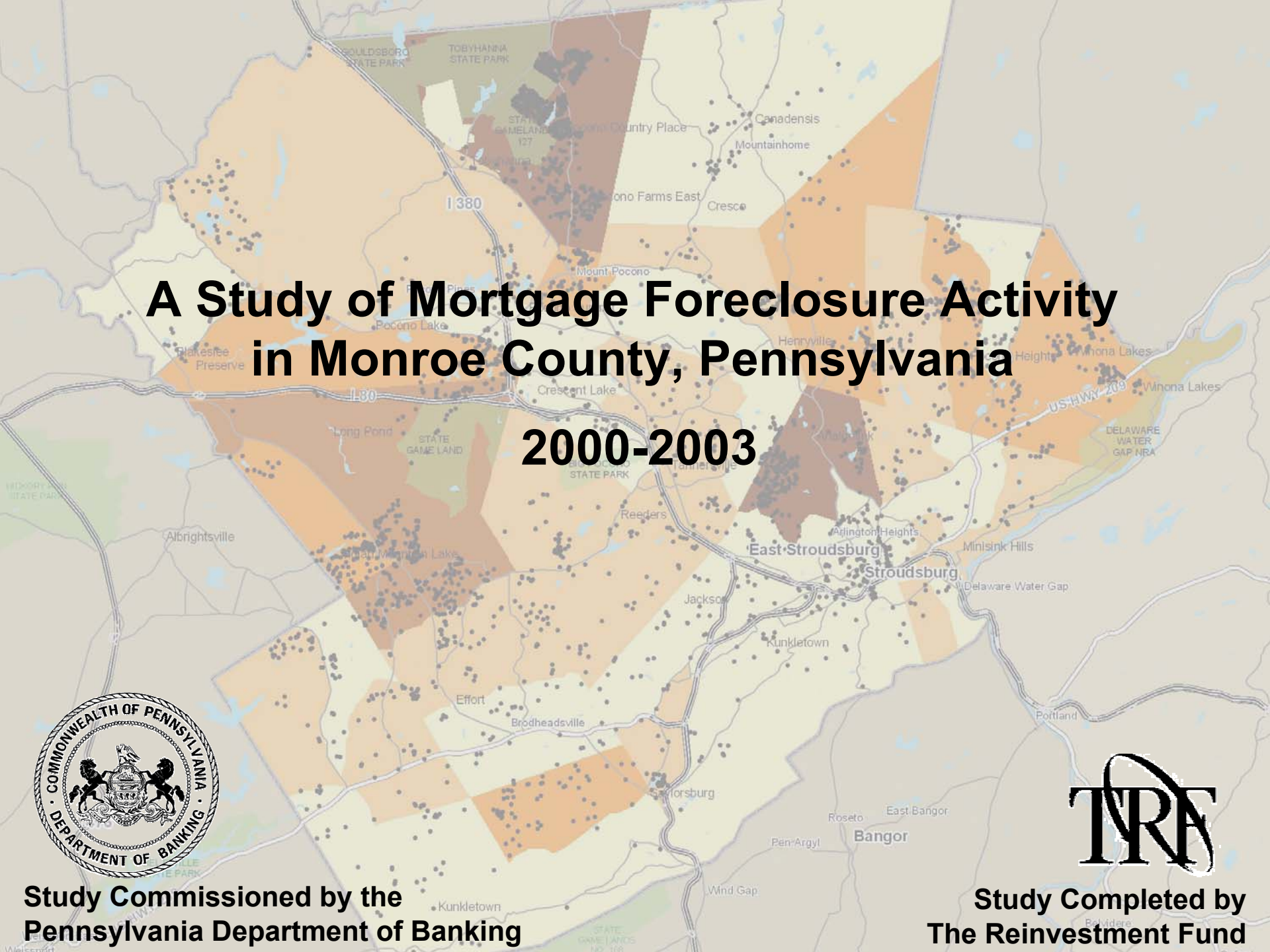


A Study of Mortgage Foreclosure Activity in Monroe County, Pennsylvania

2000-2003

Study Commissioned by the Pennsylvania Department of Banking

Study Completed by The Reinvestment Fund

Description of the Study

- In January 2004, The Commonwealth of Pennsylvania Department of Banking and the Pennsylvania Housing Finance Agency hired The Reinvestment Fund (TRF) to design and execute a study of mortgage foreclosures in Monroe County.

- This study provides the Commonwealth with a set of facts upon which it may undertake appropriate action.

Data Sources

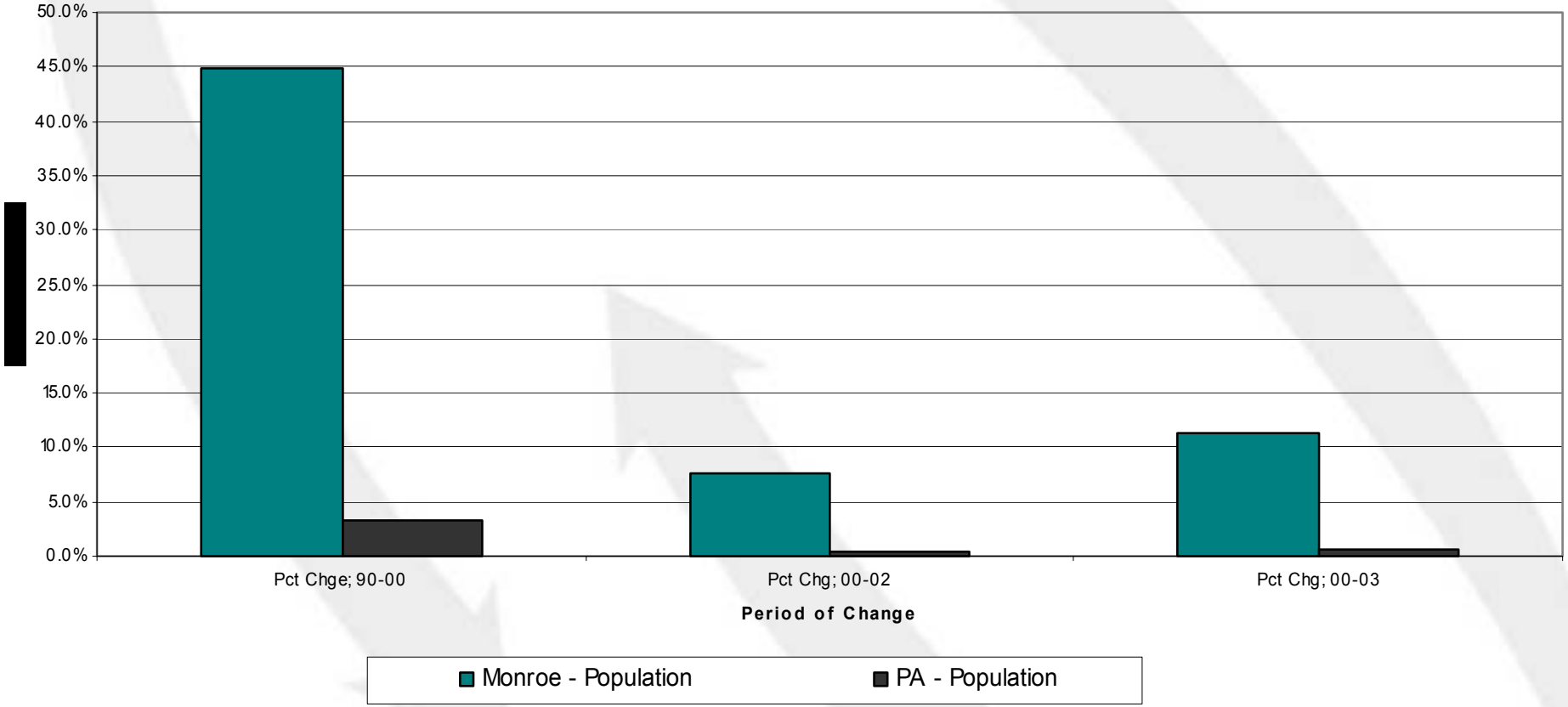
- Foreclosure Filings from the Prothonotary of Monroe County
- Property specific sale and mortgage data
- Homeowners Emergency Mortgage Assistance Program (HEMAP) data
- U.S. Census of Population and Housing
- Attorney General for the Commonwealth of Pennsylvania

Preliminary Findings

Growth in Foreclosures

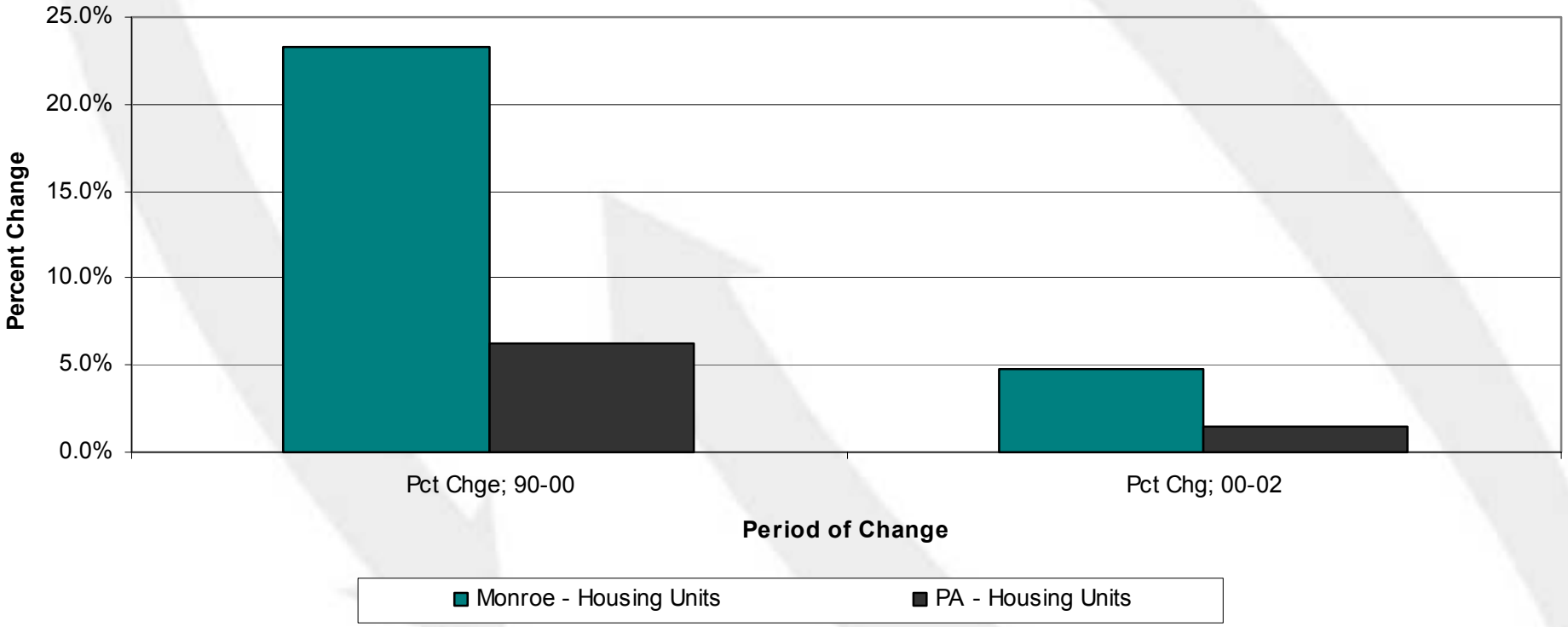
- Foreclosure growth in Monroe County is:
  - Real
  - Disproportionate to housing development in the County
  - Disproportionate to other Pennsylvania counties

