



**For Immediate Release**  
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## **Civil Rights Groups Find Banks Discriminate in Their Treatment of Foreclosed Properties**

### ***Investigation Reveals that Banks' Record for Maintaining Their Properties in African-American Neighborhoods Is Worse than in White Neighborhoods***

WASHINGTON, DC – Today, on the forty-third anniversary of the signing of the federal Fair Housing Act, four fair housing organizations released their findings of a year-long investigation into the ways that banks secure, maintain, and market the foreclosed properties they own.

“Here Comes the Bank, There Goes Our Neighborhood: How Lenders Discriminate in the Treatment of Foreclosed Homes,” reports the results of an investigation of 624 bank-owned properties located in Washington, D.C.’s Maryland suburbs, Dayton, Oh., New Haven and Hartford, Ct., and Richmond, Va.. The investigation found that banks are discriminating in the treatment of their properties, as they generally take greater care to maintain and secure the properties that they own in white neighborhoods than they do in African-American neighborhoods.

The National Fair Housing Alliance in Washington, D.C. and three of its member organizations – the Miami Valley Fair Housing Center in Dayton, Oh., the Connecticut Fair Housing Center in Hartford, Ct., and Housing Opportunities Made Equal in Richmond, Va. – evaluated the maintenance of bank-owned homes in their local area on a 100-point scale, subtracting points when properties were poorly maintained or created an eye sore with poor curb appeal.

Although many properties in white neighborhoods received passing grades and had well-maintained and trash-free lawns, secured entrances, and generally nice upkeep, the properties in African American neighborhoods and Latino neighborhoods were more likely to receive below average or failing grades due to cracked foundations, leaky roofs, and “warning” signs out front.

“In the aftermath of the foreclosure crisis, we are again seeing banks behave in a way that raises civil rights concerns,” said Shanna L. Smith, NFHA President and CEO. “By failing to maintain properties in African-American neighborhoods in the same way that they maintain similar properties in white neighborhoods, banks are undervaluing properties and helping to stall economic recovery in our nation’s neighborhoods of color. Banks that own foreclosed homes

have a fiduciary duty to their investors to secure a fair price for the homes, and they have an obligation to neighborhoods and communities to maintain those homes. Following best practices will help stabilize property values, encourage community reinvestment and increase the local tax base at a crucial time in our economic recovery.”

The groups contend that banks risk violating the Fair Housing Act when they fail to maintain bank-owned homes in African-American and Latino neighborhoods, as they must provide these services without regard to the race or national origin of residents living in the areas in which the properties are located. The Fair Housing Act makes it illegal to discriminate based on race, color, national origin, religion, sex, disability or familial status. This law applies to housing and housing-related activities, which include the maintenance, appraisal, listing, marketing and selling of homes.

The report concludes with several recommendations:

- Banks must take affirmative steps to maintain, market, and sell all properties they own, according to fair housing best practice standards;
- Federal regulators and enforcement agencies must examine the ways in which banks and the vendors that they hire conduct this business; and
- Local municipalities and residents must remain vigilant to ensure that the concentration of bank-owned properties is not impeding fair housing choice.

To read the full report, go to [www.nationalfairhousing.org](http://www.nationalfairhousing.org).

“The pattern of neglect of REO properties in African American neighborhoods in the Miami Valley Ohio area is unmistakable. The negligence of lenders in maintaining these properties not only devalues the private investment of neighboring properties but also jeopardizes the thousands, and in some cases millions of dollars of public money – Community Development Block Grant and HOME dollars, that have been invested by the City of Dayton and Montgomery County in an attempt to stabilize these neighborhoods that have been historically redlined, and grossly underserved by the lending industry.”

– **Jim McCarthy, President and CEO, Miami Valley Fair Housing Center**

“The findings in New Haven and Hartford have important implications for Connecticut’s cities and towns. Poorly maintained housing is difficult to sell, remains off the tax rolls longer, causes blight to neighborhoods, and costs cities and towns thousands of dollars to secure or demolish these neglected properties. The Connecticut Fair Housing Center urges the lending industry to be responsible citizens and maintain their properties in neighborhoods of color the same way they are maintaining properties in white neighborhoods.”

– **Erin Kemple, Executive Director, Connecticut Fair Housing Center**

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**The National Fair Housing Alliance ([www.nationalfairhousing.org](http://www.nationalfairhousing.org))**

Founded in 1988, the National Fair Housing Alliance is a consortium of more than 220 private, non-profit fair housing organizations, state and local civil rights agencies, and individuals from

throughout the United States. Headquartered in Washington, D.C., the National Fair Housing Alliance, through comprehensive education, advocacy and enforcement programs, provides equal access to apartments, houses, mortgage loans and insurance policies for all residents of the nation.

**The Miami Valley Fair Housing Center ([www.mvfairhousing.com](http://www.mvfairhousing.com))** is a comprehensive full-service fair housing center in Dayton, Ohio, with experience in auditing and testing activities, anti-predatory lending investigation and remedy, mortgage rescue scam intervention, foreclosure prevention counseling, mortgage modifications as well as fair housing and fair lending education and outreach. MVFHC works throughout the Miami Valley to eliminate housing discrimination and ensure equal housing opportunity for all people in its region.

**The Connecticut Fair Housing Center ([www.ctfairhousing.org](http://www.ctfairhousing.org))** is a statewide nonprofit organization which promotes fair housing. The Center's core mission is to ensure that all of Connecticut's residents have access to the housing of their choice. In response to the current foreclosure crisis, the Center has expanded its core antidiscrimination work to include foreclosure prevention efforts, including regularly advising and representing homeowners facing foreclosure while collaborating with housing counselors, consumer attorneys, and policy makers on foreclosure prevention, responsible lending, and discrimination issues which arise in the mortgage lending industry.

**Housing Opportunities Made Equal of Virginia, Inc. (HOME) ([www.phonehome.org](http://www.phonehome.org))** is a private, nonprofit fair housing organization founded in 1971. HOME serves Virginia with a mission of ensuring equal access to housing for all people. To meet this mission, HOME's fair housing staff works under federal and Virginia fair housing laws to address instances of discrimination in housing and to assist victims with their rights. HOME also assists Virginians with foreclosure counseling, down payment assistance, financial literacy, homebuyer education and public policy.