

# **City of Philadelphia Office of the City Treasurer**



## **Authorized Depository Compliance Reporting: Philadelphia City Code Chapter 19-200 City Funds--Deposits, Investments, & Disbursements**

**Annual Request for Information  
Questionnaire  
For Calendar Year 2018**

## D. COMMUNITY REINVESTMENT GOALS

*Financial institution's annual Community Reinvestment Goals should include information on the number of small business loans, home mortgages, home improvement loans, and community development investments to be made within low and moderate-income neighborhoods within the City of Philadelphia.*

### 1. Provide an overview of the financial institution's annual Community Reinvestment Goals.

Wells Fargo Bank, N.A., remains committed to consistently improving the ways we serve all City residents. We bring strength and capacity to our communities through a broad array of financial initiatives, products and services. Our employees spend time, effort and resources on helping to increase the supply of affordable housing through responsible lending, providing credit for homeownership to qualified buyers, teaching financial literacy, providing credit and technical support to small business owners and mobilizing employee volunteers. Every day, Wells Fargo employees seek to improve the communities in which they live; work and play by supporting a number of key focus areas.

- In the area of **Financial Education**, our Hands on Banking® (HOB) online program address all of the basics of smart money management. The curriculum is designed for four age groups: Adults, Young Adults (ages 15-21), Teens (grades 6-8), and Kids (grades 4 and 5); small business, Seniors and the Military/Veteran community. This fun, interactive, and engaging financial education program is designed for both self-paced, individual learning and group use. The curriculum aligns with national and state principles and standards for mathematics, reading, and economics. All units and lessons are available in both English and Spanish. In 2018, we conducted and supported over 60 financial literacy seminars and reached more than 2000 participants in Philadelphia. We host financial education sessions in local bank branches to advance financial literacy in the community. Wells Fargo will provide materials and resources, for the event; templates and resources for promoting the events through community forums, local media and not-for-profits.
- In the area of **Affordable Housing**, for 2018 Wells Fargo Bank, N.A. originated 1,020 residential mortgages and home improvement loans in low and moderate income areas of Philadelphia. We continue to support a network of nonprofit community housing counselors through foundation grants and employee resources. In collaboration with local nonprofit organizations, our employees help conduct first time homebuyer seminars. Wells Fargo also support and sponsor homeownership fairs to help increase the number of homeowners in the city. We also provide construction financing products for affordable rental and homeownership units.
- In the area of **Small Business**, Wells Fargo Bank, N.A. provides small business loans, credit cards, vehicle and equipment leasing to help entrepreneurs and small businesses grow. We have Small Business Financial Specialists throughout our extensive branch network in Philadelphia, telephone contact centers and the Internet. We maintain an active participation with the Small Business Administration (SBA) and work with local small business development centers and associations to help

educate entrepreneurs on personal and business finance topics. Also, we work closely with city wide small business initiatives and provide capital to smaller community lenders.

1. **Provide the number of small business loans, home mortgages, home improvement loans, and community development investments to be made within low and moderate-income neighborhoods within the City of Philadelphia.**

Type	2018 Goals	2018 Results
Small Business Loans	NA	576
Home Mortgages	NA	993
Home Improvement Loans	NA	27
Community Development Investments	NA	80

**If applicable, explain why previous year results did not meet the stated goal.**

2. **Provide the actual number and dollar amounts of small business loans, residential mortgages, home improvement loans, community development investments, consumer loans, and other commercial loans made in neighborhoods within the City of Philadelphia.**

**Calendar Year 2018**

*Number of Loans by Income*

Type	Low	Mod	Mid	Upp	Total
Residential Mortgage	153	840	867	1399	3259
Home Improvement	5	22	29	44	100

Small Business Loans	171	405	304	668	1548
Community Development	0	4	2	1	7
Consumer Loans					
Other Commercial Loans					
<b>Total:</b>	329	1271	1202	2112	4914

