

**HERE COMES THE BANK,
THERE GOES OUR NEIGHBORHOOD:**
How lenders discriminate in the treatment of foreclosed homes

Evaluation Measures



- Curb Appeal

- Accumulated mail, trash, overgrown or dead grass/shrubbery, invasive plants



- Structure

- Unsecured/broken doors, locks, windows, damaged roof, fence, deck, holes, wood rot

- Signage

- Trespass/warning signs, “bank owned,” broken/discarded signs, unauthorized occupancy



Evaluation Measures

- Paint/Siding
 - Graffiti, severe peeling/chipped paint, damaged siding, missing/broken shutters
- Gutters
 - Missing, out of place, broken, hanging, obstructed
- Water Damage
 - Mold, water damage, erosion
- Utilities
 - Tampered with or exposed



Federal Fair Housing Act

- The Fair Housing Act has two goals: to eliminate housing discrimination and to promote residential integration.
- HUD's regulations interpreting the Fair Housing Act state:
- It shall be unlawful because of race, color, religion, national origin, sex, familial status or disability to restrict or attempt to restrict the choices of a person by word or conduct in seeking, negotiating for, buying or renting a dwelling so as to perpetuate segregated housing patterns, or to discourage or obstruct choices in a community, neighborhood or development.

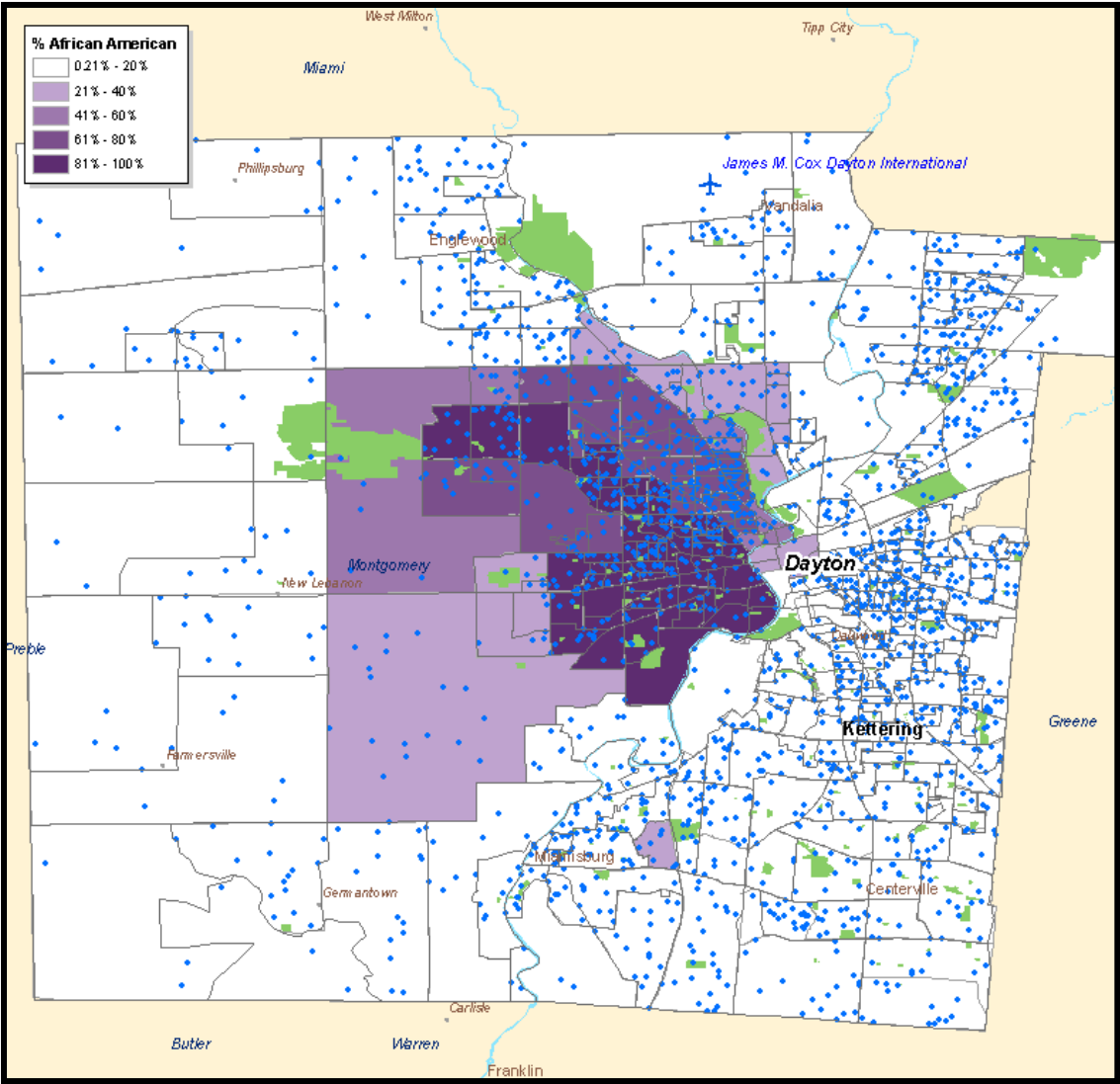
Federal Fair Housing Act

- The differing maintenance of REO properties based on the racial composition of neighborhoods is a violation of the Fair Housing Act.
- HUD's regulations clearly state that “failing or delaying maintenance or repairs of sale or rental dwellings because of race” is a prohibited action under the Fair Housing Act

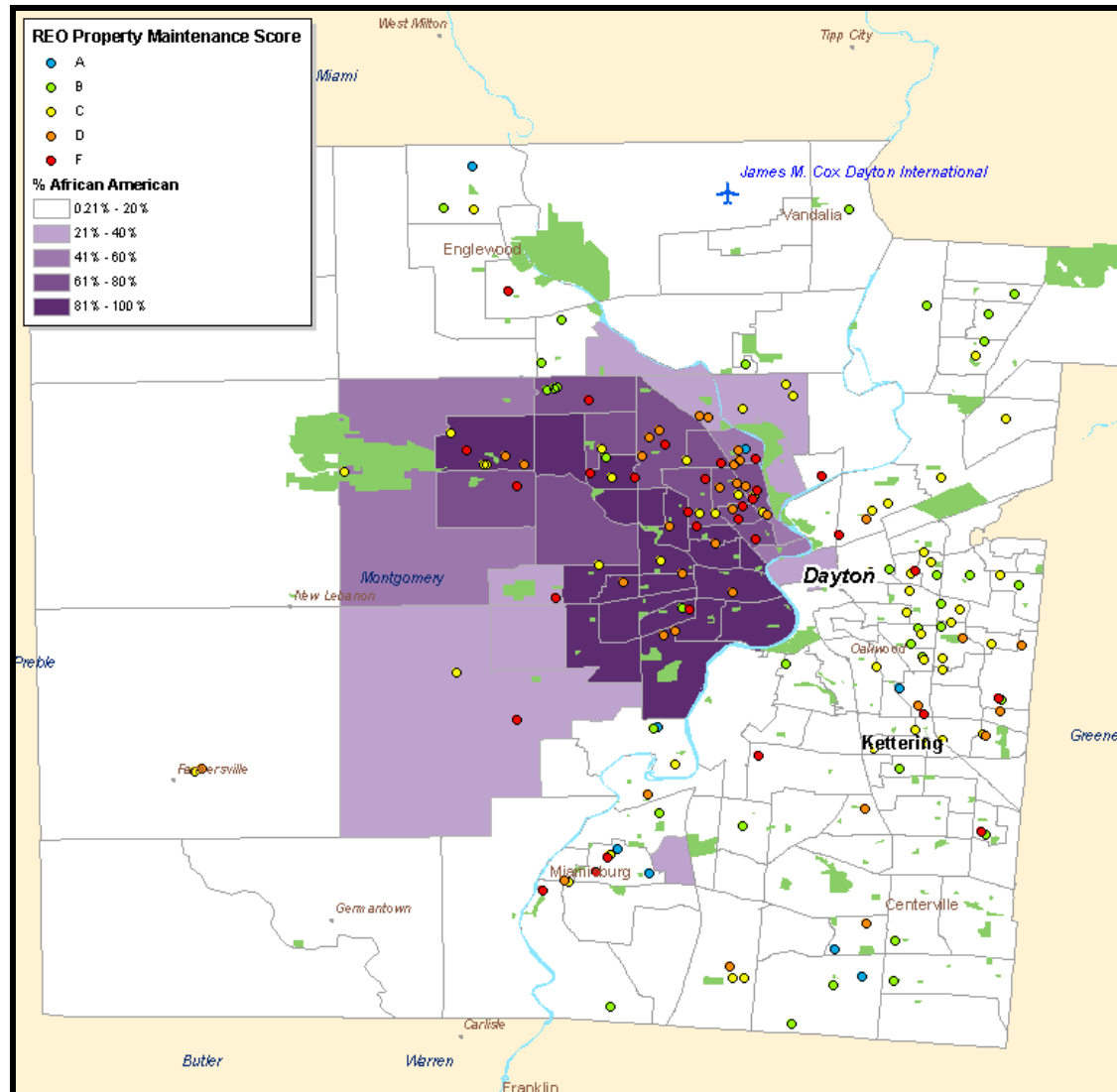
Federal Fair Housing Act

- Steering by real estate agents based on neighborhood racial composition is illegal and other behavior in the housing sale or rental market that operates to discourage potential buyers from purchasing or renting homes in minority neighborhoods, such as by failing adequately to maintain properties in minority neighborhoods, can also violate the Act.
- It is unlawful to “make unavailable or deny” housing to any person because of race. If the poor maintenance of an REO property in a minority neighborhood makes it difficult for a potential purchaser to obtain a mortgage loan for the property, the poor maintenance has made the housing “unavailable” within the meaning of the Act

