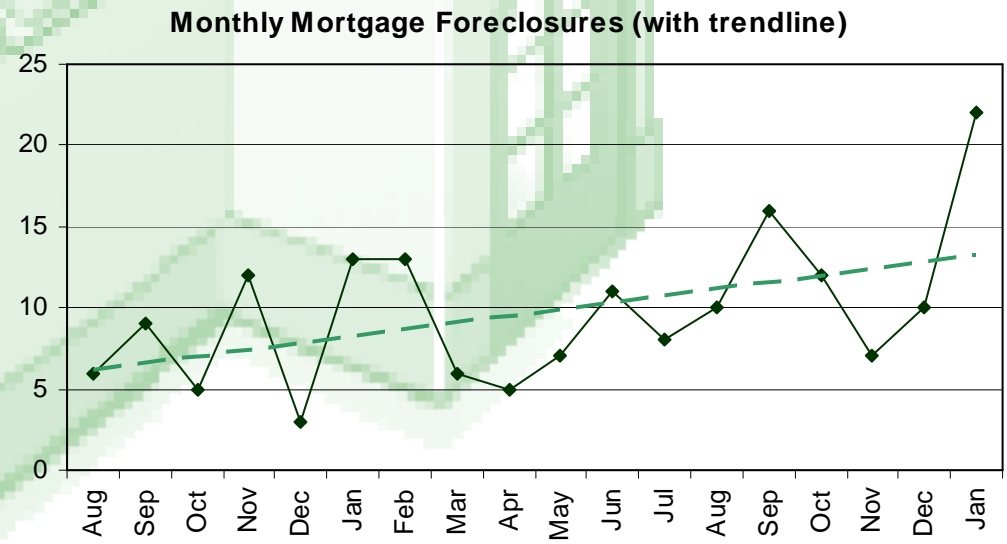


MORTGAGE FORECLOSURES IN RICHFIELD

For the 18 months from August 1, 2006 to January 31, 2008, there were 175 mortgage foreclosures in Richfield (almost 5% of the suburban Hennepin County foreclosures)

- **About 23% 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 160% 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 RICHFIELD

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

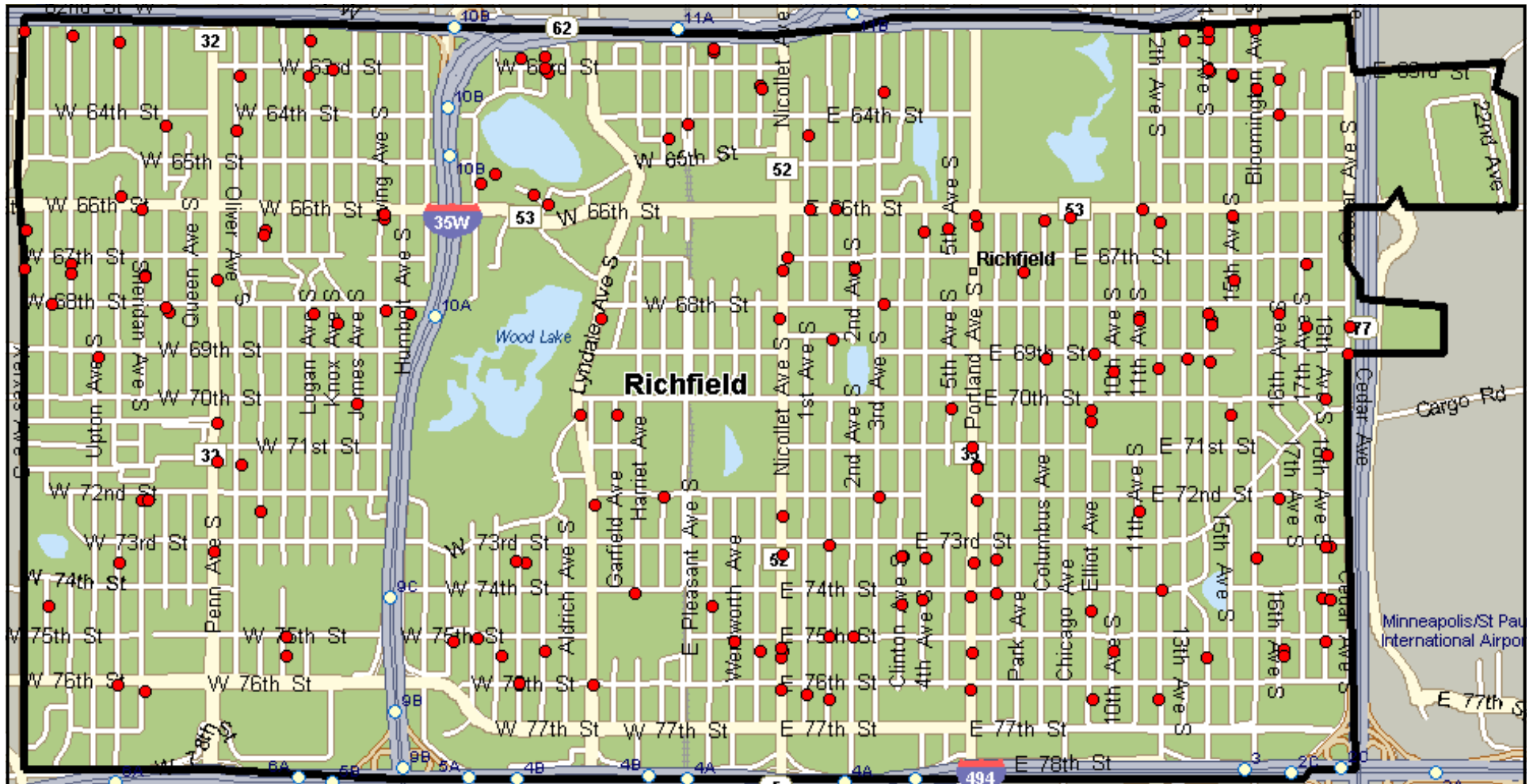
Impact on businesses and investors:

