

**STATEMENT IN SUPPORT OF COMPLAINT OF
THE NATIONAL FAIR HOUSING ALLIANCE; FAIR HOUSING CENTER OF
CENTRAL INDIANA; GREATER NEW ORLEANS FAIR HOUSING ACTION
CENTER; HOPE FAIR HOUSING CENTER; HOUSING OPPORTUNITIES PROJECT
FOR EXCELLENCE, INC.; MIAMI VALLEY FAIR HOUSING CENTER; METRO
FAIR HOUSING SERVICES, INC.; METROPOLITAN MILWAUKEE FAIR HOUSING
COUNCIL; OPEN COMMUNITIES; AND SOUTH SUBURBAN HOUSING CENTER**

I. INTRODUCTION

This complaint brought by the National Fair Housing Alliance; Fair Housing Center of Central Indiana; Greater New Orleans Fair Housing Action Center; HOPE Fair Housing Center; Housing Opportunities Project for Excellence, Inc.; Miami Valley Fair Housing Center; Metro Fair Housing Services, Inc.; Metropolitan Milwaukee Fair Housing Council; Open Communities; and South Suburban Housing Center (collectively, “Complainants”) arises out of the racially discriminatory behavior by Respondents U.S. Bancorp and U.S. Bank National Bank Association (“U.S. Bank”), and U.S. Bank as trustee (collectively, “Respondents”) in their treatment and maintenance of foreclosed homes. This complaint is filed under the Fair Housing Act of 1968, as amended, 42 U.S.C. § 3601 *et seq.* (“FHA”).

Increasingly, the Complainants’ work has focused on the discriminatory practices rampant in America’s housing market, practices which have driven the nation’s foreclosure crisis. Respondents contribute to these discriminatory practices because they maintain ownership of Real Estate Owned properties (“REOs”) following consumer foreclosures and treat these foreclosed properties differently depending upon the racial composition of the neighborhood in which the properties are located. Respondents maintain REO properties that are located in White communities better than properties located in predominantly African-American and Latino neighborhoods in the same metropolitan area. The results are deteriorated and dilapidated dwellings in predominantly African-American and Latino neighborhoods and well-kept properties in White neighborhoods.

Respondents own and maintain properties in metropolitan areas in Dayton, OH; Oakland, Concord and Richmond, CA; Chicago, IL; Atlanta, GA; Miami/Fort Lauderdale, FL; Baltimore, MD; Washington, D.C.; Baton Rouge, LA; Indianapolis, IN; Memphis, TN; and Milwaukee, WI. In these areas, Respondents maintain properties located in White neighborhoods in a substantially better manner than they maintain properties located in majority Non-White neighborhoods. While Respondents’ REO properties in White neighborhoods are more likely to have well-maintained lawns, secured entrances, and professional sales marketing, REO properties in majority Non-White neighborhoods are more likely to have poorly maintained yards, unsecured entrances, appear to be vacant or abandoned, and have poor curb appeal.

The FHA requires banks, servicers, and trustees like Respondents to maintain and sell properties they own without regard to the race or national origin of residents living in the area in which the properties are located.

By maintaining properties in African-American and Latino neighborhoods differently and failing to take the same steps to maintain, market, and sell such properties as they would take for properties in an area with largely White populations, Respondents have violated the FHA. The discriminatory treatment of neighborhoods damages those neighborhoods, prevents neighborhood stabilization and economic recovery, and harms investors, homeowners and municipalities by unnecessarily depressing the property value of the REO asset—all in violation of the FHA. The discriminatory behavior of Respondents has interfered with the efforts and programs of Complainants, required Complainants to commit scarce resources to investigate Respondents' discriminatory REO maintenance practices, compelled Complainants to engage in education and outreach efforts necessary to counteract the unlawful actions of Respondents, and frustrated Complainants' missions and purposes.

II. PARTIES

Complainant National Fair Housing Alliance (“NFHA”) is a national, nonprofit, public service organization incorporated under the laws of the Commonwealth of Virginia with its principal place of business in Washington, D.C. NFHA is a nationwide alliance of private, nonprofit, fair housing organizations, including organizations in 28 states. NFHA’s mission includes advocating for equal housing opportunities. NFHA is the only national organization dedicated solely to ending housing discrimination and promoting residential integration. NFHA works to eliminate housing discrimination and to ensure equal opportunity for all people through leadership, education and outreach, membership services, public policy initiatives, advocacy, investigation of fair housing violations, and enforcement.

Complainant Fair Housing Center of Central Indiana (“FHCCI”) is a private, non-profit fair housing organization based in Indianapolis, Indiana and primarily serves 11 counties in Central Indiana. FHCCI’s mission is to ensure equal housing opportunities by eliminating housing discrimination because it is a divisive force that perpetuates poverty, segregation, ignorance, fear, and hatred.

