Fannie Mae Fails to Maintain REOs in African-American and Latino Neighborhoods in Metro Atlanta, GA

Metro Fair Housing Services, Inc.
215 Lakewood Way, S.W., Suite 106
Atlanta, Georgia 30315
http://www.metrofairhousing.com

Gail Williams, Executive Director
Fannie Mae REO Investigations in 38 Metropolitan Areas
Fannie’s Mission for REOs

“At Fannie Mae, the mission of the Fannie Mae Property Maintenance team is to ensure the quality of our REO property maintenance services, consistently producing best-in-class, market-ready properties and maintaining them until removal from our inventory.”

- Found on Homepath.com
These lists are essentially the same and detail what Fannie Mae says it will do to maintain its foreclosures.
Fannie Mae expects each property’s exterior to be in compliance with local codes and ordinances year round, as well as the exterior to look its best to remain competitive in the market.

Exterior services include:

- **Removal of trash/debris.**
- **Cut grass and remove clippings from sidewalks, driveways and lawns (front, back, and sides).**
- **Knock down, remove, and treat weeds as needed in all rock-spared areas.**
- **Trim weeds/overgrowth from fence lines, foundation of home/other structures, driveways and flower beds without damaging existing plants or flowers.**
- **Edge driveways, walkways and sidewalks.**
- **Remove all non-decorative vegetation attached to structure (including hanging vines).**
- **Hedge all shrubs and small ornamental trees on entire property, and ensure overgrown shrubs are hedged and trimmed from all exterior entrances and walkways, as well as below window sills as appropriate.**
- **Remove all fallen leaves, dead shrubs/plants/small ornamental trees from the property.**
- **Clear all walkways and sidewalks of clippings and dirt.**
- **Ensure all real estate signage is properly secured and showing appropriately.**
- **Ensure all debris/mailings/door drops/cobwebs are removed from all entry ways/porch areas.**
- **Property is secured and locked.**
- **Confirm interior and exterior maintenance is satisfactory.**
Fannie Mae has also provided its vendors with the authority to immediately perform additional services, without obtaining prior approval up to specified dollar thresholds as conditions at the property warrant, including, but not limited to:

- Installation of exterior doors if damaged or missing (instead of using temporary securing materials);
- Exterior porch light replacement if damaged or missing;
- Finished handrails/guardrails (instead of temporary replacements);
- Deck and wooden step repairs;
- Gutter repairs;
- Fence repairs;
- Rehanging shutters; and
- Painting over graffiti.

https://www.homepath.com/field-services.html
Methodology for Investigation

- Neighborhoods selected for investigations were:
  - Majority African American
  - Majority Latino
  - Majority Non-White
  - Majority White

- Neighborhoods selected had Fannie Mae foreclosed homes listed for sale on Fannie’s website.

- 100% of Fannie Mae REOs in targeted zip codes were investigated.
Methodology for Investigation

- These 39 items are important maintenance issues addressing curb appeal, health and safety items, and structural issues for marketing the REO, maintaining property values, and being a good neighbor to surrounding homeowners.
  - The investigator marked “yes” or “no” as to whether the deficiency was present on the REO.
    - For example, 1 unsecured hole in the structure counts as 1 deficiency; likewise, 3 holes in the structure also counts as only 1 deficiency.

- Photos were taken of the REO and neighbors on both sides and across the street to show routine maintenance of homes in neighborhoods.

- No homes that were occupied were evaluated or used in the complaint.
Evaluation Measures

- Curb Appeal
  - Trash, Leaves, Overgrown Grass, Overgrown Shrubs, Invasive Plants, Dead Grass

- Structure
  - Broken Windows, Broken Doors, Damaged Fences, Damaged Roof, Holes, Wood Rot

- Signage
  - Trespassing/warning signs, “Bank owned”, “Auction”, or “Foreclosure” signs, “For Sale” signs missing or broken/discarded
Evaluation Measures