Estimated number of REO properties by Block Group in Montgomery County, Ohio. (Dayton) **Total: 2117 properties**



REO properties by Maintenance Score Ohio





This burned out property has been unattended for nearly a year. See the rope keeping the wall from falling on the neighbor's home?

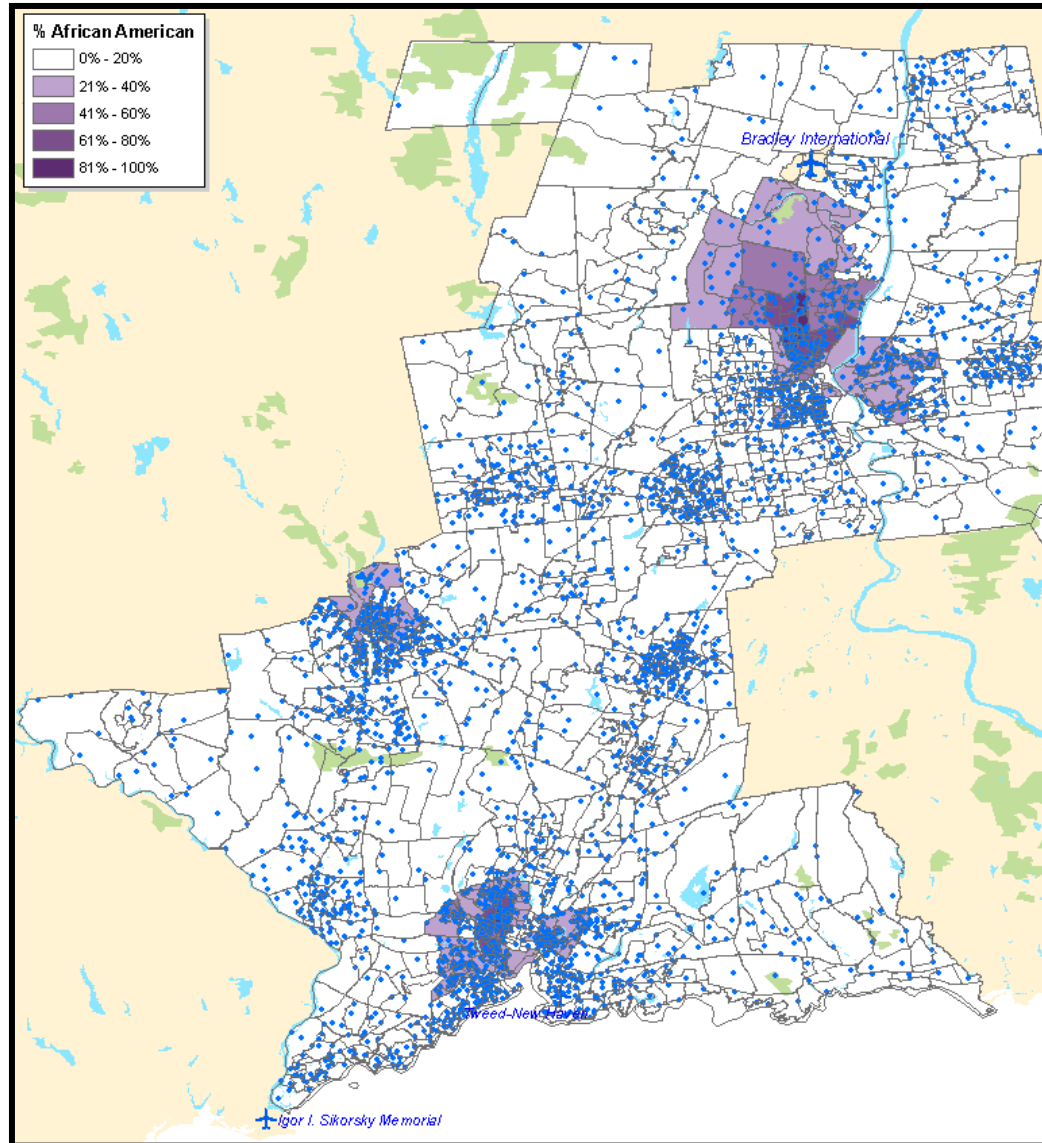


Neighbors are worried about the safety of the children in the neighborhood as well as damage to their homes.

