



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

# New York

## NEW YORK FACES SERIOUS FORECLOSURE

**PROBLEMS**—one in 32 New York homeowners is projected to face foreclosure, primarily in the next two years, because of subprime loans. New York was among the 10 states where foreclosures and seriously delinquent loans—90 days past due—were most prevalent at the end of 2007, according to data from the Mortgage Bankers Association. The ripple effects of foreclosures from subprime loans made in 2005 and 2006 are projected to reduce the property values of more than half of the state's homeowners by an average of \$18,000, and the combined state and local tax base could lose \$65 billion.



**ASSESSMENT:** New York is working to align its actions with the size and nature of its challenges. The state has established laws and programs to help curb high-cost lending and to work with homeowners in danger of default. In 2000, New York enacted the High-Cost Home Loan law, one of the most comprehensive high-cost state lending laws. The state also has laws to combat rescue scams and in 2007 created the Keep the Dream refinance program, equipped with \$100 million to help homeowners refinance out of high-risk loans. Additionally, lawmakers have proposed aggressive legislation to provide borrowers in the foreclosure process a one-year moratorium on foreclosure to give them more time to work out their loans.

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

- **1 in 32** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **25 percent** of all loans made in 2005-2006 were subprime
- **52 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$18,334** on average in property values
- **\$65 billion** 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	■
	Loan modification	□
	Preventing rescue scams	■
	Counseling available	■
Using all your tools	Task force	■
Pre-empting high-cost lending	High-cost lending laws	■
	Aligns mortgage broker to consumer interests	□

■ = 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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