



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

Indiana

ONE IN 37 INDIANA HOMEOWNERS is projected to be in foreclosure by the end of 2010 as a result of subprime loans—just slightly better than the U.S. average of one in 33 homeowners. This forecast compounds Indiana's difficult economic conditions common to the Rust Belt states—where weakness in the manufacturing sector has led to significant job loss. Subprime foreclosures will also likely worsen the state's current housing challenges.



ASSESSMENT: Indiana has worked more quickly than many states on a broad agenda to address its foreclosure problems. Fortunate to already have a stronger predatory lending law in effect than many states, Indiana more recently has reached out to vulnerable homeowners through a media campaign and a counseling hotline. The state has sought to protect homeowners through a law to prevent foreclosure rescue scams and a mandate that lenders communicate with borrowers in danger of defaulting. A mortgage lending and fraud prevention task force was convened in March 2008.

**As of December 2008*

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 37** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **28 percent** of all loans made in 2005-2006 were subprime
- **28 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$1,760** on average from property values
- **\$959 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 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.



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