Complaint: Bank of America let foreclosed houses in poor areas decay

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Published: 25 September 2012 11:55 PM

A small house on East Ledbetter Drive in Oak Cliff became a neighborhood blight after falling into foreclosure. Vandalism and trash litter the yard.

"They've stolen the piping and broken the windows," said a neighbor, Johnnie Brown. "Whoever owns this property ought to be thinking about everyone who lives near it."

According to records, Bank of America has owned the decaying 960-square-foot house since June. It was one of 65 properties investigated as part of a discrimination complaint alleging that the bank has failed to maintain unoccupied homes it owns in predominantly minority areas.

The National Fair Housing Alliance, along with the North Texas Fair Housing Center and groups in four other cities, announced the complaint with the U.S. Department of Housing and Urban Development on Tuesday.

The groups surveyed foreclosed properties in their communities to find out how they were maintained. In Dallas, they surveyed 65 properties owned by Bank of America, 54 of which were in predominantly minority neighborhoods. Forty-eight of those had some kind of trash visible on the site. Many had wide-open doors, broken windows or unkempt yards.

"None of the real estate-owned properties in white neighborhoods had these problems," said Frances Espinoza, spokeswoman for the North Texas Fair Housing Center.

Representatives of the bank strongly denied the allegations.

"Bank of America is committed to stabilizing and revitalizing communities that have been impacted by the economic downturn, foreclosures and property abandonment," Jumana Bauwens said in an email.

Espinoza said most of the properties surveyed didn't have "for sale" signs anywhere, an indicator that the owners were not trying to sell them.

"More often than not, in Latino and African-American neighborhoods, we see 'caution' or 'no trespassing' signs instead of professional 'for sale' signs," said Shanna Smith, president and chief executive of the National Fair Housing Alliance.

Similar findings about bank-owned property maintenance were reported in the other cities, advocates said Tuesday.

This isn't the first complaint filed by the National Fair Housing Alliance or its North Texas member. Earlier this year, the organizations filed the same type of complaint against Wells Fargo and U.S. Bancorp.

Both companies say they are not responsible for maintaining many of the properties. A spokeswoman for U.S. Bancorp, Teri Charest, said the bank serves as a trustee for an investment pool where the former mortgage was held and has "no role in servicing or maintaining the property."

And, if U.S. Bancorp does own a property, it has standards in place to "inspect and maintain properties to marketing standards … regardless of their location," Charest wrote in an emailed statement.

Tim Goyda, a spokesman for Wells Fargo, said the bank has been dealing with the National Fair Housing Alliance about its claim and has also been in contact with HUD about some of the issues in the complaint.

If Bank of America doesn't work with the organizations in the same manner, any of the parties involved can file a complaint in federal court, Smith said.

Meanwhile, neighbors of the properties endure the sight of dilapidated or trash-filled eyesores. Jimmy Martin, director of code compliance in Dallas, couldn't say exactly how many foreclosed properties have come under compliance scrutiny. He said his office is concerned with the problem, however.

Espinoza said some of the properties in question are nice and even marketable with some tidying. Others aren't worth the effort and should be leveled, she said.

"Anyone who owns these properties should take responsibility for this," said Billy Reed, who lives on Ann Arbor Avenue near a house once owned by a bank. After the house was abandoned, homeless people lived there for about a year. Then a fire charred the roof and burned the front door off. Any fixture that survived the blaze was stolen, Reed said.

Back on East Ledbetter, the problem wasn't quite as severe. But Brown said no one from the bank has tried to maintain the empty house.
“People just come and mow the grass, but that’s it,” she said. “It makes our neighborhood look terrible.”