- **Paint/Siding**
  - Graffiti, excessive peeling/chipped paint, damaged siding

- **Gutters**
  - Missing, out of place, broken, hanging, obstructed

- **Water Damage**
  - Mold, discoloration, excessive rust, erosion

- **Utilities**
  - Tampered with or exposed
Atlanta, GA Racial Disparities

- In the Atlanta, GA metropolitan area, Metro Fair Housing Services, Inc. investigated 106 REO properties owned by Fannie Mae.
  - 70 African-American
  - 2 Latino
  - 8 Majority Non-White
  - 26 White

- 41% of the REO properties in communities of color had holes in the structure of the home;
- 40% of the REO properties in communities of color had overgrown or dead shrubbery; and,
- 21% of the REO properties in communities of color had unsecured, broken, or boarded doors
Samples of Fannie Mae’s Poor Maintenance and Marketing in African American and Latino Neighborhoods

Atlanta, Decatur, East Point, and Stone Mountain
2011: This beautiful home in Stone Mountain in an African-American is unsecured and poorly maintained by Fannie Mae.
Fannie Mae failed to secure the home—leaving it vulnerable to vandals.

Fannie also left holes uncovered into the home so insects and animals can enter and nest.

Plus notice the light fixture. These inexpensive items ought to be repaired by Fannie Mae.
Finally, Fannie Mae fails to clean the gutters opening the home to severe water damage.
Fannie REOs from 2012
2012: A newer Fannie Mae REO in Atlanta that is very poorly maintained and hurting property values for the neighbors. Notice the boarded panel on the garage door.
Curb appeal is always important to owner-occupant buyers. Right away you see Fannie doesn’t even fix the mailbox in front.
Walk into the backyard and you find all these tires were piled up.
The back of the home has algae and discoloration—a simple power-washing would clean this up.
The gutter is broken and water is flowing down to the foundation.
2012: This modest home in an Atlanta African-American neighborhood is poorly maintained by Fannie Mae.
The back of the Fannie REO is boarded.
The side yard and backyard are wildly overgrown.

Imagine living next door…
This neighbor doesn’t have to imagine living next to the poorly maintained Fannie REO—they had to deal with it daily.
2012: Fannie Mae’s poorly maintained REO in an African American neighborhood in Atlanta.
Fannie Mae boards a window pane, but fails to board the hole in the overhang, thereby, allowing squirrels or birds to enter and nest.
Fannie Mae boards the back door, but leaves a huge gap for animals to get into the home. There are no handrails on the steps.
This Fannie Mae REO isn’t bad from the front, but…
Fannie Mae fails to reattach the gutters and downspout.
The backyard is mostly mud, leaves and fallen tree branches.
The crawl space was unlocked and left open. This poses a safety issue for children in the neighborhood.
2012: In Southwest Atlanta, this Fannie Mae REO has broken and obstructed gutters, leaves left from the fall, boarded door and chunk of broken concrete.
Fannie Mae doesn’t fix the downspouts so water flows away from the home’s foundation or clean the gutters to prevent roof damage. Chucks of concrete are left in the yard.
The back of the REO is poorly maintained.
Fannie Mae REOs in 2013
2013: Another Fannie REO in an African American neighborhood that is boarded and poorly maintained. The gutters are obstructed as well.
2013: REO is not too bad from the front, but...
Back of the REO has dirt and algae…
A dangerous hole left uncovered in the yard…
The downspout is missing…
Fannie Mae REOs in 2014
2014: This Fannie Mae REO in an African American neighborhood need a little attention to be in great condition.
This downspout has been displaced for so long that weeds have taken over.
The rain would pour over this gutter into the roof or the foundation.
These holes in the foundation allow insects and animals into the home.
2014: Fannie Mae REO in African American neighborhood
The back of the home has leaves, boarded windows and algae.
Fannie Mae REOs in 2015