Percent Change in Pennsylvania and Monroe County Population; 1990-2003



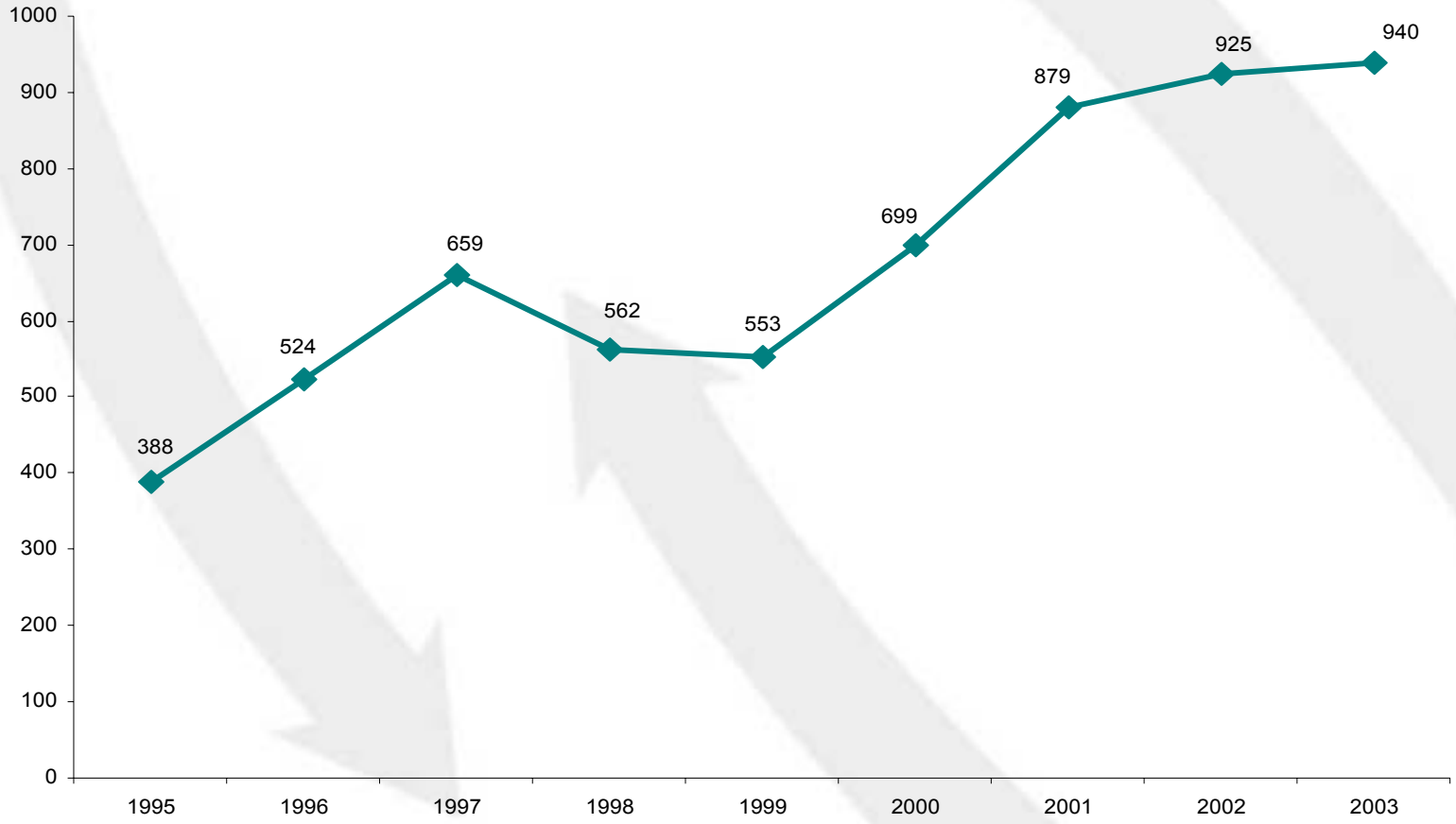
Pennsylvania is a slow growth state and grew in population by 3.4% between 1990 and 2000. Monroe County, however, is the 2nd fastest growing county in Pennsylvania and grew by almost 45% between 1990 and 2000 and by another 11% (estimated) by 2003.

Percent Change in Pennsylvania and Monroe County Housing Units; 1990-2002

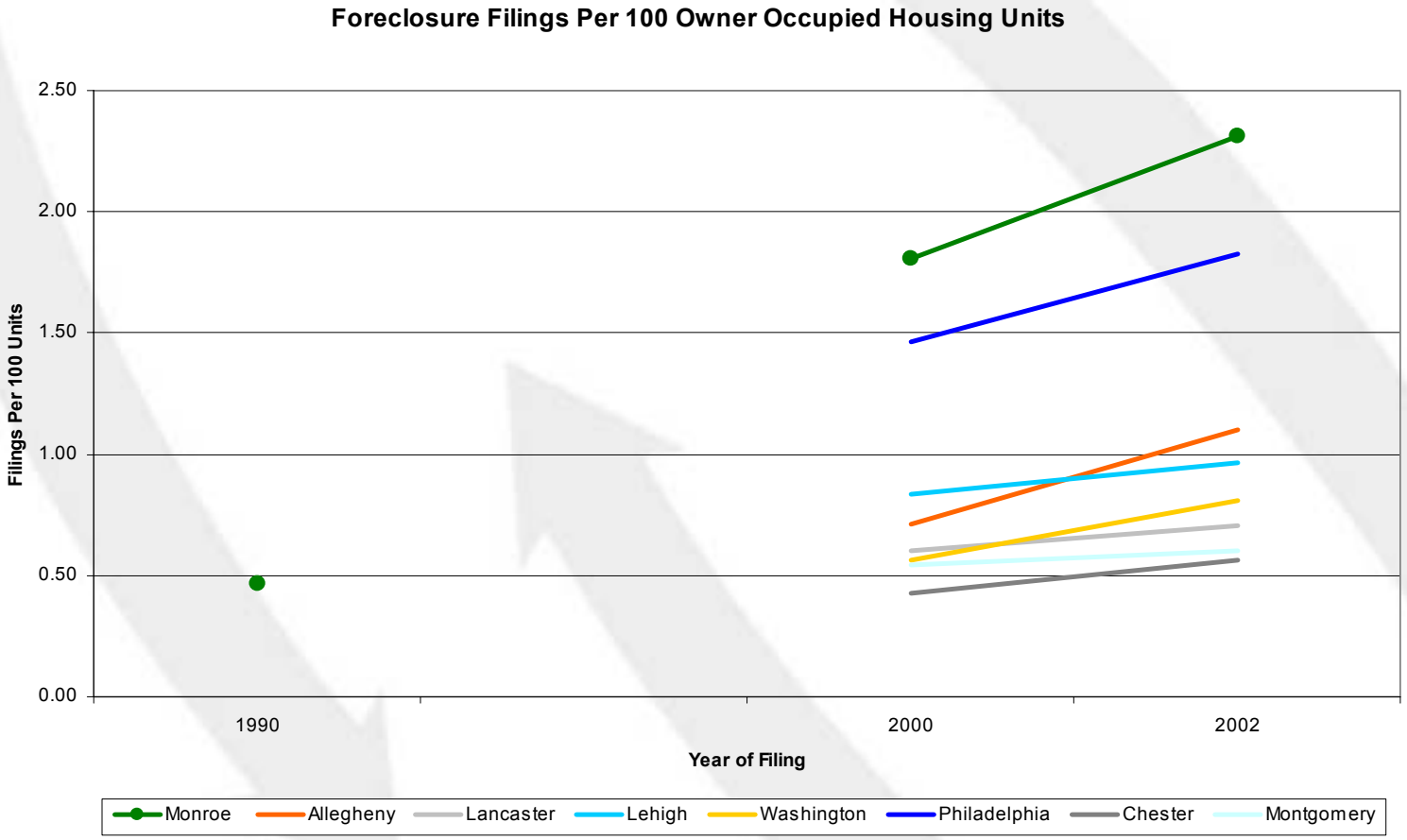


Housing construction in the County has been strong. The number of housing units grew by almost 25% between 1990 and 2000 and by another 5% by 2002.

Foreclosure Filings in Monroe County, 1995-2003



The annual number of mortgage foreclosure filings in Monroe County rose from approximately 388 in 1995 to 940 in 2003. Cumulatively over that time period, more than 6,100 households were subject to foreclosure; more than 2,700 since 2000.



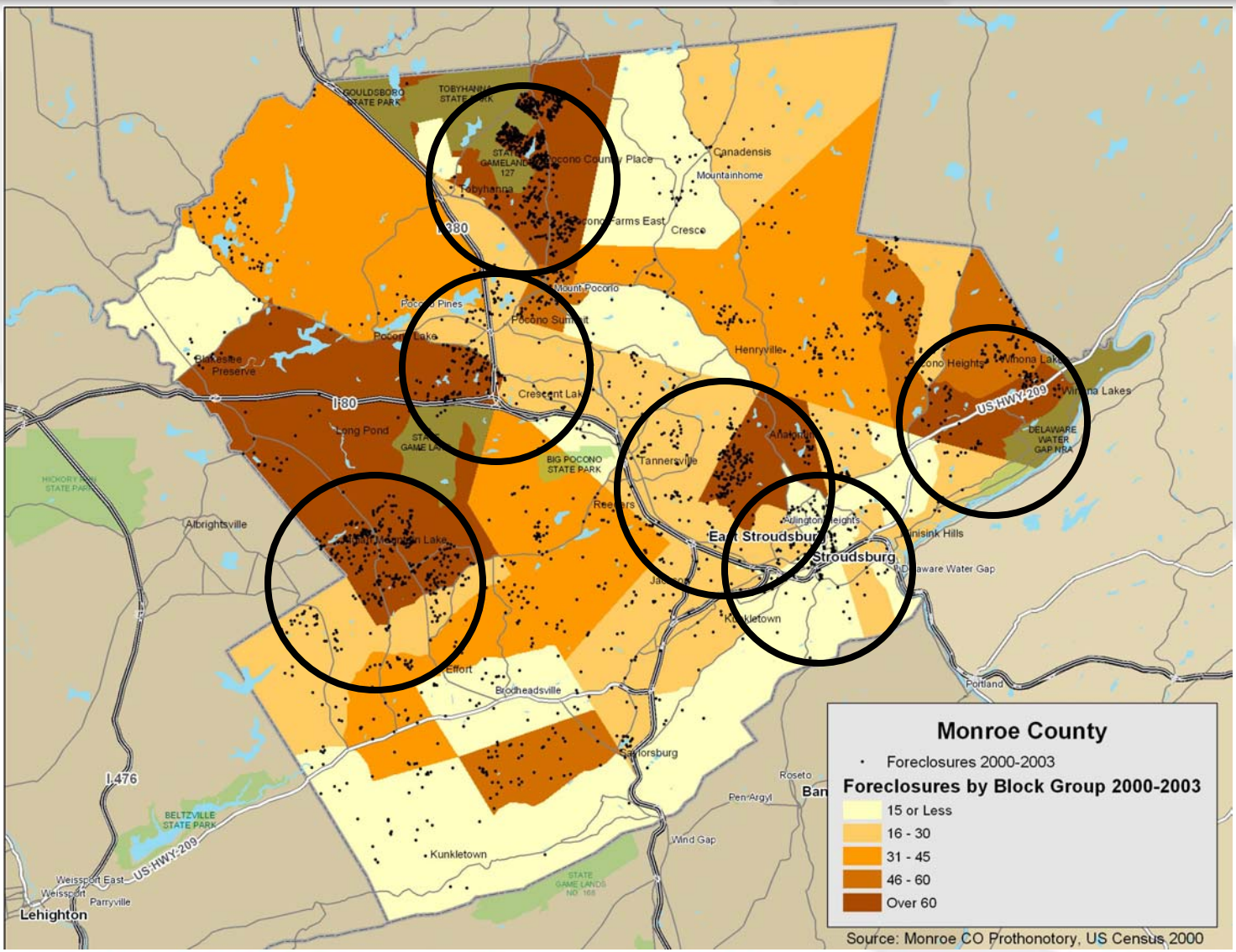
Is the growth in foreclosures in Monroe County proportionate to the growth in housing units? NO.