*Value of Loans (\$) by Income*

<b>Type</b>	<b>Low</b>	<b>Mod</b>	<b>Mid</b>	<b>Upp</b>	<b>Total</b>
Residential Mortgage	26569	165933	180448	489019	861969
Home Improvement	369	1485	1768	4452	8074
Small Business Loans	6123	15378	12746	28875	66477
Community Development		23561	2750	225	26539
Consumer Loans					
Other Commercial Loans					
<b>Total:</b>	33061	206357	197712	522571	963059
% of Consumer Loans made through Credit Cards					

3. **Provide information on other types of community development investments made in neighborhoods within the City of Philadelphia (for example: Grants, Education, Public or related Commercial Development).**

In 2018 the Wells Fargo Regional Foundation awarded a \$450,000 Neighborhood Implementation Renewal grant to Nueva Esperanza's Housing and Economic Development Division for continued support of the Hunting Park 2022 Community Plan.

Wells Fargo continues to be a significant support of the Read by 4<sup>th</sup> campaign, a citywide effort to significantly increase the number of students in Philadelphia entering 4<sup>th</sup> grade at reading level by 2020. Wells Fargo is the leading corporate sponsor of the campaign and have donated over \$500,000 to support its efforts.

Wells Fargo awarded \$800,000 in grants to 3 Philadelphia based non-profit organizations through its Diverse Community Capital Program. The grant funds will be used to advance small business efforts primarily for minority borrowers. The organizations will also provide technical assistance to those individuals looking to start their own business.

- 4. Briefly describe any lending outreach programs geared toward minorities, low-income persons, immigrants, or women. This description should include the targeted community, the type of product (i.e. commercial, home lending, unsecured consumer) and any program outcomes.**

In February, 2017 Wells Fargo announced its 10-year diversity initiative to provide \$60 billion in home loans, supporting at least 250,000 African American homeowners by 2027. As a part of this initiative, Wells Fargo intends to significantly increase the diversity of its mortgage sales force. This announcement was preceded by a September, 2015 Hispanic Commitment where Wells Fargo announced its support of the goals of the National Association of Hispanic Real Estate Professionals' Hispanic Wealth Project, which seeks to triple Hispanic household wealth over the next decade. Wells Fargo's goals over the next 10 years include a projected \$125 billion in mortgage originations and a goal of \$10 million to support a variety of initiatives that promote financial education and counseling for Hispanic homebuyers. In continued recognition of the importance of hiring and retaining a diverse workforce, Wells Fargo also plans to increase the number of Hispanic home mortgage consultants on its sales team.

**Appendix II**  
**Wells Fargo Bank, N.A**  
**Long Term Strategic Plan**  
**As Required by City Ordinance No. 100549**

Wells Fargo is pleased to submit its Long Term Strategic Plan as requested by the city Treasurer's Office, commissioned by the City of Philadelphia examining the Lending Practices of Depository Banks.

Background: Bill No. 100549 - states that "the proposed recipient submits a fair lending plan that responds to the latest annual lending disparity study or studies commissioned by the City relating to the performance of the proposed recipient and the performance of any other bank or other institution that the proposed recipient has acquired and such plan is attached as an exhibit to the ordinance approving the contract".

**CORPORATE VALUES & VISION STATEMENT**

Community Development: Wells Fargo's commitment to community development consistently strives to earn an "Outstanding" rating from the Office of the Comptroller of the Currency (OCC) who monitors and evaluates the Bank's compliance with the Community Reinvestment Act. At Wells Fargo, we want to satisfy all of our customers needs and help them succeed financially. We'll promote the economic advancement of everyone in our communities including those not yet economically self-sufficient, who have yet to share fully in the prosperity of our extraordinary country. We expect our team members to be community leaders.

Wells Fargo continues to provide access to lending and investment products through:

- Strong relationships to ensure impactful community development performance
- Tailored investments with flexible options
- Improved access to capital in low-moderate income communities

During 2017, Wells Fargo Foundation committed \$4.0 million in grant support to organizations in the City of Philadelphia with a focus on community development, education, health & human services, arts & culture, civic engagement and the environment.

