Fannie Mae Fails to Maintain REOs in African-American and Latino Neighborhoods in New Orleans and Baton Rouge, LA

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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
## Fannie Mae’s Field Services Checklist

**2012 Checklist**

### Safety Hazard Checklist

- Check all areas for safety hazards. If any are found, mark them on the checklist and report to Fannie Mae.
- Check all windows and doors for damage or missing parts. Repair any damage before moving out.
- Check all electrical outlets for proper ground fault circuit interrupter (GFCI) protection.
- Check all plumbing fixtures for leaks or damage.
- Check all sanitary fixtures for proper installation and operation.
- Check all heating, ventilation, and air conditioning (HVAC) systems for proper operation.
- Check all security systems for proper operation.

**2015 Checklist**

### Safety Hazard Checklist

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- Check all electrical outlets for proper ground fault circuit interrupter (GFCI) protection.
- Check all plumbing fixtures for leaks or damage.
- Check all sanitary fixtures for proper installation and operation.
- Check all heating, ventilation, and air conditioning (HVAC) systems for proper operation.
- Check all security systems for proper operation.

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
Baton Rouge, LA Racial Disparities

- In the Baton Rouge metropolitan area, GNOFHAC investigated 20 REO properties owned by Fannie Mae.
  - 8 African-American
  - 3 Majority Non-White
  - 9 White

- 63.6% of the REO properties in communities of color had trash or debris;
- 72.7% of the REO properties in communities of color had overgrown or dead shrubbery; and,
- 36.4% of the REO properties in communities of color had unsecured, broken, or boarded windows
This Fannie Mae REO in an African American neighborhood looks OK from the front. However, let’s take a look at the sides and back of the home…
These steps are damaged and hazardous, and Fannie has failed to put up a handrail.
Trash and debris is all over the property that Fannie Mae failed to remove.
Fannie Mae has boarded almost every window in the back of the home and the shrubs are overgrown.
In the backyard there is a dilapidated shed that has collapsed. Fannie Mae needs to remove this hazardous shed from the property.
These neighbors have well-maintained homes and yards and must live next to Fannie Mae’s poorly maintained property that is an eyesore for the entire neighborhood.
Another Fannie Mae REO in an African American neighborhood in Baton Rouge. From the curb we can already see a boarded window. Let’s take a closer look at the REO.
Fannie Mae has boarded these side windows as well instead of repairing or replacing them.
Fannie Mae says that it removes graffiti immediately, but this is not the case at this African American neighborhood’s REO.
The backyard fence line is completely overgrown and neglected.
These neighbors are taking good care of their home and should not have to live next door to Fannie Mae’s eyesore.
Fannie Mae’s REO in an African-American neighborhood in Baton Rouge has wildly overgrown front and back yards.

Insert depicts overgrown front walkway to entrance of home.
The backyard is overgrown.
These photos show two Fannie Mae REOs in African-American with accumulated leaves in March 2013.
Fannie Mae REO in African American neighborhood needs cleaning and awnings repaired to have curb appeal.
Fannie Mae should clean the awning to enhance curb appeal.
Fannie mae claims to power wash REOs to increase curb appeal.
The holes left uncovered in the structure invite birds and squirrels to nest in the roof and cats, dogs or rats to nest under the foundation.
Fannie Mae left the back yard covered in leaves, the back door boarded with trash and leaves accumulated at the door.
Sample of Fannie Mae’s Well-Maintained REOs in White Neighborhoods in Baton Rouge

There are no accumulated leaves and the lawns are mowed, shrubs are trimmed, and there are professional “For Sale” signs in the yards.
The lawn is mowed and there are no leaves or trash on the property.
Another Fannie Mae property with a well-maintained lawn.
A Fannie Mae REO in a white neighborhood with great curb appeal.
Fannie Fails to Maintain REOs in New Orleans’ Communities of Color
Racial Disparities

- In the New Orleans metropolitan area, GNOFHAC investigated 46 Fannie Mae properties
  - 28 located in African American neighborhoods
  - 1 located in a Majority Non-White neighborhood
  - 17 located in White neighborhoods

- 75.9% of properties in communities of color had trash or debris;
- 51.7% of the properties in communities of color had overgrown or dead shrubbery; and,
- 44.8% of the properties in communities of color had damaged, broken or boarded windows.
This Fannie Mae REO in an African American neighborhood needed a little work to make a great presentation, but…
Fannie failed to remove dead shrubs from back yard or repair the hole in overhang.

Instead, Fannie Mae listed the home for sale in this condition.
This Fannie Mae REO in an African–American neighborhood is poorly maintained with dirty walls and windows and dead leaves littering the yard.
The accumulated mail tells vandals that no one is watching the home.
Fannie Mae says it cleans the property and secures broken handrails, but not on this REO located in a African-American neighborhood.
Neighbors’ homes across the street from Fannie REO.
Examples of Fannie Mae REOs in African-American neighborhoods with trash left around property.
Examples of Fannie Mae failing to repair windows on its REOs in African-American neighborhoods.
Another Fannie Mae REO in an African American neighborhood in New Orleans. It doesn’t look awful from the front, but the sides and backyard tell a different story.
It is evident from the backyard that Fannie Mae has not been by to mow the grass lately.
In the backyard Fannie Mae has failed to secure the shed and invasive plants are growing on and inside the structure.
More overgrown shrubs and invasive plants that Fannie failed to trim or remove are found around the property.
You might think this trashy yard belongs to a home in a run down neighborhood, but you would be wrong. It is a Fannie Mae REO located in a middle class African American neighborhood.
These are the neighbors living next door to the poorly maintained Fannie Mae REO in a middle class African American neighborhood.
Another neglected Fannie Mae REO in an African-American neighborhood with overgrown grass, missing splash blocks at downspouts and a cardboard “For Sale” sign.
The backyard is overgrown as well.
Freddie Mac Comparisons

While not always 100% perfect, Freddie Mac REOs did not have trash, overgrown weeds or shrubs, holes in the REO, broken or boarded windows or accumulated mail.

In fact, Freddie Mac’s homes in all neighborhoods had curb appeal.
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.
Health & Safety
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 REO in Orlando, Florida.