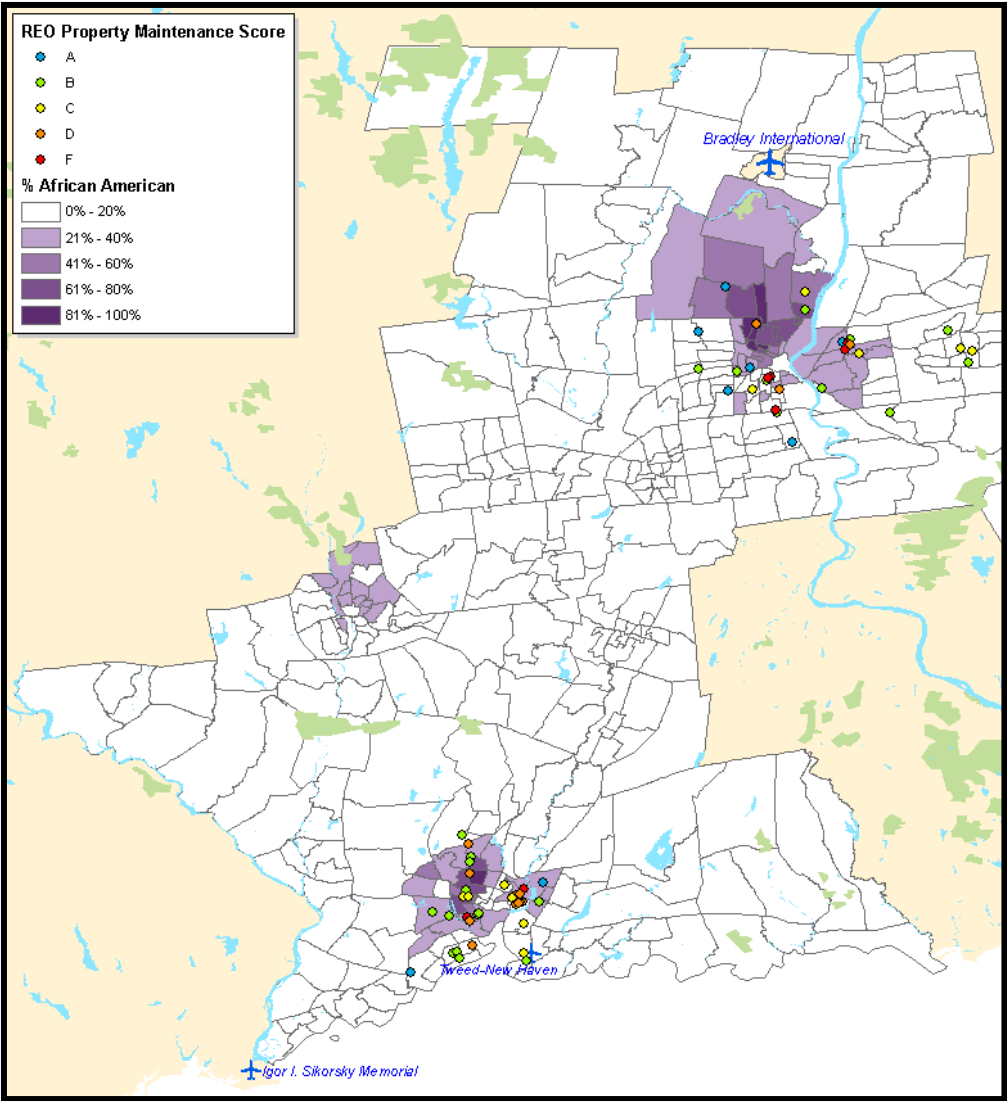
Other Dayton REO Properties



Estimated number of REO properties by Block Group in Hartford & New Haven Counties, CT. Total: 1869 properties



