



FAIR HOUSING OF MARIN

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Visit our website to access both the recorded national press conference and our local presentation about the Fannie Mae investigation in the Bay Area, including photographs and local data: <http://www.fairhousingmarin.com/in-the-news>

Mortgage Giant Fannie Mae Accused of Racial Discrimination in 34 U.S. Metro Areas

NFHA and 19 Civil Rights Groups File HUD Complaint Over Neglected Foreclosures

San Rafael, California — Today, the National Fair Housing Alliance (NFHA) and 19 local fair housing organizations, including Bay Area agency **Fair Housing of Marin**, announced the filing with HUD of a housing discrimination complaint against Fannie Mae, one of the largest owners of foreclosed homes in the United States. The civil rights groups allege that Fannie Mae maintains and markets its foreclosures (also known as real estate owned or “REO” properties) in White neighborhoods consistently better than in middle- and working-class African American and Latino neighborhoods, a practice that violates the federal Fair Housing Act. The complaint is the result of a five-year investigation.

“Fannie Mae is wreaking havoc on middle- and working-class communities of color nationwide through a pattern of neglect that is frankly appalling,” said **Shanna L. Smith, President and CEO of NFHA**. “Fannie Mae’s failure to take care of its massive foreclosure inventory in African American and Latino neighborhoods further destabilizes the communities hardest hit by the foreclosure crisis, in clear contradiction of its congressional charter, federal fair housing laws, and its obligation to affirmatively further fair housing. This systematic failure also creates health and safety hazards, contributes to blight, and places an unfair burden on neighbors and city governments to clean up the problem.”

Evidence gathered from 2010 through April 2015 documents an ongoing pattern and practice of discrimination by Fannie Mae and its asset management contractors. Currently, NFHA and its partners have investigated 2,106 REO properties owned by Fannie Mae in 34 metropolitan areas encompassing 129 cities across the United States. NFHA is joined in this complaint by 19 of its member organizations (see Table 1 for a full list of metro regions and fair housing organizations involved in the complaint).

The fair housing organizations investigated the maintenance and marketing of REOs for 39 different types of deficiencies that affect home value, curb appeal, the security of the home and the marketability of the property. The deficiencies assessed by investigators include: broken, boarded or damaged windows and doors; unlocked doors and windows; damaged and obstructed gutters and downspouts; safety hazards; accumulated trash; overgrown lawns and shrubs; lack of “for sale” signs; and others.

Fannie Mae properties in communities of color had broken doors and windows, unlocked doors and windows allowing access to the home, excessive litter, dead or overgrown lawns, dead animals or live animals on the property, and other major deficiencies. Conversely, most Fannie Mae properties in predominantly White communities did not. These problems are simple to fix and are the responsibility of Fannie Mae and its contractors.

Since 2009, NFHA has made efforts to work with the Government Sponsored Enterprises (“GSEs”) to correct their practices. The GSEs have a legal responsibility to treat all neighborhoods fairly. Smith said, “Freddie Mac looked into its practices and made good faith efforts to correct its business model, but Fannie Mae refused to take responsibility for its neglect in communities of color. The difference between Freddie and Fannie properties is striking. We now rarely find disparities in Freddie Mac’s inventory. Fannie has to take responsibility.” She added, “Fannie Mae has not only ignored the problem but has continued to award millions of dollars in new contracts to the same asset management companies that engaged in this discriminatory behavior. We have filed this complaint after having exhausted every possible means we could think of to get Fannie Mae to abide by the law and work with us to re-stabilize the damaged communities.”

The Fair Housing Act makes it illegal to discriminate based on race, color, national origin, religion, sex, disability, or familial status, as well as on the race or national origin of residents of a neighborhood. This law applies to housing and housing-related activities, which includes the maintenance, appraisal, listing, marketing, and selling of homes.

BAY AREA IMPACT

"Fannie Mae's shoddy maintenance of REO homes in communities of color renders them unmarketable and an eyesore to their neighbors who are taking care of their homes," says Caroline Peattie, Executive Director of Fair Housing of Marin. “But the cost to these neighborhoods is much more insidious than just plummeting real estate values. There is a high price to pay in health and safety risks in these neighborhoods -- they are not only vulnerable to crime, but people feel unsafe and this has a documented effect of elevating blood pressure and increasing the risk of heart disease."

In the Richmond and Oakland, CA metropolitan area, Fair Housing of Marin and NFHA investigated 84 REO properties owned by Fannie Mae. Of these, 11 were located in predominantly African-American communities; 25 in predominantly Hispanic communities; 36 in predominantly non-White communities; and 12 in predominantly White communities.

18% of the REO properties in communities of color had 10 or more maintenance or marketing deficiencies documented, and an additional 4% had 15 or more maintenance or marketing deficiencies, while none of the REO properties in White communities had 10 or more maintenance or marketing deficiencies.

Here are just a few of the disparities we documented:

- 36% of the REO properties in communities of color had trash or debris on the premises, while only 17% of the REO properties in White communities had the same problem.
- 33% of the REO properties in communities of color had a broken, boarded, or unsecured window, while only 8% of the REO properties in White communities had the same problem.
- 35% of the REO properties in communities of color had holes in the structure of the home, while none of the REO properties in White communities had the same problem.

