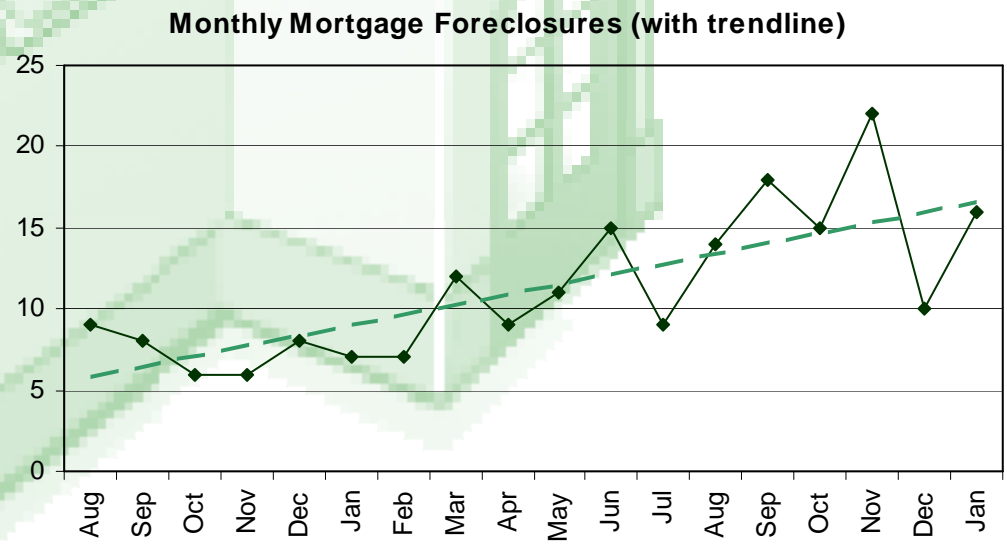


MORTGAGE FORECLOSURES IN EDEN PRAIRIE

For the 18 months from August 1, 2006 to January 31, 2008, there were 202 mortgage foreclosures in Eden Prairie (almost 6% of the suburban Hennepin County foreclosures)

- **About 30% of foreclosures are on “non-homesteaded” properties (i.e., they are most likely rental properties)**
- **There does not appear to be a geographic concentration of foreclosed properties in the city**
- **The number of foreclosures increased 216% from the first six months of this period to the last six months**
- **There is a generally rising trend in the number of monthly mortgage foreclosures over the past 18 months**



MORTGAGE FORECLOSURES IN EDEN PRAIRIE

The “ripple effect” of increasing numbers of mortgage foreclosures

Impact on homeowners and renters:

- more foreclosures mean that there are more abandoned homes; abandoned homes invite “mischief and blight;” neighborhood blight leads to **lower property values**
- more foreclosures create a glut of homes for sale; a glut of homes on the market means that 1) homeowners must spend more time and money marketing their house, and 2) homeowners will face **longer selling times and lower sale prices**
- more foreclosures force lenders to tighten their standards for loans; tighter lending standards mean that some buyers who were previously able to get qualified now won't be able to OR they can **only qualify for smaller loans**
- foreclosures on rental properties force renters out of the property; more renters looking for housing means a **higher demand for rental properties**; higher demand for rental properties leads to **higher rents**

Impact on local governments and communities:

- increased neighborhood blight (illustrated above) means that **cities must spend more money** on policing, fire protection, social services, demolition, inspection, and legal action
- lower property values (illustrated above) mean **reduced property tax income** for cities, counties, and schools; reduced tax income leads to **cuts in programs and services**
- foreclosures create **neighborhood instability** and threaten community well being

Impact on businesses and investors:

