

# Current Trends in Single & Multifamily Servicing Litigation: Examining the pre-COVID and current trends impacting single family and multifamily residential servicers

**Bradley J. Purcell**

**ReedSmith**  
Driving progress  
through partnership

Examining three topics faced by multifamily and single family servicers

(i) Pre-COVID Litigation Trends

(ii) Impact of COVID and the CARES Act

(iii) Trends and Strategies in Bankruptcy

## Pre-COVID Trends in Multifamily Mortgage Servicing Litigation

- Pre-COVID the multifamily mortgage servicing market was strong
- Close of 2019 - vacancy was 5.5%, effective rents up 2.5%, serious delinquency .04%

## Pre-COVID Trends in Multifamily Mortgage Servicing Litigation

- Historically low defaults limited litigation
- Primary litigation issue was non-monetary defaults – especially property condition defaults

## Pre-COVID Trends in Multifamily Mortgage Servicing Litigation

- Non-monetary defaults can be difficult, especially property condition defaults
- When does a failure to maintain collateral constitute a default
- Will courts allow foreclosure or receivership for non-monetary defaults

## COVID and CARES Act Multifamily Litigation

- Mandatory forbearances up to 90 days for government backed mortgages
- Repayment over 12 months on top of ordinary debt service payments
- Increasing vacancy, lower effective rents, and increased debt service will cause problems

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: Current Trends in Single & Multifamily Servicing  
Litigation: Examining the pre-COVID and current trends impacting  
single family and multifamily residential servicers

Also available as part of the eCourse

[Special Topics in Residential Mortgage Lending](#)

First appeared as part of the conference materials for the  
2020 Special Topics in Residential Mortgage Lending session  
"Current Trends in Single & Multifamily Servicing Litigation"