



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

Illinois

ONE IN 38 ILLINOIS HOMEOWNERS is likely to experience foreclosure by the end of 2010 as a result of high-cost loans—just slightly better than the U.S. average of one in 33 homeowners. The state's subprime foreclosure crisis threatens to affect the property values of over 60 percent of Illinois' homeowners—a higher proportion of spillover effect than in all but five states.



ASSESSMENT: Illinois policy makers began moving forward years ago on a consumer protection agenda that has developed into one of the nation's strongest responses to the foreclosure crisis. In 2008 lawmakers approved measures to offer a pool of money to refinance loans, to protect homeowners against foreclosure rescue scams and to guard against predatory lending. Its legislative efforts are complemented by consumer counseling and a state foreclosure task force.

**As of December 2008*

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 38** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **29 percent** of all loans made in 2005-2006 were subprime
- **61 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$10,760** on average from property values
- **\$27.3 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	■
	Loan modification	□
	Preventing rescue scams/ Mortgage fraud	■
	Counseling available	■
Using all your tools	Task force	■
Pre-empting high-cost lending	High-cost lending laws	■
	Aligns mortgage broker to consumer interests	■

■ = 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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