



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

# Texas

**ONE IN 35 TEXAS HOMEOWNERS** will likely experience foreclosure, primarily in the next two years. This is largely due to the substantial proportion of subprime mortgages issued in Texas in 2005 and 2006—34 percent of all loans—which was second only to Mississippi. The cumulative loss of property value resulting from projected foreclosures may reach \$5 billion statewide.



**ASSESSMENT:** In 2002, Texas lawmakers passed the High-Cost Home Loan Law, regulating high-cost loans and advocating consumer counseling. The state's Department of Housing and Community Affairs recently launched a Foreclosure Prevention Training program offered to housing, social service and local government agencies and counseling agencies in partnership with NeighborWorks America, a nonprofit that seeks to create affordable housing opportunities and provides other assistance. As of the end of 2007, the state had not implemented additional programs designed to assist homeowners facing foreclosure.

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

- **1 in 35** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **34 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 **\$2,156** on average in property values
- **\$4.9 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	<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 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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