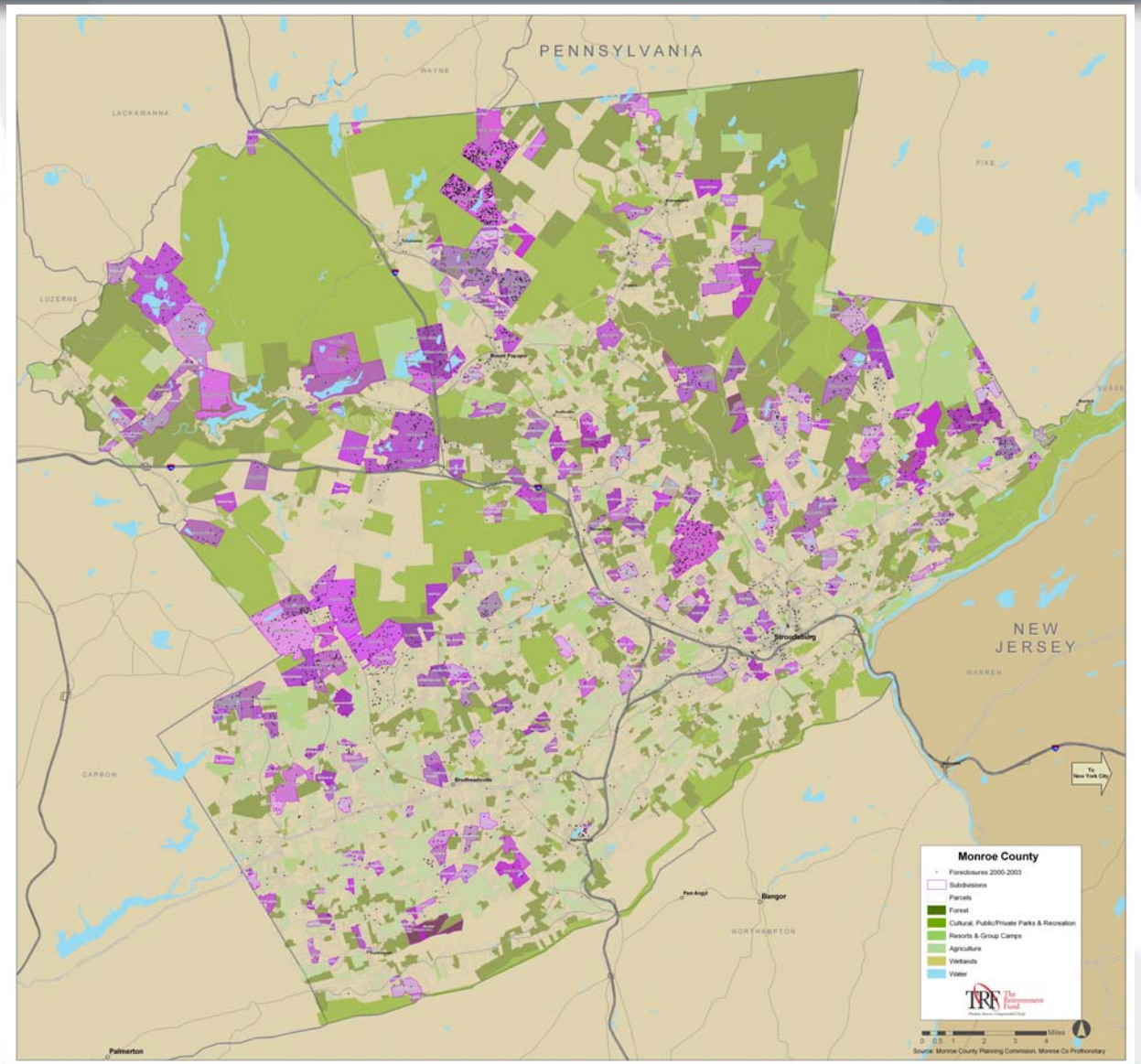
Is the growth inconsistent with other parts of the Commonwealth? Yes, both in terms of the number of foreclosures and the rate of increase.

Geographic Concentration

- Loans in Foreclosure are not dispersed evenly throughout the county. They are concentrated in 5 townships and 12 subdivisions.

Coolbaugh, Middle Smithfield, Chestnut Hill, Stroud and Tunkhannock Townships.





Foreclosures are concentrated in 12 subdivisions.

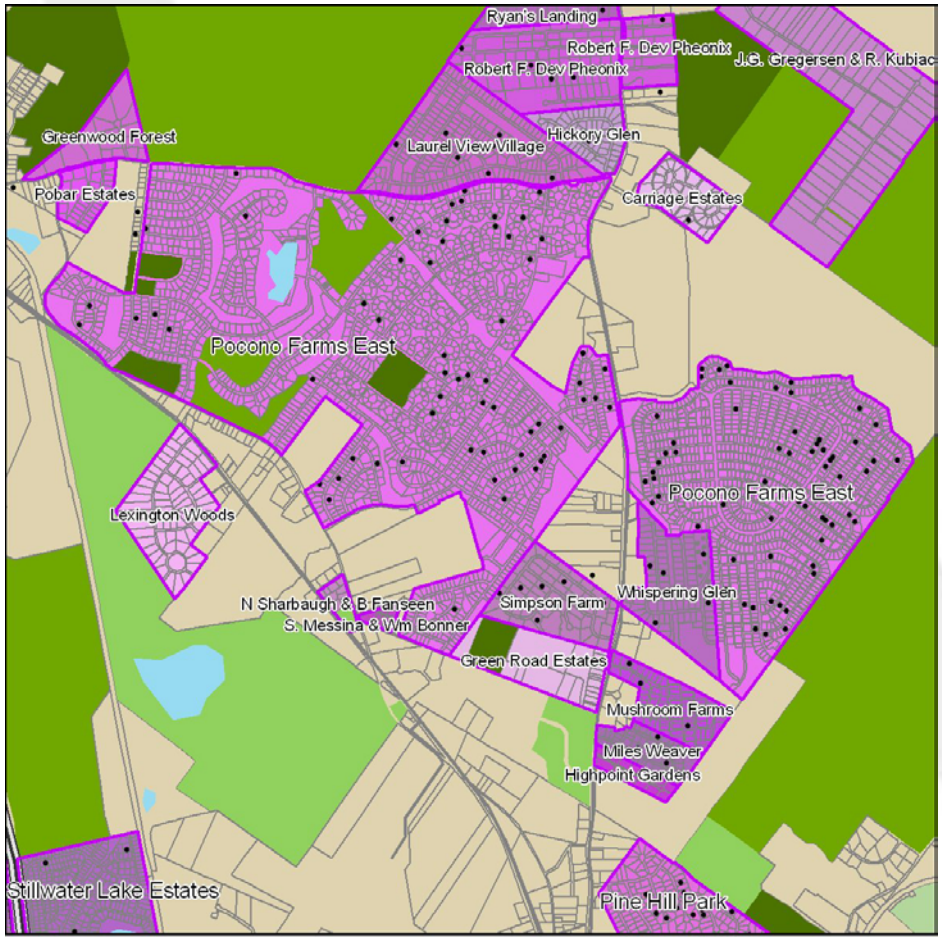
Pocono Country Place

DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS/SELLER IN SUBDIVISION
CHAPEL CREEK/ RAINTREE HOMES INC/ Y-RENT/PERCUDANI FAMILY LP/ COVENTRY HOMES INC/ COASTAL ENVIRONMENT INC	39%
KEYSTONE DEVELOPMENT	28.00%
COST CONTROL MARKETING & MANAGEMENT	10.90%
GOVERNMENT	5.90%
FINANCIAL INSTITUTIONS	5.40%

16.1% of all foreclosures in the County

442 identified foreclosure filings (2000 – 2003)

Pocono Farms

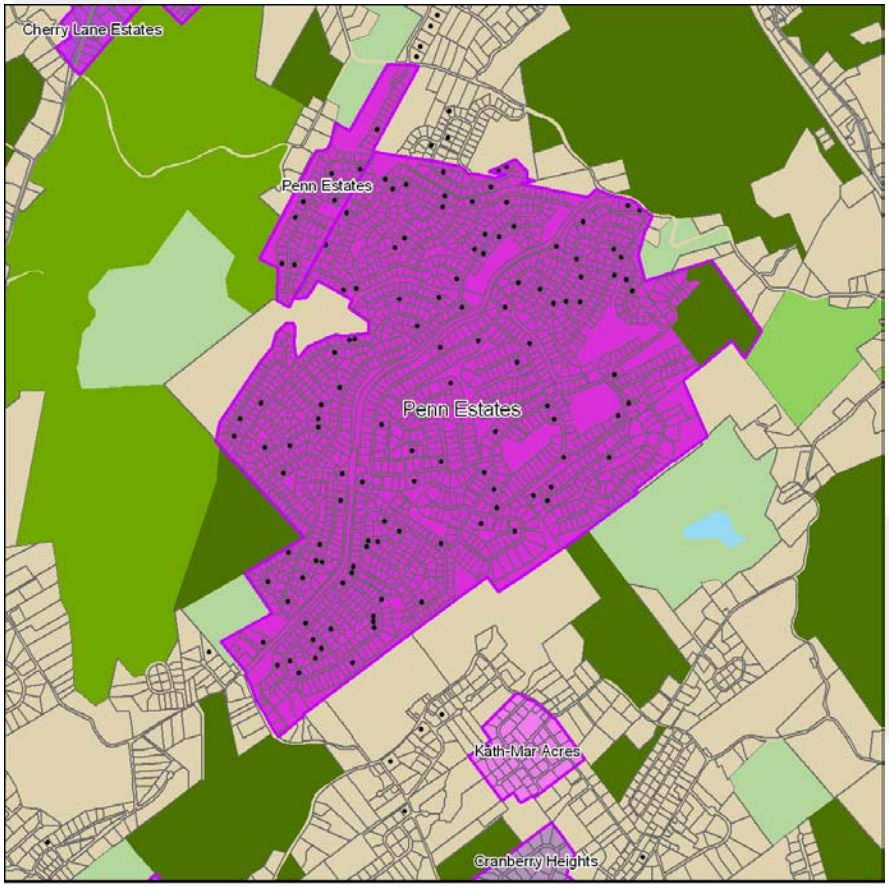


DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS/SELLER IN SUBDIVISION
RAINTREE HOMES INC/ CHAPEL CREEK	22.60%
FINANCIAL INSTITUTIONS	20.80%
POCONO HICKORY LANE	15.10%
KEYSTONE DEVELOPMENT	9.40%
GOVERNMENT	9.40%

4.7% of all foreclosures in the County

129 identified foreclosure filings (2000 – 2003)

Penn Estates

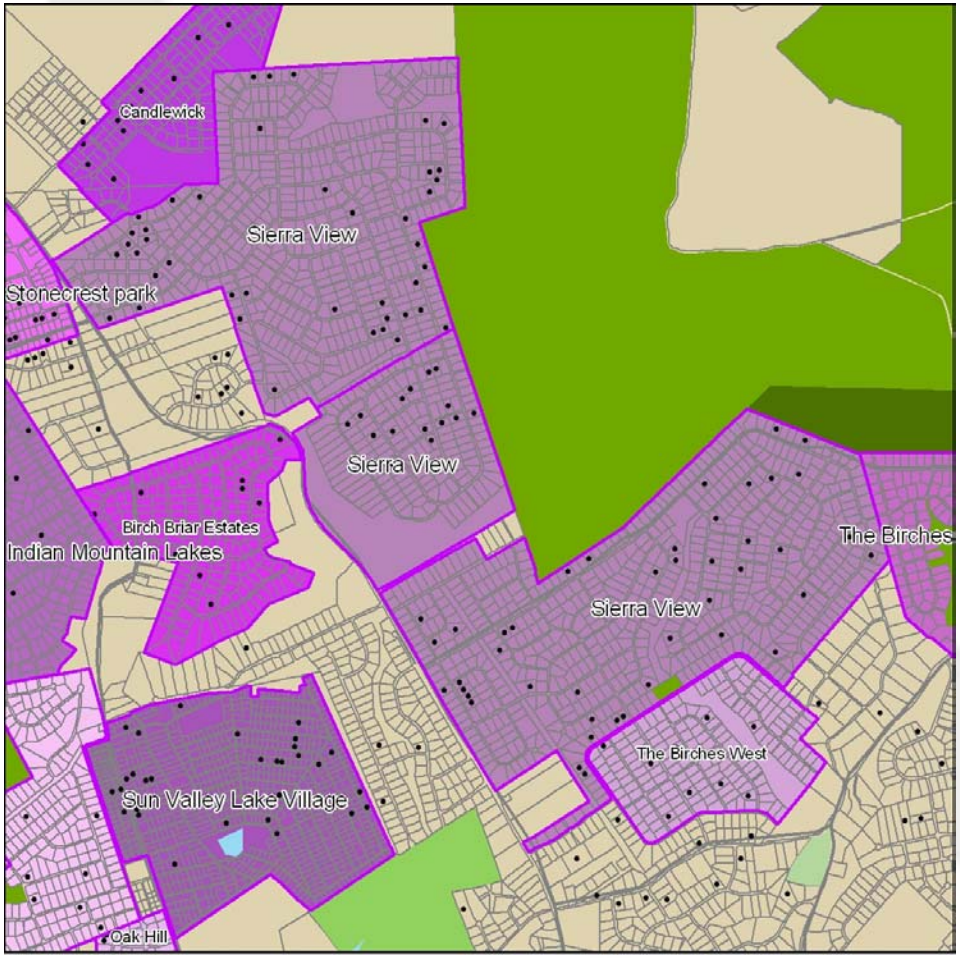


DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS/SELLER IN SUBDIVISION
CRANBERRY HILL CORPORATION/ HOME PARTNERS/ DESIGNER HOMES INC	55.80%
RAINTREE HOMES INC/ CHAPEL CREEK	19.50%
POCONO PROPERTY FINDERS INC/ ONE STOP REALTY INC/ HARMON HOMES	9.10%
FINANCIAL INSTITUTIONS	6.50%
GOVERNMENT	2.60%

