



Vermont

VERMONT, ONE OF FIVE STATES WHERE THE NUMBER OF LOANS IN FORECLOSURE and 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—can expect to be one of the states least affected by the national foreclosure crisis in coming years. Its projected rate of foreclosures resulting from subprime loans—one in 86 homeowners—is among the lowest nationwide, as is the proportion of homeowners who may feel the ripple effects of those defaults.



ASSESSMENT: Vermont's lawmakers have established a lending law that regulates brokers' actions and protects consumers; however, it is not classified as a high-cost lending law. The state has not taken steps to help homeowners who are entering foreclosure, primarily over the next two years. Although the state is among those expecting fewer than average foreclosures, it is not entirely insulated from the national crisis and should consider practices other states have adopted aimed at helping current homeowners avoid foreclosure.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 86** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **14 percent** of all loans made in 2005-2006 were subprime
- **8 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$3,364** on average in property values
- **\$22 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 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*.