

City of Philadelphia and Wells Fargo Resolve Litigation

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Reach Collaborative Agreement for \$10 million in Affordable Housing and Housing Preservation Grants

PHILADELPHIA – The City of Philadelphia and Wells Fargo Bank, N.A. have agreed to a resolution of the lawsuit brought in 2017 by the City of Philadelphia against the bank (*City of Philadelphia v. Wells Fargo & Co., et al., No. 2:17-2203-AB (E.D. Pa.)*). The City and Wells Fargo have reached a Collaboration Agreement under which the company will contribute \$10 million for sustainable housing-related programs to promote and preserve home ownership for low- and moderate-income residents.

In the lawsuit, the City alleged that Wells Fargo originated residential mortgage loans to minority borrowers in Philadelphia in violation of the Fair Housing Act, causing economic and non-economic damages to the City. Wells Fargo does not admit liability and vigorously denied the allegations.

The largest portion of the funds, \$8.5 million, will be used to provide grants for down payment and closing cost assistance to low- and moderate- income persons and households purchasing homes within the City. The Philadelphia Housing Development Corporation (PHDC) will provide the grants through its current program infrastructure. There is no requirement that the buyer receive a home purchase loan from Wells Fargo in order to qualify for these grants.

Another \$1 million will be divided among up to three non-profit organizations that implement the City's Residential Mortgage Foreclosure Prevention Program. The Program was developed in the wake of the 2008 financial crisis as a way to mitigate the effects of the foreclosure proceedings on homeowners, lenders and the City. The Program has proven effective in assisting lower-income and minority residents to remain in their homes and streamlining the legal processes for the court system.

An additional \$500,000 in grants will be available to the city's land care program, aimed at revitalizing vacant land through clean-up and greening efforts, such as cleaning and planting vegetation on abandoned residential lots in Philadelphia.

The benefits of this Agreement go entirely to homeowners and the referenced not-for-profit organizations. The Wells Fargo funds will not be used for any other purpose.

Finally, the City and Wells Fargo will collaborate to conduct a program entitled "Understanding Philadelphia" for employees who work at Wells Fargo Home Mortgage in the Philadelphia community, and will include City and PHDC officials and external subject matter experts. This program will analyze the history of the housing market in the City, the City's diverse neighborhoods, and the current housing needs of City residents.

From Mayor Jim Kenney:

"Home ownership brings stability, security and pride — in yourself, and in your community. Philadelphians who struggle amid poverty need assurance that they face a level playing field as they work to achieve that dream. This agreement brings substantial support to the very communities that most need this assistance. Philadelphia is committed to ensuring that no one faces additional hurdles toward home ownership because of their race or ethnicity. I thank Solicitor Marcel Pratt and the Law Department for pursuing this case and attaining this resolution."

From City Solicitor Marcel S. Pratt:

“From the outset of this litigation, our focus has been on directing relief to the neighborhoods that were the subject of the litigation, which were communities of color that continue to face challenges. The resolution will provide much needed benefits to the City’s low- and moderate-income residents—most significantly by enabling homeownership, which is one of the most effective ways that families accumulate wealth in America. One of the advantages of this resolution is that we secured valuable benefits that would not have been available through pursuing our litigation for City government’s injuries under the Fair Housing Act. As a result, we are providing tangible, significant benefits directly to our communities and residents. We are also pleased that—beyond financial relief—the City and Wells Fargo will collaborate on a novel ‘Understanding Philadelphia’ program. Through the program, we hope to explore new ways to promote increased homeownership in Philadelphia and remove any impediments that exist.”

From Wells Fargo:

“We’re pleased that we’ve been able to resolve this matter in a way that will provide real, tangible sustainable homeownership opportunities for many low- and moderate-income residents of Philadelphia,” said Joe Kirk, Wells Fargo Region Bank President, Greater Philadelphia. “The efforts funded by these grants are consistent with Wells Fargo’s broader philanthropic strategy, which includes a \$1 billion commitment over the next six years to address the U.S. housing affordability crisis.”

“Over the last decade, Wells Fargo has been the largest provider of loans to help low- and moderate-income families in Philadelphia achieve the dream of homeownership, and our efforts have gone well beyond making loans,” added Kirk. “In 2012 and 2016, for example, Wells Fargo partnered with city leaders and local not-for-profit groups for CityLIFT® and NeighborhoodLIFT®, which included more than \$15 million for several initiatives, including down payment assistance, locally designed programs to meet housing priorities, local home buying education and support events. The initiatives helped 662 lower-income families achieve homeownership in Philadelphia.”

About Wells Fargo

Wells Fargo & Company (NYSE: WFC) is a diversified, community-based financial services company with \$1.9 trillion in assets. Wells Fargo’s vision is to satisfy our customers’ financial needs and help them succeed financially. Founded in 1852 and headquartered in San Francisco, Wells Fargo provides banking, investment and mortgage products and services, as well as consumer and commercial finance, through 7,500 locations, more than 13,000 ATMs, the internet (wellsfargo.com) and mobile banking, and has offices in 32 countries and territories to support customers who conduct business in the global economy. With approximately 261,000 team members, Wells Fargo serves one in three households in the United States. Wells Fargo & Company was ranked No. 29 on Fortune’s 2019 rankings of America’s largest corporations. News, insights and perspectives from Wells Fargo are also available at [Wells Fargo Stories](#).

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