All of the REOs were taken from Fannie Mae’s Homepath.com website.
2015: Fannie Mae’s REO in an African–American neighborhood in Decatur is poorly maintained…
Fannie Mae fails to put hand rails on the front steps.
The back door had a broken window pane and you could simply reach through and unlock the door.
Fannie Mae just tapes this cracked window rather than replacing the pane of glass.
The basement drain is covered and these leaves are from the fall since this photo was taken in April.
The basement door was unlocked allowing people into the property.
The backyard is overgrown and the broken birdbath not removed.
2015: This poorly maintained Fannie Mae REO in an African-American neighborhood in Decatur had a small card board “For Sale” sign in the yard and....
Gutters and downspouts were missing or hanging all around the home. The steps had no handrail and the deck had rotted wood making it dangerous to walk on.
Fannie Mae replaced some of the rotted boards, but left others making it dangerous for anyone walking onto the deck.
More missing and out of place gutters
Fannie Mae leaves a branch INSIDE the home. Not the best way to market a property.
You can see Fannie Mae listed this REO in an African American neighborhood in Atlanta in poor condition...
Accumulated mail immediately signals to vandals that no one is looking after the home.
Fannie Mae says it is using metal handrails, but apparently not in this African American neighborhood.
Trash is left in the backyard and the retaining wall has a breach that Fannie Mae has not secured.
This back window is propped shut with a metal rod that can easily be removed to provide access into the home.
A quick look at this Fannie Mae REO in an African American neighborhood in Atlanta does provide an accurate picture of how Fannie is not maintaining the home...
The back of the REO is dirty and the garage door is boarded.
Fannie Mae failed to fix this gate or kill the invasive plants taking over the property.
You can see how the invasive plants are taking over the property and notice the trees growing in the gutter.
Here is another Fannie Mae REO in an African American neighborhood in Atlanta. The front yard is overgrown and there are dead invasive plants on the siding.
The driveway has invasive plants and the yard is overgrown.
The backyard is completely overgrown.
The neighbors’ well-maintained homes.
Fannie Mae’s well-maintained REOs in Metro-Atlanta’s White neighborhoods.
2011: This well-maintained Fannie REO in a white neighborhood has a “For sale” sign and no overgrown grass or scrubs.
2011: The only thing wrong with this Fannie Mae REO in a white neighborhood in Atlanta was the leaves had not been raked. Otherwise, the REO had a for sale sign and all gutters and downspouts were connected.
2012: Fannie continued to maintain and market its REOs in white neighborhoods in Atlanta.
2014: Fannie is still maintaining and marketing its REOs in good condition in white neighborhoods of Atlanta.
Fannie Mae mowed the lawn, placed a for sale sign on the property and kept this REO in a white neighborhood in good condition.
Freddie Mac’s REOs in all neighborhoods

While Freddie Mac’s REOs were not always prefect, the investigation found that Freddie Mac consistently mowed the lawns, removed trash or debris, secured door and windows and marketed the homes in a positive light.
2011: Unlike Fannie Mae, Freddie Mac does not board its REOs in Latino neighborhoods. Both the front and back of the property are in good condition.
2011: Back of Freddie Mac REO in Latino neighborhood.
2012: Both the front and back of this Freddie Mac REO in an African-American neighborhood are well-maintained. Notice the “For Sale” sign.
2012: This Freddie Mac REO in an African American neighborhood is clean all around the property.
Health Impact

Living next to or nearby foreclosed homes causes stress, high blood pressure, asthma, and anxiety. People report feeling their neighborhood is stigmatized.
“The increases in blood pressure observed could be due in part to unhealthy stress from residents’ perception that their own properties are less valuable, their streets less attractive or safe and their neighborhoods less stable,” said Mariana Arcaya, Sc.D., M.C.P.

“Safety could also be a concern that affects their ability to exercise in these neighborhoods.”

“Because the study involved predominately white, middle-class, suburban neighborhoods with single-family homes, research on different populations in urban and rural settings is needed,” Arcaya said.
Vacant and abandoned homes cause rapid neighborhood decay and blight. (Broken Window Theory)

Residents feel unsafe walking on streets with abandoned or vacant properties.

A higher proportion of vacant homes in urban neighborhoods is associated with increased crime.
• Vacant and abandoned homes cause rapid neighborhood decay and blight. (Broken Window Theory)

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UNSAFE NEIGHBORHOODS

Unattended and unmaintained properties result in:

- Illegal dumping and rodent infestation
- Injuries from accidental fires or arson
- Deterioration of lead paint.