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National Fair Housing Alliance Reaches Historic Settlement with Fannie Mae Focused on Rebuilding Communities of Color

The settlement will directly and immediately benefit the communities of color hit hardest by the foreclosure crisis and its aftermath.

WASHINGTON, DC — Today, the National Fair Housing Alliance (NFHA) and 20 fair housing organizations throughout the country reached a landmark \$53 million agreement with Fannie Mae (formally known as the Federal National Mortgage Association). The settlement resolves the groups' claims that Fannie Mae treated homes it owned in majority-Black and Latino communities unfavorably. The settlement will help rebuild and strengthen communities of color in 39 metropolitan areas. In the case, the [plaintiffs alleged](#) that Fannie Mae maintained and marketed its foreclosed homes in predominantly White neighborhoods while allowing homes in predominantly Black and Latino neighborhoods to fall into disrepair and that this differential treatment exacerbated the damage caused by the 2008 mortgage crisis and impeded recovery from the crisis in neighborhoods of color. The case was the first time a federal court confirmed the nation's fair housing laws cover the maintenance and marketing of Real Estate Owned (REO) properties.

"People of color were actively targeted by predatory subprime mortgage lenders in the run-up to the 2008 Financial Crisis and, as a result, homes in Black and Latino neighborhoods were respectively [2 and 2.5 times more likely to be foreclosed](#) than homes in White communities. Millions of homeowners in Black and Latino communities lost their homes, and these neighborhoods were decimated," said Lisa Rice, President and CEO of NFHA. "Today's settlement brings hope to underserved neighborhoods, and the people living in them, in 39 metropolitan areas throughout the nation. Equally heartening is that, as a result of our efforts, Fannie Mae has implemented practices that we believe represent the gold standard for maintaining and marketing foreclosed homes equitably."

The plaintiffs' 2016 allegations against Fannie Mae arose after a comprehensive, four-year investigation of more than 2,300 Fannie Mae-owned foreclosed properties in 39 metropolitan areas in the country. The plaintiffs collected more than 49,000 photographs revealing poorly maintained properties in Black and Latino communities, particularly as compared to properties in predominantly White neighborhoods.

Today's agreement has far-reaching implications. The plaintiffs will invest the vast majority of the settlement monies directly back into the communities that were harmed by Fannie Mae's alleged discriminatory conduct. The relief will fulfill a central purpose of the Fair Housing Act: ensuring equitable treatment of neighborhoods regardless of their racial makeup. With similar cases pending against private lenders like [Bank of America](#) and [Deutsche Bank](#), this recognition has significant meaning.

NFHA and the plaintiff fair housing organizations will use over \$35 million of the settlement to promote homeownership, neighborhood stabilization, access to credit, property rehabilitation, and residential development in the 39 metropolitan areas at issue in the case. The plaintiffs will manage and disburse the settlement funds, providing much-needed grants, including down-payment assistance for first-generation homebuyers and renovations for homes that languished in foreclosure. The grants will also include innovative programs and partnerships to promote fair housing.

Fannie Mae has implemented practices that will help prevent harmful treatment of communities of color in the future, including increasing its oversight of maintenance of properties it owns, prioritizing owner-occupants rather than investors as purchasers of REOs, and ensuring that it complies with fair housing laws by providing fair housing training to its employees and vendors.

The fair housing groups are represented by noted civil rights law firms [Relman Colfax PLLC](#) and [Dane Law LLC](#). The organizations were also represented by Morgan Williams, NFHA's General Counsel, and Julia Howard-Gibbon, Supervising Attorney of [Fair Housing Advocates of Northern California](#).

"This case established that the marketing and maintenance of Real Estate Owned properties is covered under the Fair Housing Act, in line with broad interpretation of the civil rights law," said Keenya Robertson, President & CEO of Housing Opportunities Project for Excellence, (HOPE), Inc. "Moreover, this case encourages those who own an inventory of foreclosed homes to continually review their policies and monitor the way they preserve the value and desirability of the homes in every community in which they are located."

"The settlement with Fannie Mae enables private fair housing organizations to make investments in our communities of color that will advance equal housing opportunities, encourage racial integration, and promote neighborhood stabilization," said Jim McCarthy, President/CEO of the Miami Valley Fair Housing Center in Dayton, Ohio.

"This case demonstrates that in addition to overt acts of discrimination, actions which have a disparate impact on people and communities of color must also be addressed," said Erin Kemple, Executive Director of the Connecticut Fair Housing Center. "The settlement will allow the fair housing organizations who witnessed the effect of neglect and inaction on people and communities of color to bring needed resources to those neighborhoods and ensure that every neighborhood is a place of opportunity."

"Discrimination has led to diminished value of homes in Black neighborhoods and other communities of color. Because a family's home is often its greatest asset, unfair practices drive growth of the racial wealth gap," said William Tisdale, President and CEO of the Metropolitan Milwaukee Fair Housing Council. "In the U.S., Black and Latino families, at the median, have only 1 cent and 8 cents respectively for every dollar held by White families. When Black families and other families of color have limited access to wealth-building through homeownership, this means they also have limited access to educational opportunities, quality health care, and more."

The following is a list of the fair housing organizations that joined NFHA as plaintiffs in this case against Fannie Mae:

- Central Ohio Fair Housing Association
- Connecticut Fair Housing Center
- Denver Metro Fair Housing Center
- Fair Housing Advocates of Northern California
- Fair Housing Center of Central Indiana
- Fair Housing Center of the Greater Palm Beaches

- Fair Housing Center of West Michigan
- Fair Housing Continuum
- Housing Opportunities Made Equal of Virginia
- Housing Opportunities Project for Excellence, Inc.
- HOPE Fair Housing Center
- Housing Research and Advocacy Center dba Fair Housing Center for Rights and Research
- Louisiana Fair Housing Action Center
- Metro Fair Housing Services, Inc.
- Metropolitan Milwaukee Fair Housing Council
- Miami Valley Fair Housing Center
- National Fair Housing Alliance
- North Texas Fair Housing Center
- Toledo Fair Housing Center, d/b/a The Fair Housing Center
- Open Communities, Inc.
- South Suburban Housing Center

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Link to [Complaint](#)

Link to [Settlement Agreement](#)

Link to [Original Press Release](#)

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The National Fair Housing Alliance (NFHA) is the country's only national civil rights organization dedicated solely to eliminating all forms of housing and lending discrimination and ensuring equal opportunities for all people. As the trade association for over 170 fair housing and justice-centered organizations throughout the U.S. and its territories, NFHA works to dismantle longstanding barriers to equity and build diverse, inclusive, well-resourced communities.

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