



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

Georgia

ONE IN 27 GEORGIA HOMEOWNERS is estimated to be in foreclosure, primarily in the next two years—exceeding the U.S. average of one in 33—and the state is also one of 10 with the highest rates of projected foreclosures resulting specifically from subprime loans made in 2005 and 2006. Already facing a high number of foreclosures—an estimated 67,000 homeowners are in the foreclosure process or 90 days past due on their mortgage payments, according to data from the Mortgage Bankers Association—Georgia is facing a crisis.



ASSESSMENT: Georgia needs to address its foreclosure problem. The state established high-cost lending regulations in 2002. While the law covered different loan types, limited excessive points and fees, required counseling and called for better disclosures to borrowers, Georgia homeowners still suffered from many loans that would be considered high-cost. Additional legislation related to foreclosures and mortgage fraud is pending.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 27** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **29 percent** of all loans made in 2005-2006 were subprime
- **25 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$2,884** on average in property value
- **\$1.8 billion** 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 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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