



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

Arkansas

ARKANSAS' TOTAL FORECLOSURE INVENTORY at the end of 2007 was less severe than in many states. One in 64 Arkansas homeowners is estimated to lose their home, primarily in the next two years, because of a subprime loan. That is better than the U.S. average of one in 33 homeowners. Still, more than one in 10 homeowners will likely have their property values affected by neighboring foreclosures.



ASSESSMENT: Arkansas has responded to the widespread use of subprime lending more quickly than a number of other states. Its tools rest primarily with legislation; the state has approved a comprehensive high-cost lending law and has required brokers to align their practices with consumer interests. However, the state has not offered immediate assistance, such as a refinancing program, to families facing foreclosure.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 64** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **26 percent** of all loans made in 2005-2006 were subprime
- **11 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$1,838** on average from property values
- **\$131 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 type="checkbox"/>
Using all your tools	Task force	<input type="checkbox"/>
Pre-empting high-cost lending	High-cost lending laws	<input checked="" type="checkbox"/>
	Aligns mortgage broker to consumer interests	<input checked="" 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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