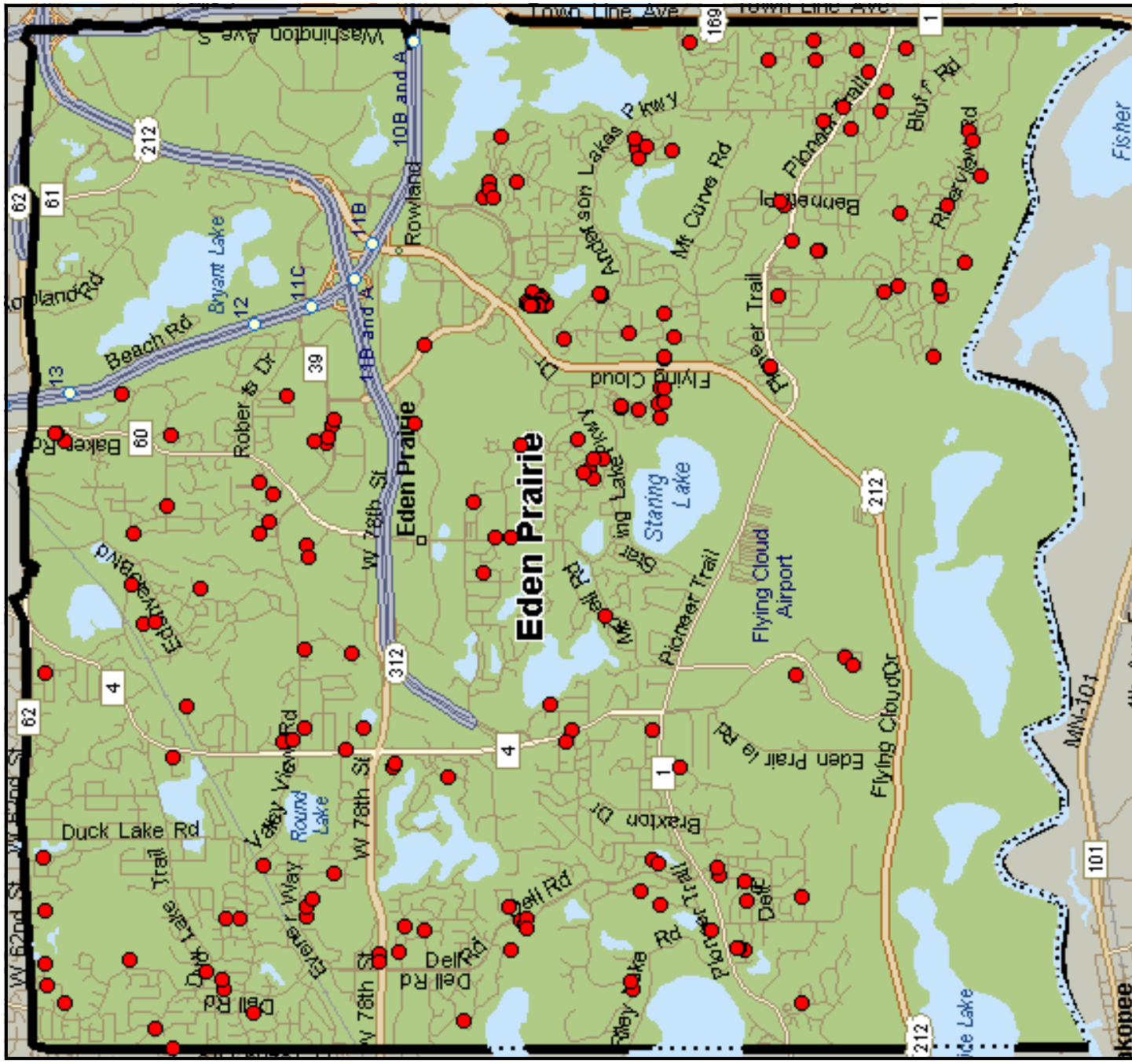
- lower property values (illustrated above) dissuade homeowners from improving their houses; fewer home improvements mean **lower sales and profits for remodeling companies and home improvement stores**
- lower property values (illustrated above) mean that homeowners are less likely to borrow against home equity for cars, durable goods, or other consumer goods; lower equity borrowing leads to **lower sales and profits for many consumer sectors**
- fewer and smaller loans (illustrated above) mean **less fee income for lenders**
- foreclosures lead to losses in subprime business operations; business losses mean lower profits and potential instability; lower profits and instability lead to **lower returns for investors and staff layoffs** (or even business closures)

