


Fair Housing Agencies File HUD Complaint Against Wells Fargo



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Funding from Fannie Mae also supported the investigations of REO properties across the nation.

NFHA and its member partners also utilized their own resources to expand the REO investigations.
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Introductions

- **National Fair Housing Alliance**
 - Shanna L. Smith, President/CEO
 - Washington, DC

- **Miami Valley Fair Housing Center**
 - Jim McCarthy, President/CEO
 - Dayton, Ohio

- **Metro Fair Housing Services, Inc**
 - Gail Williams, Executive Director
 - Atlanta, George

- **Housing Opportunities Project for Excellence (HOPE, Inc.)**
 - Keenya Robertson, President/CEO
 - Miami, Florida

- **North Texas Fair Housing Center**
 - Frances Espinoza, Executive Director
 - Dallas, Texas

- **Cohen Milstein Sellers & Toll PLLC**
 - Peter Friedman, Esq.
 - Washington, DC

Purpose of Investigation

- ❑ Overall, Wells Fargo's REO properties have suffered from a disproportionate amount of negligence and maltreatment in communities of color.
- ❑ Beginning in 2010 and continuing through the present, Complainants investigated how Wells Fargo maintains and markets its REO properties nationwide. Through this investigation, Complainants evaluated a substantial number of single-family and townhome REO properties owned by Wells Fargo in eight metropolitan areas, including 218 properties in eight metropolitan areas.^[1] This investigation revealed significant racial disparities in maintenance and marketing in all eight metropolitan areas, as well as nationally when the metropolitan area data was aggregated.

^[1] The metropolitan areas are: (1) Washington, D.C. Metropolitan Area; (2) Baltimore, MD Metropolitan Area; (3) Philadelphia, PA; (4) Oakland, Richmond, and Concord, CA; (5) Dayton, OH; (6) Miami, FL; (7) Dallas, TX; and (8) Atlanta, GA.

Methodology for Investigation

- ❑ Neighborhoods were either predominantly White or predominantly Latino, African-American, or a combination of both.
- ❑ Neighborhoods selected had recent high foreclosure rates of Wells Fargo REOs located in the zip codes evaluated.
- ❑ 100% of REOs of Wells Fargo were evaluated within the zip codes.

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," "For Sale signs," 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



It's the Law



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 or ethnic 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