4.44% of all foreclosures in the County

122 identified foreclosure filings (2000 – 2003)

Sierra View

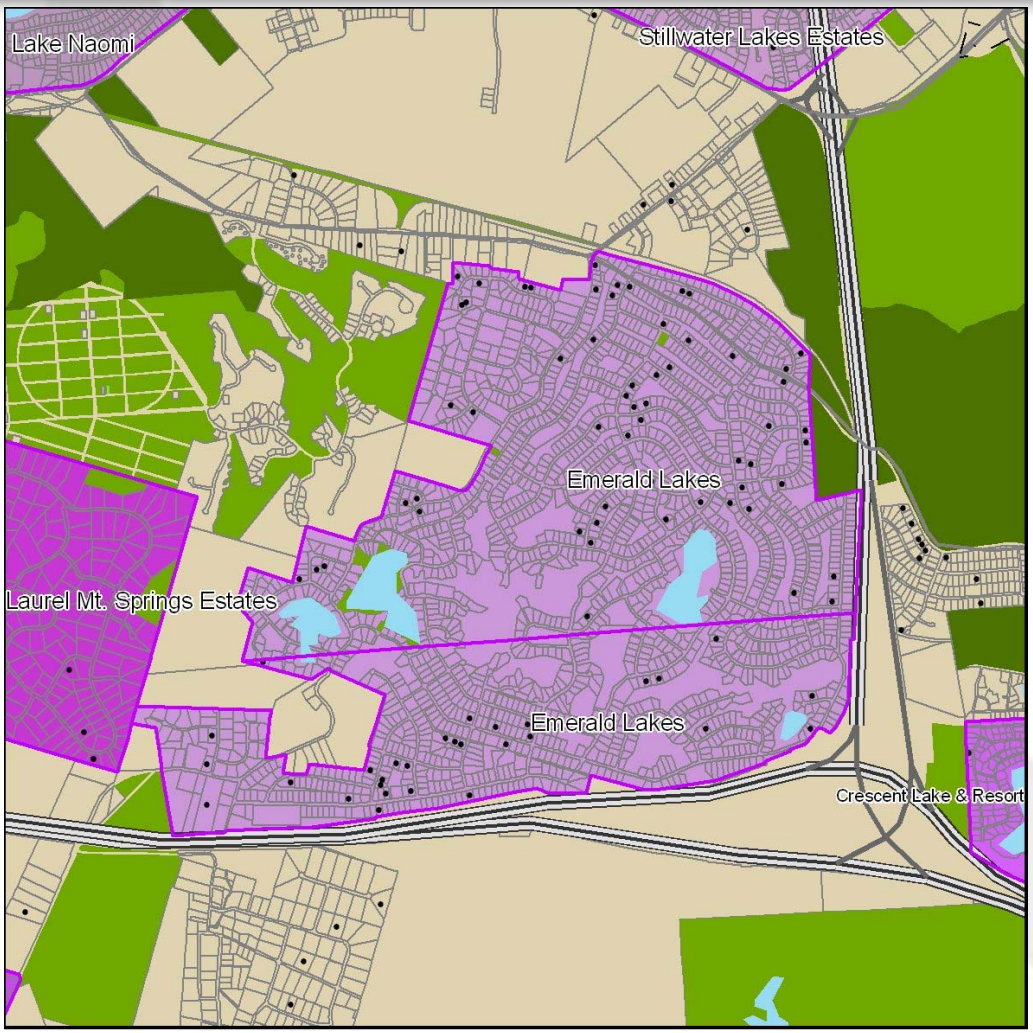


DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS/SELLER IN SUBDIVISION
P & K DEV INC/ RIDGEFIELD HOMES	22.20%
FINANCIAL INSTITUTIONS	17.80%
UNIVERSAL INDUSTRIES INC	13.30%
FALCON CREST BUILDERS/ TRI STATE AUTO EXCHANGE INC	13.30%
KAL-TAC	8.90%

3.06% of all foreclosed properties in the County

84 identified foreclosure filings (2000-2003)

Emerald Lakes

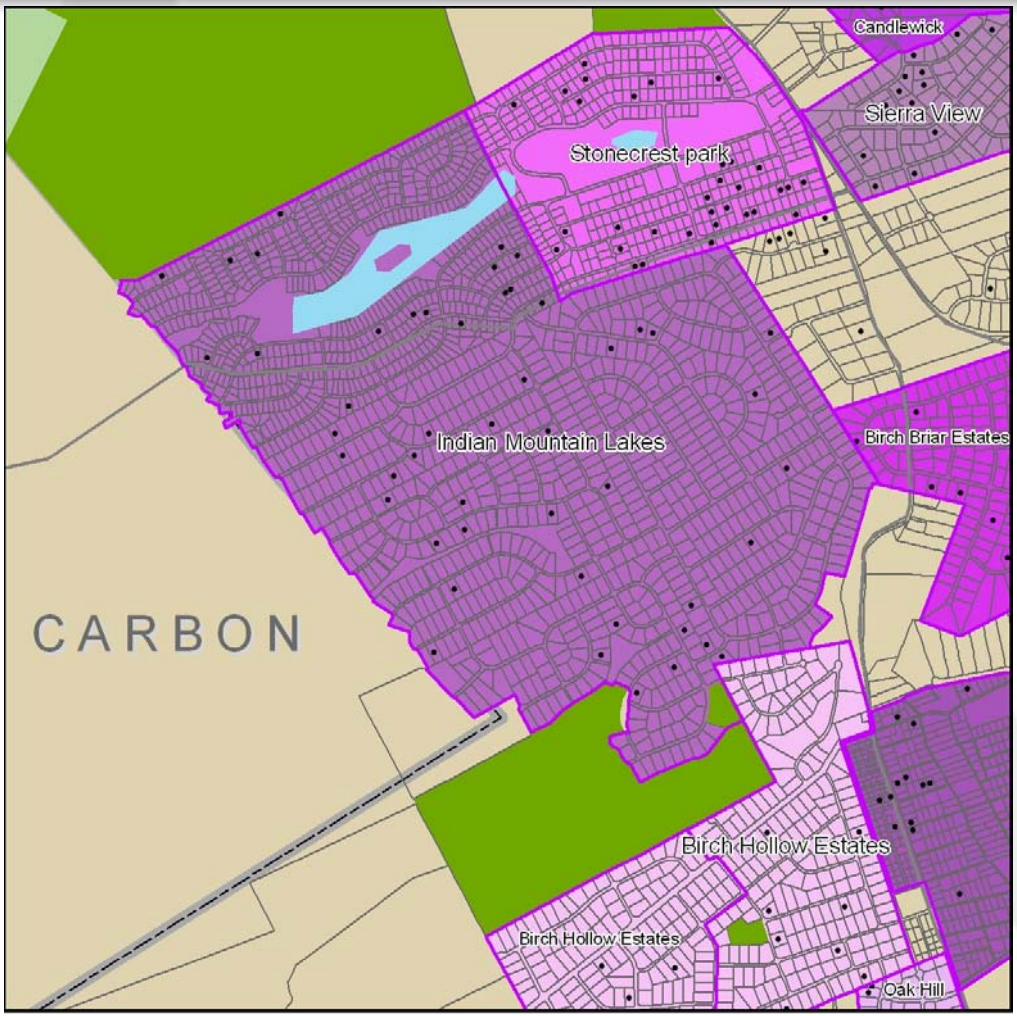


DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS/ SELLER IN SUBDIVISION
RAINTREE HOMES INC/ BUILDERS MORTGAGE SERVICE	53.80%
GOVERNMENT	15.40%
UNIDEL CORP/ JIREH MARKETING SERVICES INC	11.50%
FINANCIAL INSTITUTIONS	11.50%
FIFTH ST CORP	3.80%

2.7% of all identified foreclosure properties

74 identified foreclosure filings (2000-2003)

Indian Mountain Lakes

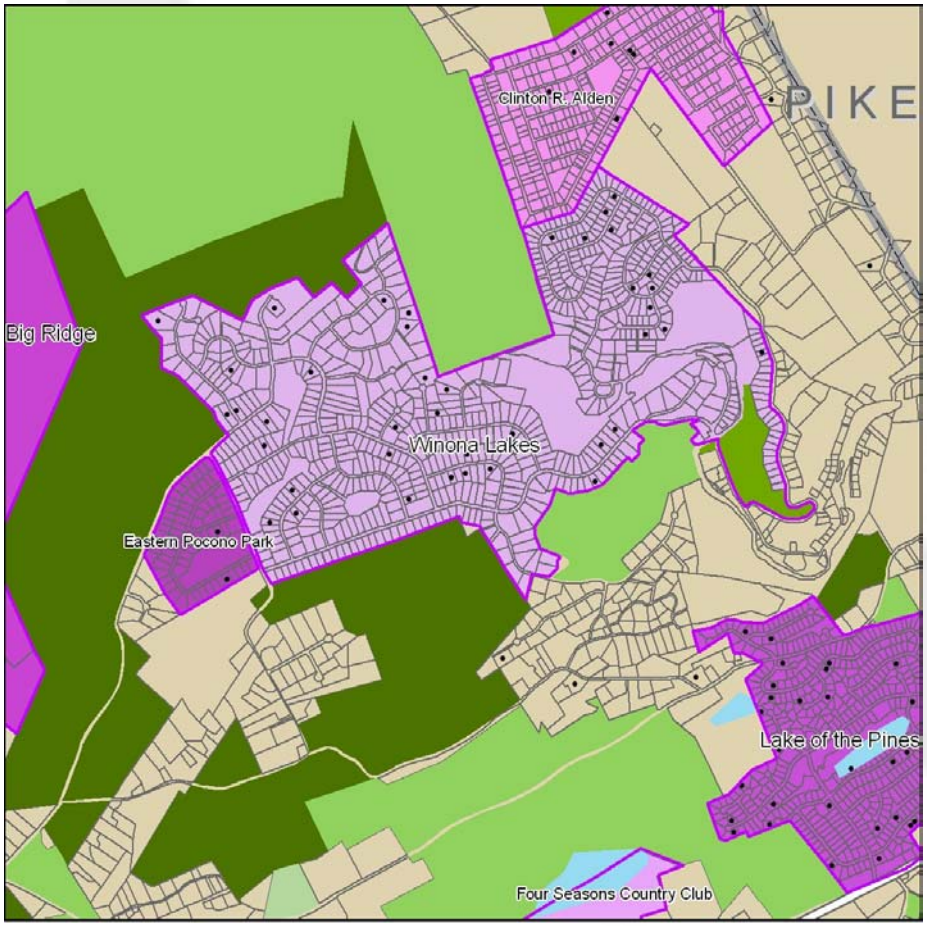


DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS/SELLER IN SUBDIVISION
INDIAN MOUNTAIN LAKE DEVELOPMENT CORP	33.30%
FALCON CREST BUILDERS/ A & M LAND DEVELOPERS INC	26.70%
FINANCIAL INSTITUTIONS	13.30%
KAL-TAC	6.70%
M & M BUILDERS INC	6.70%

1.64% of all foreclosures in the County

45 identified foreclosure filings (2000-2003)

