

The current housing crisis in maryland

[History](#)



Abstract

The current housing crisis in Maryland has devastated much of the inner city of Baltimore and surrounding counties. The economic collapse of 2008 has left many Maryland residences unemployed or underemployed. The direct impact of the economic collapse has left homeowners wondering how they will pay their mortgages and keep food on the table. Maryland homeowners have been struggling to make ends meet. Some of the issues that are being faced have to do with the predatory lending practices of some mortgage lenders. President Obama signed an agreement to bailout some banks in hope to spare families from losing their homes.

Those hopes did not pan out well. There was another bailout of \$25 billion dollars allotted in Feb 2012 to help homeowners and reduce mortgages to the principal home values. Thus far the mortgage industry has done as little as possible to hold up their end of that bargain. We need to get educated and hold these predatory lenders accountable. The Current Housing Crisis in Maryland By a show of hands, how many people are in a financially challenging situation with paying their mortgage? Do you know that you may very well be a victim of predatory lending practices?

You may be asking yourself what is predatory lending. Some of us are familiar with the term. For those who are not, I will explain what a predatory lender is and the effect they have had on our communities. Predatory lenders and the tactics they use to originate loans with unsophisticated buyers are unfair. We now have predatory legal and rescue services popping up everywhere with the defense that they are here to help us. I intend to

provide you with information to free legal services and information to assist in the fight to hold the mortgage lenders accountable for what they are doing.

I am a Baltimore City resident who is upside down in my mortgage. I owe more on my home than it is worth in today's market. I am currently in the fight to have my mortgage lender do what is right by lowering my principle home value to a fair market price. I currently owe double what my home is worth. Many of us are upside down, have high interest rates or are currently in foreclosure. We are looking for relief from the banks that don't seem to care much about where our families will sleep once we lose our homes. We need to embarrass them for the way they are treating minorities and low-moderate income families.

Predatory lending practices are a huge contributing factor in the current economic crisis. Many families lost income and the home values have been declining drastically. Saving our homes from foreclosure is the main focus of many families in Maryland. I intend on exposing predatory lending practices that homeowners may not be aware of. The lack of strong regulations in Maryland has allowed unscrupulous mortgage lenders to take advantage of unsophisticated homeowners. Predatory lending has had a devastating effect on individuals and families.

The term " predatory lending" has been used to describe a broad range of loans that are not common in the prime market. These loans do not offer any benefit to the borrower. Some of the most common predatory practices are:

- Excessive fees and points

- Ignoring borrower's ability to repay
- Balloon payments
- Interest only loans
- Excessive interest rates
- Concealing the true cost of the loan

Federal regulators have warned banks that non-traditional mortgages such as interest-only loans may lead to a rash of defaults when the principal must be paid or interest rates increase.

With such loans, the homeowners are not paying towards the principal on the loan, only the interest. Interest rate increases could have a devastating effect on the mortgage payment monthly. Adjustable rates have the same devastating effect on homeowners. The interest rate is not guaranteed and could fluctuate greatly on a per month basis. With adjustable mortgage loan terms homeowners have no clue on what the loan would eventually cost them. This lending practice is a “ set up to fail” proposition. Underemployment and lack of employment has been the peripheral nail in the coffin for many Maryland families.

Many families have lost at least one household income and a few have lost both incomes. Income loss combined with the volatile housing market has crushed the American Dream for many homeowners. People who were able to find work after economic crisis, had to take drastic pay cuts which were not adequate to support their current needs. With the economic downturn families are left to pay for homes they cannot afford. This crisis occurred when the mortgage bubble burst. Many homes were being sold for much more than their fair market value.

<https://assignbuster.com/the-current-housing-crisis-in-maryland/>

Once the bubble burst the home value depreciation was steep and sharp. People lost 20-40% of the equity in their homes. Although there are many programs available to help homeowners, the majority of them are unable to help homeowners who are under water on the mortgage due to the lost equity in their homes. Some foreclosures are voluntary. When the bubble burst, homeowners found themselves owing 100, 000s more than the homes were worth. Those homeowners decided that paying off the mortgage was indeed a bad deal. So they just walked away from the properties.

The new dagger in homeowners back is the rise in property taxes. The city government needs money so they have raised the taxed values of homes to bring in more money regardless if the home values are decreasing. Homeowners are losing their homes because their mortgage payments did not include an escrow for homeowners insurance and taxes. Once a homeowner becomes delinquent on their property taxes, they have to pay the past due amount in addition to the current amount due. For the Maryland residence that find themselves in foreclosure, please seek assistance sooner than later.

Maryland laws do not demand that you are notified of the Intent to foreclose. Within your originating loan documents you signed either a " power of sale" or " assent to decree" which essentially is an ex parte order to sell your property if you are in default. In addition, the predatory lenders make it impossible to become current again once the mortgage is in default. They can add servicing fees such as late fees, force placed insurance, inspection fees, etc. to make it difficult to bring the account current. We as homeowners have the right to stay in our homes.

Homes we have cared for over the years. The banks should not have the right to evict us without improving the foreclosure process so we have better and earlier notice and the opportunity to redeem prior to significant costs being incurred. They should reduce the loan principle to the fair market value, adjust interest rates and reevaluate the financial situation of the homeowners. The mortgage industry did a disservice to many of the homeowners in the room. Many of us were uninformed about the repercussions and pitfalls involved with interest only, variable rates and balloon payment loans.

Predatory lending practices contributed directly to the economic crisis of the mortgage industry in Maryland. I would like to provide information to several pro bono legal services and housing resources:

1. Pro Bono Resources Center of Maryland. (410)837-9379 or toll free (800)396-1274 [www. probonomd. org](http://www.probonomd.org)
2. Civil Justice, Inc. [www. civiljusticenetwork. org](http://www.civiljusticenetwork.org)
3. Public Justice Center (410) 625-9409 for tenants who landlords are in foreclosure
4. Community Law Center (410) 366-7777 [www. communitylaw. org](http://www.communitylaw.org)
5. Maryland Hope (877) 462-7555 [www. mdhope. dhcd. maryland. gov](http://www.mdhope.dhcd.maryland.gov)
6. Foreclosure Proceedings in Maryland (Brochure): [http://www. msba. org/departments/commpubl/publications/brochures/foreclosure. htm](http://www.msba.org/departments/commpubl/publications/brochures/foreclosure.htm)

There has been an ongoing investigation into the banking fraud and predatory lending scandal. President Obama signed another bailout of \$25 billion dollars in Feb 2012 to help homeowners and reduce principle mortgage values. The bailout involved Bank of America, Citigroup, Wells <https://assignbuster.com/the-current-housing-crisis-in-maryland/>

Fargo, Ally Financial and JPMorgan Chase. Freddie Mac and Fannie Mae have yet to come on board however they do offer some homeowner assistance with modification of term and underwater loans.

Many look at the bailout as another opportunity to reward the banks for the wrong doing they have done to the citizens and many communities. I was able to look at the bigger picture. This is a way to monitor how many loans are modified and how many principle values are reduced. By providing the bailout this time around there were defined stipulations as to what the funds are to be used for. North Carolina's Banking Commissioner Joseph Smith will serve as the " independent monitor" to enforce the deals and their terms. The bailout does very little for the people who have already lost their homes. They are eligible to receive up to \$2000.