REO properties by Maintenance Score Connecticut



Different Treatment at CT REOs

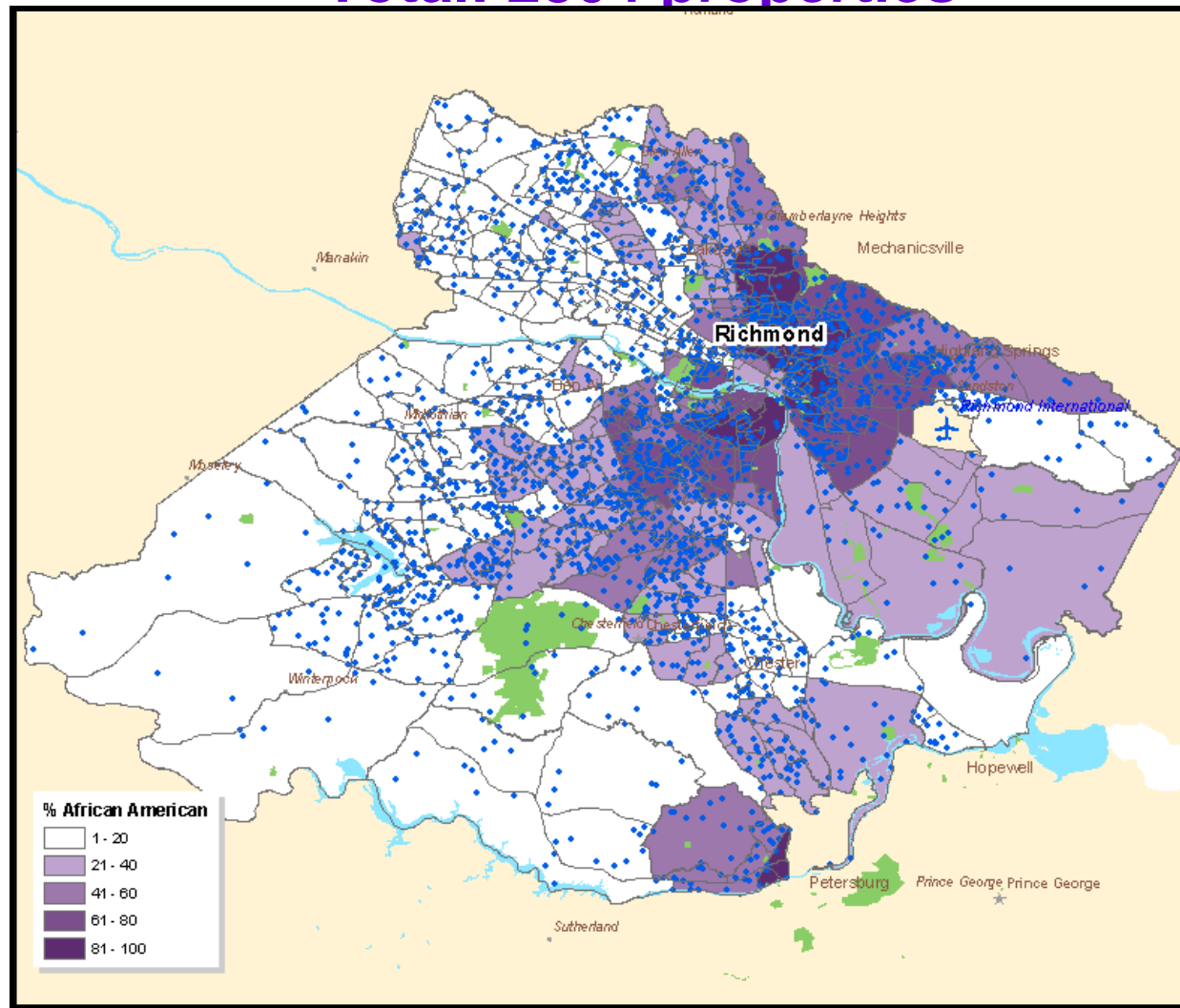


The home on the right is in an African American neighborhood. Notice extremely overgrown shrubs, accumulation of mail and warning signs and notices. All eye sores and invitations to vandals. The home on the left is a well maintained REO in a White neighborhood.