In the Vallejo, CA metropolitan area, Fair Housing of Marin investigated 68 REO properties owned by Fannie Mae. Of these, one was located in a predominantly Hispanic community; 48 in predominantly non-White communities; and 19 in predominantly White communities. We documented the following:

- 47% of the REO properties in White communities had fewer than 5 maintenance or marketing deficiencies, while only 35% of the REO properties in communities of color had fewer than 5 deficiencies.
- 12% of the REO properties in communities of color had 10 or more maintenance or marketing deficiencies, while none of the REO properties in White communities had 10 or more maintenance or marketing deficiencies.

Fair Housing of Marin found significant racial disparities in the majority of the objective factors we measured. Here are just a few of the disparities we documented:

- 39% of the REO properties in communities of color had trash or debris on the premises; only 10% of the REO properties in White communities had the same problem.
- 31% of the REO properties in communities of color had holes in the structure of the home, while only 16% of the REO properties in White communities had the same problem.
- 22% of the REO properties in communities of color had a broken, boarded, or unsecured window, while only 11% of the REO properties in White communities had the same problem.

NATIONWIDE STATISTICS

Full national statistics and data for individual cities available at www.nationalfairhousing.org

Summary of Findings:

- 49.5 percent of the REO properties in White communities had **fewer than 5 deficiencies**, while only 24.4 percent of the REO properties in communities of color had **fewer than 5 deficiencies**.
- 22.1 percent of the REO properties in communities of color had **10 or more deficiencies**, while only 8.0 percent of the REO properties in predominantly White communities had **10 or more deficiencies**.

Highlights of Significant Racial Disparities:

- 40.6 percent of the REO properties in communities of color had **a broken, boarded, or unsecured window**, while only 21.2 percent of the REO properties in White communities had the same problem.

- 38.5 percent of the REO properties in communities of color had **trash or debris** on the premises, while only 15.1 percent of the REO properties in White communities had the same problem.
- 29.8 percent of the REO properties in communities of color had **holes in the structure of the home**, while only 13.9 percent of the REO properties in White communities had the same problem.
- 27.3 percent of the REO properties in communities of color had **wood rot**, while only 17.8 percent of the REO properties in White communities had the same problem.
- 23.9 percent of the REO properties in communities of color had **unsecured, broken, or boarded doors**, while only 11.6 percent of the REO properties in White communities had the same problem.
- 21.7 percent of the REO properties in communities of color had **exposed or tampered-with utilities**, while only 9.7 percent of the REO properties in White communities had the same problem.

Table 1. Partner Organizations and Metropolitan Areas Involved in Complaint	
Fair Housing Center	Metropolitan Area
Connecticut Fair Housing Center	Hartford
Denver Metro Fair Housing Center	Denver
Fair Housing Center of Central Indiana	Indianapolis
Fair Housing Center of the Greater Palm Beaches	Greater Palm Beaches
Fair Housing Center of West Michigan	Grand Rapids, Muskegon
Fair Housing Continuum	Orlando
Fair Housing of Marin	Vallejo, Richmond and Oakland
Greater New Orleans Fair Housing Action Center	New Orleans, Baton Rouge
HOPE Fair Housing Center	Chicago
Housing Opportunities for Excellence (H.O.P.E.)	Miami
Housing Opportunities Made Equal of Virginia	Richmond
Metro Fair Housing Services	Atlanta
Metropolitan Milwaukee Fair Housing Council	Milwaukee
National Fair Housing Alliance	Baltimore, Charleston, Kansas City, Las Vegas, Memphis, Minneapolis, Philadelphia, Phoenix, San Diego, Tucson, Washington DC and Prince George's County, MD
North Texas Fair Housing Center	Dallas, Fort Worth
Open Communities	Chicago
South Suburban Housing Center	Chicago, Gary
The Housing Research & Advocacy Center	Cleveland
The Miami Valley Fair Housing Center	Dayton, Columbus
Toledo Fair Housing Center	Toledo

[Fair Housing of Marin](#) is a non-profit organization serving several Bay Area counties that provides free counseling, enforcement, mediation, and legal or administrative referrals to persons experiencing housing discrimination. Fair Housing of Marin also offers foreclosure prevention services advice, seminars to help housing providers fully understand fair housing law and education programs for tenants and the community at large. Fair Housing of Marin is a HUD-Certified Housing Counseling Agency.

The mission of Fair Housing of Marin is to ensure equal housing opportunity and to educate the community on the value of diversity in our neighborhoods.

The National Fair Housing Alliance

Founded in 1988, the National Fair Housing Alliance is a consortium of more than 220 private, nonprofit fair housing organizations, state and local civil rights agencies, and individuals from throughout the United States. Headquartered in Washington, D.C., the National Fair Housing Alliance, through comprehensive education, advocacy, and enforcement programs, provides equal access to apartments, houses, mortgage loans, and insurance policies for all residents in the nation.

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