Complainant Greater New Orleans Fair Housing Action Center (“GNOFHAC”) is a private, non-profit civil rights organization established in 1995. For more than 15 years, GNOFHAC has been dedicated to eradicating housing discrimination throughout Southeast Louisiana. GNOFHAC has been responsible for fighting housing discrimination that has arisen in the wake of Hurricane Katrina and, in recent years, from the effects of the economic recession.

Complainant HOPE Fair Housing Center (“HOPE”), established in 1968, is the oldest fair housing center in Illinois. HOPE is based in Wheaton, Illinois and represents 30 counties in Northern and North Central Illinois. HOPE works to end the hurt and devastation of housing discrimination and segregation because of race, color, religion, national origin, sex, disability, familial status, or any other characteristics protected under state or local laws.

Complainant Housing Opportunities Project for Excellence, Inc. (“HOPE, Inc.”) is the first non-profit fair housing agency organized in the state of Florida and has been responsible for bringing fair housing discriminatory issues out of the hidden corners of the housing industry.

HOPE, Inc. has a mission to fight housing discrimination in Miami-Dade and Broward Counties and to ensure equal housing opportunities throughout Florida.

Complainant Miami Valley Fair Housing Center (“MVFHC”) is a private, non-profit corporation based in Dayton, Ohio. MVFHC recognizes the importance of "home" as a component of the American dream and seeks to eliminate housing discrimination against all persons because of race, color, religion, national origin, sex, disability, familial status, or any other characteristic protected under state or local laws.

Complainant Metro Fair Housing Services, Inc. (“Metro”) is a private, not-for-profit, fair housing organization whose primary purpose is to prevent housing discrimination in the metropolitan Atlanta area and throughout the state of Georgia. Metro was founded in 1974 to promote social justice and eliminate housing and lending inequities for all people, including those with disabilities, through leadership, education and outreach, public policy advocacy, and enforcement.

Complainant Metropolitan Milwaukee Fair Housing Center (“MMFHC”), established in 1977, is a private, non-profit organization that operates a full-service fair housing program. MMFHC serves numerous counties in Wisconsin and works to combat illegal housing discrimination by creating and maintaining racially and economically integrated housing patterns. MMFHC has won numerous awards for its work to eliminate housing discrimination.

Complainant Open Communities is a not-for-profit corporation that serves 16 north suburban communities in the Chicago, IL area. Open Communities works to promote economically and culturally diverse communities that are welcoming to all in north suburban Chicago. Open Communities educates, advocates, and organizes in the name of social justice.

Complainant South Suburban Housing Center (“SSHC”) is non-profit community organization that primarily serves the south metropolitan Chicago area. SSHC is dedicated to eliminating all forms of discrimination and exploitation in the housing market and strives to foster stable and racially and economically diverse communities.

Respondent U.S. Bank is a nationally chartered bank regulated by the Office of the Comptroller of the Currency and the Department of the Treasury. U.S. Bank is the fifth largest commercial bank in the United States based on assets, fourth largest commercial bank in total branches, and the sixth largest commercial bank based on deposits. With 3,085 banking offices and 5,053 ATMs, U.S. Bank's branch network serves 25 states.

Respondent U.S. Bancorp is a diversified financial services holding company, headquartered in Minneapolis, Minnesota. It is the parent company of U.S. Bank and is a necessary party for the relief sought by Plaintiffs. U.S. Bancorp offers regional consumer and business banking and wealth management services, national wholesale and trust services and global payments services to more than 15.8 million customers. The company employs over 63,000 people.

This Complaint is intended to be filed against any other subsidiary or division of U.S. Bank or U.S. Bancorp that plays a role in owning, preserving, maintaining, selling, or serving as trustee for REO properties.

III. FACTUAL BACKGROUND

Beginning in 2010 and continuing through the present, Complainants investigated how Respondents maintain and market their REO properties in several markets across the country. Through this investigation, Complainants evaluated a number of single-family and townhome REO properties owned by Respondents in the following eleven metropolitan areas: (1) Dayton, OH; (2) Oakland, Concord and Richmond, California; (3) Chicago, IL; (4) Atlanta, GA (5) Miami/Fort Lauderdale, FL; (6) Baltimore, MD; (7) Washington D.C.; (8) Baton Rouge, LA; (9) Indianapolis, IN; (10) Memphis, TN; and (11) Milwaukee, WI. Overall, Complainants evaluated 273 properties in these eleven metropolitan areas. This investigation revealed significant racial disparities in maintenance and marketing in all eleven metropolitan areas.

In conducting this investigation of Respondents’ REO properties, Complainants employed a methodology they developed for evaluating how REO properties are maintained and marketed and measured whether there are differences between how REO properties are maintained and marketed in communities of color—those communities made up of predominantly African-American, Latino residents, and Non-White residents—and White communities. Under this methodology, Complainants evaluated over three dozen objective factors in seven different categories – curb appeal, structure, signage and occupancy, paint and siding, gutters, water damage, and utilities – that allow Complainants to document the type, number, and severity of the maintenance and marketing problems or deficiencies at each property.

