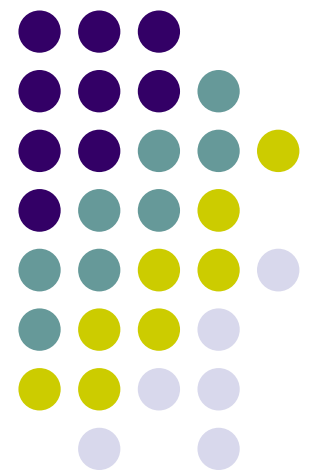


A Tale of Two Recoveries

**How Deutsche Bank, Ocwen
Financial, and Altisource Failed to
Maintain Its Bank-Owned Homes in
African American and Latino
Neighborhoods in Muskegon, MI**



Overview: Maintenance Investigation of Foreclosed Homes



- This PowerPoint reflects the investigation by the **Fair Housing Center of West Michigan** over 3 years from 2013-2015. These investigations are part of a larger, nationwide investigation involving the National Fair Housing Alliance (NFHA) and 19 fair housing center partners.
- Banks claim to preserve and maintain their foreclosures to the same standard of maintenance in the neighborhood. NFHA and partners took photos of the foreclosures and neighboring homes to put into context how Deutsche Bank, Ocwen, and Altisource failed to maintain their foreclosures in African American and Latino neighborhoods across the country.
- These investigations are about routine maintenance on the outside of the foreclosed homes. Banks are paid to mow lawns, remove trash/debris, and secure doors and windows to thwart vandalism and squatters.
- Boarded doors and windows, overgrown grass, invasive plants, and trash and debris on the property detract from the home's curb appeal to owner-occupant buyers.

Methodology for Investigation



- For every foreclosure, there were 39 maintenance or marketing factors evaluated on a checklist.
- The investigator simply marked “yes” or “no” as to whether the deficiency was present on the foreclosure.
 - For example, 1 broken window would count as 1 deficiency; likewise, 3 broken windows would count as 1 deficiency.
- Photos were taken of the REO and neighbors on both sides and across the street.

Methodology for Investigation



Curb Appeal

- Trash, Leaves, Overgrown Grass, Overgrown Shrubs, Invasive Plants, Dead Grass



Structure

- Broken Windows, Broken Doors, Damaged Fences, Damaged Roof, Holes, Wood Rot



Signage

- Trespassing/warning signs, "Bank owned", "Auction", or "Foreclosure" signs, "For Sale" signs missing or broken/discarded



Methodology for Investigation



Paint/Siding

- Graffiti, excessive peeling/chipped paint, damaged siding



Gutters

- Missing, out of place, broken, hanging, obstructed



Water Damage

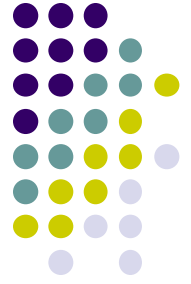
- Mold, discoloration, excessive rust, erosion



