



News for Immediate Release

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More Than 1,000 Philadelphia-Area African-American Homebuyers to Receive Payout in \$125 Million Wells Fargo Predatory Lending Settlement Settlement Resolves Pa. Investigation; Sets Aside \$2 Million for City Residents

Harrisburg – The Pennsylvania Human Relations Commission announced that today's \$125 million U.S. Dept. of Justice settlement with Wells Fargo sets aside funds for an estimated 1,030 African-American homebuyers in the Philadelphia area who may have been targeted for illegal predatory lending schemes.

The fund includes \$2 million for city residents, and an additional \$50 million for alleged victims living in eight metropolitan areas, including the Philadelphia-Camden-Wilmington area.

The multi-state settlement consolidates nationwide complaints alleging race-based predatory lending by Wells Fargo. It resolves a commission investigation of illegal lending in Philadelphia.

"Fair housing is a right in Pennsylvania," Commission Chairman Gerry Robinson said. "This settlement will help ensure that it is a reality."

On July 1, 2010, the commission initiated an investigation to determine whether mortgage lending and foreclosure practices of Wells Fargo Home Mortgage and Wells Fargo Financial Pa. Inc. violated the Pa. Human Relations Act, or PHRA, by targeting borrowers for discrimination based on their race. Specifically, the complaint alleged that Wells Fargo engaged in reverse redlining, the practice of targeting African American borrowers for high interest loans without regard for their ability to pay.

The commission investigation was prompted by its statistical analysis of U.S. Dept. of Housing and Urban Development statistics, conducted with HUD funding. The study revealed substantial disparities in pricing and foreclosure rates between African American and white borrowers. Such practices would violate the HUD-enforced federal Fair Housing Act, and the PHRA, which the commission enforces.

The commission investigated the allegations on behalf of HUD and the Commonwealth of Pennsylvania.

The settlement requires Wells Fargo to establish the \$50 million new homebuyer assistance fund from which qualified buyers will receive up to \$15,000 for down payments. An additional \$2 million will be designated for African-American

residents in the city of Philadelphia who originated home loans with Wells Fargo between Jan. 1, 2004 and Dec. 31, 2009.

Other funds will provide cash rebates for African American borrowers who might have qualified for prime loans, but received nonprime rates from Wells Fargo. A federal government designee will determine and notify potentially eligible recipients.

Philadelphia area residents who believe they may be eligible for funds should email the U.S. Department of Justice at wellsfargo.settlement@usdoj.gov.

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