



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

Nevada

WITH ONE IN 11 HOMEOWNERS estimated to experience foreclosure on their home by the end of 2010, Nevada leads the U.S. with the highest number of projected foreclosures per homeowner resulting from subprime loans made in 2005 and 2006. Subprime lending mixed with affordable housing prices to drive Nevada's recent housing boom and is now propelling the state's foreclosure crisis. The spillover effects of Nevada's subprime foreclosures will likely cause a decrease in property value for three fourths of the state's homeowners—a rate that is second only to Washington, D.C.



ASSESSMENT: Nevada has started to move in the right direction, and in 2007 the state established laws to combat both high-cost loans and rescue scams. It also offers counseling services for distressed homeowners. While Nevada's recent actions demonstrate it is beginning to understand the magnitude of its problem, the state has taken less action than many others with less severe foreclosure challenges.

**As of December 2008*

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 11** 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
- **77 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$11,730** on average in property values
- **\$6.5 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 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.



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