Utilities

- Tampered with or exposed

Investigation



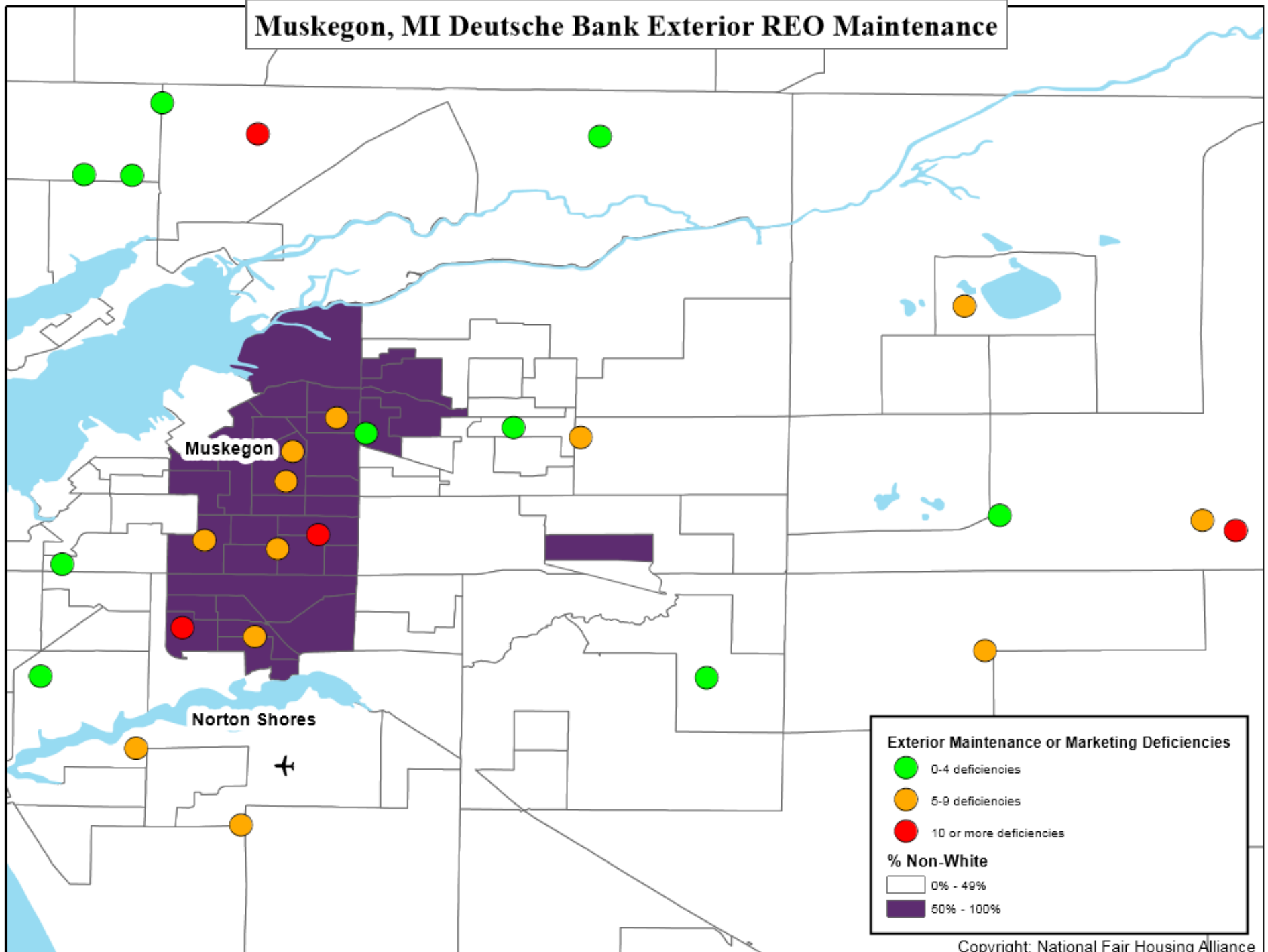
- A total of **26** Deutsche Bank REO properties were evaluated in the Muskegon, MI metro area
 - 7 REOs were located in predominantly African-American communities
 - 2 REOs were located in predominantly non-White communities
 - 17 REOs were located in predominantly White communities

Muskegon, MI Area Racial Disparities



- 66.7% of the REO properties in neighborhoods of color had **substantial amounts of trash** on the premises, while only 29.4% of the REO properties in predominantly White neighborhoods had the same problem.
- 33.3% of the REO properties in neighborhoods of color had **broken or boarded windows**, while only 23.5% of the REO properties in predominantly White neighborhoods had the same problem.
- 22.2% of the REO properties in neighborhoods of color had **missing or out of place gutters**, while only 5.9% of the REO properties in predominantly White neighborhoods had the same problem.

Muskegon, MI Deutsche Bank Exterior REO Maintenance





Examples of Deutsche Bank Properties in Muskegon in Communities of Color

This is a Deutsche Bank property in a predominantly Non-white neighborhood in Muskegon in 2015. It was being managed by Ocwen.





The snow is covering high piles of dead leaves and other that were never cleared before winter.

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This photograph of the back yard shows high piles of leaves accumulated as well.