Winona Lakes

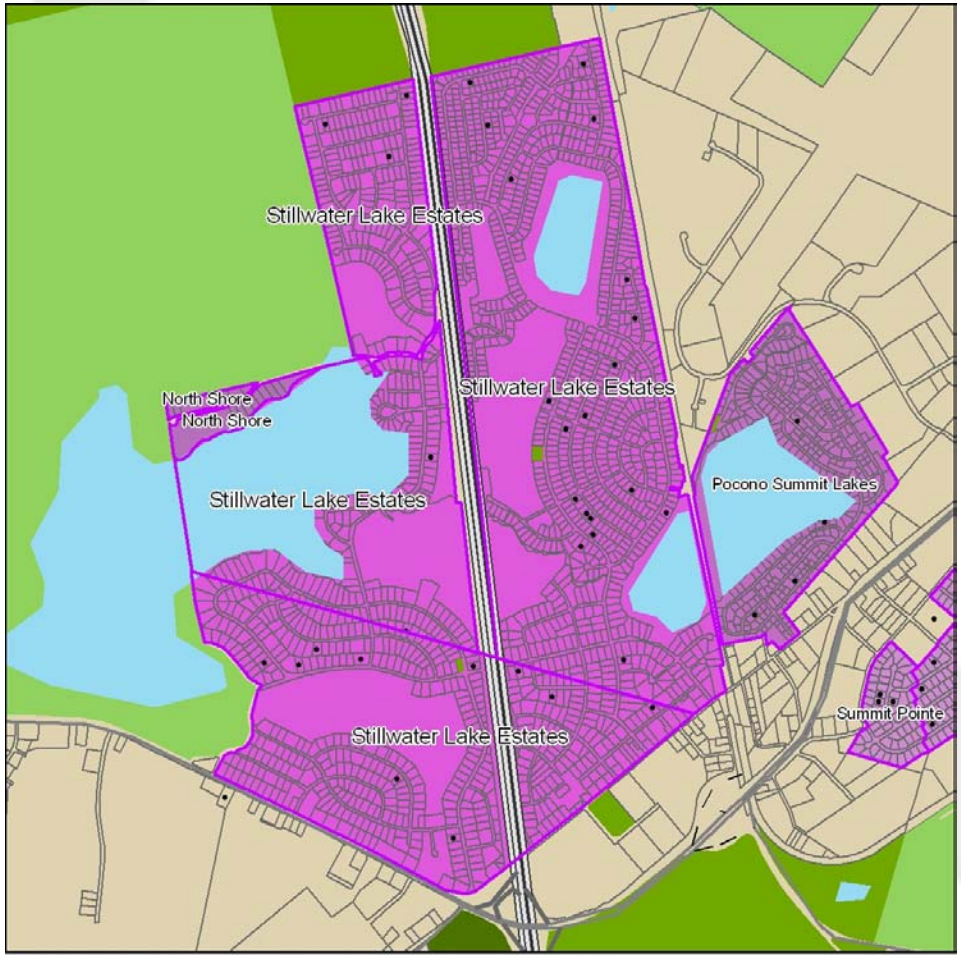


DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS/SELLER IN SUBDIVISION
ROMEC INC	16.70%
INDIVIDUAL	16.70%
FINANCIAL INSTITUTIONS	16.70%
GOVERNMENT	8.30%
L T S ENTERPRISES INC	8.30%

1.60% of all foreclosed properties in the County

44 identified foreclosure filings (2000-2003)

Stillwater Lake Estates

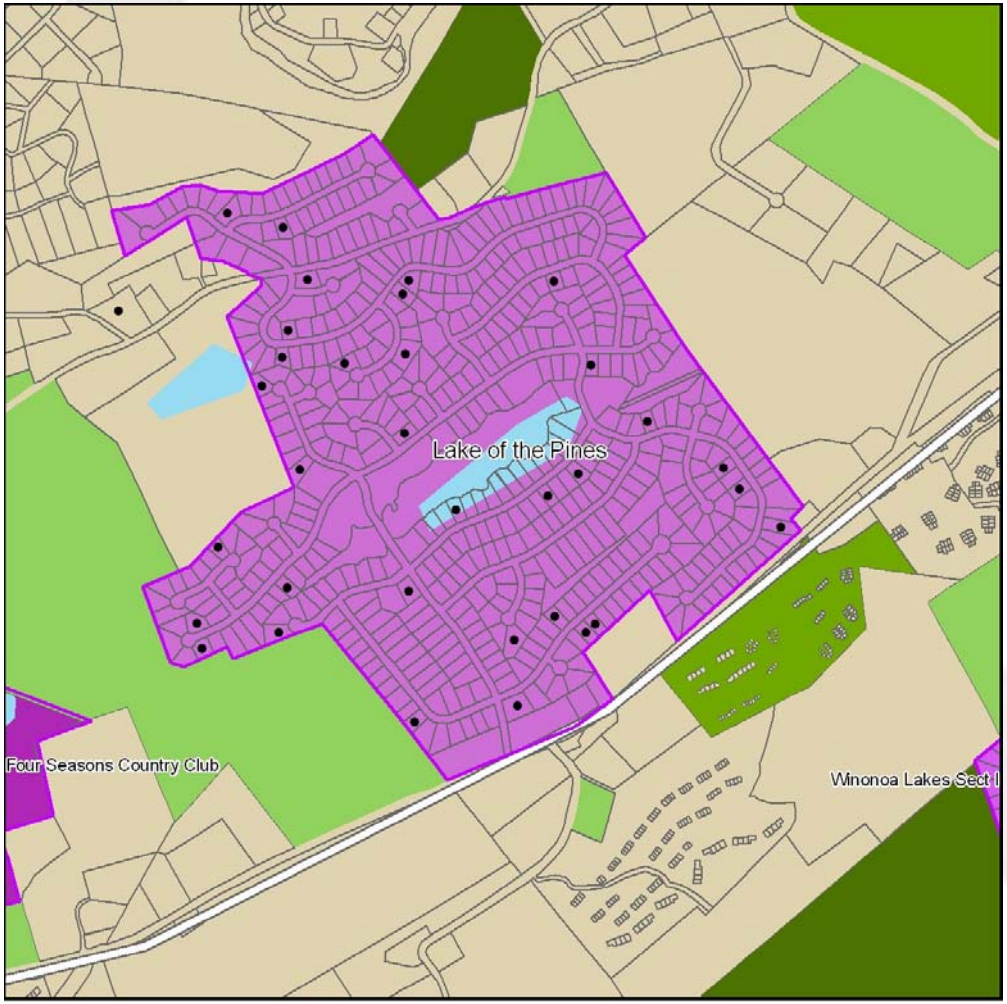


DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS /SELLER IN SUBDIVISION
BUILDERS MORTGAGE SERVICE	26.70%
STILLWATER LAKES CIVIC ASSOCIATION	20.00%
A & P DEVELOPMENT CORP	6.70%
BARGAIN PROPERTIES INC	6.70%
GOVERNMENT	6.70%

1.35% of all foreclosed properties in the County

37 identified foreclosure filings (2000-2003)

Lake of the Pines

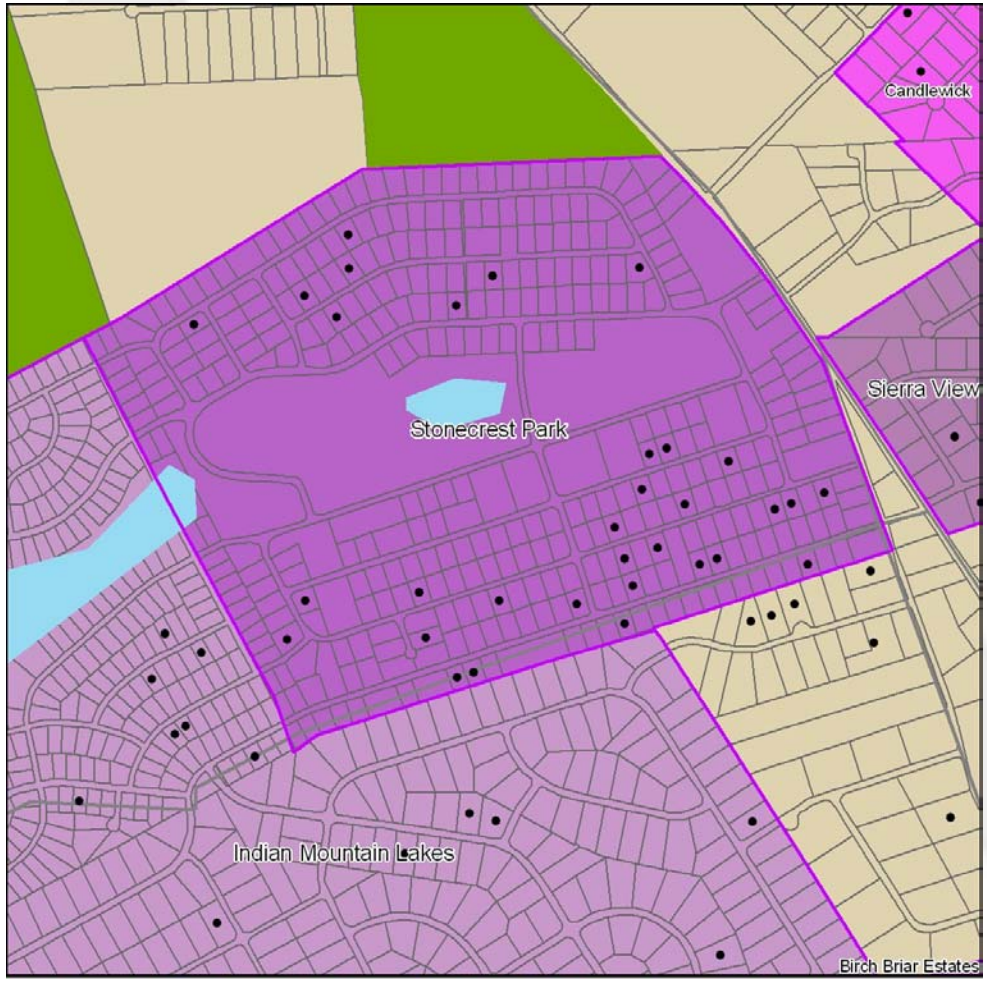


DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS/SELLER IN SUBDIVISION
UNIVERSAL DEVELOPMENT CORPORATION	38.50%
HARMON HOMES INC/ POCONO PROPERTY FINDERS INC	15.40%
M B O PROPERTIES INC	7.70%
PARAGON PROPERTIES LTD	7.70%
VIP MARKETING	7.70%

1.13% of all foreclosed properties in the County

31 identified foreclosure filings (2000-2003)

Stonecrest Park

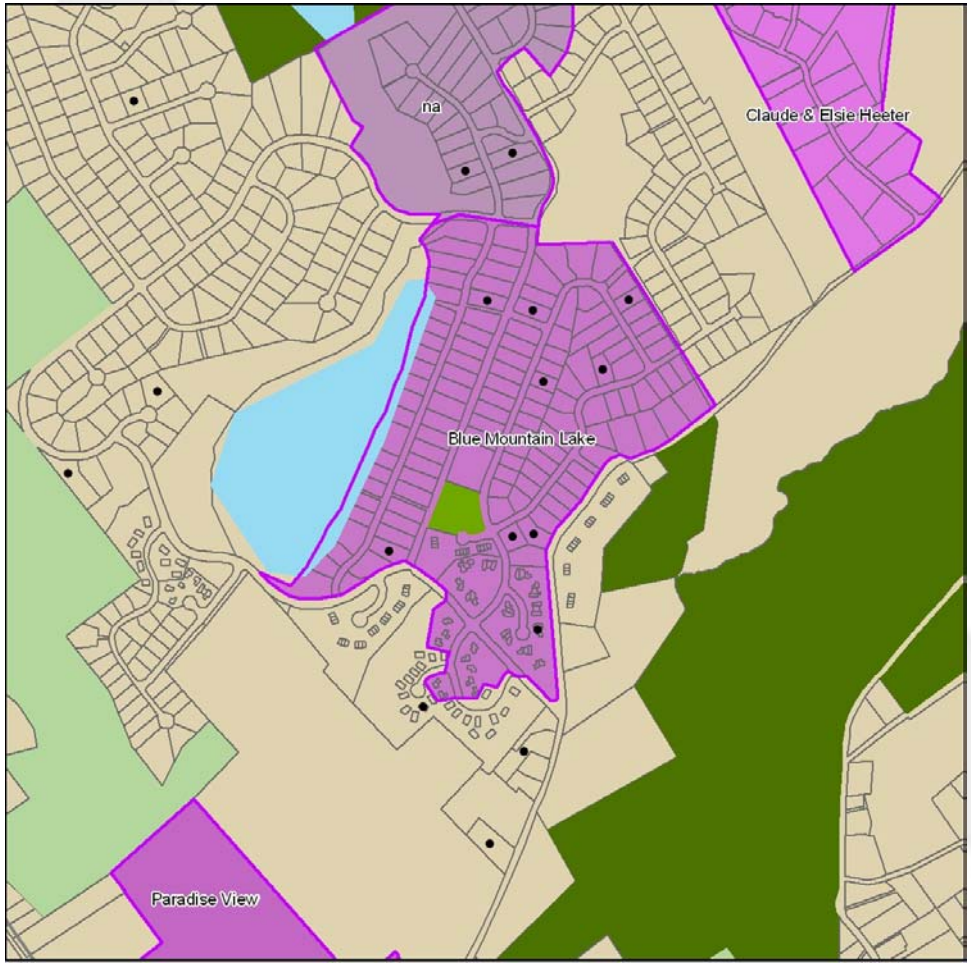


DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS/SELLER IN SUBDIVISION
KAL-TAC/ MOUNTAIN LAUREL FUNDING INC	73.70%
FALCON CREST BUILDERS	10.50%
JUNE CORP	5.30%
REISMEYER DEVELOPMENT CORP	5.30%
RIDGEFIELD HOMES INC	5.30%

