



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

Virginia

WITH ONE IN 33 HOMEOWNERS expected to experience foreclosure by the end of 2010—identical to the national average—Virginia has immediate challenges. As many as 43 percent of the state's homeowners could be negatively affected by neighboring defaults, with each losing almost \$7,000 in property value—a potential collective loss of close to \$7 billion in the state and local tax base across Virginia.



ASSESSMENT: Virginia has responded to its foreclosure challenge by giving homeowners with high-risk mortgages a 30-day reprieve from foreclosure, and by requiring high-risk lenders to provide homeowners a notice that their loan will accelerate 10 days in advance. The state has also taken steps to help homeowners avoid foreclosure by preventing mortgage scams and providing counseling services. No action has been taken, however, to pre-empt high-cost lending.

**As of December 2008*

THE FACTS: The ripple effects of the foreclosure crisis

- 1 in 33 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
- 43 percent of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose \$6,712 on average in property values
- \$6.95 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 checked="" 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.



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