



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

South Carolina



SOUTH CAROLINA HAS EXPERIENCED FORECLOSURE PROBLEMS

similar to its neighbor, North Carolina. Although it expects a lower rate of foreclosures as a result of subprime loans than the national average (one in 33 homeowners), South Carolina's rate is on the rise, with one in 42 homeowners projected to default within the next two years.

ASSESSMENT: South Carolina is taking promising steps to address its expected foreclosure challenges. State lawmakers have approved legislation aimed at preventing high-cost loan abuse and have provided some assistance to homeowners threatened by foreclosure with the 2003 High-Cost and Consumer Home Loans Act and a statewide consumer education campaign. Additional programs geared toward aiding homeowners already in the foreclosure process and those projected to enter foreclosure in coming years could help lessen the financial burden the state will have to bear if its tax base continues to decrease due to foreclosures.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 42** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **26 percent** of all loans made in 2005-2006 were subprime
- **14 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$2,660** on average in property values
- **\$477 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 checked="" type="checkbox"/>
	Aligns mortgage broker to consumer interests	<input checked="" 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*.



The Pew Charitable Trusts applies the power of knowledge to solve today's most challenging problems. Our Pew Center on the States identifies and advances effective policy approaches to critical issues facing states.

1025 F Street NW | Washington, DC 20004 | www.pewtrusts.org