HENNEPIN SOUTH SERVICES COLLABORATIVE

February 2008

MORTGAGE FORECLOSURES IN EDEN PRAIRIE

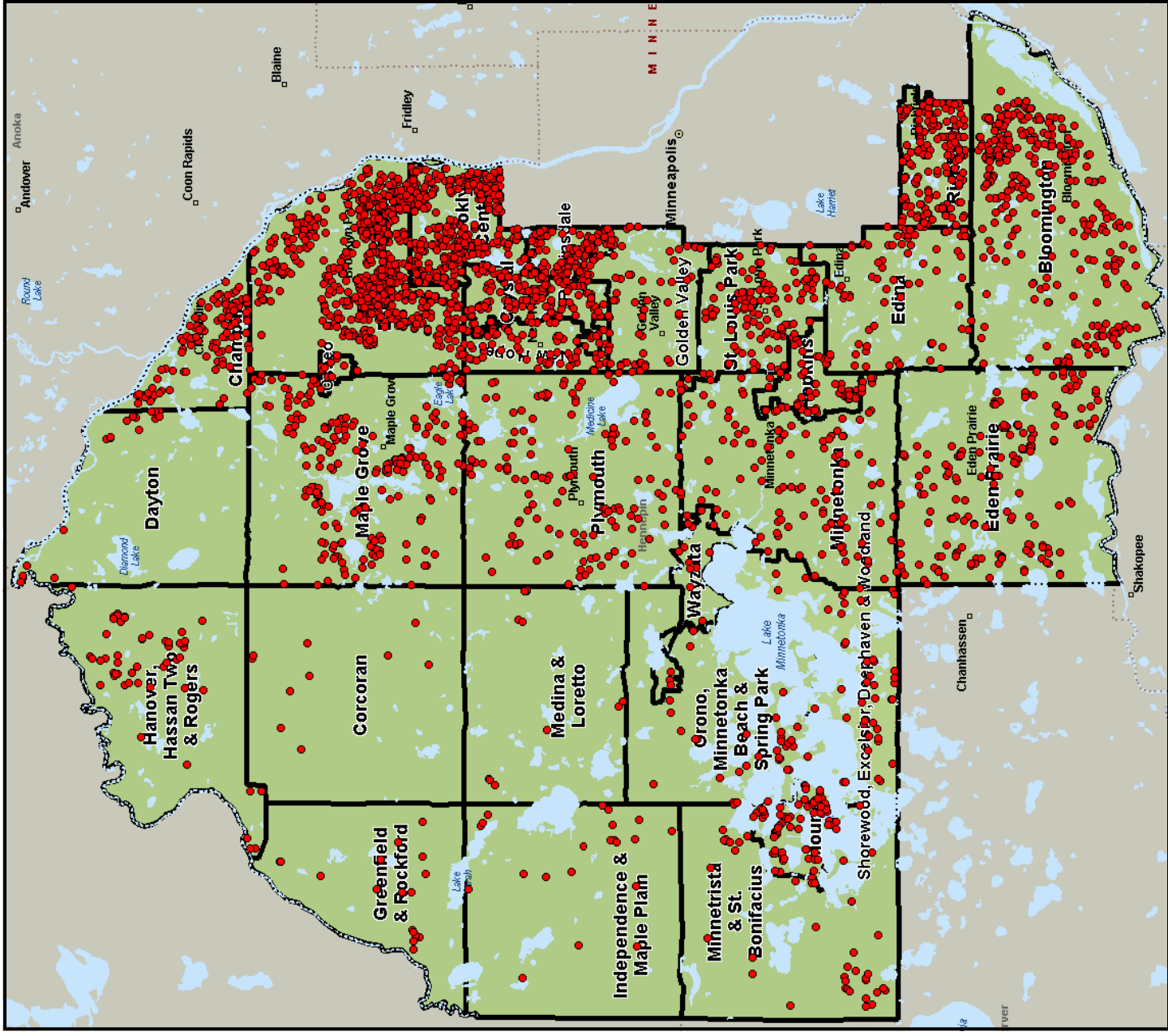
FROM AUGUST 1, 2006 TO JANUARY 31, 2008



HENNEPIN SOUTH SERVICES COLLABORATIVE

February 2008

MORTGAGE FORECLOSURES IN SUBURBAN HENNEPIN COUNTY FROM AUGUST 1, 2006 TO JANUARY 31, 2008



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