



FOR IMMEDIATE RELEASE

May 13, 2015

Contact: Kevin Paul | (202) 898-1661, ext. 119 | kpaul@nationalfairhousing.org
Lemuel Eaton | (414) 278-1240

**Mortgage Giant Fannie Mae Accused of Racial Discrimination in
Metropolitan Milwaukee and 33 Additional U.S. Metro Areas**

*Metropolitan Milwaukee Fair Housing Council, NFHA, and 18 Other Civil Rights Groups
File HUD Complaint Over Neglected Foreclosures*

WASHINGTON, D.C. — Today, the Metropolitan Milwaukee Fair Housing Council (MMFHC), the National Fair Housing Alliance (NFHA) and 18 other local fair housing organizations announced the filing with HUD of a housing discrimination complaint against Fannie Mae, one of the largest owners of foreclosed homes in the United States. The civil rights groups allege that Fannie Mae maintains and markets its foreclosures (also known as real estate owned or “REO” properties) in White neighborhoods consistently better than in middle- and working-class African American and Latino neighborhoods, a practice that violates the federal Fair Housing Act. The complaint is the result of a five-year investigation.

“Fannie Mae is wreaking havoc on middle- and working-class communities of color nationwide through a pattern of neglect that is frankly appalling,” said **Shanna L. Smith, President and CEO of NFHA**. “Fannie Mae’s failure to take care of its massive foreclosure inventory in African American and Latino neighborhoods further destabilizes the communities hardest hit by the foreclosure crisis, in clear contradiction of its congressional charter, federal fair housing laws, and its obligation to affirmatively further fair housing. This systematic failure also creates health and safety hazards, contributes to blight, and places an unfair burden on neighbors and city governments to clean up the problem.”

Evidence gathered from 2010 through April 2015 documents an ongoing pattern and practice of discrimination by Fannie Mae and its asset management contractors. Currently, NFHA and its partners have investigated 2,106 REO properties owned by Fannie Mae in 34 metropolitan areas encompassing 129 cities across the United States. NFHA is joined in this complaint by 19 of its member organizations (see Table 1 for a full list of metro regions and fair housing organizations involved in the complaint).

Since 2012, MMFHC has investigated 316 REO properties owned by Fannie Mae in the metropolitan Milwaukee area. Data and photographs from investigations in the Milwaukee area can be found on MMFHC's website:

The fair housing organizations investigated the maintenance and marketing of REOs for 39 different types of deficiencies that affect home value, curb appeal, the security of the home and the marketability of the property. The deficiencies assessed by investigators include: broken, boarded or damaged windows and doors; unlocked doors and windows; damaged and obstructed gutters and downspouts; safety hazards; accumulated trash; overgrown lawns and shrubs; lack of "for sale" signs; and others.

Fannie Mae properties in communities of color had broken doors and windows, unlocked doors and windows allowing access to the home, excessive litter, dead or overgrown lawns, dead animals or live animals on the property, and other major deficiencies. Conversely, most Fannie Mae properties in predominantly White communities did not. These problems are simple to fix and are the responsibility of Fannie Mae and its contractors.

Since 2009, NFHA has made efforts to work with the Government Sponsored Enterprises ("GSEs") to correct their practices. The GSEs have a legal responsibility to treat all neighborhoods fairly. Smith said, "Freddie Mac looked into its practices and made good faith efforts to correct its business model, but Fannie Mae refused to take responsibility for its neglect in communities of color. The difference between Freddie and Fannie properties is striking. We now rarely find disparities in Freddie Mac's inventory. Fannie has to take responsibility." She added, "Fannie Mae has not only ignored the problem but has continued to award millions of dollars in new contracts to the same asset management companies that engaged in this discriminatory behavior. We have filed this complaint after having exhausted every possible means we could think of to get Fannie Mae to abide by the law and work with us to re-stabilize the damaged communities."

The Fair Housing Act makes it illegal to discriminate based on race, color, national origin, religion, sex, disability, or familial status, as well as on the race or national origin of residents of a neighborhood. This law applies to housing and housing-related activities, which includes the maintenance, appraisal, listing, marketing, and selling of homes.

