

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

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ReedSmith
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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

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Litigation: Examining the pre-COVID and current trends impacting
single family and multifamily residential servicers

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