- 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

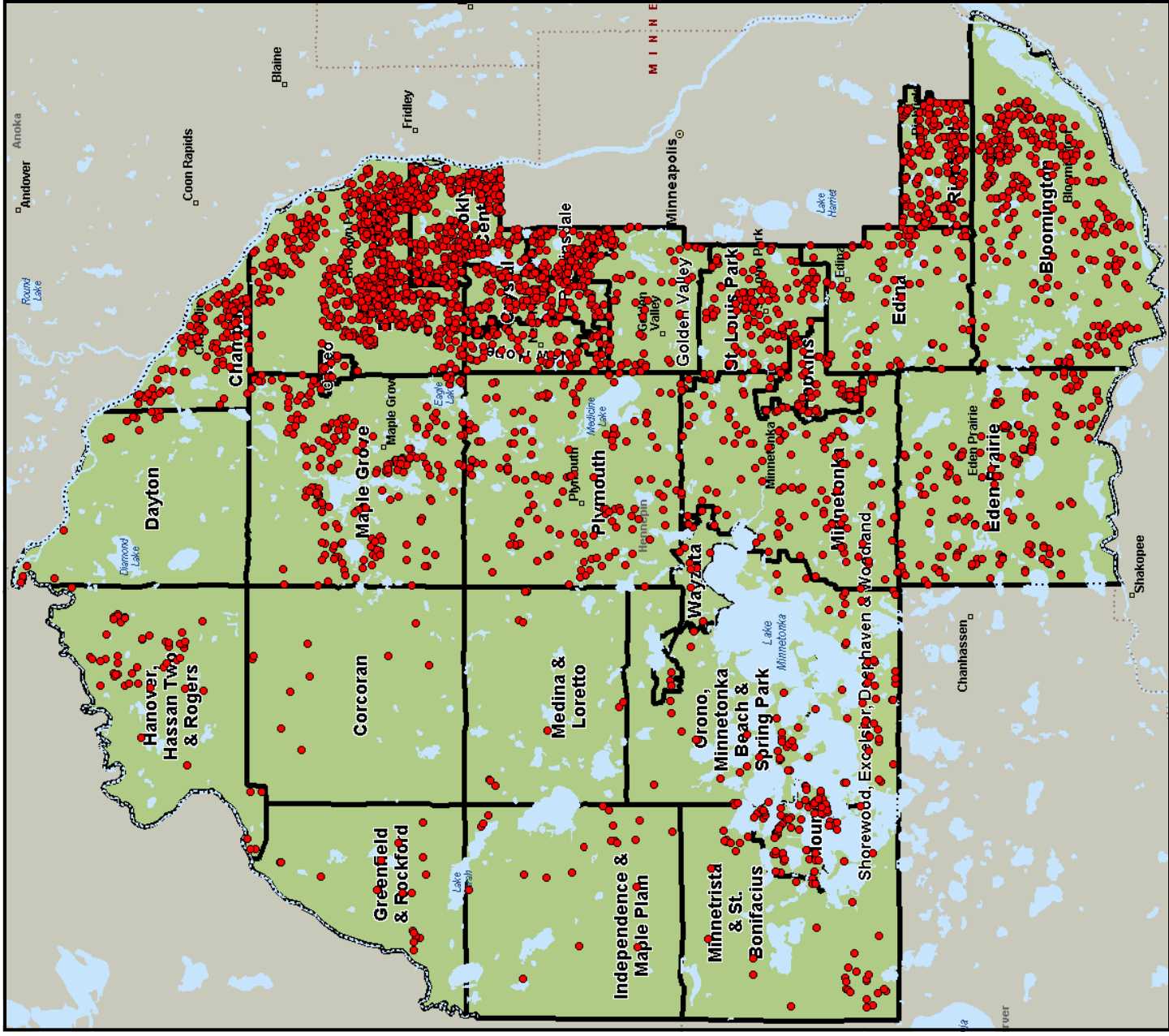
MORTGAGE FORECLOSURES IN RICHFIELD FROM AUGUST 1, 2006 TO JANUARY 31, 2008



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February 2008

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



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