



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

# Florida

**ONE IN 26 FLORIDA HOMEOWNERS** is estimated to be in foreclosure in the coming years as a result of subprime-related mortgages—exceeding the U.S. average of one in 33—and the state is one of six projected to experience the highest rates of foreclosures, primarily over the next two years. The state's coming challenges only exacerbate its existing struggles. The ripple effects of the state's foreclosures could cause Florida to lose almost \$36 billion from its state and local tax base.



**ASSESSMENT:** Florida has increased its response to its foreclosure crisis, which ranks among the worst nationwide. In addition to its high-cost lending law to protect future borrowers, the state created a foreclosure task force in spring 2008, began offering counseling to distressed homeowners and enacted legislation to prevent foreclosure rescue scams.

*\*As of December 2008*

### THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 26** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **32 percent** of all loans made in 2005-2006 were subprime
- **54 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$9,777** on average in property value
- **\$35.9 billion** 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 checked="" type="checkbox"/>
	Counseling available	<input checked="" type="checkbox"/>
Using all your tools	Task force	<input checked="" 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

*\*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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