



Defaulting on the Dream:
States Respond to America's Foreclosure Crisis

Alaska

ALASKA'S DISTANCE from the continental United States has not insulated it from foreclosure problems. Primarily over the next two years, one in 39 homeowners is estimated to be in foreclosure as a result of a subprime-related loan—just slightly better than the U.S. average of one in 33 homeowners. Close to one in three Alaskan homeowners will lose thousands of dollars in value in their home as a result of the spillover effects of neighboring foreclosures.



ASSESSMENT: Alaska's residents are fortunate that the state's predatory lending law is stronger than standards set by federal law and includes provisions that restrict subprime prepayment penalties. The state has supplemented the law with available homeowner counseling. Policy makers are considering additional action; foreclosure-related legislation passed Alaska's House of Representatives this year but failed in the Senate.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 39** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **23 percent** of all loans made in 2005-2006 were subprime
- **29 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$4,013** on average from property values
- **\$190 million** is projected to be lost from the combined state and local tax base

How severe is the state's challenge?

Four filled houses represent the most severe challenge.



THE RESPONSE: Preserving a piece of the dream

GOALS	ACTIONS	STATUS*
Avoiding foreclosure	State-funded refinance program	<input type="checkbox"/>
	Loan modification	<input type="checkbox"/>
	Preventing rescue scams	<input type="checkbox"/>
	Counseling available	<input checked="" type="checkbox"/>
Using all your tools	Task force	<input type="checkbox"/>
Pre-empting high-cost lending	High-cost lending laws	<input type="checkbox"/>
	Aligns mortgage broker to consumer interests	<input type="checkbox"/>

■ = action taken □ = no action taken

How responsive has the state been?

Four filled houses represent the most responsive.



*As of January 31, 2008

THE FORECLOSURE NUMBERS:

The projections above are from the Center for Responsible Lending's subprime spillover research. These estimates focus on foreclosures resulting from subprime loans made to owner-occupants in 2005 and 2006. For a full description of the methodology, please see *Defaulting on the Dream: States Respond to America's Foreclosure Crisis*.



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