



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

Mississippi

MISSISSIPPI RANKS AS THE STATE WITH THE GREATEST PROPORTION OF SUBPRIME MORTGAGES

issued in 2005 and 2006. More than one in three loans were subprime, a fact that is projected to result in one foreclosure per 49 homeowners, primarily over the next two years. That is better than the U.S. average of one in 33 homeowners. Still, nearly one in six Mississippi homeowners will be negatively affected by the ripple effects of nearby foreclosures; their homes' values could decline by more than \$1,800 each.



ASSESSMENT: Mississippi has taken limited action to protect borrowers and to reach out to homeowners facing foreclosure. Officials have succeeded in implementing a new law to reduce mortgage fraud, and consumer counseling is available. However, as of the end of 2007, the state had not pursued many of the practices considered promising by other states.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 49** homeowners are projected to experience foreclosure on their home as a result of their high-cost loan
- **36 percent** of all loans made in 2005-2006 were subprime
- **16 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$1,860** on average from property values
- **\$144 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 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*.



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