



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

Missouri

ONE IN 38 MISSOURI HOMEOWNERS is likely to experience foreclosure on their home as a result of subprime loans made in 2005 and 2006. Although that statistic places Missouri in the middle of the pack in terms of foreclosure rates—the U.S. average is one in 33 homeowners—the ripple effects from the state's foreclosures will likely cause a decrease in the property values of two in five Missouri homeowners.



ASSESSMENT: The state passed laws in 2007 and 2008 aimed at preventing foreclosure rescue fraud—steps in the right direction. Counseling services, including a foreclosure hotline, are available for distressed homeowners—but the state has done little else to directly assist at-risk and potential homeowners. The state should consider implementing high-cost lending laws, among other actions.

**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
- **30 percent** of all loans made in 2005-2006 were subprime
- **41 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$2,540** on average from property values
- **\$1.8 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 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.



The Pew Charitable Trusts applies the power of knowledge to solve today's most challenging problems. Our Pew Center on the States identifies and advances effective policy approaches to critical issues facing states.

901 E Street, NW | Washington, DC 20004 | www.pewtrusts.org