The following charts identify the seven categories and over three dozen objective factors in those seven categories.

Category 1: Curb Appeal	Category 2: Structure	Category 3: Signage & Occupancy
Trash	Unsecured/Broken Doors and Locks	Trespassing or Warning Signs
Mail Accumulated	Damaged Steps and Handrails	Marketed as Distressed Property
Overgrown Grass or Leaves	Damaged Windows (Broken, Boarded)	“For Sale” Sign Missing
Overgrown or Dead Shrubbery	Damaged Roof	Broken and Discarded Signage
10% to 50% of Lawn Covered with Dead Grass	Damaged Fence	Unauthorized Occupancy
Over 50% of Lawn Covered with Dead Grass	Holes	Miscellaneous
10% to 50% of Property Covered with Invasive Plants	Wood Rot	

Over 50% of Property Covered with Invasive Plants	Miscellaneous
Broken Mailbox	
Miscellaneous	

Category 4: Painting & Siding	Category 5: Gutters	Category 6: Water Damage	Category 7: Utilities
Graffiti	Missing/Out of Place	Water Damage	Exposed or Tampered With
Peeling/Chipped Paint	Broken/Hanging	Mold-Small Amount	
Damaged Siding	Obstructed	Mold-Pervasive	
Missing Shutters (not attached/secure)	Miscellaneous	Miscellaneous	
Miscellaneous			

In each metropolitan area where Complainants evaluated Respondents’ REO properties, they selected certain zip codes that have communities made up of predominantly African-American residents, Latino residents, Non-White residents, and/or White residents and have foreclosure rates that are high for those metropolitan areas.¹ The selected zip codes were in moderate, middle, and higher income areas across racial lines. Once Complainants identified all of Respondents’ REO properties in the relevant zip codes, they evaluated all of the REO properties unless they were already occupied or under renovation at the time of the site visit.

In each of the eleven metropolitan areas where Complainants evaluated a number of REO properties owned by Respondents, REO properties in White communities were far more likely to have a small number of maintenance deficiencies or problems as compared to REO properties in communities of color, while REO properties in communities of color were far more likely to have large numbers of such deficiencies or problems than those in White communities. In addition, in each of the metropolitan areas, Complainants observed significant racial disparities in many of the objective factors evaluated. Accordingly, in each of the metropolitan areas, Complainants observed a systemic and particularized practice of engaging in differential treatment in maintaining and/or marketing REO properties on the basis of race, color, and/or national origin. *See Exhibit A for an illustration*

¹ To determine the racial or ethnic composition of the communities in which U.S. Bank’s REO properties were located, Complainants relied upon 2010 U.S. Census Bureau Block Group Data. Communities were defined as “White” if the surrounding block group was over 50% White, “African-American” if the surrounding block group was over 50% African-American, “Latino” if the block group contained over 50% Hispanic residents, and “Majority Non-White” if the White population of the surrounding block group was less than 50% and no other single racial or ethnic group comprised over 50% of the population alone. Hereinafter, where Complainants refer to “communities of color,” they collectively refer to all REO properties in African-American, Latino and Majority Non-White communities.

A. DAYTON, OHIO

In Dayton, Ohio, Complainants evaluated 58 REO properties owned by Respondents. Fourteen of these REO properties were located in African-American communities, 1 was located in a neighborhood with a majority of non-White residents, and 43 were located in predominantly White neighborhoods.

- 73% of REO properties in communities of color had 10 or more maintenance or marketing deficiencies, while only 12% of REO properties in White communities had 10 or more deficiencies. Therefore, an REO property in a community of color is 20 times more likely to have 10 or more maintenance problems than REO properties in White communities.

REO properties in communities of color were far more likely to have certain types of deficiencies or problems than REO properties in White communities. Complainants found significant racial disparities in the majority of the objective factors they measured, including the following:

- 65% of REO properties in communities of color had **substantial amounts of trash**, while only 24% of REO properties in White communities had the same problem. Therefore, REO properties in communities of color are 5.9 times more likely to have substantial amounts of trash than REO properties in White communities.
- 65% of REO properties in communities of color had **unsecured or broken doors**, while only 15% of REO properties in White communities had the same problem.
- 53% of REO properties in communities of color had **damaged steps or handrails**, while only 17% of REO properties in White communities had the same problem.
- 53% of REO properties in communities of color had **broken windows**, while only 37% of REO properties in White communities had the same problem.
- 94% of REO properties in communities of color **did not have a “for sale” sign**, while only 78% of REO properties in White communities had the same problem. REO properties in communities of color are over 4 times more likely than REO properties in White communities to have a “for sale” sign missing.
- 47% of REO properties in communities of color had **damaged siding**, while only 32% of REO properties in White communities had the same problem.
- 53% of REO properties in communities of color had **broken gutters**, while only 24% of REO properties in White communities had the same problem.
- 59% of REO properties in communities of color had **obstructed gutters**, while only 34% of REO properties in White communities had the same problem.