1.02% of all foreclosed properties in the County

28 identified foreclosure filings (2000-2003)

Blue Mountain Lake

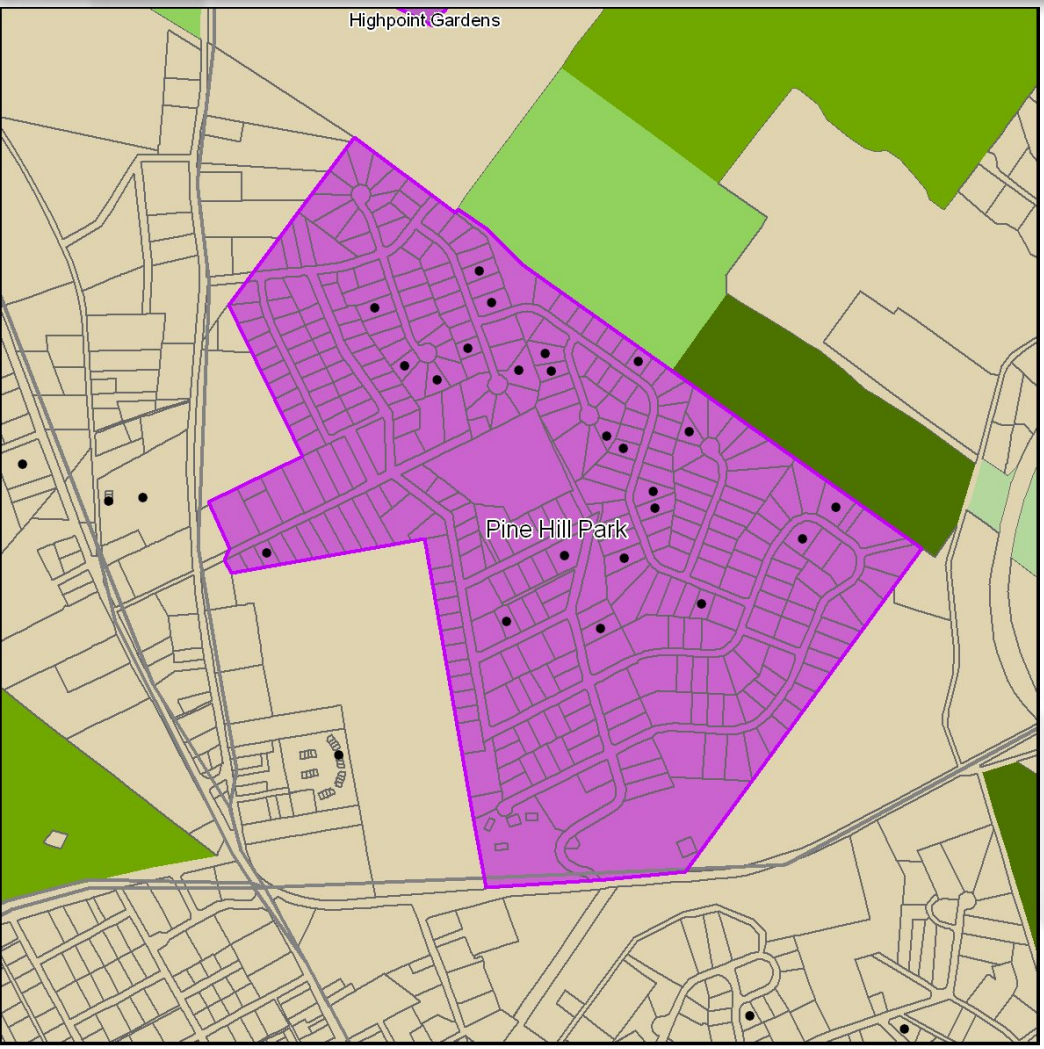


DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS/SELLER IN SUBDIVISION
BLUE MOUNTAIN LAKE ASSOC/ BRUSHY MOUNTAIN CO/ BLUE MOUNTAIN CRAFTSMEN	43.50%
JLCGP CORP	34.80%
MONROE MOUNTAINSIDE L P / MOUNTAIN LAKE RESERVE	13.00%
FINANCIAL INSTITUTIONS	4.30%
SFH INC	4.30%

.77% of all foreclosed properties in the County

21 identified foreclosure filings (2000-2003)

Pine Hill Park



DEVELOPER OR SELLER RELATED TO TRANSACTION IN FORECLOSURE	PERCENT OF IDENTIFIED DEVELOPERS/SELLER IN SUBDIVISION
KEYSTONE DEVELOPMENT	75.00%
BUILDERS MORTGAGE SERVICE	12.50%
LANDMARK INERNATIONAL	12.50%

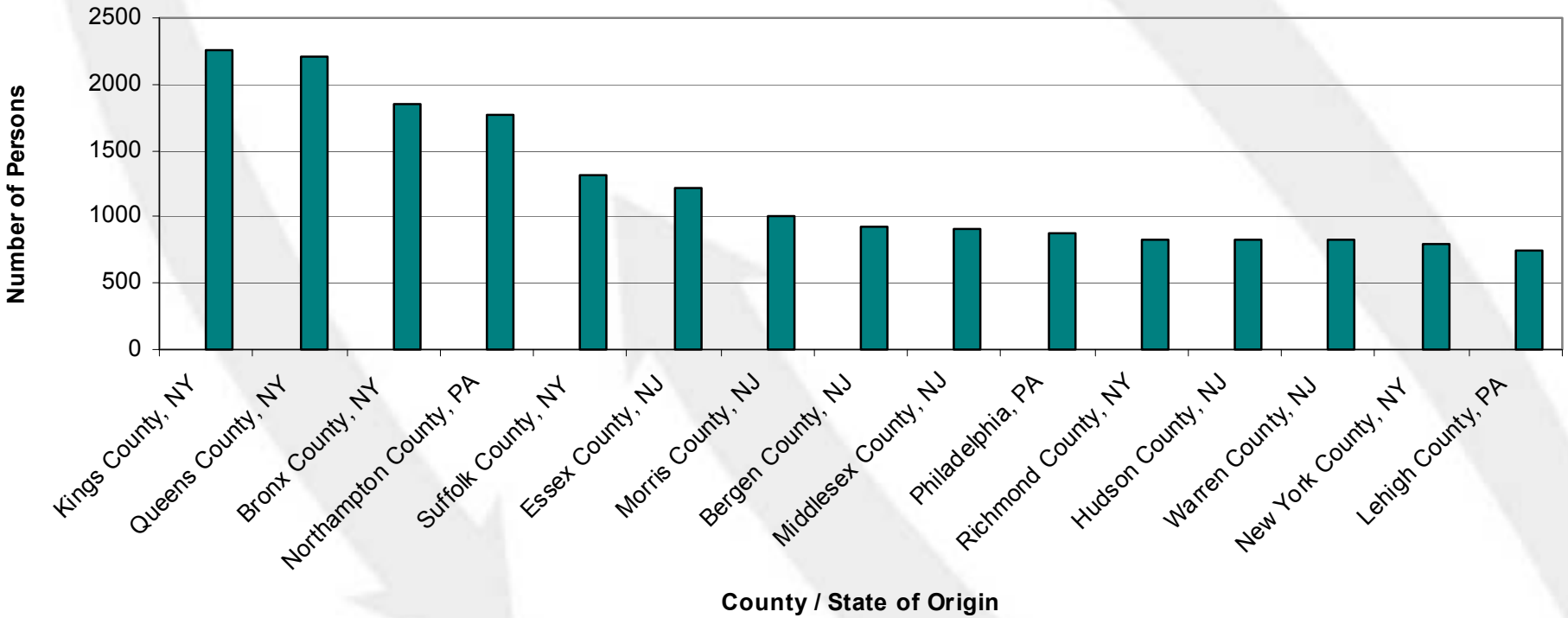
.77% of all foreclosed properties in the County

21 identified foreclosure filings (2000-2003)

Population Dynamics

- Growth in Monroe County is substantial and has been fueled by immigration from New York and New Jersey.
- Those new to Monroe County look different than those who have been there for some time.
- Many continue to commute back to New York and New Jersey for their jobs.

County / State of Origin for Persons Migrating to Monroe County, 1995-2000
[Counties from which 750 or more people migrated]



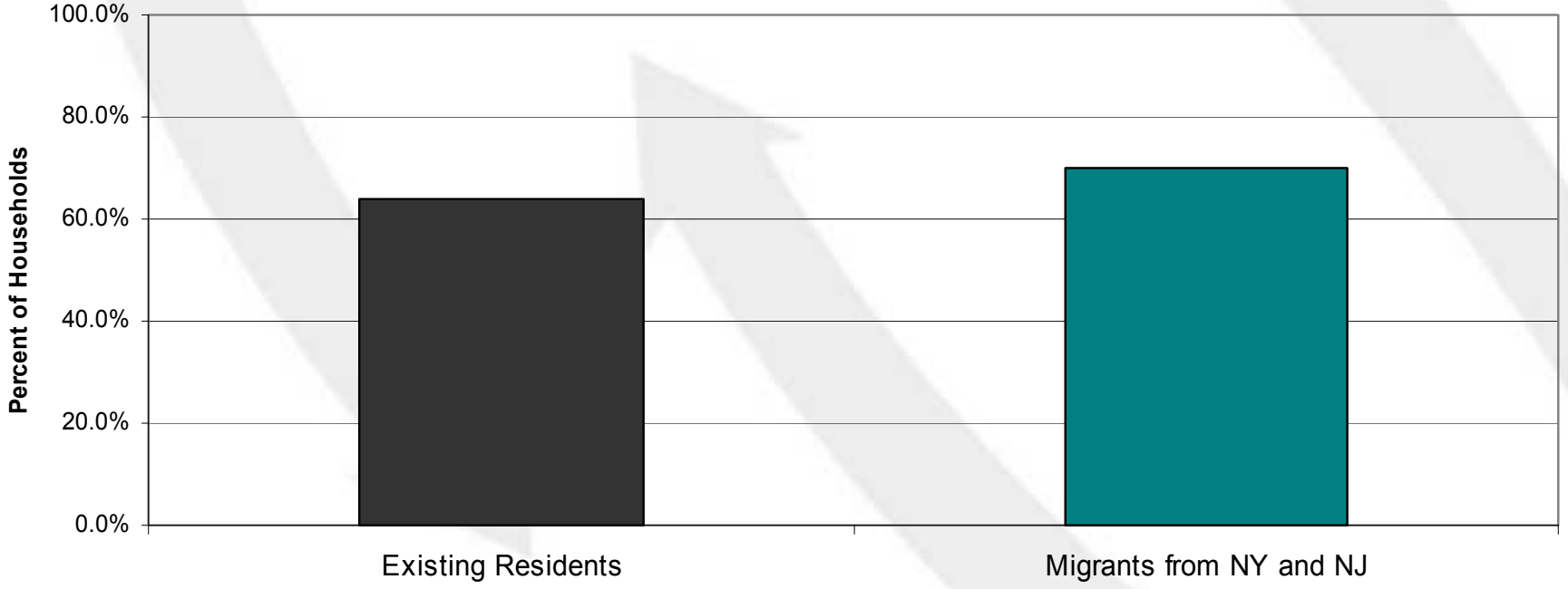
Population growth in Monroe County is largely fueled by domestic migration. Monroe County has become the home to tens-of- thousands of households from NY and NJ since 1995.

