



For Immediate Release

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Fair Housing Organizations Find Fannie Mae Discriminates in Metro-Chicago *National Fair Housing Alliance and Member Agencies Allege Discrimination in Marketing and Maintenance of Foreclosed Homes*

CHICAGO – Today, a federal Fair Housing Act discrimination complaint will be filed against Fannie Mae by the National Fair Housing Alliance (NFHA), HOPE Fair Housing Center, South Suburban Housing Center, and Open Communities, along with 16 other NFHA member agencies. This action is the result of more than five years of investigating the way Fannie Mae (the Federal National Mortgage Association) maintains and markets abandoned foreclosed homes it owns (also known as Real Estate Owned or REO properties) in White communities in a more superior manner than in African-American and Latino neighborhoods. NFHA issued Fannie Mae a notice of these disparities in 2009. A complaint was also filed against Fannie Mae’s field agent in Illinois, Safeguard Properties, for the same practices in May 2014. NFHA and its members, after seeing no improvement from Fannie Mae, were compelled to move forward with this action.

A news conference was held this morning at 8:15 a.m. CDT in Washington, D.C. to announce the filing of the HUD Complaint against Fannie Mae. [This PowerPoint PDF](#) contains the details and photographs of the Chicago area Fannie Mae properties investigated.

Fannie Mae is one of the largest secondary mortgage lenders in mortgage backed securities that maintains and sells foreclosed properties. The investigations took place in 34 metro-regions throughout the country where 2,106 Fannie Mae REO properties were inspected by NFHA member organizations. In Chicago, the three fair housing organizations evaluated 308 Fannie Mae REO properties for the existence of 39 different types of maintenance or marketing deficiencies, such as broken windows and doors, water damage, overgrown lawns, no “for sale” sign, trash on the property, and other problems. “As a mortgage insurer founded by Congress during the Great Depression, Fannie Mae was about lending a hand to families of modest means. Today, Fannie Mae has abandoned its mission and the very neighborhoods – disproportionately communities of color – that it was expected to help,” said Gail Schechter, Executive Director of Open Communities.

These investigations show that 50.7% of Fannie Mae's REO properties in the Metro-Chicago White communities had fewer than five maintenance or marketing deficiencies, while only 26.3% of REO properties in communities of color had fewer than five deficiencies. Additionally, 20% of REO properties in communities of color had 10 or more deficiencies while only 6.6% of properties in White communities had 10 or more deficiencies.

The compiled evidence shows that communities of color are twice as likely to have broken, boarded, and unsecured windows as those in predominantly White communities. In this same area, 18.6% of properties were found to have holes in the structure in communities of color versus only 5.9% in White communities. These types of deficiencies greatly decrease the curb appeal of a property making it harder to sell while driving down property values of surrounding neighbors and devaluing properties in Metro-Chicago's communities of color.

"The failure of Fannie Mae and its agents to properly maintain these REO properties in communities of color in the south suburbs attempting to economically recover from the housing crisis is like rubbing salt in an open wound," commented John Petruszak, Executive Director of the South Suburban Housing Center.

"Trash on a property is not only an eyesore for neighbors, but it makes a home unappealing to visitors and can be a potential health and safety hazard," Petruszak continued. Regular maintenance would correct this problem, but in Metro-Chicago, 50% of all Fannie Mae REO properties in communities of color had substantial amounts of trash as opposed to only 32.2% on properties in White communities.

In addition to decreasing property values, there is a disparity in crime. In Metro-Chicago 20.7% of properties in communities of color had broken doors or locks, while in White communities only 7.9% of properties had that deficiency. These effects are pervasive, as we continue to see disproportionate foreclosure rates in communities of color; Communities of color experience foreclosure rates twice that of White communities and continue to see their REO properties left to deteriorate and sit vacant.

The Fair Housing Act of 1968 makes it illegal to discriminate based on race, color, national origin, religion, sex, disability or familial status, as well as the race or national origin. This law applies to housing and housing-related activities, which include the maintenance, appraisal, listing, marketing and selling of homes.

NFHA and its member agencies are represented by Cyrus Mehri, Steven A. Skalet, and Danielle E. Davis of the Washington, D.C. law firm of Mehri & Skalet, PLLC.

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The National Fair Housing Alliance

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 in the nation.

[South Suburban Housing Center](#)

The mission of the South Suburban Housing Center is the promotion and fostering of long-term diversity throughout all communities in Chicago's South and Southwestern suburbs in Cook, Will and Kankakee Counties, by working to eliminate all forms of discrimination and exploitation in the housing markets.

[HOPE Fair Housing Center](#)

Established in 1968, HOPE is the oldest fair housing center in Illinois. HOPE Fair Housing Center seeks 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.

[Open Communities](#)

Open Communities' mission is to educate, advocate and organize to promote just and inclusive communities in north suburban Chicago. Open Communities is a leading voice for housing, economic and social justice in north suburban Chicago, working to promote inclusive communities that are welcoming to all.

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