Fannie Mae Fails to Maintain Foreclosures in African American and Latino Neighborhoods

PRINCE GEORGE’S COUNTY, MARYLAND

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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

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

2012 Checklist

2015 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
Prince George’s County, MD Racial Disparities

- In the Prince George’s County, Maryland area, we investigated 60 Fannie Mae REOs.
  - 51 African American
  - 4 Majority Non-White
  - 5 White

- 30.9% of the REO properties in communities of color had trash or debris, while none of the properties in predominantly white neighborhoods had the same issue;

- 36.4% of the REO properties in communities of color had unsecured, broken, or boarded windows while none of the properties in predominantly white neighborhoods has the same issue.
Washington DC and Prince George’s County Fannie Mae REO Investigations
2011-2014
Trash or Debris
Overgrown Grass or Accumulated Dead Leaves
Overgrown or Dead Shrubbery
Missing or Out of Place Gutters
Unsecured, Broken, or Boarded Doors
Discoloration
PRINCE GEORGE’S COUNTY, MD
Fannie Mae REOs in 2014

All of the REOs were taken from Fannie Mae’s Homepath.com website.
2014: Fannie Mae’s REO in an African–American neighborhood in Capitol Heights has no “for sale” sign...
Fannie Mae has also neglected to clean out the gutters and replace broken and hanging gutters that are currently ineffective.
Prince George’s County Department of Environmental Resources has deemed this Fannie Mae REO to be unsafe and unfit for human habitation.
Fannie Mae has left the REO’s back door wide open, inviting in vandals, animals, and the elements.
Fannie Mae has also failed to remove debris in the yard and has allowed shrubs and invasive plants to take over the fence.
These neighbors of the poorly maintained Fannie Mae REO are taking good care of their homes and are forced to live next to an unsafe and unsecured Fannie Mae property.
2014: Another Fannie Mae REO in an African American neighborhood in Capitol Heights.
In the backyard, Fannie Mae has left a giant pile of dead branches and shrubbery to decompose.
Fannie Mae has also left trash among dead leaves in the side yard.
Here, Fannie Mae has failed to replace the gutter’s downspout and discoloration is starting to accumulate.
Another gutter is damaged and out of place, rendering it useless.
2014: Yet another Fannie Mae REO in an African American neighborhood in Capitol Heights, again with no “for sale sign”…
Fannie Mae has failed to replace missing handrails on the home’s front steps. The fence is also damaged.
Fannie has also failed to cover up the large holes left by damaged siding, inviting critters to nest in the home for the winter.

Fannie Mae has boarded one of the home’s windows and left another broken and completely open to the elements.
Fannie Mae has also let the side of the home become covered in invasive plants, and the siding is chipping off.
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Fannie Mae REOs in 2012
2012: This Fannie Mae REO in an African American neighborhood in Temple Hills has no “for sale” sign and a completely dead front yard.
Fannie Mae has dumped a pile of dead shrubbery and trash on the front yard instead of removing it from the property.
Fannie Mae has completely failed to repair or replace the handrails leading up these steps.
Dead, invasive plants have been left to decompose on this Fannie Mae foreclosure’s siding and windows.
Fannie has also failed to properly address exposed and damaged utilities.
2012: This Fannie Mae REO in an African American neighborhood in Upper Marlboro doesn’t look too bad from the front. However…
Taking a closer look we see that Fannie Mae has failed to properly secure and fix a broken window on the front of the house.
Fannie Mae has left yet another window broken and unsecured, potentially allowing vandals and animals into the home.
Fannie Mae has also neglected to remove discoloration coating the home’s vinyl and brick siding.
2012: Fannie Mae’s REO in an African American neighborhood in Capitol Heights has no “for sale” sign and overgrown shrubbery…
In the backyard Fannie Mae has left more overgrown shrubbery and invasive plants which is ruining the fence.
Fannie Mae has haphazardly taped up a broken window, but pieces of glass are still falling off of the windowpane.
Fannie Mae has also failed to replace a missing gutter, and moss and discoloration is subsequently accumulating on the home’s brick siding.
These are the neighbors of the poorly maintained Fannie Mae REO. They are taking care of their properties, unlike Fannie Mae.
PRINCE GEORGE’S COUNTY, MD & WASHINGTON, DC

Fannie Mae REOs in 2011
2011: Fannie Mae’s REO in an African-American neighborhood in Washington, DC has no “for sale” sign and a completely overgrown front yard.
Fannie Mae has left trash and debris all over the property, and here they have failed to secure a side window.
More trash and debris left by Fannie Mae can be found around the property, as well as overgrown shrubbery and overgrown grass.

How does Fannie Mae expect to market this home to an owner-occupant in this condition?
2011: This Fannie Mae REO in an African-American neighborhood in Temple Hills has no “for sale” sign and dead shrubs and trash in the yard.
A closer look at the pile of trash and debris shows that Fannie Mae has dumped items from their trash out in the driveway instead of removing them from the home properly.
Fannie Mae has left more trash on the front porch and has allowed vines to begin growing onto the porch itself.
More trash and debris is left by Fannie Mae around the property.
2011: Fannie Mae’s REO in Washington, DC in an African-American neighborhood is completely overgrown and has zero curb appeal...
Clearly Fannie Mae has not been here for a long time, and is inviting rodents and other vermin to live in the tall grass.
Fannie Mae has also neglected to remove weeds and invasive plants that are growing out of the damaged driveway and front steps.
In the backyard, Fannie Mae has left dead leaves and more invasive plants near a hazardous and dilapidated shed.
The back of this Fannie REO is also severely overgrown, and Fannie Mae has failed to replace or fix a broken window.
These well maintained neighbors have nicely mowed lawns with no weeds or other invasive plants growing. Fannie Mae is creating an eyesore for the entire neighborhood.
Fannie Mae’s Well-Maintained REOs in the Washington, DC Area’s White Neighborhoods
2014: Fannie Mae’s REO in a White neighborhood in Montgomery County, MD is well maintained.
Fannie Mae has mowed this home’s front and back yards and has left no trash or debris anywhere on the property.
2014: This Fannie Mae REO in a White neighborhood in Montgomery County, MD has overgrown grass but is otherwise well maintained.
Fannie Mae has taken good care of this home’s backyard and shrubbery.
There is no trash or debris left by Fannie Mae at this home in a White neighborhood.
2013: Another well-maintained Fannie Mae’s REO in a White neighborhood in Montgomery County, MD.
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. (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.
From Fannie Mae Cyprexx-serviced REO home in Orlando, Florida.

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