/mortgageSettlement/AllocationSettlementFunds.pdf.

[6]Office of the Maryland Attorney General. 2012. "Attorney General Douglas F. Gansler and Governor Martin O'Malley Outline Funding for Homeowners and Communities Affected by Housing Crisis." http://www.oag.state.md.us/Press/2012/053012.html.

NeighborhoodInfo DC— a project of the Urban Institute and the Washington D.C. Local Initiatives Support Corporation (LISC).
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NeighborhoodInfo DC works to support community organizations, neighborhood residents, and government as they work to improve the quality of life for people throughout the District of Columbia.

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