



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

Washington

PROJECTIONS SHOW THAT ONE IN 39 WASHINGTON HOMEOWNERS WILL FACE FORECLOSURE by the end of 2010, as a result of subprime loans made in 2005 and 2006—somewhat better than the national average of one in 33. But even more trouble is looming for Washington state. These foreclosures could affect 40 percent of the state's homeowners, who could lose close an average of \$6,000 in property value.



ASSESSMENT: Acting on recommendations from the governor's homeownership security task force, Washington has put in place laws pre-empting high-cost lending and aligning mortgage brokers' and consumers' interests. The Smart Homeownership Choices program assists low-income and moderate-income households facing foreclosure by helping them bring their mortgage payments current, enabling them to refinance into a different loan.

**As of December 2008*

THE FACTS: The ripple effects of the foreclosure crisis

- 1 in 39 homeowners is projected to experience foreclosure on their home as a result of their high-cost loan
- 21 percent of all loans made in 2005-2006 were subprime
- 40 percent of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose \$5,780 on average in property values
- \$4.9 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	■
	Loan modification	□
	Preventing rescue scams/ Mortgage fraud	■
	Counseling available	□
Using all your tools	Task force	□
Pre-empting high-cost lending	High-cost lending laws	■
	Aligns mortgage broker to consumer interests	■

■ = 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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