



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

Montana

COMPARED TO MANY OTHER STATES, the proportion of subprime loans in Montana is relatively low. That does not mean the state is immune to problems resulting from foreclosures, though. Projections show that one in 81 Montana homeowners will face foreclosure, primarily in the next two years, because of subprime loans. The ripple effects could cause the state's homeowners to lose about \$2,500 on average in property values and a \$42 million drop in the state and local tax base.



ASSESSMENT: Montana—similar to its neighboring states, South Dakota, North Dakota and Wyoming, that also have lower rates of foreclosure compared with the national average—had not acted to prevent problematic high-cost loans by the end of 2007. The state does provide some assistance to residents who have already entered the foreclosure process; however, the Montana Board of Housing helps fund the Montana HomeOwnership Center, composed of state and local government and nonprofit agencies offering counseling, foreclosure intervention loan funds and a refinance program.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 81** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **18 percent** of all loans made in 2005-2006 were subprime
- **12 percent** of all homes in the state will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$2,526** on average in property value
- **\$42 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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