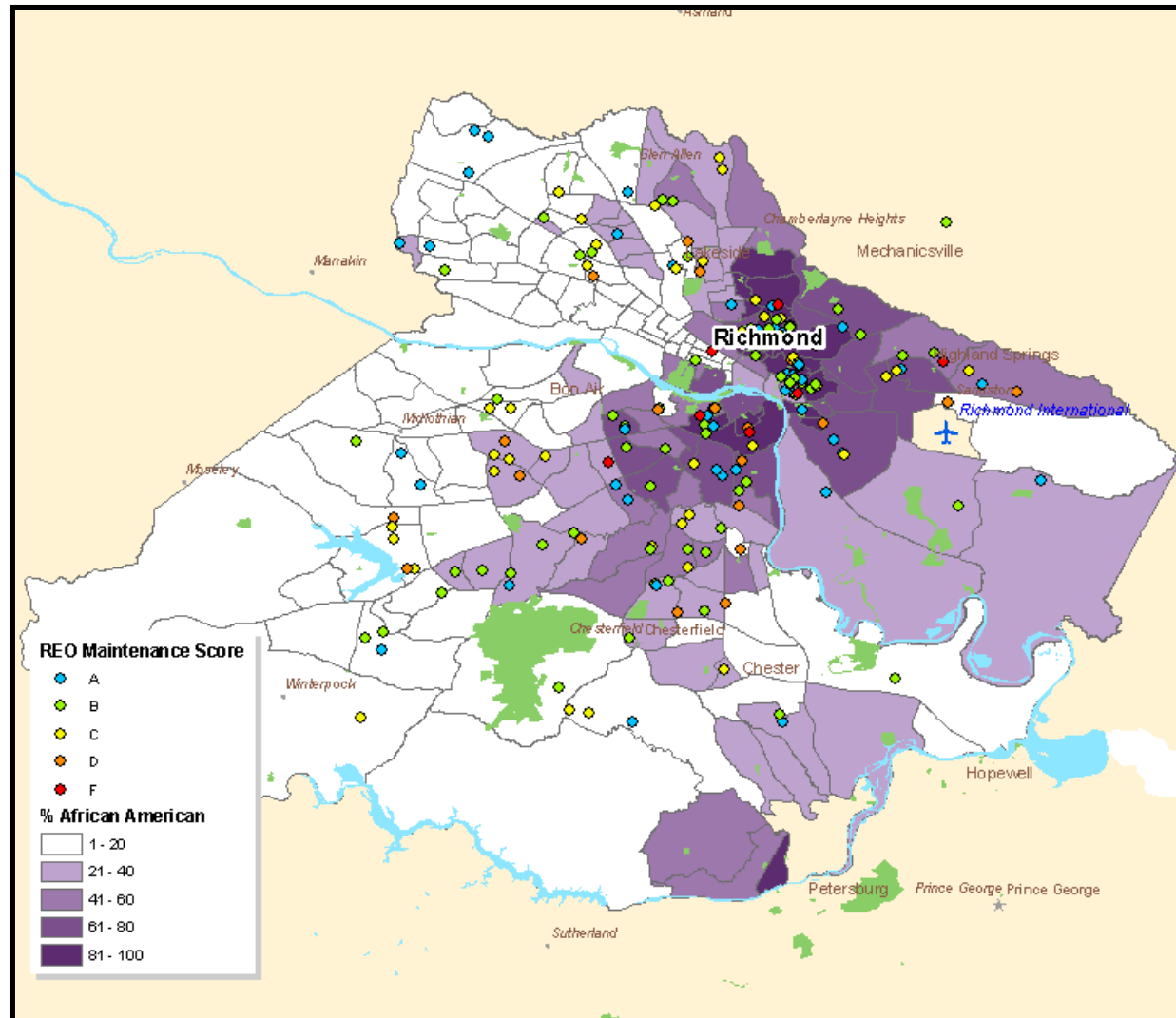


Estimated number of REO properties by Block Group in Chesterfield, Henrico & Richmond City Counties, VA.