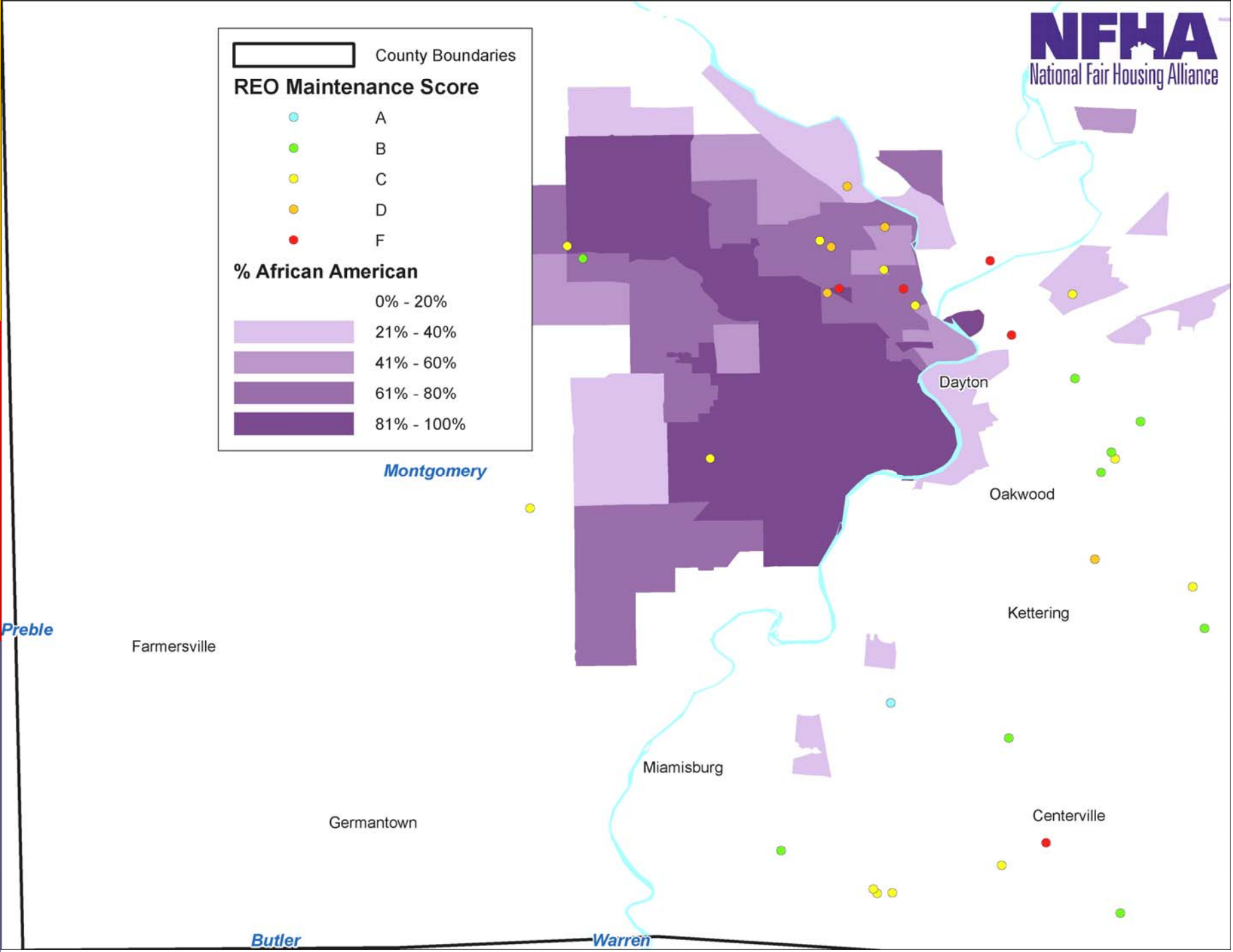
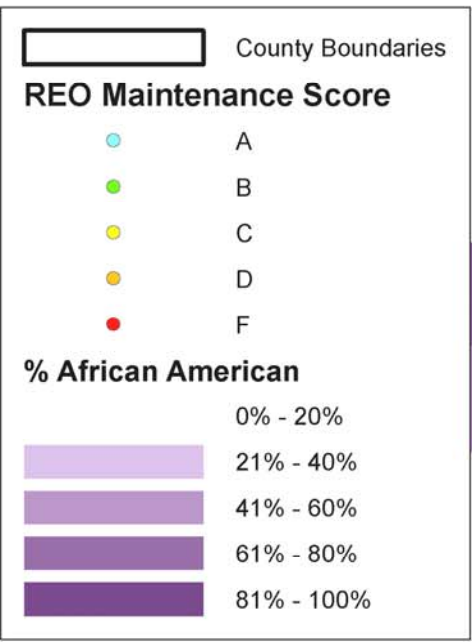
- ❑ Steering by real estate agents based on neighborhood racial composition is illegal and other behavior in the sale or rental market that operates to discourage potential buyers from purchasing or renting homes, such as by failing to adequately maintain properties in communities of color, can also violate the Act.
- ❑ It is unlawful to “make unavailable or deny” housing to any person because of race, national origin...
- ❑ If the poor maintenance of an REO property in an African-American or Latino 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.

**Select Findings
and Photos
By Metropolitan Areas**



Dayton, Ohio





Racial Disparities

- ❑ 90% of REO properties in African-American communities had a **“for sale” sign missing**, while only 57% of REO properties in White communities had the same problem.
- ❑ 20% of REO properties in African-American communities had **broken or discarded signage**, while only 9% of REO properties in White communities had the same problem.
- ❑ 70% of REO properties in African-American communities had **broken doors or locks**, while only 52% of REO properties in White communities had the same problem.
- ❑ 50% of REO properties in African-American communities had **damaged windows**, while only 30% of REO properties in White communities had the same problem.

Missing Gutters



- Fixing and replaces portions of gutters and downspouts are inexpensive repairs that preserves roofs and foundations.