Since its inception in 1998 through 2017, the Wells Fargo Regional Foundation has provided over \$21 million in grants and loans to support revitalization work in Philadelphia neighborhoods supporting neighborhood planning, affordable housing development & counseling, economic development, neighborhood building, child & family services.

## **LENDING RESULTS**

### **HOME PURCHASE**

- According to the 2017 Econsult Lending Study, the total amount of mortgage lending at all institutions in the City of Philadelphia was down 12.82% from \$3.9B in 2016 to \$3.4B in 2017.
- Despite the decrease, per the 2017 Econsult Lending Study, Wells Fargo received the highest home purchase lending composite score among all of the ranked depositories for the third year in a row.
- Wells Fargo was the largest mortgage lender in the city of Philadelphia in 2017 originating a total of 845 mortgage loans in 2017.
- According to Econsult’s 2017 Lending Study Wells Fargo led the way when it came to Home Purchase Loan Originations with 473. This was almost double the originations of the next financial institution with 270.
- Wells Fargo ranked 1<sup>st</sup> and 3<sup>rd</sup> among all city depositories in Home Purchase Loans to Hispanics and African Americans, respectively.

<b>Home Purchase Loans, Philadelphia</b>	<b>2016 Wells Fargo Penetration %</b>	<b>2017 Wells Fargo Penetration %</b>	<b>2016 All Depositories Penetration %</b>	<b>2017 All Depositories Penetration %</b>
<b>Loans to African Americans</b>	<b>16.7</b>	<b>13.1</b>	<b>13.3</b>	<b>13.6</b>
<b>Loans to Hispanics</b>	<b>5.3</b>	<b>9.9</b>	<b>5.3</b>	<b>6.5</b>
<b>Loans Minority Tracts</b>	<b>38.9</b>	<b>41.0</b>	<b>38.8</b>	<b>40.3</b>
<b>Loans LMI Borrowers</b>	<b>39.1</b>	<b>33.2</b>	<b>37.6</b>	<b>3.29</b>
<b>Loans LMI Tracts</b>	<b>25.2</b>	<b>30.9</b>	<b>27.4</b>	<b>29.1</b>

- Per Econsult’s Lending Study, the Federal Reserve has repeatedly emphasized, HMDA data alone cannot be used to show racial discrimination. Certain risk factors, such as credit scores, the loan-to-value ratio and type of property are not included in the data. For Wells Fargo, these factors help explain our loan approval decisions.
- Wells Fargo’s commitment to fair and responsible lending is reflected in the report’s findings, which cite the company as “a national industry leader on anti-predatory issues.”

### **HOME REFINANCE**

- In 2017, Wells Fargo ranked 1st in the number (326) of Home Refinance loans originated among all City Depositories.
- 20.6% of Wells Fargo’s Refi loans were made to African Americans while the average of all city depository loans made to African Americans was 20.0%. The percentage of refi loans to Hispanics

was lower than the combined average with Wells Fargo coming in at 4.9% compared to the combined average of 6.0%

Our loan decisions are based on risk, including credit, loan-to-value and debt-to-income. To the extent there are differences among various groups, they are due to differences in credit risk.

**HOME PURCHASE AND HOME REFINANCE STRATEGY:** Understand and act on efforts to stabilize Philadelphia's current housing situation and build a strong community for the future. To improve access to financing for low-moderate income homebuyers, Wells Fargo will execute the following strategy.