- 18% of REO properties in communities of color had **water damage**, while only 2% of REO properties in White communities had the same problem.
- 53% of REO properties in communities of color had **small amounts of mold**, while only 20% of REO properties in White communities had the same problem.

B. OAKLAND, CONCORD, AND RICHMOND, CALIFORNIA

In Oakland, Concord, and Richmond, California, Complainants evaluated 17 REO properties owned by Respondents. Four of these REO properties were located in African-American communities, 7 were located in a neighborhood with a majority of non-White residents, and 6 were located in predominantly White neighborhoods.

- 83% of REO properties in White communities had **minimal (fewer than 5) maintenance or marketing deficiencies**, while only 18% of REO properties in communities of color had fewer than 5 deficiencies.
- 82% of REO properties in communities of color had **5 or more maintenance or marketing deficiencies**, while only 17% of REO properties in White communities had 5 or more deficiencies.

REO properties in communities of color were far more likely to have certain types of deficiencies or problems than REO properties in White communities. Complainants found significant racial disparities in the majority of the objective factors they measured, including the following:

- 64% of REO properties in communities of color had **substantial amounts of trash**, while only 17% of REO properties in White communities had the same problem. Therefore, REO properties in communities of color are over 8 times more likely to have trash on the premises than REO properties in White communities.
- 27% of REO properties in communities of color had **mail accumulated**, while only 17% of REO properties in White communities had the same problem.
- 45% of REO properties in communities of color had **overgrown or dead shrubbery**, while only 33% of REO properties in White communities had the same problem.
- 36% of REO properties in communities of color had **unsecured or broken doors**, while only 0% of REO properties in White communities had the same problem.
- 27% of REO properties in communities of color had been **marketed as a distressed property**, while only 17% of REO properties in White communities had the same problem.

- 64% of REO properties in communities of color had a **missing “for sale” sign**, while only 17% of REO properties in White communities had the same problem.
- 55% of REO properties in communities of color had **peeling or chipped paint**, while only 17% of REO properties in White communities had the same problem.
- 27% of REO properties in communities of color had **invasive plants** covering more than 10% but less than 50% of the lawn, while 0% of REO properties in White communities had the same problem.

C. CHICAGO, ILLINOIS

In Chicago, Illinois, complainants evaluated 26 REO properties owned by Respondents. Seven of these REO properties were located in African-American communities, 11 were located in predominantly Latino communities, 1 was located in a community with a majority of non-White residents, and 7 were located in predominantly White communities.

- 42% of REO properties in White communities had **minimal problems** (fewer than 5), while only 16% of properties in communities of color had **minimal problems** (fewer than 5). Additionally, 0% of properties in African-American neighborhoods had fewer than 5 problems.
- 84% of REO properties in communities of color had **5 or more maintenance or marketing deficiencies**, while only 57% of REO properties in White communities had 5 or more deficiencies.
- 37% of REO properties in communities of color had **10 or more maintenance or marketing deficiencies**, while only 28% of REO properties in White communities had 10 or more deficiencies.

REO properties in communities of color were far more likely to have certain types of deficiencies or problems than REO properties in White communities. Complainants found significant racial disparities in the majority of the objective factors they measured, including the following:

- 79% of REO properties in communities of color had **substantial amounts of trash**, while only 57% of REO properties in White communities had the same problem. In other words, REO properties in communities of color are 2.8 times more likely to have a substantial amount of trash on the premises than REO properties in White communities.
- 37% of REO properties in communities of color had **unsecured or broken doors**, while only 14% of REO properties in White communities had the same problem.

- 21% of REO properties in communities of color had **damaged steps and handrails**, while 0% of REO properties in White communities had the same problem.
- 32% of REO properties in communities of color had **broken windows**, while 0% of REO properties in White communities had the same problem.
- 47% of REO properties in communities of color had a **damaged fence**, while only 14% of REO properties in White communities had the same problem.
- 26% of REO properties in communities of color had **trespassing or warning signs**, while 0% of REO properties in White communities had the same problem.
- 68% of REO properties in communities of color had **missing “for sale” signs**, while only 57% of REO properties in White communities had the same problem.
- 21% of REO properties in communities of color had **broken or discarded signage**, while 0% of REO properties in White communities had the same problem.
- 47% of REO properties in communities of color had **damaged siding**, while only 29% of REO properties in White communities had the same problem.

D. ATLANTA, GA

In Atlanta, Georgia, Complainants evaluated 13 REO properties owned by Respondents. Eleven of these REO properties were located in African-American communities. Due to the Respondents’ property stock in the areas observed by Complainants, only 2 REO properties were identified that were located in predominantly White communities. These REO properties in White neighborhoods were maintained in a better manner than those in communities of color, consistent with the practices observed in other cities.

- 63% of REO properties in communities of color had 5 or more maintenance or marketing deficiencies.
- 27% of REO properties in communities of color had 10 or more maintenance or marketing deficiencies.