Missing “For Sale” Signs



- ❑ 90% of REOs in African American neighborhoods were missing for sale signs

Trash and Discarded Signs

- ❑ Accumulated Trash
- ❑ Discarded Sign



Atlanta, Georgia



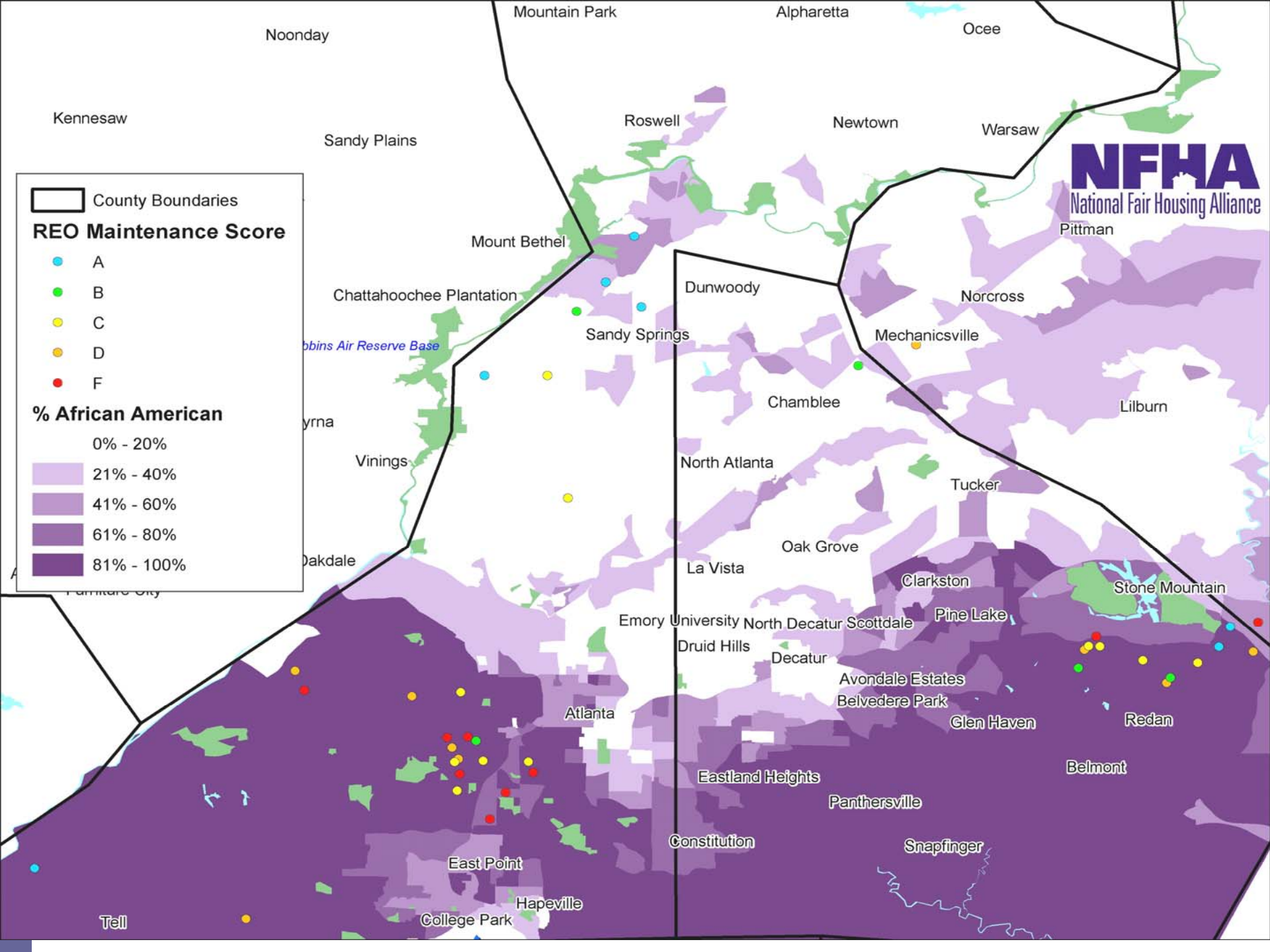
County Boundaries

REO Maintenance Score

- A
- B
- C
- D
- F

% African American

- 0% - 20%
- 21% - 40%
- 41% - 60%
- 61% - 80%
- 81% - 100%



Racial Disparities

- ❑ 63% of REO properties in communities of color had **substantial amounts of trash**, while only 33% of REO properties in White communities had the same problem
- ❑ 63% of REO properties in communities of color had **overgrown grass or accumulated leaves**, while only 50% of REO properties in White communities had the same problem.
- ❑ 43% of REO properties in communities of color had **overgrown or dead shrubs**, while 0% of properties in White communities had the same problem.

No For Sale Signs



- ❑ This modest REO on the left is not being maintained or marketed. The garage is unsecured.
- ❑ Above right-- the neighbor continues to care for his home.

Again -- Failure to Market Homes in African American Neighborhoods with Professional “For Sale” Signs



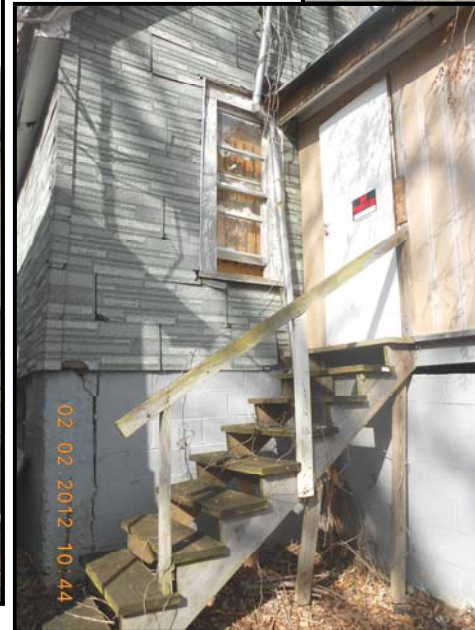
Accumulated Trash



- ❑ If Wells Fargo had performed weekly maintenance this trash would not be here.

Blighted REO Brings Down Whole Neighborhood

- REO and well maintained neighboring homes.



