

Montgomery County foreclosures hit two-year low

Report: Actions down 36 percent since late 2008

by Erin Cunningham | Staff Writer | November 17, 2010

Home foreclosures in Montgomery County are at their lowest level in two years, according to a county report released last week.

There were 1,428 foreclosure events in Montgomery County in the third quarter of the year — July through September — data shows, a number that is down about 10 percent from the previous quarter.

Among those county residents who narrowly escaped foreclosure is Carol Smouse, who nearly lost her Germantown home last year when she was laid off from her job as a saleswoman and couldn't pay her bills.

After losing her job in February 2009, Smouse, 50, was able to make her \$1,500 mortgage payments for about two months using money from her savings and retirement funds.

"Eventually I ran out of money and was unable to make my payments," she said.

About a year after she stopped making payments, Smouse says her home was scheduled to be sold by the bank. Smouse credits a last-minute loan modification for helping her stay in her home, in which she still lives.

The nonprofit Housing Initiative Partnership helped Smouse negotiate a deal with her lender to pay back the money she owed for a year of missed payments by extending her loan by 10 years and increasing her payments by \$200 a month.

"Basically all they did was give me an opportunity to pay back what I owed for a year instead of foreclosing on me," she said. "It's not like I got any deal. The only deal I got was I keep my house. I owe more and pay more."

Still, Smouse counts herself lucky.

Foreclosure events in the county have decreased more than 35 percent since the height of the foreclosure crisis, which occurred between July 1 and Sept. 30 of 2009, the report states. Foreclosure events also are at their lowest level in two years, when 1,124 events were recorded in the third quarter of 2008.

Foreclosure events include notices of default, notices of foreclosure sales and lender purchases of foreclosed properties. The median home price in Montgomery County is about \$355,439, according to a recent CountyStat report.

State officials credit the decline to Maryland's new foreclosure mediation law, which went into effect July 1. Under the law, when a lender notifies a homeowner about possible foreclosure, the lender also must provide details about options available to homeowners, including information about loan modification programs.

The majority of Montgomery County's foreclosure events were in Montgomery Village, Darnestown, Burtonsville and Germantown — in the 20886, 20877, 20874, 20876 and 20866 Zip Codes, state data shows.

The Housing Initiative Partnership, which assisted Smouse, has offices in Germantown and Hyattsville. It sees between 60 and 70 new clients each month, and is one of three housing counseling agencies with which Montgomery County contracts.

The others are HomeFree-USA, a nonprofit homeownership development, foreclosure intervention and financial empowerment organization with a location in Gaithersburg, and the Washington, D.C.-based Latino Economic Development Corporation, an organization that works on small business development, homeownership counseling and affordable housing preservation.

The Housing Initiative Partnership offers foreclosure counseling, debt management, budgeting and other services for families having trouble making mortgage payments, said Carmen Castro-Conroy, a manager counselor.

Rick Nelson, director of the county's Department of Housing & Community Affairs, said the county has held about 145 workshops to assist homeowners; many of the workshops have been conducted in areas with high foreclosure rates.

According to a county report released Nov. 9, about 4,121 county residents sought counseling over the past year. Of those, 69 were foreclosed on and 1,589 had their mortgages modified to stay in their homes. The report shows that 93 became current in their mortgages.

Carlos Granillo, 48, of Germantown, was able to modify his loan after seeking help from the Housing Initiative Partnership — lowering his payments from \$1,200 a month to \$661.

Granillo purchased his home in 2003, but said he was unable to make his payments when he was laid off from his job as a maintenance man in September 2009. Granillo says he still hasn't found a job, but applies for openings almost daily.

In May, Granillo's mortgage company, Wells Fargo, approved him for a reduced interest rate that helped lower his payments, Castro-Conroy said. Granillo will pay 2 percent interest on his loan for the next five years, and his interest will max out at about 4.87 percent in the eighth year of the loan, she said.

"I'm able to pay the mortgage," Granillo said. "But I pay less than I used to."

Tom Goyda, vice president of communications at Wells Fargo, said the company has modified loans for 556,868 customers from the beginning of 2009 through the end of September.

"Our No. 1 goal is to keep people in their homes whenever possible," he said. "Foreclosures are bad for the customer, bad for the community and bad for (our company)."

Less than 2 percent of the company's home loans nationwide have gone to a foreclosure sale over the past year. Goyda did not know the number of home loans the company oversees.

In the third quarter of the year, Montgomery County had the fourth-highest number of forecloses in Maryland — behind Prince George's County, Baltimore City and Baltimore County. About one-third of the state's foreclosures are in Prince George's County.

There were 14,087 foreclosure events statewide between July and September, state data shows — down 9.9 percent from the previous quarter and 4.8 percent below the same period last year.