Comparison of New Migrants to Existing Monroe County Residents

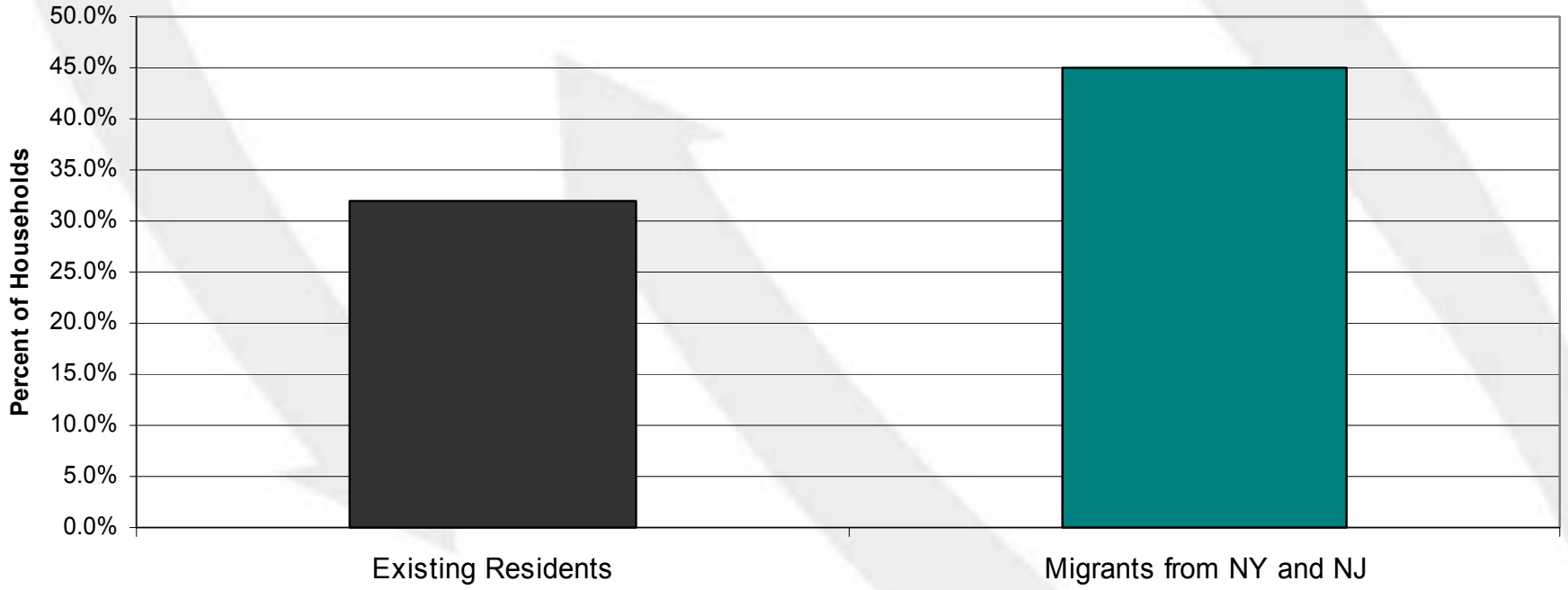
In comparison to previously existing Monroe County residents, new migrants from New York (*19.1% of households migrating between 1995-2000*) and New Jersey (*15.7% of households migrating between 1995 and 2000*) are more likely to be:

- Married
- With children
- Higher income
- Residents of newer construction housing
- Black and Hispanic

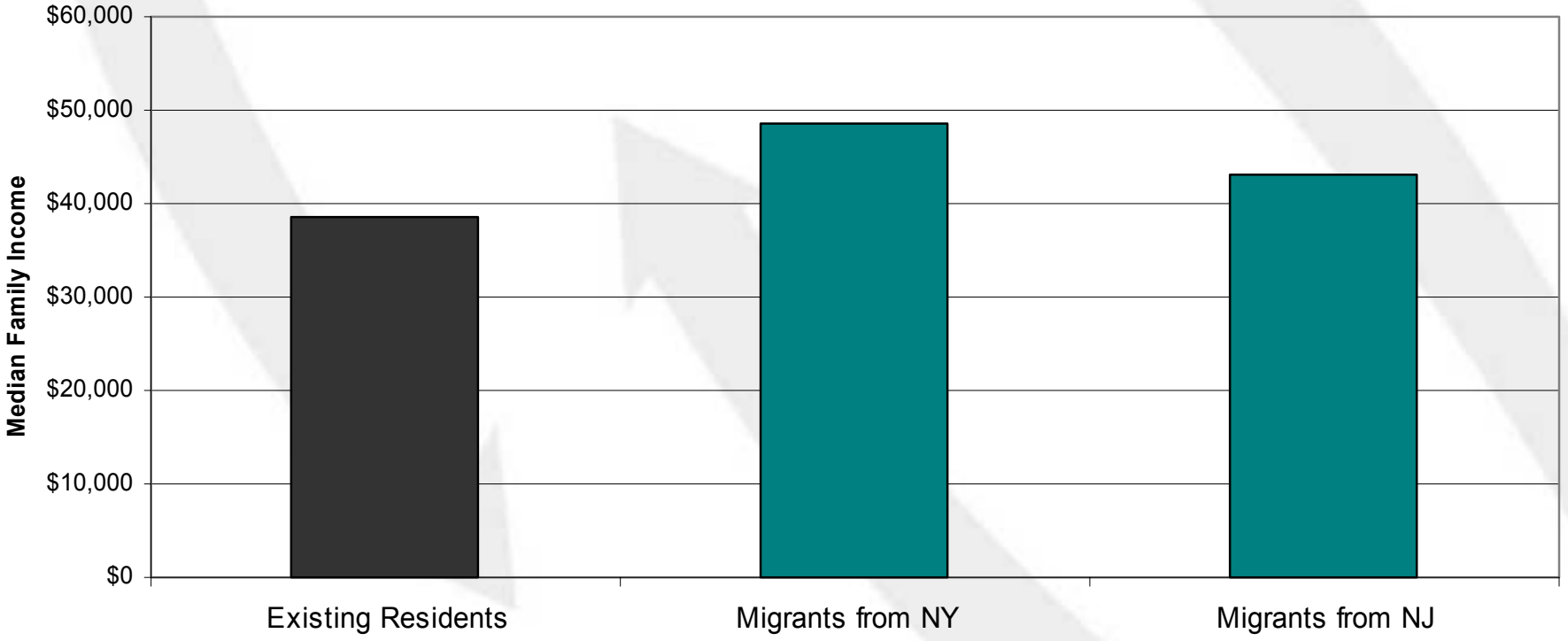
Percent of Householders Married Among Existing Residents and Migrants to Monroe County - Post 1995



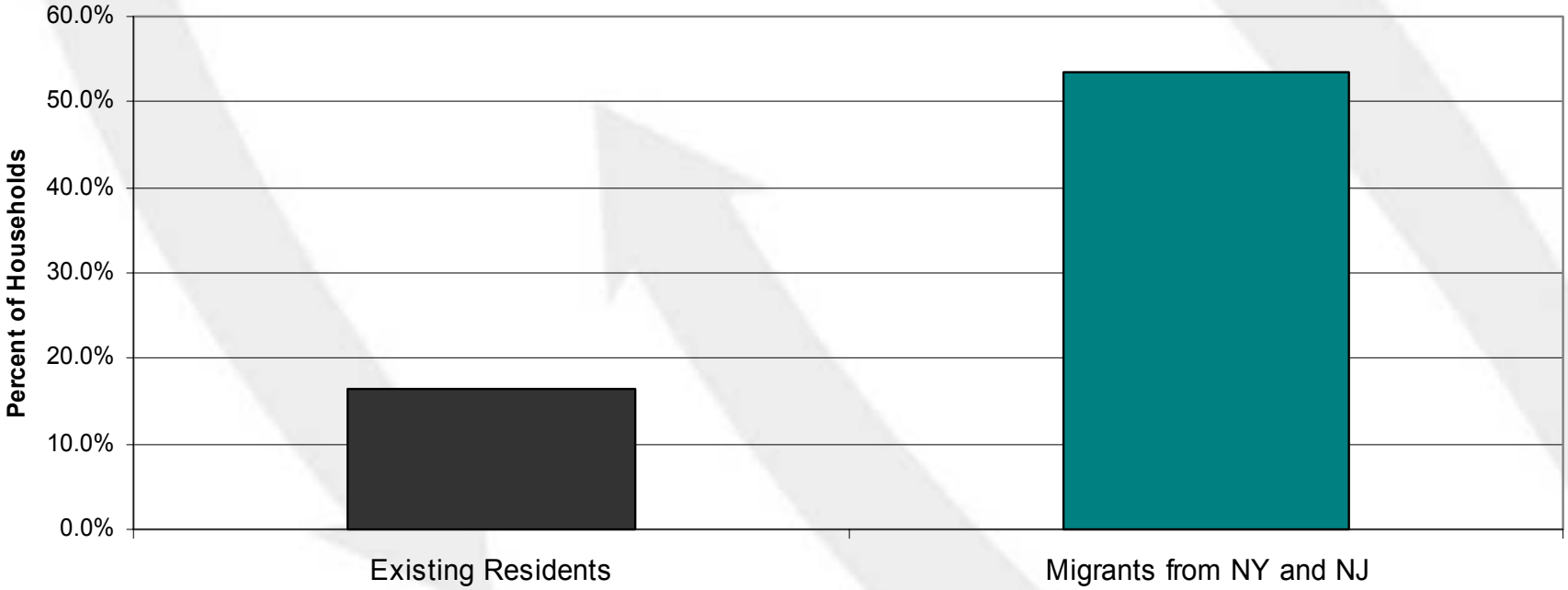
Percent of Households Migrating to Monroe County With One (or more) Child(ren) Present

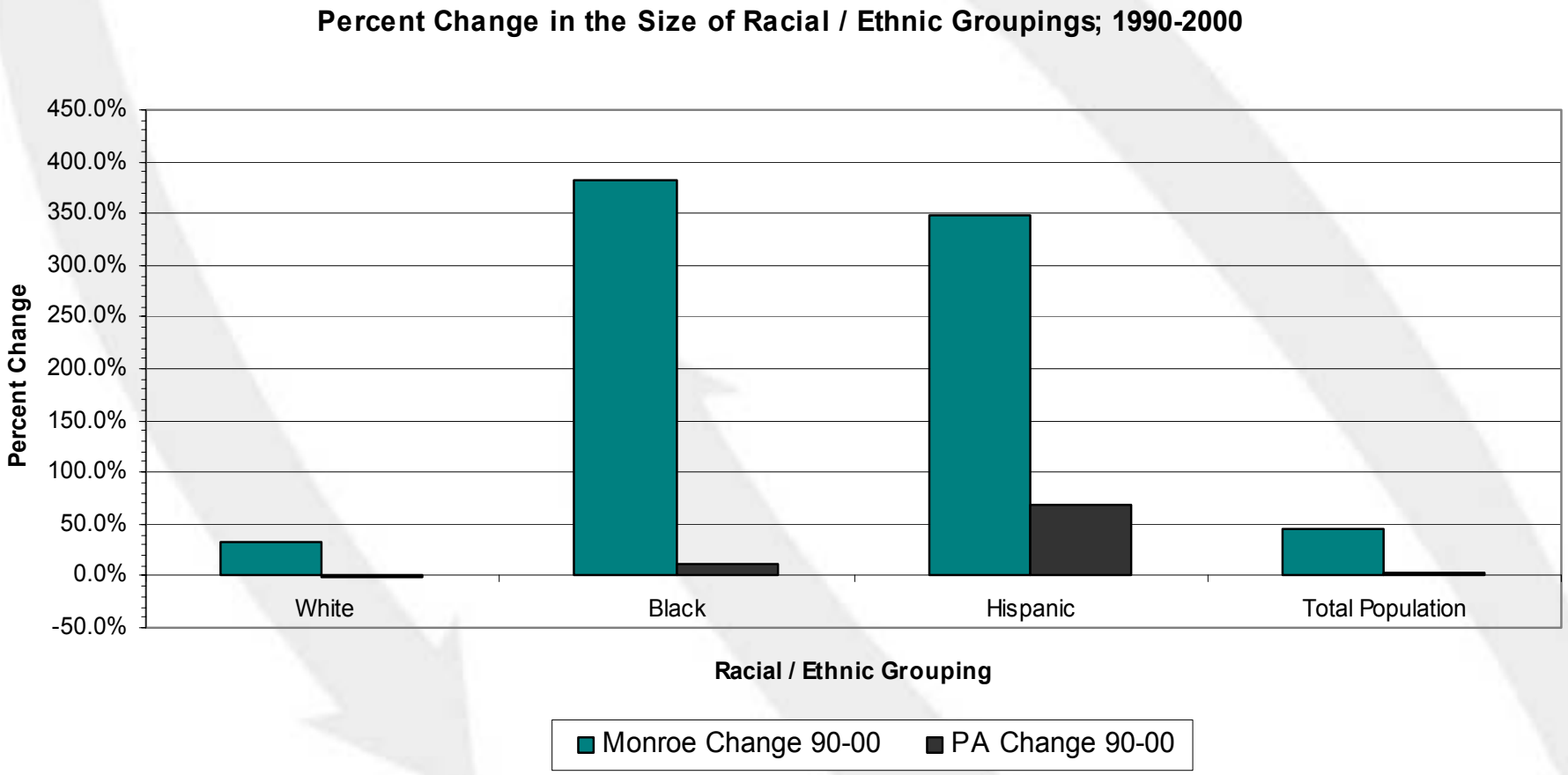


Median Family Income (1999) of Families Migrating to Monroe County



Percent of Households Migrating to Monroe County Residing in Newer Construction (Post-1990) Homes





Monroe County's population growth is fueled by triple-digit growth in the minority population coupled with slower growth in the White population.

