



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

# Nebraska

**NEBRASKA IS ONE OF JUST FIVE STATES**—including Delaware, North Dakota, South Dakota and Vermont—that did not experience a rise in its foreclosure inventory and loans 90 days past due in the 12 months prior to December 2007, according to the Mortgage Bankers Association's *National Delinquency Survey*. Despite its relatively low rate of foreclosures to date, however, Nebraska has challenges ahead. As adjustable mortgage rates reset higher, more subprime borrowers will fall into foreclosure, and those defaults will likely lead to a decline in property values for more than one third of Nebraska's homeowners.



**ASSESSMENT:** Despite projections that more than one third of the state's homeowners will feel the economic ripple effects of neighboring subprime-related foreclosures, Nebraska is one of just nine states that had taken no action to address the looming challenges by the end of 2007.

## THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 64** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **23 percent** of all loans made in 2005-2006 were subprime
- **35 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are projected to lose **\$1,884** on average in property value
- **\$250 million** is projected to be lost in 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 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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