Fannie Mae Fails to Maintain Foreclosures in Communities of Color in Columbus, Ohio

The Central Ohio Fair Housing Association

Jim McCarthy, President/CEO
175 South 3rd Street, Suite 580
Columbus, OH 43215
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 Checklist**

**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-scape 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

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In the Columbus, OH metropolitan area, we investigated 30 Fannie Mae REOs in 2014
- 8 African-American
- 22 White

- 62.5% of the REO properties in communities of color had trash or debris on the premises.
- 62.5% of the REO properties in communities of color had overgrown or dead shrubbery; and,
- 25% of the REO properties in communities of color had unsecured, broken, or boarded doors.
Fannie Mae Fails to Maintain REOs in Columbus, Ohio’s Communities of Color
This is a Fannie Mae foreclosure in an African American neighborhood in Columbus. The front view alone shows that the property is boarded up and looks vacant.
Walking around the back of the property shows the extent of Fannie Mae’s neglect. The backyard of their foreclosure was filled with garbage, attracting mice, rats, insects and other problems for the neighborhood.
This is another view of the trash piles that also shows the boarded up windows and doors on the foreclosure.
Can you believe that Fannie Mae ACTIVELY listed this home for sale in this condition?
Investigators also found that a number of the gutters at this foreclosure were broken and were not functioning. This kind of neglect allows water damage and mold to affect the property – a problem that is very expensive to fix.
Damage on the roof of the property was tarped up sloppily and a large hole was left open on the side of the house, welcoming anything from pests to water damage to affect this house.
And despite a nice for sale sign, Fannie Mae left a “keep out” sign and “no trespassing sign” up at the property. This is not very welcoming for prospective buyers.
This is one of the neighbors that has to live next to a filthy Fannie Mae foreclosure. This neighbor is keeping their home in good shape and clearly maintains their yard.
Here’s another example of a Fannie Mae property in a predominantly African American neighborhood in Columbus.
Fannie Mae has allowed debris and broken branches to accumulate on the property.
The property looks neglected – chipping paint and ugly graffiti make it an eyesore in this neighborhood.
The yard at this Fannie Mae foreclosure is in bad shape. Most of the grass is dead, there is debris lying around, and the fence is broken and mangled.
Here’s yet another example of a Fannie Mae foreclosure that is an eyesore in it’s predominantly African American neighborhood.
There’s a boarded up window and a bunch of trash on the side of the property.
Even though the back yard has been mowed, there was a bunch of dead branches and yard debris left sitting in the yard.
Fannie Mae’s Well-Maintained REOs in White Neighborhoods
Here’s an example of a Fannie Mae-owned property in a White neighborhood in Columbus.

Despite some discoloration on the back of the home, the property is clean and the lawn looks to be freshly mowed.
And here’s another Fannie Mae-owned property in a White neighborhood in Columbus. Like the previous property, this one is also being maintained and has a nice for sale sign out front.
The back and side views of the property also show that there was no debris, trash or any other serious maintenance issues at this property.
This is yet another example of a Fannie Mae property in a white neighborhood. These front and back view photographs show that the property looks secure and well-maintained.
Here is another example from a white neighborhood in Columbus. The lawn is freshly mowed and free of garbage and debris. If Fannie Mae can maintain their properties in Columbus’ white neighborhoods, why can’t it do the same for ALL of its properties??
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.
National Center for Healthy Housing
POOR QUALITY OF LIFE

Boarded up housing and vacancies contribute to social isolation, anxiety, and feeling of stigmatization. Residents’ fear of crime in neighborhoods with vacancies may cause significant barriers to exercise and physical activity.
Vacant and abandoned homes cause rapid neighborhood decay and blight. 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.
Unsafe Neighborhoods

- Unattended and unmaintained properties result in:
  - Injuries from accidental fires
  - Illegal dumping and rodent infestations
  - Deterioration of lead paint
QUESTIONS?

From Fannie Mae Cyprexx-serviced REO home in Orlando, Florida.