- Wells Fargo African American Commitment: In February 2017, Wells Fargo announced its goal to advance responsible homeownership which includes \$60 billion in lending to create a projected 250,000 homeowners in 10 years. The company's commitment is a direct action to help address the lower homeownership rates in the African American community and follows Wells Fargo's announcement to address Hispanic homeownership rates in 2015. Wells Fargo's commitment seeks to:
  - Lend \$60 billion to qualified African American consumers for home purchases by 2027,
  - Increase the diversity of the Wells Fargo Home Lending sales team, and
  - Support the effort with \$15 million to support a variety of initiatives that promote financial education and counseling over the next ten years.
- Wells Fargo Hispanic Commitment: In September, 2015, Wells Fargo announced its support of the goals of the National Association of Hispanic Real Estate Professionals' [Hispanic Wealth Project](#), which seeks to triple Hispanic household wealth over the next decade. Wells Fargo's goals over the next 10 years include a projected \$125 billion in mortgage originations and a goal of \$10 million to support a variety of initiatives that promote financial education and counseling for Hispanic homebuyers. In continued recognition of the importance of hiring and retaining a diverse workforce, Wells Fargo also plans to increase the number of Hispanic home mortgage consultants on its sales team.
- Work with HUD approved non-profit Homebuyer counseling agencies and conduct First-Time Homebuyer workshops.
- Host and participate in First-Time Homebuyer Fairs and provide technical assistance to LMI participants on the mortgage process and products.
- My FirstHome® Education Program - Free online learning program available on Wellsfargo.com — a modular interactive guide designed to help first-time or ready-again buyers to prepare themselves for purchasing a home and achieving sustainable homeownership.
  - Includes educational information on loan products, interest rates, terms, documents and processes. Plus education on the need for being prepared to pay for utility bills and home repairs, and what to do if the borrower experiences payment challenges.
  - Provides fact-based, self-knowledge tests that enable consumers to understand what they do and do not know about the home loan process.

- Financial Literacy
  - Our *Hands on Banking*® online program provides the basics in money management. This information is also available in Spanish. Wells Fargo is also working with local school districts to make the program part of their curriculum.
  - Wells Fargo will host financial education sessions in local bank branches to advance financial literacy in the community and will provide the materials and resources for the event, templates, and resources for promoting the events through community forums, local newspapers and not-for profits.
  - Wells Fargo added two new segments to its financial literacy program that focus on the Senior and Military/Veteran communities. The information is specific to the needs of these segments and allows for Wells Fargo team members to share important financial information including how to buy a home or a car, budgeting, credit, etc.
- Wells Fargo partners with the Consumer Federation of America to support the America Saves Annual Campaign & the Military Saves Annual Campaign, both which drive asset building in the community through increased savings and planning.
- Sponsor conferences and Partner with Minority Realtor Groups; National Association of Real Estate Brokers (NAREB), National Association of Hispanic Real Estate Professionals (NAHREP) and Asian Real Estate Association of America (AREAA).
- Wells Fargo is committed to reaching out to LMI borrowers utilizing Wells Fargo’s suite of mortgage products that include low down payments with competitive interest rates.
- Provide Home Mortgage Consultants with on-going training/development to ensure expertise in CRA products
- By supporting our Non-Profit Housing Partners, Wells Fargo will continue to provide financial and volunteer support to activities in Philadelphia that drive the vitality of neighborhoods, with a special emphasis on neighborhood non-profit developers.

### **FORECLOSURE PREVENTION**

- Wells Fargo is committed to work with the City of Philadelphia to reach as many of its customers as we can to provide guidance for staying in their homes
- We have instituted a 1:1 customer ownership model “Single Point of Contact” where our borrowers are assigned a direct contact (agent), who will work with them on identifying what options are available to stay in their home. It is a national model/best practice and is now being implemented throughout the industry.
- We continue to work with trusted 3rd parties in the community to assist our customers with mortgage challenges. This includes non-profit housing counselors, faith-based leaders including the NAACP, the Philadelphia Black Clergy and the Hispanic Clergy of Philadelphia, officials from the city's mediation & diversion program, and elected officials.

