



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

Hawaii

ONE IN 29 HAWAII HOMEOWNERS is expected to experience foreclosure, primarily in the next two years, due to a high-cost loan—exceeding the U.S. average of one in 33 homeowners. The ripple effects of those foreclosures are projected to hit more than half of Hawaii's homeowners and cost more than \$4 billion in lost property value. While the state's rate of loans in foreclosure and over 90 days past due was barely over half the national average at the end of 2007, according to data from the Mortgage Bankers Association, a significant problem looms for Hawaii.



ASSESSMENT: Hawaii's intervention in its foreclosure crisis has been limited. The state has laws that protect its seniors from mortgage fraud, but its foreclosure challenges are much broader. While the state legislature proposed a number of foreclosure solutions, including a broader rescue fraud statute with greater disclosures to borrowers and stricter notice provisions, none had been enacted by the end of 2007.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 29** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **19 percent** of all loans made in 2005-2006 were subprime
- **54 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$24,768** on average from property values
- **\$4.16 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 checked="" 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 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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