



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

Hawaii

ONE IN 29 HAWAII HOMEOWNERS is expected to experience foreclosure by the end of 2010 due to a high-cost loan—exceeding the U.S. average of one in 33 homeowners. The ripple effects of those foreclosures are projected to hit more than half of Hawaii's homeowners and cost more than \$4 billion in lost property value.



ASSESSMENT: Through 2007, Hawaii's response to its foreclosure challenges had been limited to laws protecting seniors from mortgage fraud. In spring 2008, the state broadened the reach of those laws to prevent foreclosure rescue scams across the state. Hawaii has yet to expand its laws preventing high-cost lending abuse for future borrowers, however.

**As of December 2008*

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 29** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **19 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 **\$24,768** on average from property values
- **\$4.16 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 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.



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