Fannie Mae Fails to Maintain Foreclosures in African American and Latino Neighborhoods in Greater Hartford, CT

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Fannie Mae REO Investigations in 38 Metropolitan Areas

[Map showing 38 metropolitan areas with stars indicating the locations.]
“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
Fannie Mae’s Field Services Checklist

2012 Checklist

These lists are essentially the same and detail what Fannie Mae says it will do to maintain its foreclosures.

2015 Checklist

These lists are essentially the same and detail what Fannie Mae says it will do to maintain its foreclosures.
Exterior Services Checklist

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-scaped 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 one 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
Greater Hartford, CT Racial Disparities

- In the Greater Hartford, CT metropolitan area, we investigated 23 Fannie Mae REOs between 2013 and 2014.
  - 7 African-American
  - 3 Hispanic
  - 3 Majority Non-White
  - 10 White

- 46% of the REO properties in communities of color had trash or debris on the premises
- 46% of the REO properties in communities of color had 10% to 50% of the property covered in invasive plants
- 46% of the REO properties in communities of color had unsecured holes in the structure of the home
Examples of Fannie Mae’s Failure to Maintain REOs in Communities of Color

Hartford, CT
2013 - 2014
2013: This poorly maintained Fannie Mae REO is located in an African-American neighborhood.

Fannie Mae’s REO has missing gutters, damaged steps, overgrown grass and overgrown shrubbery, and a dead groundhog carcass in the yard.
Fannie Mae claims to maintain its REOs in the same or better condition than homes in the neighborhood.

Clearly that is not the case in this African-American neighborhood.
Fannie Mae REO in an African-American neighborhood with trash, overgrown grass and shrubbery, unsecured doors, and broken windows.
Fannie Mae REO in an African-American neighborhood with trash, overgrown shrubbery, invasive plants, and unsecured doors.
2014: This Fannie Mae REO is located in an African-American neighborhood. It sold on 11/20/2014 for $75,000 to an investor, and is being flipped and listed for sale at $164,900. It looks good from the front, but…
Fannie Mae left the home unsecured, and failed to remove fallen debris from the roof. The gutters were also obstructed with plant growth, and the roof was in disrepair.
These are the well maintained neighbors of the Fannie Mae REO.
2014: Fannie Mae REO located in an African-American neighborhood. If Fannie Mae truly wanted to market this home they would power-wash the home, clean out the gutters, and destroy the invasive plants.
Trash and invasive plants were found in the back of the home, as well as obstructed gutters and more discoloration on the home’s siding.
Fannie Mae’s REO's are well maintained in White neighborhoods
2013 and 2014 Fannie Mae REOs in White Neighborhoods are well-maintained.
Health Impact

Living next to or nearby foreclosed homes causes stress, high blood pressure, asthma, and anxiety. People report feeling their neighborhood is stigmatized.
Health and Safety Concerns
“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.
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. (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.
UNSAFE NEIGHBORHOODS

Unattended and unmaintained properties result in:

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

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