03



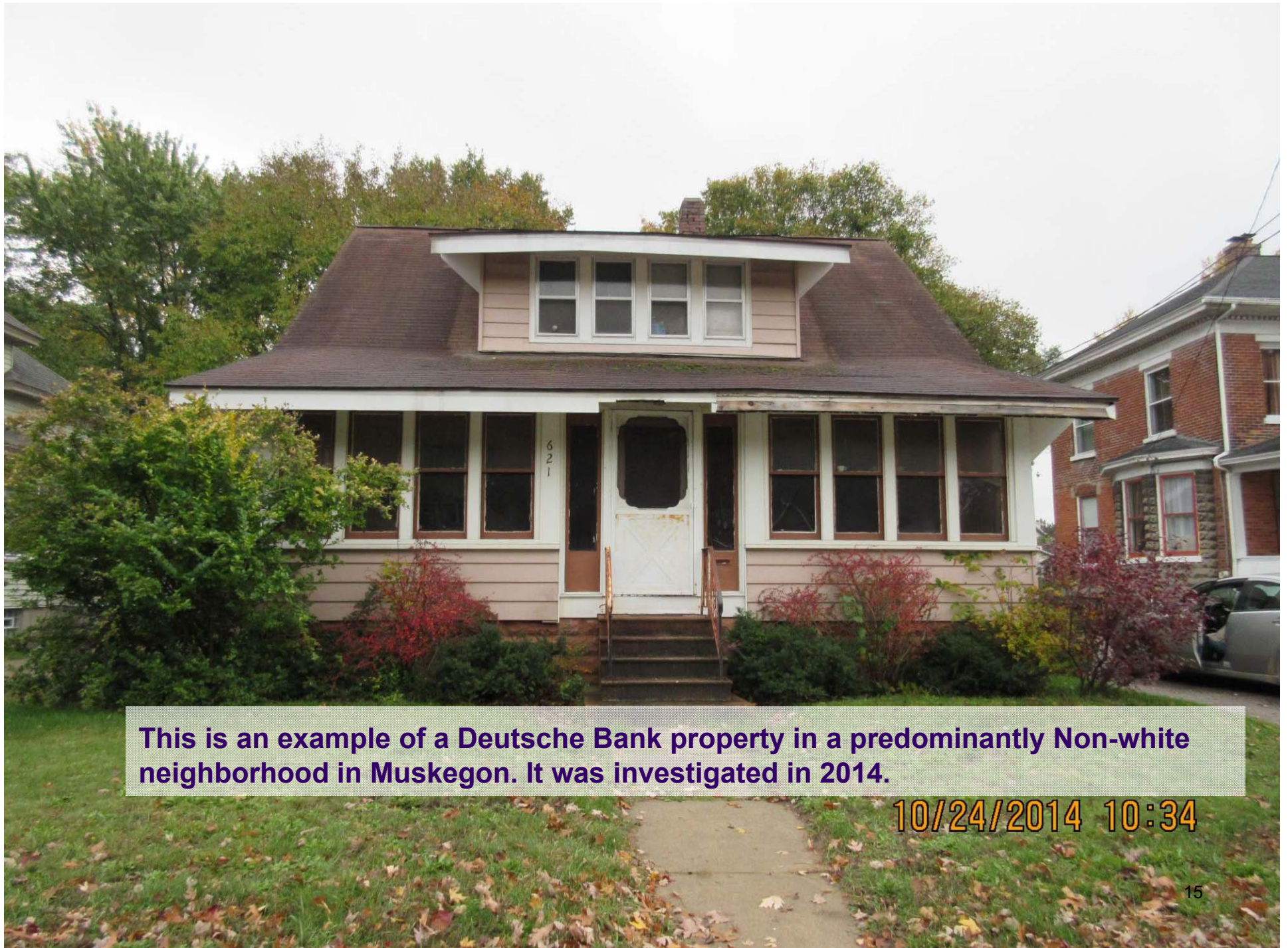
There was a substantial amount of trash within the leaves and snow. This photograph showed several large bottles of soda left along side the house.

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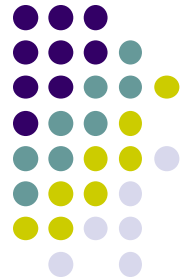
Here's another example of trash that's been covered in leaves and snow instead of being cleared away.

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This is an example of a Deutsche Bank property in a predominantly Non-white neighborhood in Muskegon. It was investigated in 2014.

