



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

# New Mexico

**UNLIKE SOME OF ITS CLOSE NEIGHBORS**—Arizona, Colorado, Texas and Utah—New Mexico has not been as hard hit by the foreclosure crisis. But its problems are mounting. According to the Mortgage Bankers Association's *National Delinquency Survey*, almost 5,000 New Mexico homeowners were in the foreclosure process or 90 days past due on their loans at the end of 2007. That figure is expected to grow as subprime borrowers default on their loans due to resetting adjustable mortgage terms that include higher rates and principal payments. In fact, projections show that one in 56 New Mexico homeowners will face foreclosure, primarily in the next two years, because of subprime loans.



**ASSESSMENT:** New Mexico policy makers have taken positive steps to try to mitigate the state's escalating foreclosure problem. The state has established comprehensive high-cost lending laws, created a statewide counseling effort and task force, and launched a foreclosure hotline.

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

- **1 in 56** 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
- **33 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$3,389** on average in property values
- **\$513 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 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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