Percent of Monroe County Workers Commuting to Jobs Outside of Monroe County by Destination, 1990-2000

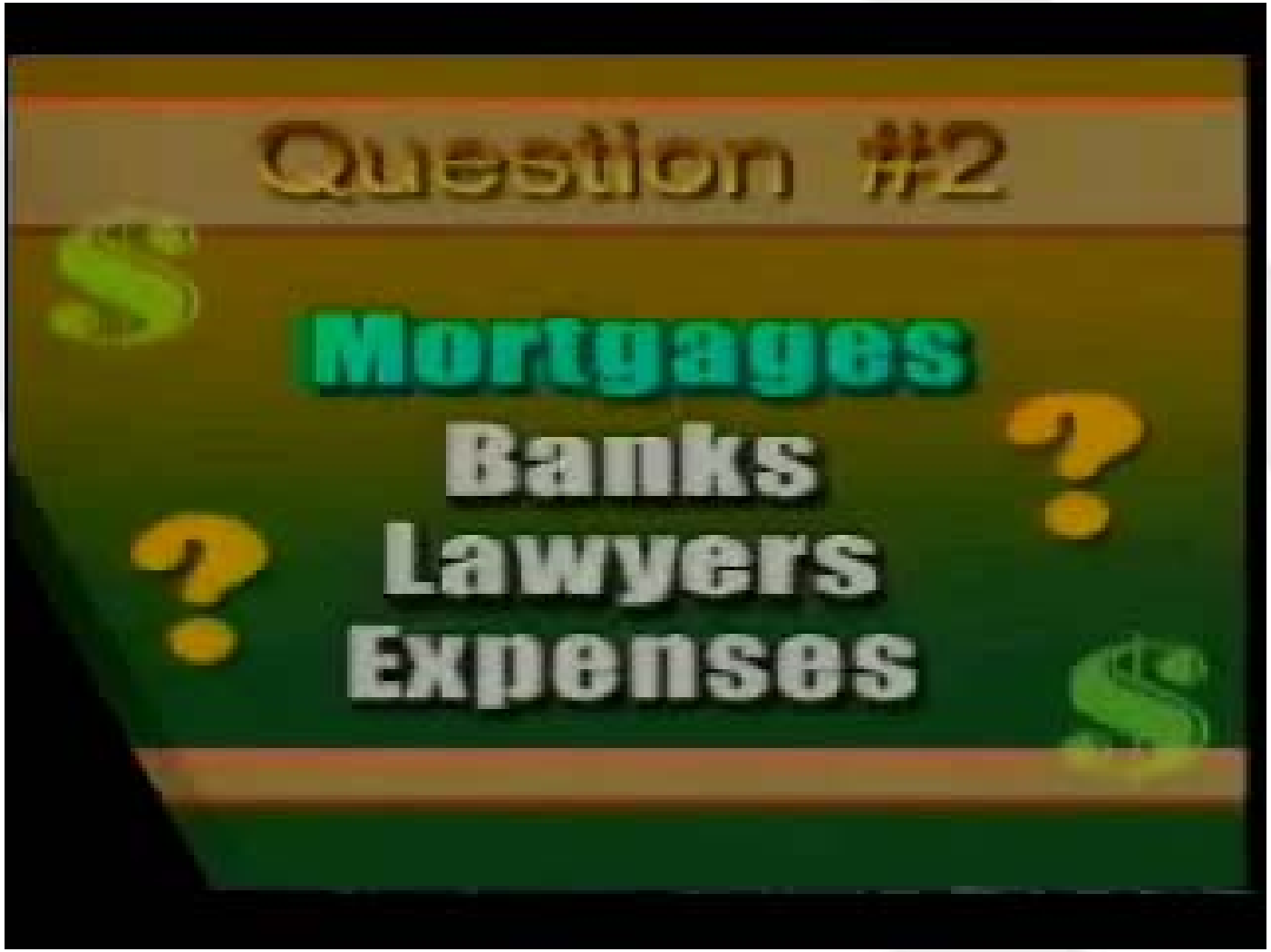
While many households moved to Monroe County for all of the benefits it offers (e.g., quality schools, an opportunity to become a homeowner, safety, etc.), many continued to commute more than four hours per day back to NY and NJ for work.

Marketing Campaigns in New York and New Jersey were *focused*

- Ads touted the low monthly payment and minimal downpayment requirements.
  - Average rent levels in NY and NJ were adequate to meet the advertised monthly payments
- Ads juxtaposed the violence, drugs, overcrowding and lack of decent affordable housing in NY and NJ with the idyllic affordability of the Poconos.
- As first-time homebuyers, the “pitch” minimized the need for shopping around or seeking representation.

WHY-RENT Commercial

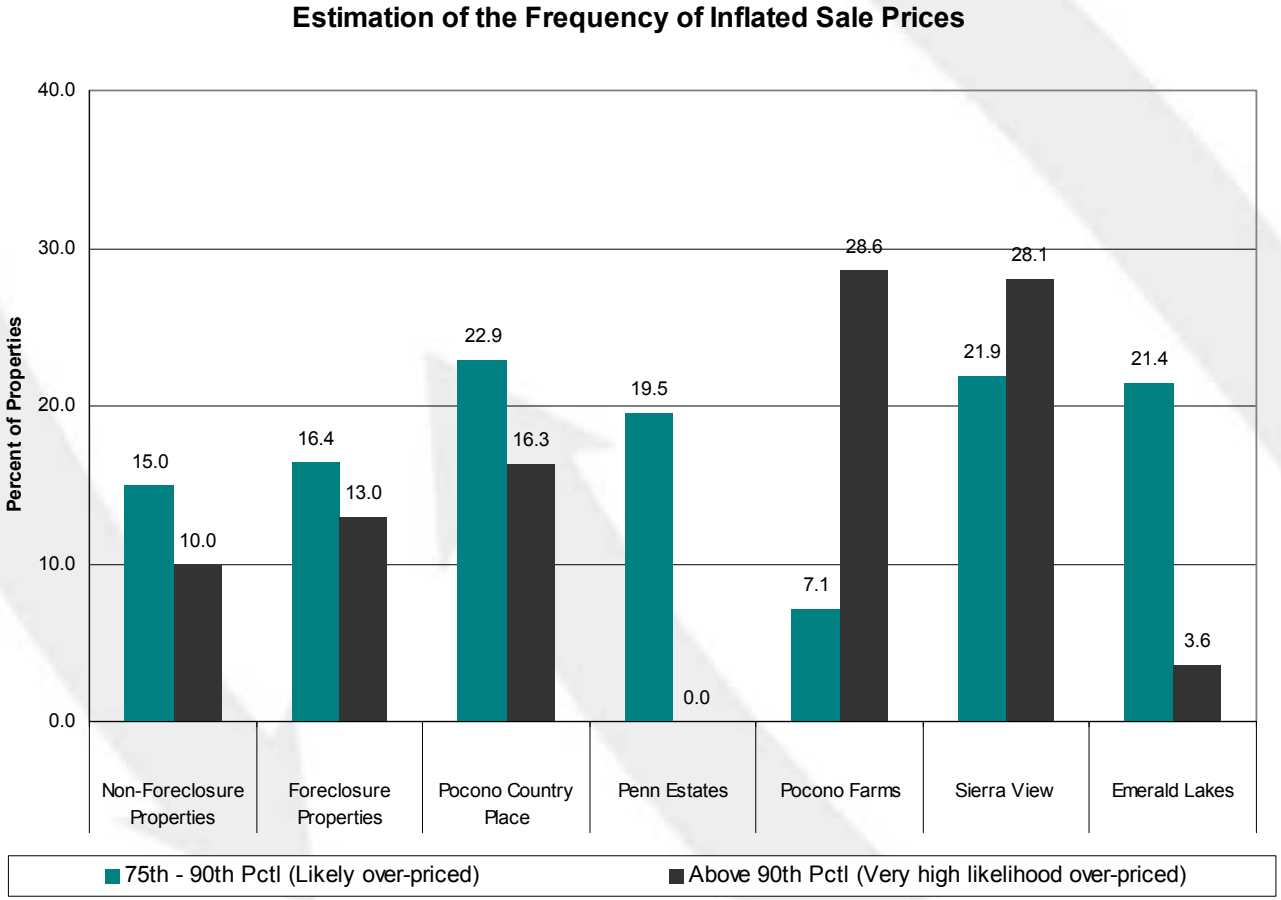
Keystone Development Infomercial



Characteristics of Loans in Foreclosure

Loans in foreclosure have one or more of the following characteristics:

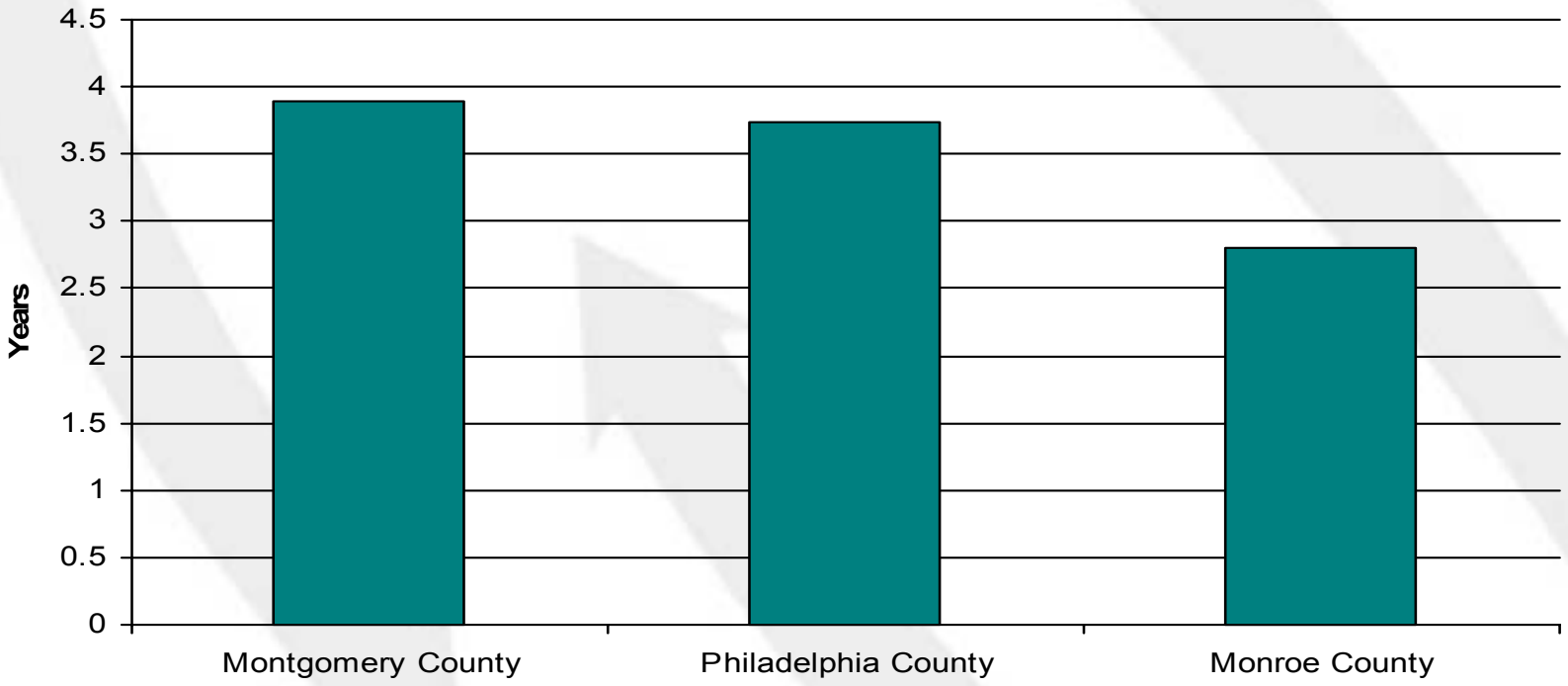
- Likely involved inflated sale prices
- Disproportionately subprime
- Went into foreclosure quickly
- Were for homes that lacked a building inspection at the time of construction



Properties in foreclosure, and foreclosure properties in subdivisions most hard-hit by foreclosure, are more likely over-priced than properties that were not subject to mortgage foreclosure.

In 2002, 18% of all loans originated in Monroe County were originated by lenders that make subprime loans. By contrast, between 2000 and 2003, 66% of loans in foreclosure in Monroe were originated by lenders making subprime loans.

Median Time from Loan Origination to Foreclosure Filing, 2000-2003



In Monroe, the median time lapse from origination to foreclosure was 2.8 years; in Montgomery County it was 3.9 years and in Philadelphia it was 3.73 years.