



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

Washington

WASHINGTON ALREADY IS EXPERIENCING A SERIOUS FORECLOSURE PROBLEM

—at the end of 2007, an estimated one in 96 Washington homeowners was in foreclosure or more than 90 days delinquent, according to the Mortgage Bankers Association's *National Delinquency Survey*. But even more trouble is looming. Projections show that one in 39 Washington homeowners will face foreclosure, primarily over the next two years, as a result of subprime loans made in 2005 and 2006.



ASSESSMENT: Washington needs to act—one in 39 homeowners is projected to experience foreclosure. In response, the state established a task force to assess its challenges and propose action. Washington lags behind other states that have adopted high-cost lending and consumer protection laws to protect current homeowners and future borrowers alike.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 39** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **21 percent** of all loans made in 2005-2006 were subprime
- **40 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$5,780** 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 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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