



Delaware

AS IN NEIGHBORING MID-ATLANTIC STATES, home prices rose and opportunities for homeownership in Delaware grew significantly in the earlier part of this decade. One quarter of all loans made in 2005 and 2006 were subprime. The slowing housing market, accompanied by the resetting of adjustable mortgage rates, led to foreclosures for one in 45 Delaware homeowners by the end of 2007, according to data from the Mortgage Bankers Association. The state's challenges are expected to worsen. Projections show that one in 43 Delaware homeowners will experience foreclosures, primarily in the next two years, because of subprime loans—and 36 percent of all state homeowners could feel the ripple effects.



ASSESSMENT: Delaware has taken steps to respond to its foreclosure-related challenges. Programs including a fund to provide small emergency assistance loans and a refinancing plan should help homeowners who are struggling to pay their loans in the near term. Beyond a 2007 law that appropriated funds to study consumer protection in Delaware, by the end of 2007, the state had not proposed new policy reforms related to high-cost loans, or offered to help homeowners whose home values will drop due to subprime-related foreclosures.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 43** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **25 percent** of all loans made in 2005-2006 were subprime
- **36 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$4,300** on average from property values
- **\$390 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 checked="" 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*.