



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

Indiana

ONE IN 37 INDIANA HOMEOWNERS is projected to be in foreclosure, primarily in the next two years, as a result of high-cost loans—just slightly better than the U.S. average of one in 33 homeowners. This forecast compounds Indiana's difficult economic conditions common to the Rust Belt states—where weakness in the manufacturing sector has led to significant job loss. Subprime foreclosures will also likely worsen the state's current housing challenges, in which almost 50,000 Indiana homeowners were in the foreclosure process or over 90 days delinquent on their mortgages at the end of 2007, according to data from the Mortgage Bankers Association.



ASSESSMENT: Indiana has worked more quickly than many states on a broad agenda to address its foreclosure problems. Fortunately already have a stronger predatory lending law in effect than most states, Indiana more recently has reached out to vulnerable homeowners through a media campaign and a counseling hotline. The state has sought to protect consumers through a law to prevent foreclosure rescue scams and a mandate that lenders communicate earlier with borrowers in danger of defaulting.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 37** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **28 percent** of all loans made in 2005-2006 were subprime
- **28 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$1,760** on average from property values
- **\$959 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 checked="" type="checkbox"/>
	Counseling available	<input checked="" type="checkbox"/>
Using all your tools	Task force	<input checked="" 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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