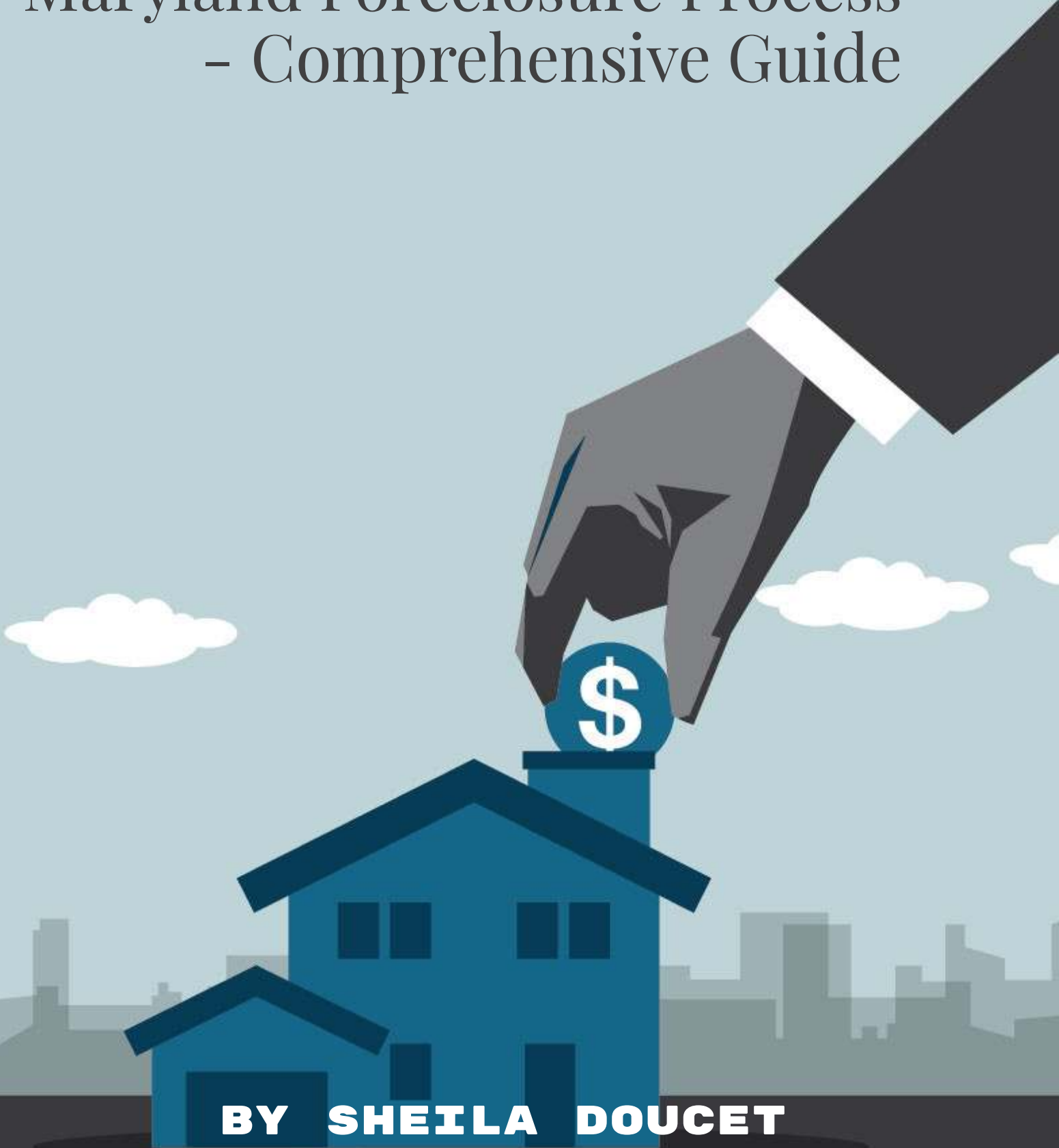


Maryland Foreclosure Process - Comprehensive Guide



BY SHEILA DOUCET

Maryland's Mortgage Foreclosure Process - A Comprehensive Overview



This informative guide provides an in-depth understanding of the foreclosure process in Maryland for owner-occupied residential properties. It includes explanations of essential documents sent to homeowners. Please note that the information presented here does not constitute legal advice. For additional resources and guidance on avoiding foreclosure, you can refer to the "Foreclosure Proceedings in Maryland" section on the [Maryland State Bar Association website](#), as well as the "Foreclosure Help for Homeowners."