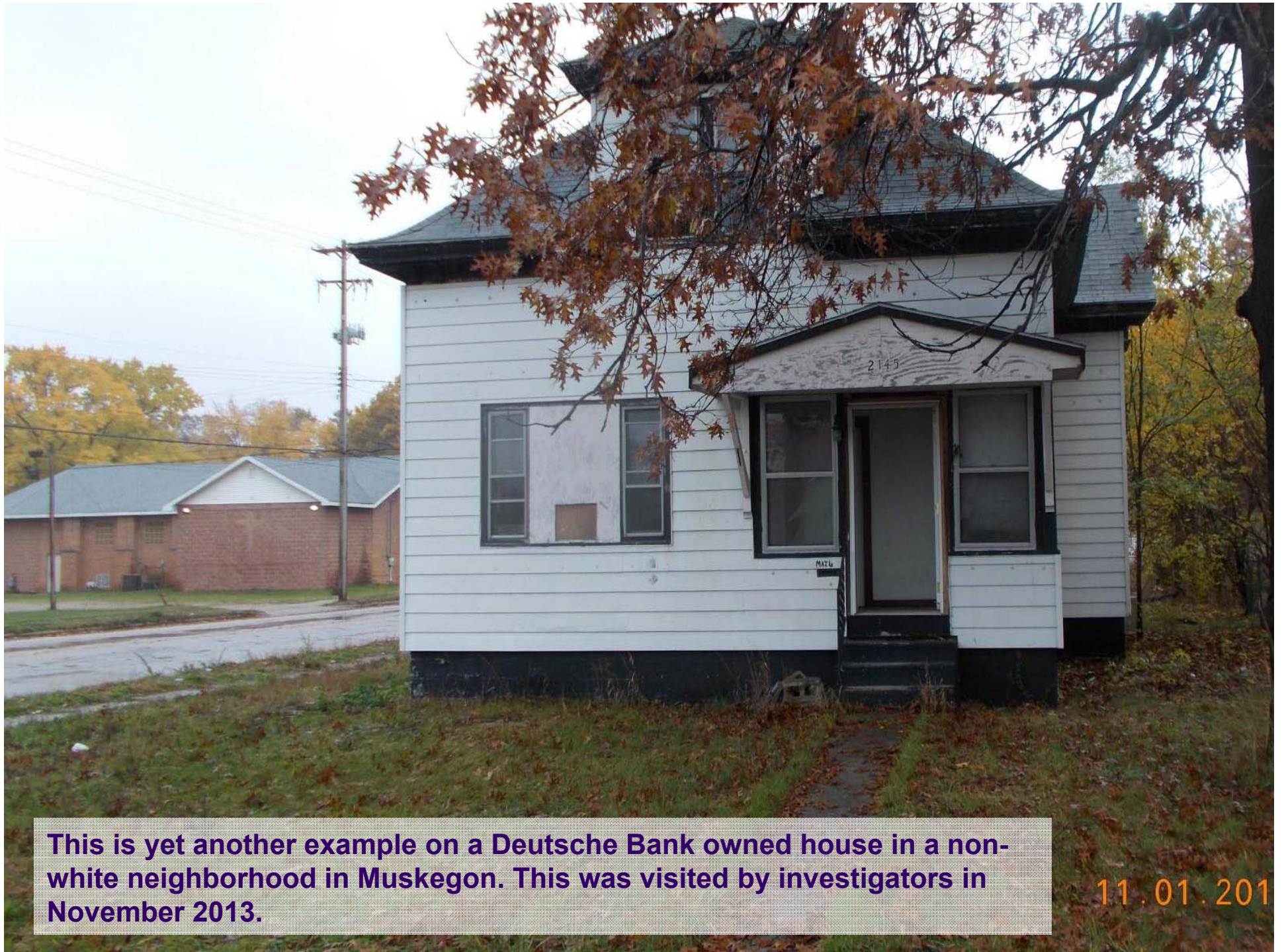
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The property was littered with trash and debris. This deteriorating old table had also been left on the property.



As you can see from this side view, no one was maintaining the shrubbery or trimming back weeds.



Investigators found a number of problems with the property, including trash and empty glass liquor bottles littered on the front lawn.





There were several issues with damaged siding and building debris left strewn around the sides of the property.



In addition to all of this trash and the holes left by the siding damage, the home was also unsecured – with a door entirely missing on the back of the property.



This is an example of a neighboring property to the poorly-maintained Deutsche Bank home. As you can see, this property has nice, well-maintained neighbors who are suffering due to Deutsche Bank's neglect.

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Here's another example of a Deutsche Bank home, this time in an African American neighborhood. As you can see, it has poor curb appeal, with a broken chair upturned in the front lawn and large trash items up front.

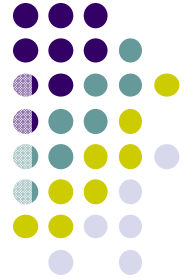


Here's a close up of the trashed items left on the curb, directly in front of the house.



Trash and dead grass were found all over the property.

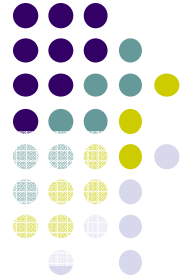
And this side view shows chipped paint all over the property as well.





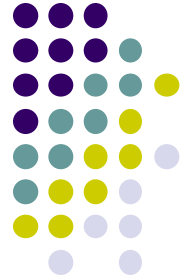
The property looks totally neglected, and even the attempts to preserve it have been done sloppily and look as though they've been there for a long time.

By contrast, here's an example of a Deutsche Bank property in a white neighborhood.



This back view of the property also shows that the foreclosure is clean, secure and free of trash, debris, overgrown plants, and other maintenance issues.





**Meanwhile, Deutsche Bank properties
in Muskegon's predominantly white
neighborhoods were found to be well-
maintained.**



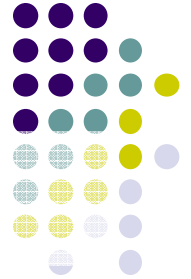
This is an example of a Deutsche Bank property in a predominantly white neighborhood. It was free of trash and was generally being maintained.



This a another Deutsche Bank property in a predominantly white neighborhood. It was found to be in good, marketable condition.



This back view of the property also shows that the property is being maintained routinely.



Another example of a Deutsche Bank property in a white neighborhood.



This back view of the property also shows that the home is clean, secure, and free of trash, debris, overgrown plants, and other maintenance issues.

