



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

Ohio

OHIO IS A STATE EXPERIENCING GREAT PAIN resulting from the national foreclosure crisis, with one in 37 homeowners estimated to experience foreclosure on their subprime mortgages, primarily over the next two years—just slightly better than the U.S. average of one in 33 homeowners. The decline of the state's economy and housing market is the primary driver of its foreclosure crisis. And as in other Rust Belt states, high-cost lending has contributed to the state's financial woes. Foreclosure filings in the state reached their highest level in 13 years in 2006, and according to the Mortgage Bankers Association's *National Delinquency Survey*, increased further in 2007.



ASSESSMENT: Ohio is among the states battling the most severe economic challenges, and among the leaders in aggressively trying to address the foreclosure crisis. Governor Ted Strickland is leading the charge. In early April, he reached agreement with nine mortgage servicers on a significant effort to modify the terms of adjustable-rate subprime mortgages across the state. In addition, the state has put money aside for troubled homeowners and coordinated programs to help Ohioans keep their homes.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 37** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **27 percent** of all loans made in 2005-2006 were subprime
- **36 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$2,046** on average in property values
- **\$2.85 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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