Miami/Fort Lauderdale, Florida



Racial Disparities

- ❑ 69% of REO properties in communities of color had a **substantial amount of trash** on the property, while only 33% of properties in White communities had the same problem.
- ❑ 31% of REO properties in communities of color had **dead grass covering between 10% to 50% of the lawn**, while 0% of REO properties in White communities had the same problem.
- ❑ 31% of REO properties in communities of color had **broken doors or locks**, while only 17% of REO properties in White communities had the same problem.
- ❑ 54% of REO properties in communities of color had **holes in the structure** while only 33% of REO properties in White communities had the same problem.
- ❑ 31% of REO properties in communities of color were **marketed as a distressed property** while only 17% of REO properties in White communities had the same problem.

Trash



Windows and Doors Left Open



Home in African American Neighborhood



- ❑ No For Sale Sign
- ❑ Recently spray painted – poor job
- ❑ No cleanup



Overgrown Yard



04-02-2012 10:52

Dallas, Texas



County Boundaries

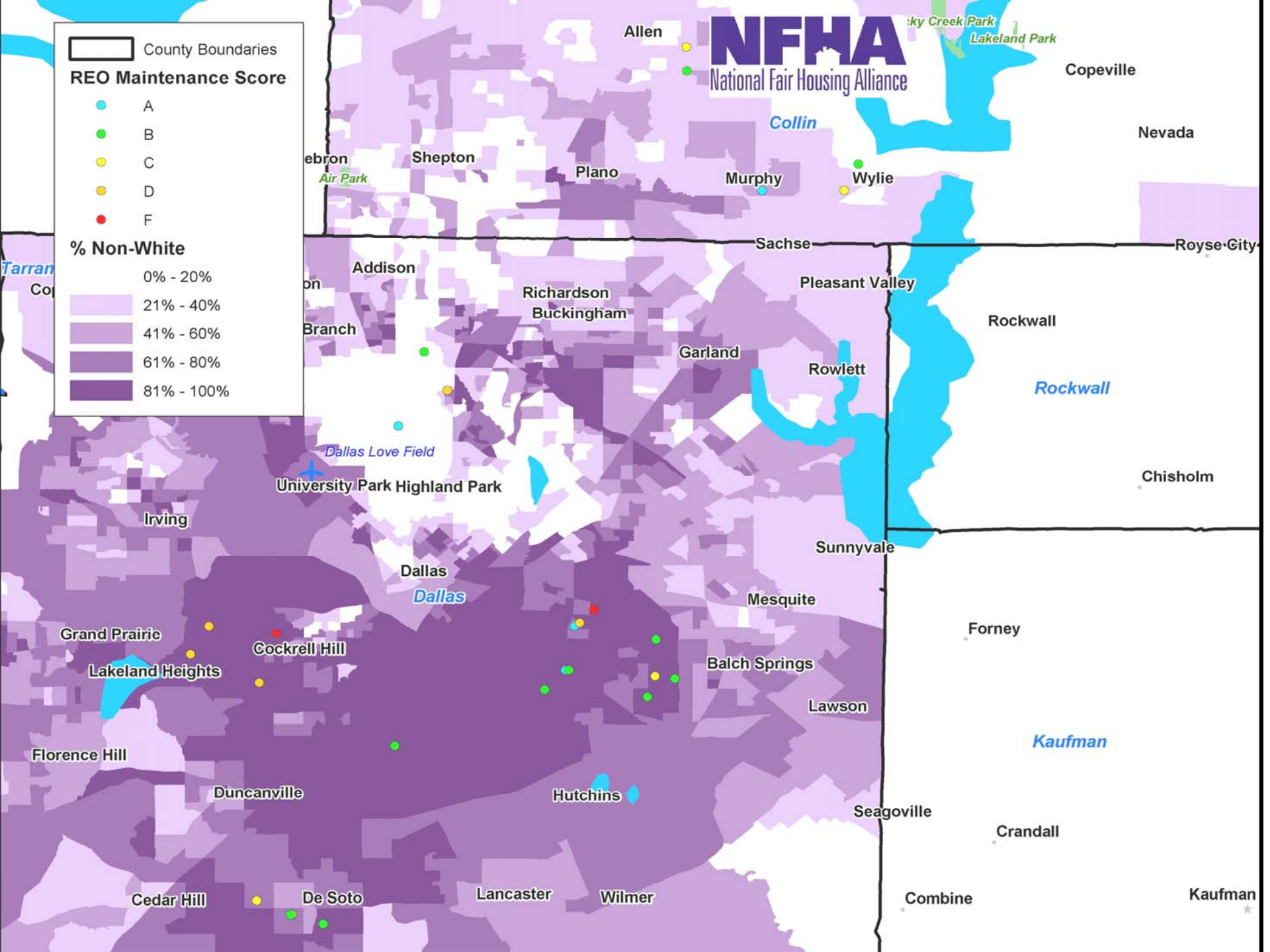
REO Maintenance Score

- A
- B
- C
- D
- F

% Non-White

- 0% - 20%
- 21% - 40%
- 41% - 60%
- 61% - 80%
- 81% - 100%

NFHA
National Fair Housing Alliance



Racial Disparities

- ❑ 55% of REO properties in communities of color had a **substantial amount of trash** on the property, while only 29% of properties in White communities had the same problem.