1) Missed Mortgage Payment

When a homeowner falls behind on their mortgage payments or breaches other contractual obligations, a series of critical steps are set into motion. The lender or mortgage servicer, the entity responsible for managing the loan, takes the initial step by issuing a formal document known as the "Notice of Intent to Foreclose" (NOI). Typically, this NOI is dispatched when the homeowner has missed three or more consecutive payments, signifying a substantial breach of the mortgage agreement.

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In the state of Maryland, the NOI holds specific legal significance, as it serves as a crucial early warning in the foreclosure process. According to Maryland law, the lender is obligated to send the NOI to the delinquent homeowner at least 45 days before they can officially commence the formal foreclosure proceedings in court. This 45-day period provides the homeowner with an essential window of opportunity to address their mortgage arrears and explore potential alternatives to foreclosure.

The NOI may also incorporate an essential document called a "Loss Mitigation Application." Homeowners are encouraged to complete and submit this application, as it opens the door to various options for mitigating the impending foreclosure. These alternatives can include loan modifications, forbearance agreements, short sales, or deeds-in-lieu of foreclosure. Each of these solutions aims to provide homeowners with an avenue to regain financial stability and retain their homes, or at least facilitate a more orderly transition during the foreclosure process.

Notably, Maryland's regulatory framework places an additional layer of oversight on the foreclosure process. State law mandates that the lender or mortgage servicer must provide a copy of the NOI to the Maryland Office of Financial Regulation. This regulatory body takes an active role in monitoring foreclosure activities within the state. They use the NOI data to identify and reach out to homeowners who have received these notices, offering them guidance and assistance in navigating the complex foreclosure process.



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Moreover, the Office of Financial Regulation employs the NOI information for regulatory investigations and oversight of mortgage lenders. This ensures that lenders and servicers adhere to the prescribed legal procedures and requirements, thereby safeguarding the rights and interests of homeowners facing the challenging prospect of foreclosure.

2) Foreclosure Filed in Court

Commencing the foreclosure process involves a series of precise and legally mandated steps. The first of these is the appointment of a local attorney, typically referred to as a Trustee, by the lender. This Trustee is entrusted with overseeing the legal intricacies of the foreclosure procedure in the specific state where the property is located.



Simultaneously, the Trustee's contact information is made available to the homeowner, and this information is officially recorded within the state's Circuit Court system.

Subsequently, the process advances to a crucial juncture known as the submission of an "Order to Docket" (OTD). This document, which may also be referred to as a "Complaint to Foreclose" or a "Notice of Foreclosure Action," formally signals the initiation of the foreclosure proceedings within the court system. In instances where no mutually agreed-upon loss mitigation solution has been reached following the issuance of the Notice of Intent to Foreclose (NOI), or when a decision on loss mitigation is still pending, the homeowner is personally served with the OTD. In cases where there is no one available to accept the service, the notice is physically attached to the front door, and photographic evidence is gathered to substantiate the service.

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Crucially, the timing of the OTD is determined by the loan's specific circumstances. Generally, it can be filed in court as early as 90 days after the initial missed payment. However, if the loan is covered by federal law, the minimum time frame extends to 120 days. Maintain open communication with your lender to keep them informed of your plans and to explore any potential alternatives to foreclosure.

Take a close look at your financial situation and determine if there's a possibility to bring your mortgage current or negotiate with the lender to modify the loan terms. Sometimes, this may be a viable option.

If bringing the mortgage current is not an option, or other options from your lender are not available, it may be advisable to work with a real estate agent that has experience dealing with distressed properties to preserve your equity you may have in the property. They can help you market the property effectively and navigate the complexities of the process.



Within the OTD, you will also find either a "Preliminary Loss Mitigation Affidavit" or a "Final Loss Mitigation Affidavit." The type of affidavit included depends on the lender's actions in relation to loss mitigation. A Preliminary Loss Mitigation Affidavit is included when the lender or loan servicer has not yet initiated or completed the loss mitigation review. This document is essentially a placeholder, signifying that the review is in progress.

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Once the loss mitigation review is finalized, and if it reveals no viable alternatives to foreclosure, a Final Loss Mitigation Affidavit is formally filed and sent to the homeowner. For homeowners who meet specific criteria, this affidavit will include a crucial document known as a "Request for Foreclosure Mediation" form. Participation in mediation becomes an option for the homeowner upon receipt of this form. To engage in this mediation process, the homeowner must duly complete and submit the form within a specified deadline, thus initiating a separate avenue for addressing the impending foreclosure.

3) Foreclosure Mediation (optional for eligible homeowners)

Foreclosure mediation is a crucial and voluntary process that brings together the homeowner, their lender or servicer, and a neutral third party often referred to as an "administrative law judge." This mediation opportunity typically arises when the lender suspects that there might have been errors during the foreclosure process, making it a vital tool for homeowners facing foreclosure. However, it's essential for the homeowner to actively advocate for this hearing.