REO properties in communities of color were far more likely to have certain types of deficiencies or problems than REO properties in White communities. Although REOs in White communities were well maintained and marketed, Complainants found that REO properties in communities of color experienced poor maintenance with regards to the objective factors documented, including the following:

- 73% of REO properties in communities of color had **substantial amounts of trash**.
- 73% of REO properties in communities of color had **mail accumulated**.

- More than half (55%) of REO properties in communities of color had **overgrown grass or leaves**.
- 36% of REO properties in communities of color had **broken or boarded windows**.
- More than half (55%) of REO properties in communities of color were **missing a “for sale” sign**.
- 36% of REO properties in communities of color had **peeling or chipped paint**.
- 36% of REO properties in communities of color had **broken gutters**.

E. MIAMI/FORT LAUDERDALE, FLORIDA

In Miami and Fort Lauderdale, Florida, Complainants evaluated 22 REO properties owned by Respondents. Ten of these REO properties were located in African-American communities, 4 were located in predominantly Latino communities, 2 were located in a community with a majority of non-White residents, and 6 were located in predominantly White communities.

- 63% of REO properties in communities of color had **substantial amounts of trash**, while only 50% of REO properties in White communities had the same problem.
- 31% of REO properties in communities of color had **mail accumulated**, while 0% of REO properties in White communities had the same problem.
- 44% REO properties in communities of color had **dead grass** covering more than 10% but less than 50% of the lawn, while only 17% of REO properties in White communities had the same problem.
- 25% of REO properties in communities of color had **broken doors**, while only 17% of REO properties in White communities had the same problem.
- 31% of REO properties in communities of color **had trespassing or warning signs**, while 17% of REO properties in White communities had the same problem.
- 33% of REO properties in communities of color had **damaged siding**, while 0% of REO properties in White communities had the same problem.
- 25% of REO properties in communities of color had **broken gutters**, while 17% of REO properties in White communities had the same problem.

F. BALTIMORE, MARYLAND

In the Baltimore area, Maryland, complainants evaluated 18 REO properties owned by Respondents. Six of these REO properties were located in African-American communities, 2 were located in a community with a majority of non-White residents, and 10 were located in predominantly White communities.

- 0% of REO properties in communities of color had **minimal (fewer than 5) maintenance or marketing deficiencies**, while only 30% of REO properties in White communities (3 of 10 properties) had minimal deficiencies.
- 100% of REO properties in communities of color had **5 or more maintenance or marketing deficiencies**, while only 50% of REO properties in White communities (5 of 10 properties) had 5 or more deficiencies.
- 75% of REO properties in communities of color had **10 or more maintenance or marketing deficiencies**, while only 40% of REO properties in White communities had 10 or more deficiencies.

REO properties in communities of color were far more likely to have certain types of deficiencies or problems than REO properties in White communities. Complainants found significant racial disparities in the majority of the objective factors they measured, including the following:

- 75% of REO properties in communities of color had **substantial amounts of trash**, while only 60% of REO properties in White communities had the same problem. Therefore, properties in communities of color are 2 times more likely to have substantial amounts of trash on the premises than REO properties in communities of color.
- 38% of REO properties in communities of color had **invasive plants covering more than 10% but less than 50%** of the lawn, while only 20% of REO properties in White communities had the same problem.
- 50% of REO properties in communities of color had **damaged steps and handrails**, while 0% of REO properties in White communities had the same problem.
- 63% of REO properties in communities of color had **broken or boarded windows**, while only 20% of REO properties in White communities had the same problem.
- 25% of REO properties in communities of color were **marketed as distressed** properties, while only 10% of REO properties in White communities had the same problem.
- 88% of REO properties in communities of color had a **“for sale” sign missing**, while only 50% of REO properties in White communities had the same problem.

- 50% of REO properties in communities of color had **missing gutters**, while only 10% of REO properties in White communities had the same problem.
- 63% of REO properties in communities of color had **broken gutters**, while only 40% of REO properties in White communities had the same problem.
- 75% of REO properties in communities of color had **water damage**, while only 30% of REO properties in White communities had the same problem.
- 88% of REO properties in communities of color had **small amount of mold**, while only 30% of REO properties in White communities had the same problem.

G. WASHINGTON, DC

In the Washington DC metropolitan area, including the suburbs of Capitol Heights, District Heights, Suitland, and Silver Spring in Maryland, Complainants evaluated 23 REO properties owned by Respondents. Twenty one of these REO properties were located in African-American communities. Due to the Respondents' property stock in the areas observed by Complainants, only 2 REO properties were identified that were located in predominantly White communities. These REO properties in White neighborhoods were maintained in a better manner than those in communities of color, consistent with the practices observed in other cities.