- ❑ 40% of REO properties in communities of color had **broken doors or locks**, while only 29% of REO properties in White communities had the same problem.
- ❑ 30% of REO properties in communities of color had **damaged windows**, while 0% of REO properties in White communities had the same problem.
- ❑ 75% 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.

Missing For Sale Sign



- ❑ This home is missing its for sale sign and
- ❑ Needs repair to damaged brick to be marketable.

Holes, Trash and Broken Doors invite rodents and water damage



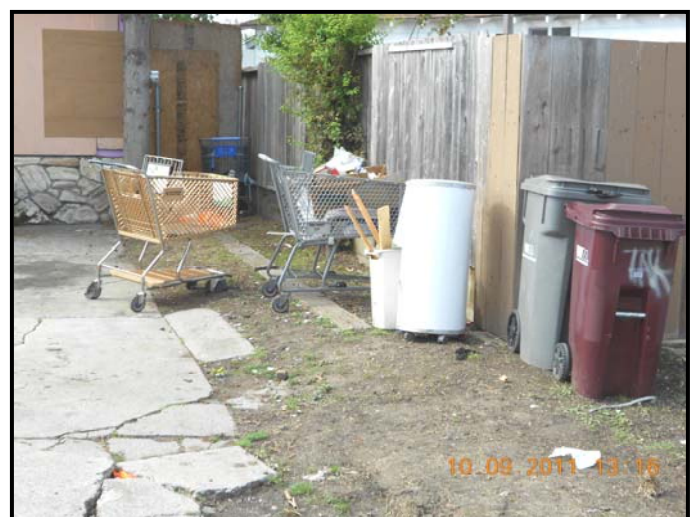
East Bay Area California



Racial Disparities

- ❑ 57% of REO properties in communities of color had a **substantial amount of trash** on the property, while only 25% of properties in White communities had the same problem
- ❑ 52% of REO properties in communities of color had **dead grass covering between 10% to 50% of the lawn**, while only 13% of REO properties in White communities had the same problem.
- ❑ 39% of REO properties in communities of color had **broken doors or locks**, while only 25% of REO properties in White communities had the same problem.
- ❑ 35% of REO properties in communities of color had **damaged windows**, while only 13% of REO properties in White communities had the same problem.
- ❑ 57% properties in communities of color had **missing "for sale" signs**, but only 25% of REO properties in White communities had the same problem.

Trash and Overgrown Yard at Oakland REOs



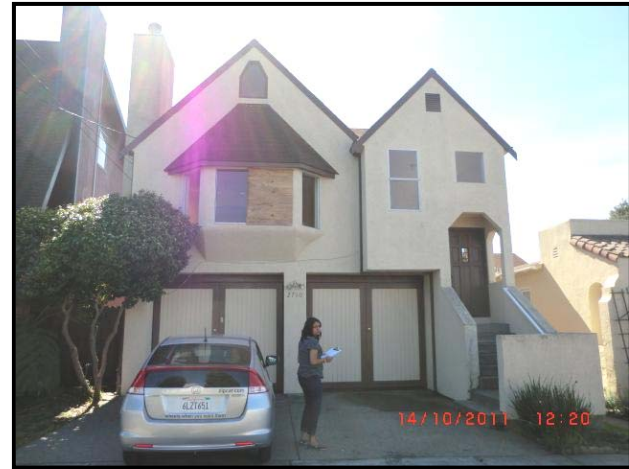
Trash at Oakland REO



Trash at Richmond REOs



None of these Richmond homes has a For Sale sign.