The primary goal of foreclosure mediation is to create a platform where all parties involved can engage in open and constructive discussions about potential alternatives to foreclosure. Homeowners are given a 25-day window following the receipt or mailing of the Final Loss Mitigation Affidavit to request foreclosure mediation. To initiate this process, homeowners need to swiftly submit the "Request for Mediation" form, along with the required \$50 fee, to their county Circuit Court. Upon receiving this request, the court will forward it to the Office of Administrative Hearings (OAH), which, in turn, assigns an administrative law judge and schedules the mediation session. Typically, mediation occurs within 60 days from the date the request is transmitted.

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For homeowners who have requested mediation, staying vigilant and closely monitoring their mail is crucial. Notifications regarding the mediation date will be sent via mail, and it's imperative to ensure you don't miss any communication. Failing to attend the scheduled mediation can have serious consequences, as OAH will promptly inform the court, and this can lead to the scheduling of a foreclosure sale.

To increase the chances of a successful mediation outcome, homeowners should come prepared with all their loss mitigation documents and relevant information. This preparation is essential as it allows for a more productive and informed discussion during the mediation session.

Furthermore, homeowners facing the daunting prospect of foreclosure should also explore additional assistance and legal support available to them. Accessing legal assistance and further information on foreclosure mediation can be invaluable in navigating the complex process and securing the best possible outcome for their unique situation. Feel free to contact me for these trusted resources.

4) Foreclosure Sale and Eviction

The foreclosure sale, also referred to as the "foreclosure auction," is a critical juncture in the process where the lender or servicer sells the property securing the mortgage loan. The timeline for this sale hinges on whether the homeowner requests mediation. If mediation is not requested, the sale can take place as soon as 45 days following the receipt of the Final Loss Mitigation Affidavit, or 30 days from the mailing date of this affidavit to the homeowner. In case mediation is sought, the sale can proceed as early as 15 days after a mediation hearing if no agreement is reached.



After the foreclosure sale, there is a 30-day window from the date of the sale report for the homeowner to file an objection in court. In the event that no objections are submitted, or if they are overruled by the judge, the court will validate the sale. This validation is an essential step before the transfer of title ownership to the purchaser. It is imperative for homeowners to be aware that eviction can occur as soon as 15 days after the court ratifies the sale. Therefore, it is strongly advisable for homeowners to plan for alternative housing earlier in the process to prevent a forced eviction. If a homeowner vacates the property before the lender or another purchaser takes possession, they may still be liable for property maintenance, taxes, and associated charges.

5) Conclusion

Losing your property to foreclosure, even when you have equity in it, can be a highly distressing and unfavorable situation for several reasons. Here are five compelling reasons why a person should strive to avoid foreclosure:

- 1. Loss of Investment:** The equity in your property signifies a substantial financial investment. Foreclosure equates to forfeiting this investment, which can be particularly painful if the property's value has appreciated over time.
- 2. Damaged Credit Score:** Foreclosure can inflict severe damage on your credit score. This, in turn, can hamper your ability to secure future loans, obtain favorable interest rates, and might even influence your employment prospects in certain cases.
- 3. Emotional Stress:** Foreclosure can exact an emotional toll, resulting in feelings of shame, helplessness, and anxiety. The difficulty of losing a property with equity can be especially profound, as it may feel like relinquishing a valuable asset with long-term potential.

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4. Relocation Costs: Following a foreclosure, securing alternative housing can be a costly affair due to the credit blemish. Moving expenses, security deposits, and the potential for increased rent can place a significant financial burden. If your property held equity, it might have offered stability in your housing situation.

5. Tax Consequences: Depending on your circumstances, a foreclosure may carry tax implications, such as potential *deficiency judgments*, cancellation of debt income, and other tax obligations. These can further exacerbate the financial fallout of losing your property.

It's absolutely critical to immediately explore alternatives to foreclosure. You must act swiftly and consider options such as loan modification, a short sale, or selling your property before it falls into foreclosure. These pathways are of utmost importance in safeguarding your equity and avoiding the severe repercussions typically associated with foreclosure.

Seeking assistance at the earliest possible stage is crucial. I have successfully assisted numerous homeowners in navigating this challenging process, and I can't stress enough the need for immediate action. If you're uncertain about the next steps or require guidance, please do not delay – reach out to me right away. Your prompt action could be the key to a more favorable outcome. I can be reached by email at Realestatepro85@gmail.com or **301.440.4224**.



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