



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

New Mexico

NEW MEXICO HAS NOT BEEN AS HARD HIT BY THE FORECLOSURE CRISIS AS SOME OF ITS NEIGHBORS, but its problems are mounting. Foreclosures are expected to grow as subprime borrowers default on their loans due to resetting adjustable mortgage terms that include higher rates and principal payments. Projections show that one in 56 New Mexico homeowners will face foreclosure by the end of 2010 because of subprime loans, which will likely cause a decrease in property values of one third of the state's homeowners.



ASSESSMENT: New Mexico policy makers have taken positive steps to try to mitigate the state's escalating foreclosure problem. The state has established comprehensive high-cost lending laws, created a statewide counseling effort and task force, and launched a foreclosure hotline.

**As of December 2008*

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 56** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **23 percent** of all loans made in 2005-2006 were subprime
- **33 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$3,389** on average in property values
- **\$513 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 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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