Philadelphia, PA



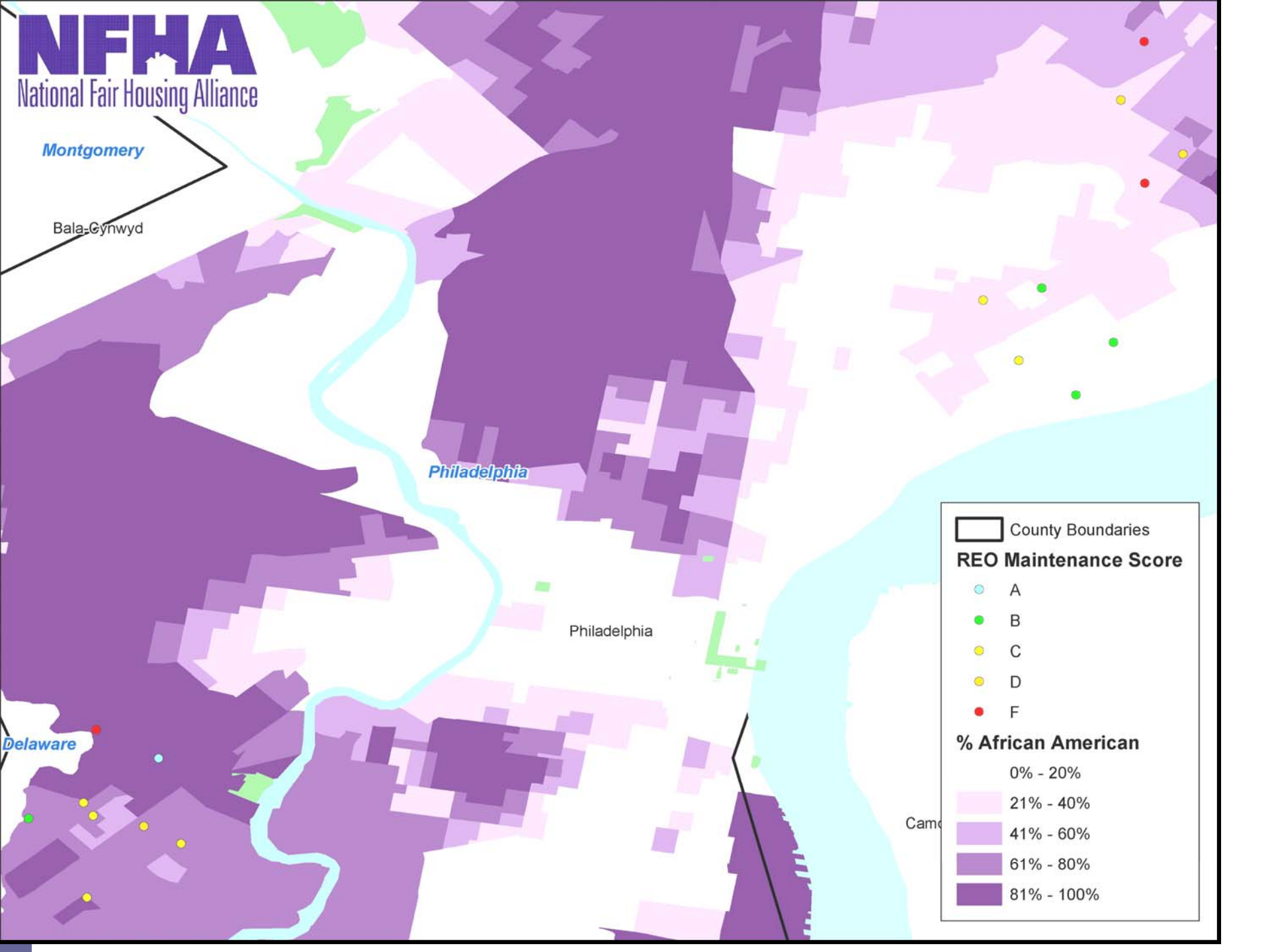
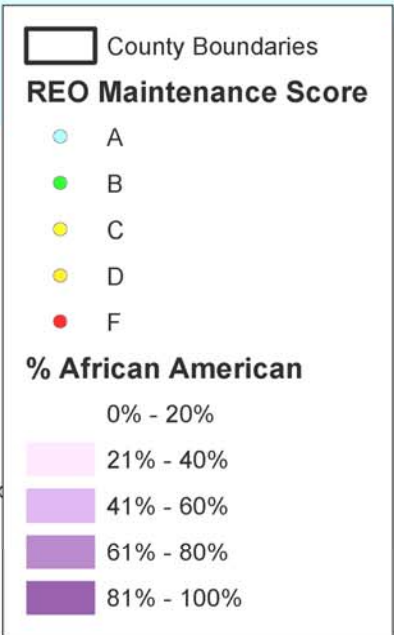
Montgomery

