



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

Vermont

VERMONT IS LIKELY TO BE ONE OF THE STATES LEAST AFFECTED. The state's projected rate of foreclosures resulting from subprime loans—one in 86 homeowners by the end of 2010—is among the lowest nationwide, as is the proportion (8 percent) of the state's homeowners who may feel the ripple effects of those defaults.



ASSESSMENT: Vermont's lawmakers have established a lending law that regulates brokers' actions and protects consumers' interests; however, it is not classified as a high-cost lending law. The state has not taken steps to help homeowners who are entering foreclosure, though it has begun providing counseling services. Although the state is among those expecting fewer than average foreclosures, it is not entirely insulated from the national crisis and should consider practices other states have adopted aimed at helping current homeowners avoid foreclosure, such as implementing a high-cost lending law.

**As of December 2008*

THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 86** homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- **14 percent** of all loans made in 2005-2006 were subprime
- **8 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$3,364** on average in property values
- **\$22 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 type="checkbox"/>
Pre-empting high-cost lending	High-cost lending laws	<input type="checkbox"/>
	Aligns mortgage broker to consumer interests	<input checked="" 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