- 95% of REO properties in communities of color had **5 or more maintenance or marketing deficiencies**, while 50% of REO properties (one property) in White communities had 5 or more deficiencies.
- 43% of REO properties in communities of color had **10 or more maintenance or marketing deficiencies**, while none of REO properties in White communities had 10 or more deficiencies.

REO properties in communities of color were far more likely to have certain types of deficiencies or problems than REO properties in White communities. Complainants found that REO properties in communities of color experienced poor maintenance with regards to the objective factors documented, including the following:

- 76% of REO properties in communities of color had **substantial amounts of trash**, while none of REO properties in White communities had the same problem.
- 19% of REO properties in communities of color had **mail accumulated**, while none of REO properties in White communities had the same problem.
- 14% of properties in communities of color had **unsecured or broken doors**, while none of REO properties in White communities had the same problem.

- 14% of REO properties in communities of color had **broken steps or handrails**, while none of properties in White neighborhoods had the same problem.
- 24% of REO properties in communities of color had **broken or boarded windows**, while none of properties in White neighborhoods had the same problem.
- 48% of REO properties in communities of color were **missing a “for sale” sign**, while none of properties in White communities had the same problem.
- 19% of REO properties in communities of color were **marketed as distressed**, while none of properties in White communities had the same problem.
- 24% of REO properties in communities of color had **broken or discarded signage**, while none of properties in White neighborhoods had the same problem.
- 86% of REO properties in communities of color had **peeling or chipped paint**, while none of properties in White neighborhoods had the same problem.
- 38% of REO properties in communities of color had **broken gutters**, while none of properties in White neighborhoods had the same problem.

H. BATON ROUGE, LA

In Baton Rouge, Louisiana, Complainants evaluated 26 REO properties owned by Respondents. 15 of these REO properties were located in African-American communities, one was located in a neighborhood with a majority of non-White residents, and 10 were located in predominantly White neighborhoods.

- 63% of REO properties in communities of color had **10 or more maintenance or marketing deficiencies**, while only 30% of REO properties in predominantly White communities had more than 10 deficiencies.
- 25% of REO properties in communities of color had **15 or more maintenance and marketing deficiencies**, while not a single property in predominantly White neighborhoods had more than 15 deficiencies.

REO properties in communities of color were far more likely to have certain types of deficiencies or problems than REO properties in White communities. Complainants found significant racial disparities in the majority of the objective factors they measured, including the following:

- 81% of REO properties in communities of color had **substantial trash on the premises** while only 30% in predominantly White neighborhoods had the same problem.

- 50% of REO properties in communities of color had **unsecured or broken doors** while only 20% of the properties in predominantly White neighborhoods had the same problem.

- 56% of REO properties in communities of color had **broken or boarded windows** while only 20% of the properties in predominantly White neighborhoods had the same problem.

- 25% of REO properties in communities of color had a **holes in the structure** while none of the properties in predominantly White neighborhoods had the same problem.

- 38% of REO properties in communities of color had **wood rot on the structure** while only 20% of the properties in predominantly White neighborhoods had the same problem.

- 63% of REO properties in communities of color had **peeling or chipped paint** while only 40% of properties in predominantly White neighborhoods had the same problem.

- 63% of REO properties in communities of color had **damaged siding** while only 20% of properties in predominantly White neighborhoods had the same problem.

- 25% of REO properties in communities of color had **broken and hanging gutters** while none of the properties in predominantly White neighborhoods had the same problem.

I. INDIANAPOLIS, IN

In Indianapolis, Indiana, Complainants evaluated 15 REO properties owned by Respondents. Seven of these REO properties were located in African-American communities, one was located in a neighborhood with a majority of non-White residents, and seven were located in predominantly White neighborhoods.

- 71% of REO properties in predominantly White neighborhoods had **fewer than five maintenance or marketing deficiencies**, while not one of properties in predominantly communities of color had fewer than five deficiencies.
- 100% of REO properties in communities of color had **five or more maintenance or marketing deficiencies**, while only 29% of REO properties in predominantly White communities had more than five deficiencies.

- 50% of REO properties in communities of color had **10 or more maintenance and marketing deficiencies**, while not a single property in predominantly White neighborhoods had more than 10 deficiencies.

REO properties in communities of color were far more likely to have certain types of deficiencies or problems than REO properties in White communities. Complainants found significant racial disparities in the majority of the objective factors they measured, including the following:

- 75% of REO properties in communities of color had **substantial trash on the premises** while only 14% in predominantly White neighborhoods had the same problem.
- 50% of REO properties in communities of color had **overgrown grass and leaves** while only 14% of the properties in predominantly White neighborhoods had the same problem.
- 63% of REO properties in communities of color had **overgrown or dead shrubbery** on the property, while none of the properties in predominantly White neighborhoods had the same problem.
- 75% of REO properties in communities of color had **dead grass** on more than half of the lawn, while only 14% of properties in predominantly White communities had the same problem.
- 13% of REO properties in communities of color had **unsecured or broken doors** while none of the properties in predominantly White neighborhoods had the same problem.
- 38% of REO properties in communities of color had **damaged steps and handrails** while none of the properties in predominantly White neighborhoods had the same problem.
- 75% of REO properties in communities of color had **broken or boarded windows** while only 29% of the properties in predominantly White neighborhoods had the same problem.
- 38% of REO properties in communities of color had **damaged fences**, while only 14% of properties in predominantly White neighborhoods had the same problem.
- 38% of REO properties in communities of color had a **damaged roof** while only 14% in predominantly White neighborhoods had the same problem.
- 13% of REO properties in communities of color had **holes in the structure** while none in predominantly White neighborhoods had the same problem.