Bala-Cynwyd

Philadelphia

Philadelphia

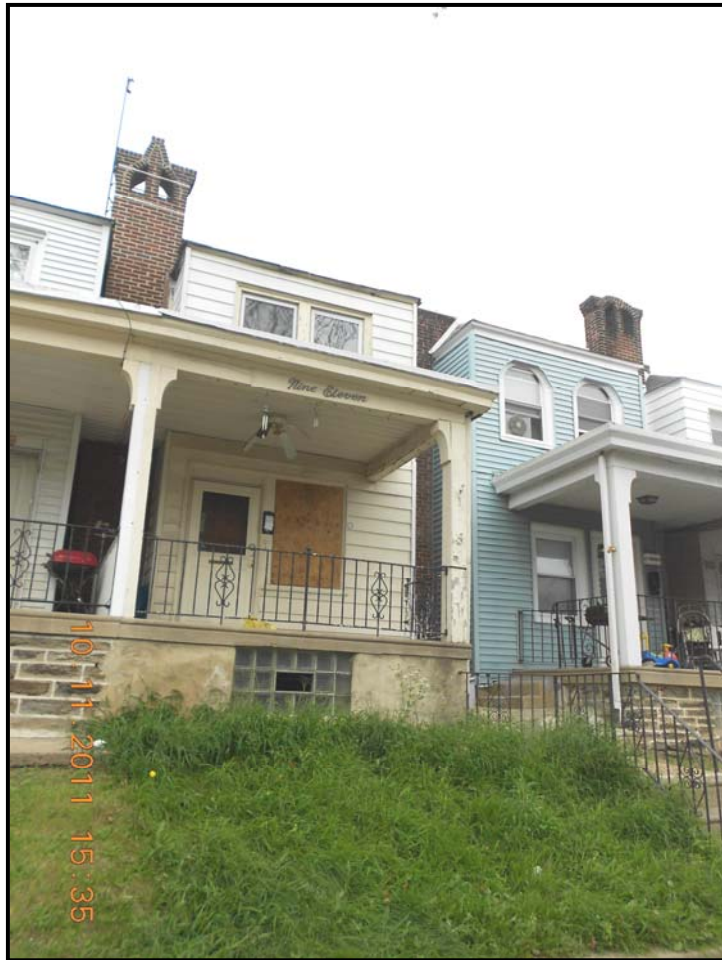
Delaware



Racial Disparities

- ❑ 71% of REO properties in communities of color had a **substantial amount of trash** on the property, while only 33% of properties in White communities had the same problem
- ❑ 36% of REO properties in communities of color had **overgrown grass or leaves** on the property, while 0% of properties in White communities had the same problem.
- ❑ 21% of REO properties in communities of color had **overgrown or dead shrubs**, while 0% of properties in White communities had the same problem.
- ❑ 50% of REO properties in communities of color had **broken doors or locks**, while only 33% of properties in White communities had the same problem.
- ❑ 64% of REO properties in communities of color were **missing a "for sale" sign**, while only 33% of properties in White communities had the same problem.

Overgrown Grass



Baltimore Metro



Racial Disparities

- ❑ 57% of REO properties in communities of color had **missing “for sale”** signs, while only 13% of REO properties in White communities had the same problem.
- ❑ 56% of REO properties in communities of color had a **substantial amount of trash** on the property, while only 38% of properties in White communities had the same problem.
- ❑ 37% of properties in communities of color had **broken doors or locks** while only 13% of properties in White communities had the same problem.