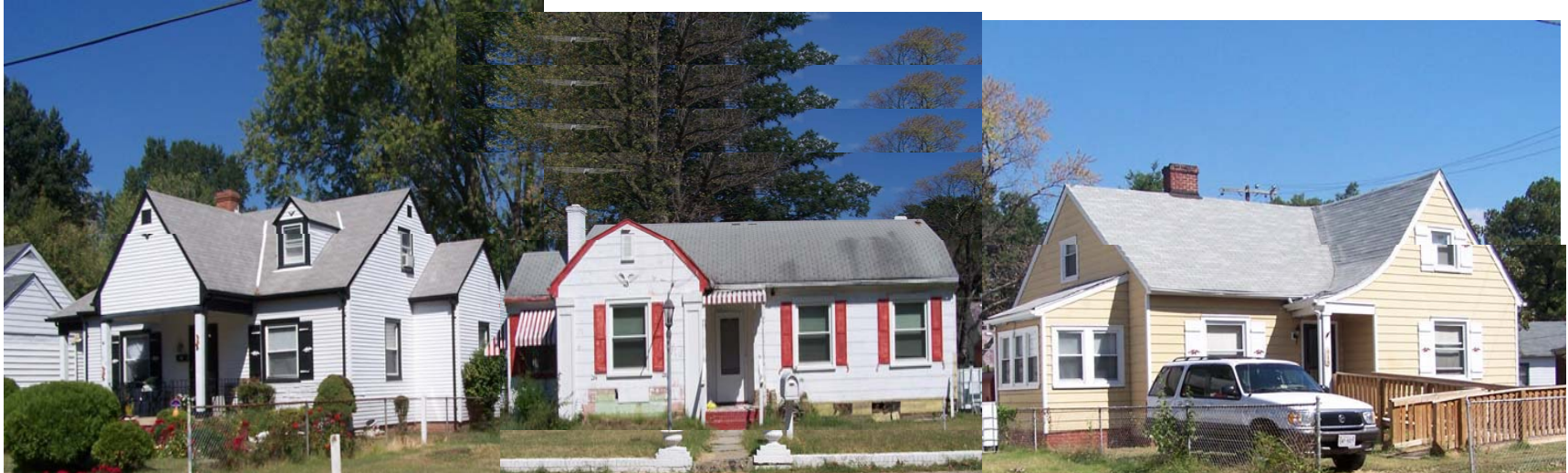
Total: 2804 properties



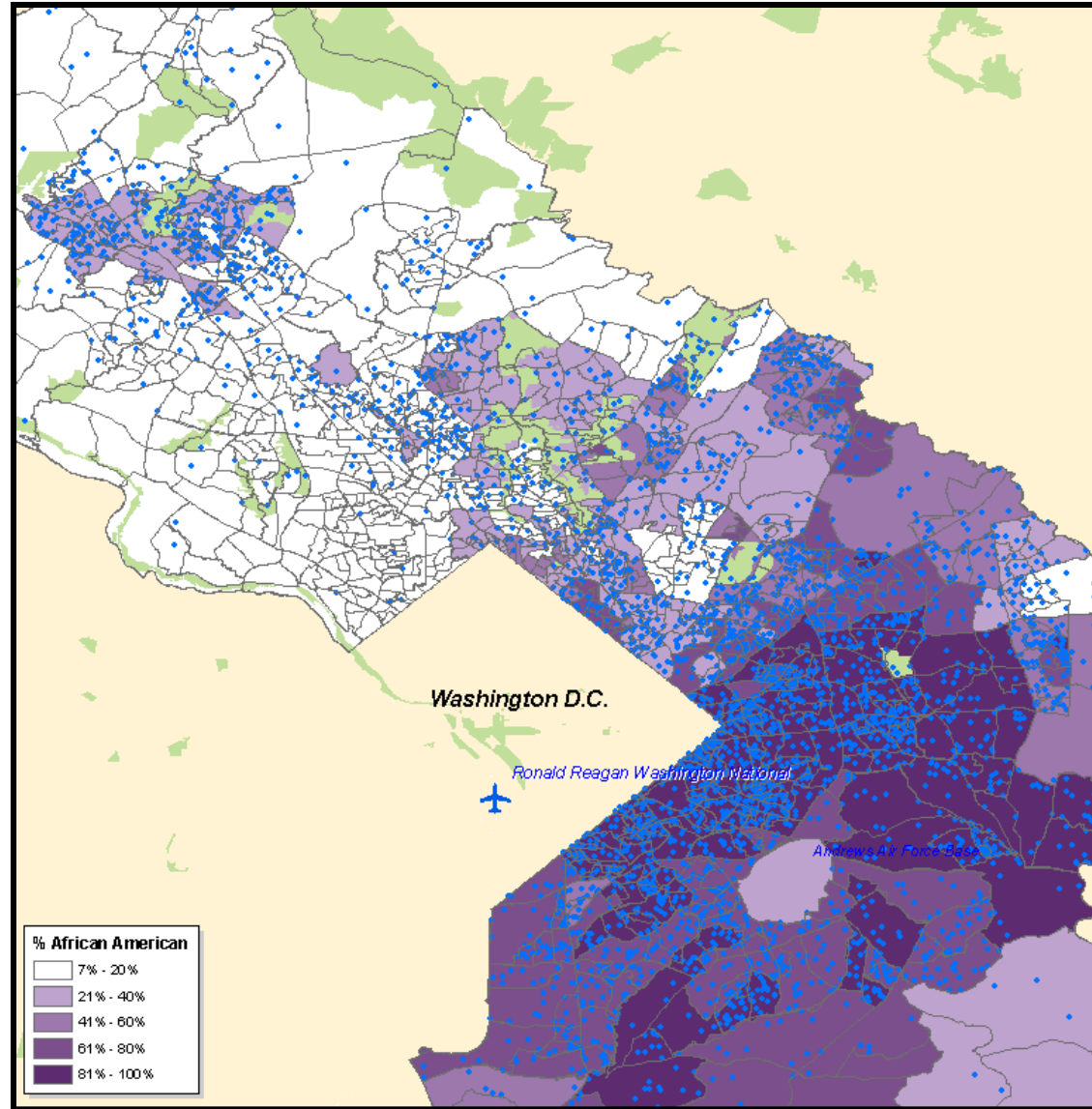
REO properties by Maintenance Score Virginia