- 38% of REO properties in communities of color had **wood rot on the structure** while none of the properties in predominantly White neighborhoods had the same problem.
- 13% of REO properties in communities of color **had trespassing or warning signs**, while none of the properties in predominantly White neighborhoods had the same problem.
- 75% of REO properties in communities of color had **peeling or chipped paint** while only 43% of properties in predominantly White neighborhoods had the same problem.
- 63% of REO properties in communities of color had **damaged siding** while only 29% of properties in predominantly White neighborhoods had the same problem.
- 50% of REO properties in communities of color had **missing or out of place gutters** while only 14% of properties in predominantly White neighborhoods had the same problem.
- 13% of REO properties in communities of color had **broken or hanging gutters** while none of the properties in predominantly White neighborhoods had the same problem.
- 50% of REO properties in communities of color had **obstructed gutters** while none of the properties in predominantly White neighborhoods had the same problem.
- 50% of REO properties in communities of color had a **small amount of mold** on the property, while none of the properties in predominantly White neighborhoods had the same problem.
- 13% of REO properties in communities of color had **pervasive mold** on the property, while none of the properties in predominantly White neighborhoods had the same problem.
- 25% of REO properties in communities of color **had utilities that were exposed or tampered with**, while only 14% of properties in predominantly White neighborhoods had the same problem.

J. MEMPHIS, TN

In Memphis, Tennessee, Complainants evaluated 21 REO properties owned by Respondents. Eleven of these REO properties were located in African-American communities, four were located in a neighborhood with a majority of non-White residents, and six were located in predominantly White neighborhoods.

- 33% of REO properties in predominantly White neighborhoods had **fewer than five maintenance or marketing deficiencies**, while only 13% of properties in predominantly communities of color had fewer than five deficiencies.
- 87% of REO properties in communities of color had **five or more maintenance or marketing deficiencies**, while only 67% of REO properties in predominantly White communities had five or more deficiencies.
- 67% of REO properties in communities of color had 10 or more **deficiencies maintenance and marketing deficiencies**, while not a single property in predominantly White neighborhoods had 10 or more deficiencies.

REO properties in communities of color were far more likely to have certain types of deficiencies or problems than REO properties in White communities. Complainants found significant racial disparities in the majority of the objective factors they measured, including the following:

- 67% of REO properties in communities of color had **substantial trash on the premises** while only 33% in predominantly White neighborhoods had the same problem.
- 93% of REO properties in communities of color had **overgrown grass and leaves** while only 50% of the properties in predominantly White neighborhoods had the same problem.
- 60% of REO properties in communities of color had **overgrown or dead shrubbery** on the property, while only 17% of properties in predominantly White neighborhoods had the same problem.
- 53% of REO properties in communities of color had a small amount of **invasive plants** while only 17% of properties in predominantly White neighborhoods had the same problem.
- 33% of REO properties in communities of color had **unsecured or broken doors** while none of the properties in predominantly White neighborhoods had the same problem.
- 60% of REO properties in communities of color had **broken or boarded windows** while none of the properties in predominantly White neighborhoods had the same problem.
- 13% of REO properties in communities of color had a **damaged roof** while none in predominantly White neighborhoods had the same problem.
- 40% of REO properties in communities of color had **holes in the structure** while none in predominantly White neighborhoods had the same problem.

- 53% of REO properties in communities of color had **wood rot on the structure** while only 17% of properties in predominantly White neighborhoods had the same problem.
- 27% of REO properties in communities of color **had trespassing or warning signs**, while none of the properties in predominantly White neighborhoods had the same problem.
- 53% of REO properties in communities of color had **damaged siding** while only 17% of properties in predominantly White neighborhoods had the same problem.
- 33% of REO properties in communities of color had **obstructed gutters** while none of the properties in predominantly White neighborhoods had the same problem.
- 60% of REO properties in communities of color had a **small amount of mold** on the property, while only 33% of properties in predominantly White neighborhoods had the same problem.
- 47% of REO properties in communities of color **had utilities that were exposed or tampered with**, while only 33% of properties in predominantly White neighborhoods had the same problem.

K. MILWAUKEE, WI

In Milwaukee, Wisconsin, Complainants evaluated 34 REO properties owned by Respondents. Seventeen of these REO properties were located in African-American communities, seven were located in predominantly Latino neighborhoods, one was located in a neighborhood with a majority of non-White residents, and nine were located in predominantly White neighborhoods.

