



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

Virginia

WITH ONE IN 33 HOMEOWNERS expected to experience foreclosure, primarily over the next two years, Virginia's challenges are immediate. As many as 43 percent of the state's homeowners could be negatively affected by neighboring defaults, with each losing almost \$7,000 in property value—a collective loss of close to \$7 billion in the state and local tax base across Virginia.



ASSESSMENT: Virginia has responded to its foreclosure challenge only through the creation of a statewide foreclosure task force in 2007. As of the end of 2007, the state had not enacted any laws to protect borrowers against abusive high-cost loans or to provide refinance programs or counseling to its homeowners in danger of foreclosure.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 33** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **23 percent** of all loans made in 2005-2006 were subprime
- **43 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$6,712** on average in property values
- **\$6.95 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 checked="" 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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