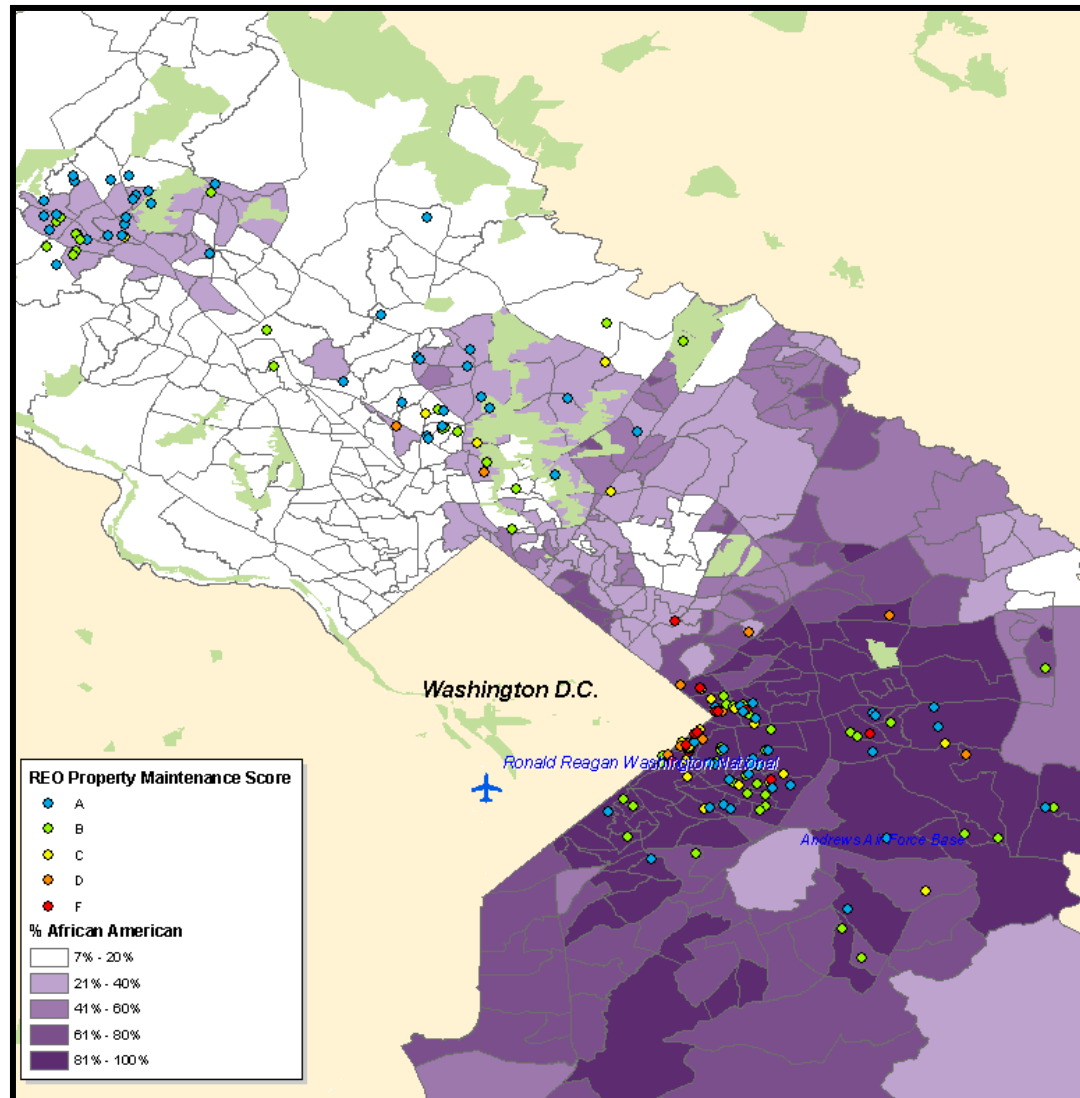
WOULD YOU WANT TO LIVE
NEXT DOOR TO **THIS?**



Estimated number of REO properties by Block Group in Montgomery & Prince George's Counties, Maryland. **Total: 3977 properties**



REO properties by Maintenance Score Maryland



Nice Neighborhood In Capitol Heights, MD



This REO is on a nice street where neighbors maintain their homes. Notice the gutter and downspout damage, side door unlocked, window damaged, no curtains on the REO home. This is an open invitation to vandals.

Questions?

Recommendations for Banks & Servicers

- **Selection of Brokers**
- **Pricing of the REO Home**
- **Maintaining and Renovating the REO Home**
- **Advertising and Marketing the REO Property**

Recommendations for Federal Regulators and Enforcement Agencies

- **Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, and the soon-to-be-open Consumer Financial Protection Bureau (CFPB) and also includes the federal agencies responsible for fair housing and fair lending enforcement, namely HUD and the Department of Justice.**

Recommendations for Communities

- **State and local governments that receive federal funds for housing and community development are required by law to “affirmatively further fair housing.”**

Conclusions

- This investigation documents a number of alarming practices by banks that are currently perpetuating segregation in our neighborhoods and communities. If left unaddressed, these banks will continue to perpetuate segregation and impede our country's economic recovery.
- This investigation found that REO properties located in African-American and some Latino neighborhoods were ignored and poorly maintained to a degree not found in White areas.
- The lowest scoring properties in the four metropolitan areas were routinely located in African American neighborhoods