- Wells Fargo works with the Urban Affairs Coalition (UAC) through the Foreclosure Prevention Task Force to create the Foreclosure Prevention Resource Guide – a how to guide for housing professionals, homeowners and others who are faced with potential foreclosure issues. The guide is free and it is available online at [www.gpuac.org/foreclosurehelp.htm](http://www.gpuac.org/foreclosurehelp.htm) or to receive a free hard copy, e-mail [foreclosureguide@gpuac.org](mailto:foreclosureguide@gpuac.org)
- Wells Fargo has also worked with the National Urban League to co-sponsor a new edition of The Foreclosure Workbook: The Complete Guide to Understanding Foreclosure and Saving Your Home by author Carla Douglin. The book is available free-of-charge to homeowners across the nation who are experiencing challenges making their mortgage payments and who may face potential foreclosure.
- Several events have been held in Philadelphia in collaboration with the Diversion Court program, utilizing housing counselors to address customer issues in a one-on-one environment – counselors meet with Wells Fargo Home Mortgage specialists, face to face to review and solution mortgage customer issues.

### **HOME IMPROVEMENT LOANS**

- In 2017, Wells Fargo ranked 2<sup>nd</sup> in the number of loans originated among all City Depositories. Wells Fargo issued 46 prime home improvement loans, with 34.8% of loans made to African Americans.

**Strategy:** To recover, rebuild and sustain homeownership, including offering assistance and guidance to communities to plan their use of available Housing Economic Recovery Act dollars.

- Our plan is to lend responsibly to all consumer groups, partner with non-profits and City Government to support city-wide lending initiatives and identify products that meet community needs.

### **SMALL BUSINESS LENDING**

In 2017, Wells Fargo ranked in third for the first time in over 5-years (previous 5-years Wells Fargo ranked 1 and 2).

**Strategy:** To support small business development through identification of capital and technical assistance resources in order to increase employment and expand small business opportunities in the City of Philadelphia.

Wells Fargo Small Business Lending includes:

- Credit amounts as low as \$5,000 on business loans
- Investments in Philadelphia Community Development Financial Institutions (CDFIs)
- Business Credit Cards and Lines of Credit

Wells Fargo has a comprehensive suite of products to help businesses grow and manage cash flow. Wells Fargo Advantage® Business Service Package is a flexible, full-featured business banking account, designed to help minimize fees. Wells Fargo entire suite of small business products can be found within the attached links:

<https://www.wellsfargo.com/biz/business-credit/loans/>

<https://www.wellsfargo.com/biz/sba/>

<https://www.wellsfargo.com/biz/business-credit/real-estate/>

<https://www.wellsfargo.com/biz/business-credit/lines-of-credit/>

<https://www.wellsfargo.com/biz/business-credit/credit-cards/>

Wells Fargo (NYSE: WFC) introduced Wells Fargo Works for Small Business, a broad initiative to deliver resources, guidance and services to help more small businesses achieve financial success. With the new initiative, Wells Fargo also is announcing a goal to extend \$100 billion in new lending to small businesses by 2018.

### **COMMUNITY PARTNERSHIPS SUPPORTING SMALL and MICRO BUSINESS**

Wells Fargo has provided the grants and investments to the following organizations and expects to continue our partnership to support Small and Micro-Business in the City of Philadelphia.

**Greater Hispanic Chamber of Commerce** – Funding will provide resources to help individuals start new businesses and adopt best practices; facilitate access for their members to local, regional, national and international opportunities to grow their businesses. With the help of Wells Fargo, the Chamber will contribute to a healthy business environment and improve the quality of life for the Greater Philadelphia Hispanic community.

- Wells Fargo will host several small business networking activities and seminars addressing small business financing and expansion.
- The Chamber has been provided with a \$50,000 grant to support their outreach and work in the small business sector primarily Hispanic business owners.
- The Greater Hispanic Chamber of Commerce was provided a \$20,000 grant from the National Hispanic Chamber of Commerce through support from Wells Fargo.

**Urban League of Philadelphia** – The Entrepreneurship Center provides technical assistance, strategic planning and linkages to resources to help small businesses grow their financial and human capital. The goal is to empower entrepreneurs to increase revenue and create employment opportunities in the region.

- Wells Fargo will continue to provide financial education seminars for existing and new small business owners.
- Urban League partners with Wells Fargo to support the Home Preservation events helping homeowners having challenges with their mortgages.
- An annual small business event is scheduled during Small Business Week each year in June at the Entrepreneurship Center, historically drawing 100-200 small business owners from the City.
- Wells Fargo Foundation provided support to the Urban League in the amount of \$25,000 to support small business activities in the Greater Philadelphia community.

