



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

South Dakota

SOUTH DAKOTA HAS ONE OF THE LOWEST RATES OF FORECLOSURE IN THE NATION—second only to its neighbor, North Dakota. The state is one of five where loans in the foreclosure process or 90 days past due did not increase in the 12 months prior to the end of 2007, according to data from the Mortgage Bankers Association. However, ripple effects from projected foreclosures from subprime loans, primarily over the next two years, will negatively affect the property value of more than one in 10 of the state's homeowners.



ASSESSMENT: At the end of 2007, South Dakota had no programs or laws in place to address its small portion of the nation's foreclosure problem. A significant proportion of the state's homeowners is expected to be affected by foreclosure, in the coming years, however, and policy makers could benefit from considering steps other states have taken to address their foreclosure challenges.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 116** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **18 percent** of all loans made in 2005-2006 were subprime
- **15 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$2,000** on average in property values
- **\$38 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 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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