- 78% of REO properties in predominantly White neighborhoods had **fewer than five maintenance or marketing deficiencies**, while only 48% of properties in predominantly communities of color had fewer than five deficiencies.
- 52% of REO properties in communities of color had **five or more maintenance or marketing deficiencies**, while only 22% of REO properties in predominantly White communities had five or more deficiencies.
- 16% of REO properties in communities of color had **10 or more maintenance and marketing deficiencies**, while not a single property in predominantly White neighborhoods had 10 or more deficiencies.

REO properties in communities of color were far more likely to have certain types of

deficiencies or problems than REO properties in White communities. Complainants found significant racial disparities in the majority of the objective factors they measured, including the following:

- 44% of REO properties in communities of color had **substantial trash on the premises** while only 11% in predominantly White neighborhoods had the same problem.
- 16% of REO properties in communities of color had **overgrown grass and leaves** while not one of the properties in predominantly White neighborhoods had the same problem.
- 52% of REO properties in communities of color had **overgrown or dead shrubbery**, while only 33% of properties in predominantly White neighborhoods had the same problem.
- 28% of REO properties in communities of color had **damaged steps and handrails** while none of the properties in predominantly White neighborhoods had the same problem.
- 40% of REO properties in communities of color had **broken or boarded windows** while only 11% of the properties in predominantly White neighborhoods had the same problem.
- 24% of REO properties in communities of color had a **damaged roof** while only 10% of properties in predominantly White neighborhoods had the same problem.
- 20% of REO properties in communities of color had **wood rot** on the structure while only 11% of properties in predominantly White neighborhoods had the same problem.
- 12% of REO properties in communities of color **had graffiti**, while none of the properties in predominantly White neighborhoods had the same problem.
- 40% of REO properties in communities of color had **peeling or chipped paint** while only 22% of properties in predominantly White neighborhoods had the same problem.
- 20% of REO properties in communities of color had **damaged siding** while only 11% of properties in predominantly White neighborhoods had the same problem.

IV. INJURY CAUSED BY RESPONDENTS

Through numerous workshops, conferences, systemic testing, reports, and education and outreach, Complainants have provided education, training, and technical assistance to its

members, community organizations, and advocates at the local, regional, and national level to promote fair housing and fair lending in communities across the country. The unlawful discriminatory actions of Respondents have injured Complainants by: (a) interfering with those efforts and programs intended to promote fair housing and lending; (b) requiring Complainants to commit scarce resources, including substantial staff time, to evaluate properties, review data, investigate complaints, review Respondents' REO maintenance practices, engage in an education and outreach campaign, and develop educational materials to identify and counteract the unlawful actions of Respondents, thus diverting those resources from other testing, education, counseling, and capacity-building services; and (c) frustrating Complainants' missions and purposes of increasing fair and equal access to housing for all Americans, regardless of race. The discriminatory actions of Respondents have required Complainants, and will require Complainants in the future, to spend additional resources to counteract Respondents' discriminatory conduct.

As a result of Respondents' discriminatory conduct, municipalities, individuals, and homeowners in the communities served by Complainants have been: (a) subjected to deteriorating and dilapidated living conditions in their neighborhoods; (b) denied opportunities for neighborhood stabilization and economic recovery; and (c) harmed in their home investments because of Respondents' efforts to unnecessarily depress the property value of REOs. As a result of Respondents' discriminatory conduct, communities served by NFHA and its member organizations have been denied the fair housing opportunities, educational opportunities, employment opportunities, and the economic growth that accompanies well maintained properties. In response, Complainants have made substantial efforts and expended considerable resources to investigate the existence and effects of Respondents' REO maintenance policies and to ensure commensurate housing opportunities for all people. As part of these efforts, in 2011, Complainant NFHA released a report highlighting the discriminatory maintenance and marketing of White and Non-White REO properties by banks. The release of this comprehensive report put banks on notice of the fact that these discriminatory practices violate the Fair Housing Act.

Respondents' systemic and particularized practice of maintaining and marketing their REO properties in a state of disrepair in communities of color while maintaining and marketing such properties in predominantly White communities in a materially better condition violates the Fair Housing Act, 42 U.S.C. § 3604(a), (b), (c), and (d), and HUD's implementing regulations.

Executed on _____

Shanna L. Smith
National Fair Housing Alliance

Amy Nelson
Fair Housing Center of Central Indiana

James Perry
Greater New Orleans Fair Housing Action Center

Anne Houghtaling
HOPE Fair Housing Center

Keenya Robertson
Housing Opportunities Project for Excellence, Inc.

Jim McCarthy
Miami Valley Fair Housing Center

Gail Williams
Metro Fair Housing Services, Inc.

William Tisdale
Metropolitan Milwaukee Fair Housing Council

Gail Schechter
Open Communities

John Petruszak
South Suburban Housing Center