



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

# Alaska

**ALASKA'S DISTANCE** from the continental United States has not insulated it from foreclosure problems. Projected through 2010, one in 39 homeowners could be in foreclosure as a result of a subprime-related loan—just slightly better than the U.S. average of one in 33 homeowners. Close to one in three Alaskan homeowners could lose thousands of dollars in value in their home as a result of the spillover effects of neighboring foreclosures.



**ASSESSMENT:** As of October 2008, Alaska had taken little action to assist homeowners facing foreclosure. Alaska's response does not align with the severity of its challenges. Many states with similar projected foreclosure rates have enacted high-cost lending laws to protect prospective homeowners and have implemented loan-refinance programs for those facing foreclosure.

*\*As of December 2008*

### 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
- **23 percent** of all loans made in 2005-2006 were subprime
- **29 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$4,013** on average from property values
- **\$190 million** is projected to be lost from the combined state and local tax base

### 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/ Mortgage fraud	<input type="checkbox"/>
	Counseling available	<input checked="" 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 type="checkbox"/>

■ = action taken    □ = no action taken

*\*As of October 1, 2008*

### THE FORECLOSURE NUMBERS:

The projections above are from the Center for Responsible Lending's subprime spillover research, updated in February 2008. 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*, released in April 2008 and available at [www.pewcenteronthestates.org](http://www.pewcenteronthestates.org).



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