

HW focus

HOUSINGWIRE'S CONCENTRATED LOOK AT INDUSTRY ISSUES
DECEMBER 2012 ► **DEFAULT SERVICING**

THE SERVICING DRUMBEAT:

• COMPLIANCE •

SERVICERS FACE
MULTIFACETED LAYERS
OF REGULATION
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Policies & Regulations

Success in uniformity

Statewide approach to vacant property registries provides consistency



By Robert Klein

MORTGAGE SERVICERS ARE under greater regulatory pressure to comply with state and local laws and codes than ever before. Much of it is directly related to foreclosed or vacant property registration ordinances.

Foreclosed or vacant property ordinances benefit both municipalities and the mortgage servicing industry in that they help reduce blight and protect neighborhoods. However, a lack of uniformity makes it difficult for servicers to comply with hundreds of ordinances and their unique requirements.

Safeguard Properties tracks about 840 vacant property reg-

istry ordinances across the country. Each one has its own requirements, penalties and fees that servicers must track and comply with to avoid costly code violations and fines.

liens. The taskforce created the statewide foreclosed property registry as a central resource to obtain timely contact information for lien holders or servicers. Maryland's taskforce has taken its response to the housing crisis a step further. Earlier this year, it released a report that outlines initiatives and legislation to aid in the recovery of the housing crisis. In the report, the group recommended several legislative actions. Two concepts in that report are aligned with the goals of the mortgage industry – enhancing loss mitigation and strengthening neighborhoods.

GEORGIA HOUSE BILL 110

Georgia's vacant property ordinance takes a different ap-



proach but still promotes uniformity. The state passed House Bill 110, effective July 1. It regulates what local municipalities can have in their individual ordinances.

The legislation creates uniformity for all pre-existing and future vacant property or foreclosure registries passed by municipalities or counties. It puts limits on the fees and penalties that can be applied to the ordinance. Also, the bill sets the definition of a "vacant real property" and outlines specific regulations for owners of foreclosed and vacant properties.

Other key state legislation Connecticut, Illinois and New Jersey have similar statewide laws regarding vacant property and foreclosure registration. While they do not mandate a statewide registration, they each require notification to the local municipality for every foreclosure filed. Forms and fees are required to be mailed to the individual jurisdictions within the individual states.

OTHER KEY STATE LEGISLATION

Uniformity is critical when it comes to vacant property registrations and foreclosure ordinances. While lien holders strive to comply with the approximately 840 individual municipal vacant property registration ordinances that currently exist across the country, the fact is, the more uniform ordinances are, the more able servicers will be to comply with them.

With that in mind, the next step should be creating a national policy on VPRs and foreclosure ordinances to ensure 100 % uniformity across the country. ■

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MARYLAND HOUSE BILL 1373

Maryland's statewide registry, effective Oct. 1, was created by the state's foreclosure taskforce and is aligned with the goals of the mortgage servicing industry.

The taskforce recognized that local governments have difficulty identifying who is servicing the loan or who is the

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