



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

West Virginia

ALTHOUGH WEST VIRGINIA HAS ONE OF THE LOWEST PROJECTED RATES OF FORECLOSURE from subprime loans in the nation, that rate is still likely to increase over the next two years. Almost one in 10 of the state's homeowners could be negatively affected by the defaults, losing on average almost \$2,000 in property value.



ASSESSMENT: West Virginia has taken actions that states with more severe problems have yet to consider. The state enacted comprehensive laws regulating high-cost lending, requires that homeowners are notified before they enter the foreclosure process, and has proposed legislation to protect homeowners against rescue fraud. The state's high-cost lending statute is particularly strong: it covers a broad assortment of mortgage loans, limits fees, requires counseling, bans prepayment penalties, and provides remedies for violations.

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 89** 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
- **9 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$1,960** on average in property values
- **\$80 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 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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