**University of PA (Wharton Small Business Development Center)** – The Wharton School received of \$50,000 to support the Wharton SBDC, enabling the Wharton SBDC to enhance their core programs that help over 700 small businesses annually to start, grow and prosper.

Funds will be used to support the Business Building Program; the High-Impact Growth Consulting Program and SBDC-developed Wharton Course Projects.

- Wells Fargo continues to participate in several workshops, networking events and provide technical assistance to Small Business Owners in West and Southwest Philadelphia.

**Philadelphia Industrial Development Corp. (PIDC)** – Wells Fargo’s Diverse Community Capital Program in combination with the Wells Fargo Regional Foundation provided PIDC with a combined \$1.2MM investment to support PIDC’s small business lending activity. The investment will help expand PIDC’s small business lending activity and foster growth and development of minority and women-owned business across Philadelphia.

**Finanta** – A subcommittee of the Urban Affairs Coalition focused on CDFI Capacity Building with small business lenders in the City of Philadelphia. Wells Fargo along with other financial institutions participate in this initiative which is ongoing to assist in driving capacity at Finanta to increase peer lending, micro-lending and small business lending throughout the City neighborhoods. Wells Fargo will provide grant to support Finanta’s micro-lending business in North Philadelphia. FINANTA is committed to supporting entrepreneurs and first-time homeowners with financial education and lending services that match the ever-changing needs of their families and businesses.

- Wells Fargo will work with Finanta as a partner with the Wells Fargo Small Business Solutions Expo and other small business technical assistance and access to capital events.
- Wells Fargo provided grant dollars to Finanta to support Rosca, a “peer lending” micro-lending program supporting North Philadelphia neighborhoods.
- Finanta received a Wells Fargo Priority Markets grant for neighborhood revitalization in the amount of \$60,000.
- Finanta is under consideration for the Wells Fargo Diverse Community Capital program, funding support that in the form of low interest loan or grant dollars.

**The Enterprise Center** – Wells Fargo expects to replicate a Small Business Solution Expo in West Philadelphia (in partnership with the Enterprise Center) to provide a venue for micro and small businesses to meet with representatives from Wells Fargo, Community Development Finance Institutions, Small Business Development Centers, Legal Services, Accountants, Healthcare, Fraud Services and the City of Philadelphia Commerce Department. The Expo helps Businesses to 1) Grow and Expand, 2) Identify new ways to reduce expenses and 3) Increase operation efficiency. The Businesses gain access to: Credit Solutions (Lending Products), Non-Credit Solutions (Merchant Services, Insurance, Payroll) and Business Advisory Services (Accounting, Legal, Fraud Prevention, Healthcare, and Strategic Planning). Over 90 Small Business Owners attended past Expo events.

**Women’s Opportunity Resource Center** – WORC promotes social and economic self-sufficiency primarily for economically disadvantaged women and their families. Wells Fargo provided a \$350,000 grant to support WORC’s small business lending and technical assistance efforts.

## **NEIGHBORHOOD ANALYSIS**

The home and business lending practices in nine City neighborhoods were examined. These neighborhoods contain census tracts classified as minority and low-to-moderate-income (LMI). All nine neighborhoods are located in areas where community development corporations and empowerment zones have been established.

Wells Fargo made 43 loans within eight of the nine neighborhoods, in 2017. Wells Fargo made 5.1 percent of all its City loans in those nine areas. Its market share in the neighborhoods was 4.6 percent, down from 6.7 percent in 2016.

## **BRANCH ANALYSIS**

Forty-six percent of census tracts in the City are LMI tracts. Wells Fargo surpassed the Citywide benchmark of 23.8% for locating branches in LMI areas. Wells Fargo had the highest percentage, with 32.5 percent of all Philadelphia bank branches in LMI areas. Wells Fargo has had the highest percentage of branches (33.3%) located in LMI communities throughout the city for the fifth consecutive year.