NATIONWIDE STATISTICS

Full national statistics and data for individual cities available at www.nationalfairhousing.org

Summary of Findings:

- 49.5 percent of the REO properties in White communities had **fewer than 5 deficiencies**, while only 24.4 percent of the REO properties in communities of color had **fewer than 5 deficiencies**.
- 22.1 percent of the REO properties in communities of color had **10 or more deficiencies**, while only 8.0 percent of the REO properties in predominantly White communities had **10 or more deficiencies**.

Highlights of Significant Racial Disparities:

- 40.6 percent of the REO properties in communities of color had a **broken, boarded, or unsecured window**, while only 21.2 percent of the REO properties in White communities had the same problem.
- 38.5 percent of the REO properties in communities of color had **trash or debris** on the premises, while only 15.1 percent of the REO properties in White communities had the same problem.
- 29.8 percent of the REO properties in communities of color had **holes in the structure of the home**, while only 13.9 percent of the REO properties in White communities had the same problem.
- 27.3 percent of the REO properties in communities of color had **wood rot**, while only 17.8 percent of the REO properties in White communities had the same problem.
- 23.9 percent of the REO properties in communities of color had **unsecured, broken, or boarded doors**, while only 11.6 percent of the REO properties in White communities had the same problem.
- 21.7 percent of the REO properties in communities of color had **exposed or tampered-with utilities**, while only 9.7 percent of the REO properties in White communities had the same problem.

Fair Housing Center	Metropolitan Area
Connecticut Fair Housing Center	Hartford
Denver Metro Fair Housing Center	Denver
Fair Housing Center of Central Indiana	Indianapolis
Fair Housing Center of the Greater Palm Beaches	Greater Palm Beaches
Fair Housing Center of West Michigan	Grand Rapids, Muskegon
Fair Housing Continuum	Orlando
Fair Housing of Marin	Vallejo, Richmond and Oakland
Greater New Orleans Fair Housing Action Center	New Orleans, Baton Rouge
HOPE Fair Housing Center	Chicago
Housing Opportunities for Excellence (H.O.P.E.)	Miami
Housing Opportunities Made Equal of Virginia	Richmond
Metro Fair Housing Services	Atlanta
Metropolitan Milwaukee Fair Housing Council	Milwaukee
National Fair Housing Alliance	Baltimore, Charleston, Kansas City, Las Vegas, Memphis, Minneapolis, Philadelphia, Phoenix, San Diego, Tucson, Washington DC and Prince George's County, MD
North Texas Fair Housing Center	Dallas, Fort Worth
Open Communities	Chicago
South Suburban Housing Center	Chicago, Gary

The Housing Research & Advocacy Center	Cleveland
The Miami Valley Fair Housing Center	Dayton, Columbus
Toledo Fair Housing Center	Toledo

Metropolitan Milwaukee Fair Housing Council

The Metropolitan Milwaukee Fair Housing Council (MMFHC) is a private, membership-based civil rights enforcement agency founded in 1977. The purpose of MMFHC is to promote fair housing throughout the State of Wisconsin by combating illegal housing discrimination and by creating and maintaining racially and economically integrated housing patterns. MMFHC operates satellite offices in Dane County (the Fair Housing Center of Greater Madison) and in Northeast Wisconsin (the Fair Housing Center of Northeast Wisconsin). Wisconsin residents who feel they may have experienced illegal housing discrimination should call 1-877-647-FAIR, a toll-free number. Callers in the Milwaukee area may call 414-278-1240.

The National Fair Housing Alliance

Founded in 1988, the National Fair Housing Alliance is a consortium of more than 220 private, nonprofit 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 in the nation.

The work that provided the basis for this investigation was supported in part by funding under a grant from the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. The author and publisher are solely responsible for the accuracy of the statements and interpretations contained in this release. Such interpretations do not necessarily reflect the views of the Federal Government.

###