Homes in African American Neighborhoods with No For Sale Signs

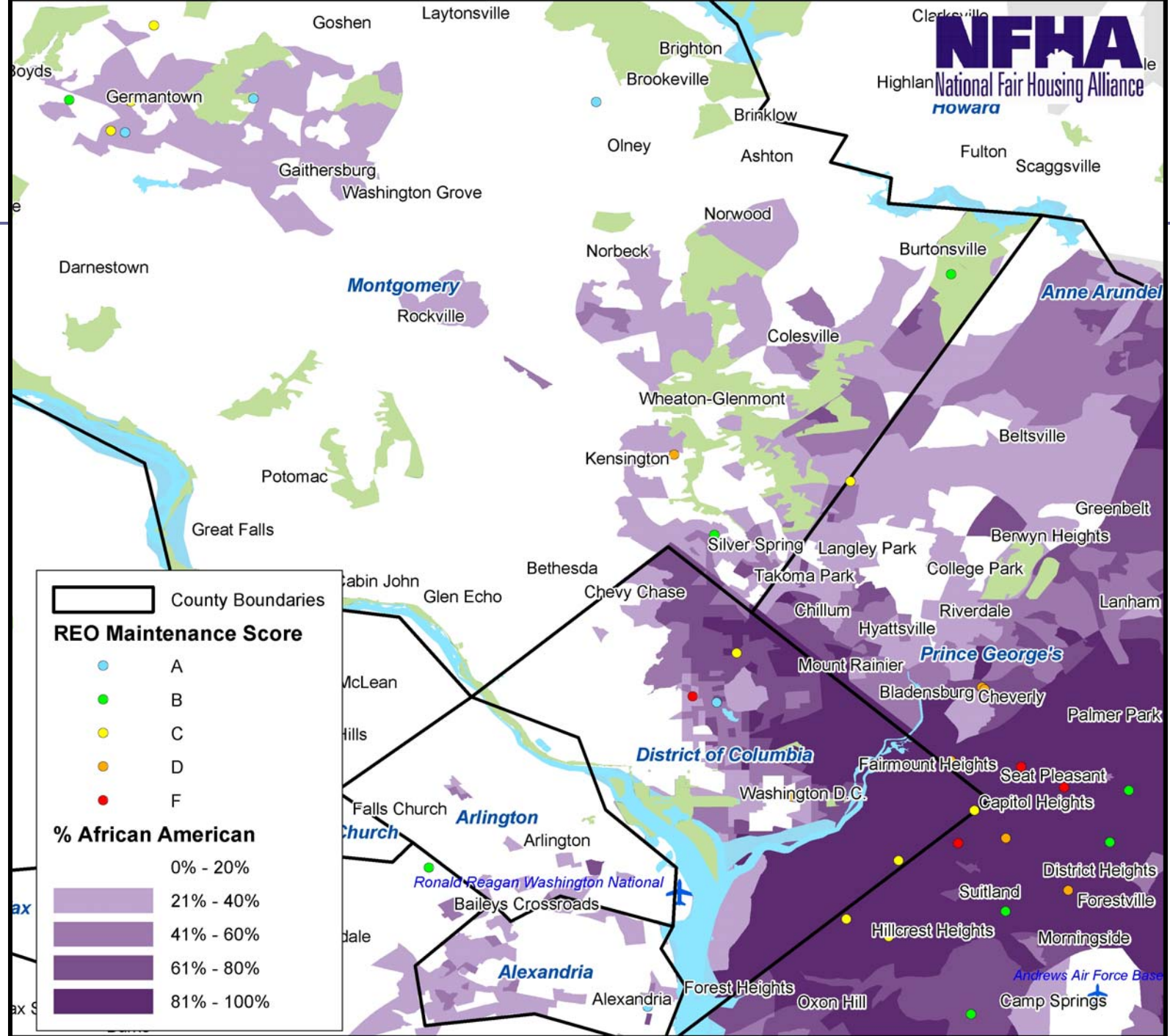


African American REOs Overgrown Yards



Metro Washington DC, Capital Heights





County Boundaries

REO Maintenance Score

- A
- B
- C
- D
- F

% African American

- 0% - 20%
- 21% - 40%
- 41% - 60%
- 61% - 80%
- 81% - 100%

Racial Disparities

- ❑ 46% of REO properties in communities of color had a **substantial amount of trash** on the property, while only 25% of properties in White communities had the same problem.
- ❑ 53% of REO properties in communities of color had **damaged windows**, while 0% of REO properties in White communities had the same problem.
- ❑ 57% of REO properties in communities of color had **missing “for sale”** signs, while only 13% of REO properties in White communities had the same problem.

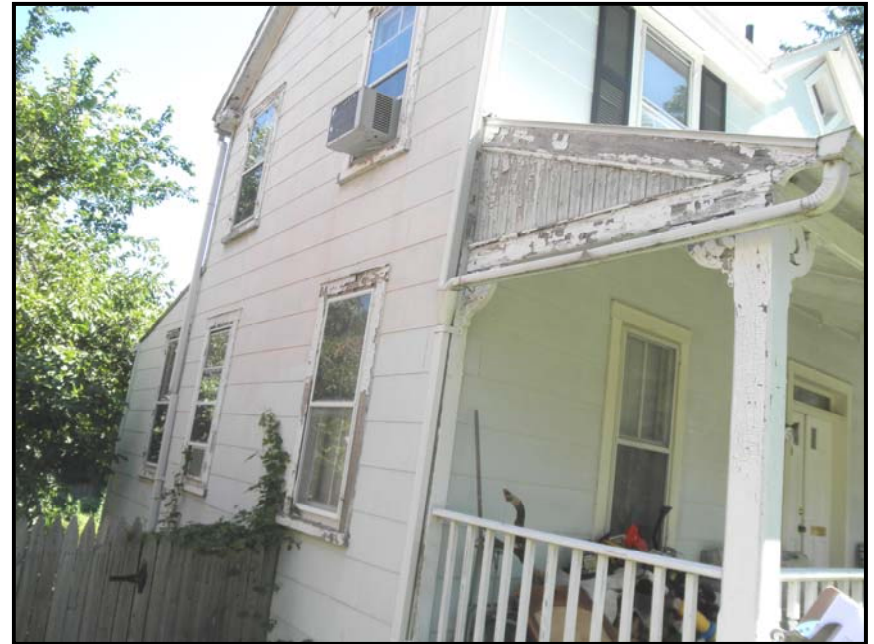
Overgrown lawns



Broken Windows, Trash, No For Sale Sign



REO in SE Washington, DC



- ❑ Removing trash and applying a coat of paint would improve this REO and stop blight in this SE DC neighborhood.

Conclusion

- Fair housing groups want to see communities of color that were harmed by the failure to maintain and market REOs made whole.
- The fair housing groups are willing and eager to move forward expeditiously through the HUD investigation and conciliation process to achieve concrete solutions to the serious civil rights issues raised in the complaint.

Questions

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