



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

# West Virginia

**ALTHOUGH WEST VIRGINIA HAS ONE OF THE LOWEST PROJECTED RATES OF FORECLOSURE** from subprime loans in the nation—one in 89 homeowners may lose their home in the coming years, compared to the national average of one in 33—the state's rate is likely to increase through 2010. Almost one in 10 of the state's homeowners could be negatively affected by the defaults, losing on average almost \$2,000 in property value.



**ASSESSMENT:** West Virginia has taken actions that states with more severe problems have yet to consider. The state enacted comprehensive laws regulating high-cost lending and requires that homeowners be notified before they enter the foreclosure process. The state's high-cost lending statute is particularly strong and covers a broad assortment of mortgage loans, limits fees, requires counseling, bans prepayment penalties and provides remedies for violations.

*\*As of December 2008*

## THE FACTS: The ripple effects of the foreclosure crisis

- **1 in 89** 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
- **9 percent** of all homeowners will likely feel the ripple effects of foreclosures from subprime loans
- Affected homeowners are expected to lose **\$1,960** on average in property values
- **\$80 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 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](http://www.pewcenteronthestates.org).



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