Fannie Mae Fails to Maintain Foreclosures in African American and Latino Neighborhoods in Metro Miami, FL

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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
Fannie Mae’s Field Services 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 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
Miami / Ft. Lauderdale, FL Racial Disparities

- In the Miami / Fort Lauderdale metropolitan area, we investigated 64 Fannie Mae REOs between 2012 and 2014.
  - 43 located in African-American neighborhoods
  - 4 located in Latino neighborhoods
  - 2 located in Majority Non-White neighborhoods
  - 15 located in White neighborhoods

- 59% of the REO properties in communities of color had trash or debris
- 49% of the REO properties in communities of color had overgrown or dead shrubbery
- 43% of the REO properties in communities of color had unsecured, broken, or boarded windows
- 67% of the REO properties in communities of color had holes in the structure of the home
Examples of Fannie Mae’s Failure to Maintain REOs in Communities of Color 2012-2014

Miami / Fort Lauderdale, FL
2012: Fannie Mae Fails to Maintain its REOs in Fort Lauderdale/Miami
2012: This Fannie Mae REO is located in an African American neighborhood. It has no “For Sale” sign marketing it to potential homebuyers.
The damaged fence in the front yard creates an eyesore for the neighborhood.
Fannie Mae has left trash and dead leaves to litter the yard.
This home had boarded windows, broken windows, and windows that were left open.
2012: This Fannie Mae REO is located in an African American neighborhood. It does have a “For Sale” sign, but you can barely see it...
Both the “For Sale” sign and the Homepath.com sign are hidden in the windows.

How are potential homebuyers supposed to know this home is for sale when the “For Sale” sign is not visible from the street?
Fannie Mae left a discarded door and doorframe laying in the grass and an uncovered hole in the home’s siding.
By failing to cover this hole Fannie Mae is inviting animals and vermin to nest inside.
The neighbors have beautifully maintained homes.
2013: Fannie Mae Poorly Maintained REOs in Communities of Color
2013: This Fannie Mae REO is located in an African American neighborhood. It doesn’t look too bad from the front, but...
Fannie Mae left the back door completely unsecured, leaving the home open to vandals.
Another door is unlocked and left slightly ajar.
The backyard is accessible and leads to a filthy pool with dozens of tadpoles living in the water.

This unsecured pool is a serious safety hazard to young children in the neighborhood.
These neighbors with their well-maintained homes have to live next to Fannie Mae’s poorly maintained REO.

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.
2013: Fannie Mae REO located in an African American neighborhood.
The backyard is full of trash and overgrown shrubbery.
Another view of the debris and overgrowth that Fannie has left in the backyard.
Damaged fence materials lay among overgrown grass and weeds.
The shrubbery in the backyard is severely overgrown. It is no surprise that Fannie Mae sold this home for only $80,000 while average home sale prices in the neighborhood are $150,000 and up.
2013: Another Fannie Mae REO located in an African American neighborhood. Fannie Mae leaves trash at the curb.
Fannie leaves more trash and debris discarded in the front of the home.
Fannie Mae failed to conduct simple routine maintenance and left the yard completely overgrown.
The side of the home is also overgrown, with trash scattered throughout the overgrowth.
You can hardly open the gate to the backyard because of the overgrown weeds.
Fannie Mae sold this REO to an investor, who in turn, put the property up for rent.

By neglecting to maintain their REOs in communities of color Fannie Mae is turning historically high homeownership neighborhoods into rental neighborhoods.

These neighbors who live next door to Fannie’s poorly maintained REO take excellent care of their homes.
2014: Fannie Still Fails to Maintain its REOs in Communities of Color
2014: This Fannie Mae REO is located in an African American neighborhood and appears to be in good shape when you drive by, but...
The sides and back of the home are completely overgrown.
Trash is left among layers of dead leaves in the backyard.
More trash and debris litters the back of the home.
Fannie Mae failed to secure the shed in the backyard, leaving it open to animals and vandals.
2014: This Fannie Mae REO is located in an African American neighborhood.
The damaged fence in the front of the home deters potential homebuyers before they even step foot on the property.
Fannie Mae failed to cover up multiple holes in the structure and yard of the home.
Invasive plants have taken over what was once a decorative plant in the side yard.
The entire back of the home has been boarded.
Graffiti makes a neighborhood feel dangerous.

Fannie claims to remove graffiti immediately, but clearly has made no effort to clean it off in this African American neighborhood.

Fannie Mae ultimately sold this home to an investor who currently still owns the home.
2014: This Fannie Mae REO is located in an African American neighborhood and you can barely see it because of the large overgrown shrub in the front yard.
The overgrown shrubs and rusted gate in the front of the home are hiding severely overgrown grass.
Fannie Mae has not mowed this lawn in a very long time.
Here an investigator stands among the tall grass.
Overgrowth can be found in the back of the home as well.
Fannie Mae also failed to remove invasive plants growing all around the property.
Two doors on the property are open and unsecured allowing vandals inside.
Another door is left wide open in the backyard and the pool is not covered and is accessible to anyone who may wander into the backyard—including small children.
This home ultimately sold to an investor who is currently listing the home for rent.

Fannie Mae continues to neglect its REOs in communities of color and is hurting neighborhood property values.

The neighborhoods take good care of their homes, yet, they have to live next to the eyesore created by Fannie Mae.
Fannie Mae’s REOs are well-maintained in White neighborhoods

Miami / Fort Lauderdale, FL
This Fannie Mae home is located in a White neighborhood and is well-maintained.
The yard is free of trash and debris and doors are securely locked. The pool is beautifully clean and Fannie Mae made sure they secured the gates on either side of the home so no one could access the pool in the backyard.
Here is another example of a well-maintained Fannie Mae REO in a White neighborhood.
Fannie Mae has done a great job of keeping hedges trimmed and grass cut. There is no trash or debris to be seen.
Fannie Mae made sure that in this White neighborhood the pool was locked and secure so no unwanted animals or humans could access it.
Additional Fannie Mae REOs in White neighborhoods.
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.
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.