



[Another Bachmann liability: Mortgage troubles abound in her district](#)

By [Molly Priesmeyer](#) 10/20/08 10:00 AM [DIGG](#) [TWEET](#)



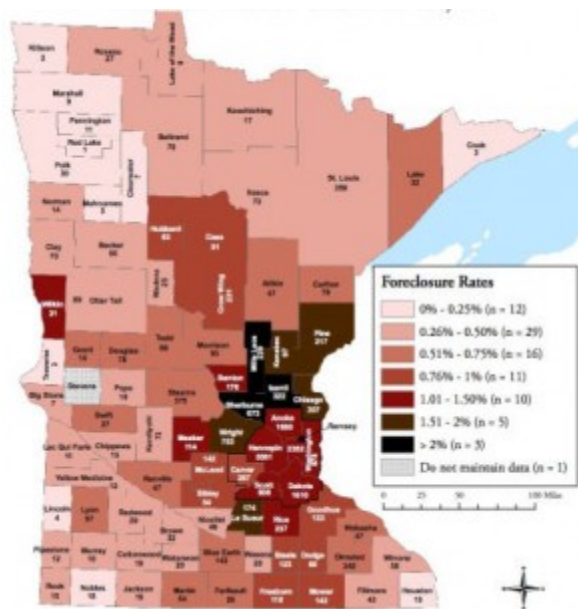
Following Michele Bachmann’s already notorious “anti-Americans” turn on Hardball last Friday – and the news that her main 6th District opponent, Elwyn Tinklenberg, raised more than \$600,000 over the weekend — the conventional wisdom about Bachmann’s re-election prospects has turned on a dime. Or, as this morning’s Strib puts it: “Suddenly, Bachmann race looks different.”

But even before that debacle, Bachmann faced a challenge back home that’s been little-noted but may pose difficulties for the first-term incumbent: the impact of the mortgage crisis in her suburban and rural district.

As the foreclosure crisis spreads and Alt-A loans start to reset, an issue that was once confined mostly to the city is starting to unravel. Foreclosures are turning toney and leafy neighborhoods into ghost towns. Entire neighborhoods are free of kids and cars, and half-built homes look like bombed-out mausoleums on sprawling lots.

The no-doc pick-a-payment loans that were popular for suburban McMansions won't actually hit their reset peak until 2010. Yet not only are many of these suburban homes going into foreclosure prematurely; the increasing foreclosures are the first wave of more problems to come for the outer rings.

Today, for example, Michele Bachmann's district is turning a deep shade of red. The color saturation isn't associated with the exurbs' GOP leanings. Instead, Bachmann's district, which includes Stearns, Benton, Sherburne, Wright, Anoka, and Washington counties, is being hit hard with foreclosures, so heavily that the most recent foreclosure data map provided by the [New York Federal Reserve](#) has all of the counties, with the exception of Stearns, bleeding a shade of red that's as deep or deeper than the one that colors Hennepin County.



Housing Link: Foreclosures by county in Minnesota (from PDF linked in story)

That's because, according to the most recent study released by [Housing Link](#) in Minnesota, Bachmann's district has a higher foreclosure rate than the rest of Minnesota and the rest of the country. While in 2007 the national average hovered at around one percent, or one out of every 100 mortgages went into foreclosure, Sherburne and Wright were actually at 1.5 to 2 percent that year, and the rest of her district was between 1.01 and 1.5 percent. What's more, Housing Link's numbers represent only the total foreclosure sheriff sales and don't include the high number of foreclosure filings and notices of default that are pervasive throughout the suburbs right now, numbers often cited by many housing analysts as actual foreclosures.

To put it into perspective, compare this to Hennepin County, which is suffering from the highest number of foreclosures in the state and serious blight as a result of it. The foreclosure rate in 2007 was between 1.01 and 1.5 percent, and is expected to increase to 1.51 to 2 percent this year. But that's a lower rate of foreclosure than the outer ring is presently seeing.

"The problem in that area is really two-fold," says Mark Ireland, attorney for the Housing Preservation Project and the Foreclosure Relief Law project in Minnesota. "One big bubble of subprime is crashing right now. There were subprimes in the suburbs too, mostly originated in 2004 and 2005. And there were a bunch of Alt-As originated in 2005 and 2006 that are just starting to reset. But the problem is accelerated by the energy crisis. People who are commuting 60 to 70 miles to work each day cannot afford the gas, or the payments on their home."

In Bachmann's district, foreclosures in Sherburne rose by 97 percent last year. Hennepin County, which suffered from more than 5,000 foreclosures last year, saw its foreclosures rise by 83 percent.

"It's a huge issue out there," Ireland says. "And I don't think anyone was willing to believe it, partly because these folks made poor financial decisions, getting into homes that were \$300,000 and more. They're not going to have the blight that city's have out there, because it's a little more spread out. A house every acre. But you are going to have issues of houses that were just slopped up with pretty low quality materials," he says.

And he adds that ignoring the problem will only increase the spread. "The problem with ignoring it is twofold. You are not only punishing them for making a bad decision, you are punishing an entire community. People are under water. Home values are declining 10 to 20 percent. It will become a problem that affects everyone."

Ireland adds that neighbors, and in particular policy makers, have been less sympathetic to the plight of those living in giant brand-new homes they can't afford. For the most part, they weren't victims of predatory lending or mortgage fraud that's so prevalent in the cities.

"It gets into some sort of weird college ethics question about is it the drunk or the bartender to blame?" Ireland says. "I guess where I come down, and I am biased, the person who is the most culpable is the person who is in the best position to say 'no.' And to me, that is the banks. They knew the risks of originating these loans. They knew what the default rate was going to be. And they were in a position to stop it."

And so far, Bachmann's allegiances have been clear. She's voted against any help for homeowners and continually sides with banks and the financial services industry as member of the House Financial Services Committee. Her number one campaign contributor is TCF Bank, which is also one of the top-ten mortgage lenders in the state.

If there is any good news for Bachmann in all this, it's that voters in her district aren't likely to inject any Obama coattails effect into the race even if Obama does win by double digits in the state at large, as some recent polls have suggested he might.

The 6th District has long been deemed the most conservative in the state, observes political analyst David Schultz. "The main races in which you could see Obama's coattails playing out are the US Senate and the 3rd Congressional District," he says. "I don't see it playing much of a role in Bachmann's district, though I suppose voters in the Stillwater area and at St. Cloud State could have some impact in that regard."

Still, says Schultz, "In light of Bachmann's meltdown in recent days, it's possible to see her as vulnerable now, which would have been hard to imagine not very long ago."

Steve Perry contributed reporting to this story.