



**Wells Fargo Home Lending**  
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Oct. 14, 2020

The Honorable Jacqueline Y. Collins  
Chairperson  
Senate Financial Institutions Committee  
M114 Capitol Building  
Springfield, IL 62706

The Honorable Suzy Glowiak Hilton  
Chairperson  
Senate Commerce and Economic Development Committee  
124 Capitol Building  
Springfield, IL 62706

The Honorable Mattie Hunter  
Chairperson  
Senate Executive Committee  
619 Capitol Building  
Springfield, IL 62706

Dear Senators Collins, Glowiak Hilton and Hunter:

I am very happy to be able to provide you with information about how Wells Fargo is working to address the challenges facing Black families in Chicago and across the nation in their efforts to achieve and sustain homeownership. I believe it is one of the great challenges we face and deserves the attention you are giving it.

We firmly believe and understand, as you do, that homeownership and building equity are the primary key to creating wealth and, for many families, the only real asset they have to accumulate wealth. Among Black families, equity in a home makes up a higher percent of total net worth, on average, than for white, non-Hispanic families.

But, there are many challenges facing anyone who aspires to homeownership, and Black Americans in particular have struggled to achieve and sustain homeownership at the same rate as other ethnic groups. Nationwide in the second quarter of 2020, the U.S. Census Bureau calculated that the overall homeownership rate was 67.9% and was slightly lower in Chicago at 64.7%. However, the national homeownership rate for Black households was significantly lower at 47.0% and research done in 2018 by the Urban Institute shows that the Black homeownership rate in the Chicago area was 35% lower than the rate for white, non-Hispanics; that puts Chicago somewhere in the middle of the range for the 100 largest cities in the U.S.

Wells Fargo is proud to be one of the largest providers of home purchase loans to Black borrowers in the Chicago area, according to federal Home Mortgage Disclosure Act data. While we're proud of our track record as a leading

provider of mortgages to Black families purchasing homes in Chicago and across the country, we fully understand that more needs to be done. It's going to take a concerted, joint effort to help address the homeownership gap.

For this reason, in 2017, Wells Fargo took a leading industry role by announcing our intention to meet goals that will help to create 250,000 Black homeowners by 2027 through \$60 billion in lending for home purchases; \$15 million dedicated for homebuyer education and counseling initiatives and a goal to increase the diversity of the sales team, particularly Black home mortgage consultants. We continue to make progress on this lending commitment, working closely with partners like the National Association of Real Estate Brokers (NAREB), the NAACP, and others, and helped 60,500 Black families become homeowners in its first three years.

Our efforts to expand Black homeownership span all income levels, but key to our efforts to meet or exceed that commitment is creating and offering a range of mortgage products and programs to help meet the needs of homebuyers; and especially first-time homebuyers. To that end, in 2016 we introduced yourFirst Mortgage<sup>®</sup>, a conventional loan program designed to help more first-time homebuyers and low- to moderate-income families achieve homeownership through lower down payments and out-of-pocket costs, expanded credit criteria and incentives for homebuyer education.

The program offers down payments as low as 3 percent for fixed rate loans, and customers who have a down payment of 3 percent may earn a \$750 closing cost credit when they complete a homebuyer education course through a HUD-certified counseling agency. We've seen yourFirst Mortgage gain favor among our customers compared to alternatives, including FHA loans, and about 75% of yourFirst Mortgage customers are taking advantage of the homebuyer education course to earn the closing cost credit.

In 2012, we launched NeighborhoodLIFT<sup>®</sup>, a program that uses a unique combination of down payment assistance grants, homebuyer education and community support programs and has helped create more than 24,500 homeowners nationwide. The down payment assistance grants in particular can have a big impact on helping families achieve homeownership, since lack of funds for a down payment or closing costs is one of the most significant barriers many of them face. We've done two LIFT programs in Chicago and helped create 963 homeowners through more than \$14.6 million in down payment assistance grants and neighborhood support programs. While LIFT is focused on serving low- and moderate-income families regardless of race or ethnicity, 28% of all LIFT down payment assistance grants nationally have gone to Black homebuyers, which significantly exceeds the Black share of the U.S. population.

Wells Fargo is working in the communities we serve to help make homeownership a reality for low- and moderate-income, minority, and first-time homebuyers. We are committed to maintaining an active community presence and to being a reflection of the community itself. A few examples of our efforts in the Chicago area include:

- A \$300,000 donation to Rebuilding Together Metro Chicago for the Austin Community Revitalization Initiative to provide significant home repairs to owner-occupied, low- to moderate-income households in the Austin community. Wells Fargo received the Legacy Award from Rebuilding Together Chicago for our ongoing commitment to the Austin neighborhood.
- A \$200,000 investment over the last two years in the Oak Park Regional Housing Center to support their Austin Rising Initiative, a community development effort which works with developers and targets low- and moderate-income potential home buyers to purchase vacant properties. The funding also supports OPRHC's efforts to promote reinvestment in low-income communities in a manner that will improve the lives of low- and moderate-income households while providing investment without displacement.
- In 2020, Wells Fargo has provided more than \$181,000 in housing counseling grant support to nonprofits in the Chicagoland area who have served 1,740 homeowners and renters as a result.

- A \$400,000 grant to Lawyers Committee for Better Housing from the Wells Fargo Foundation, which will enable the local organization to provide free or low-cost legal assistance and representation for people in Chicago disproportionately affected by COVID-19 and at-risk of eviction.
- Despite limitations due to the COVID pandemic, we have hosted three new homebuyer workshops this year with the West Cook Housing Center and this week we are sponsoring five sessions of their Virtual Housing and Financial Services Fair.

We're very proud of those commitments and our efforts to meet and exceed them, but we all know there are challenges to homeownership growth in Chicago that go well beyond what Wells Fargo and other mortgage lenders are able to address.

While Chicago home prices are below the national average and significantly lower than prices in many major markets, housing affordability and a lack of available housing stock for low- and moderate-income families is a challenge. Unfortunately, the affordability gap for low- and moderate-income families has been growing as home prices have increased at a much more rapid rate than have incomes over the past few years. And, competition is strong and even when affordably-priced homes in good condition are available, first-time homebuyers are in many cases unsuccessful in obtaining them due to competition from other bidders, including cash buyers.

I know there's been a great deal of discussion and evaluation of the many factors that impact the housing affordability equation and possible solutions. Many of these involve issues that are beyond what a home lender like Wells Fargo can address but we are committed to doing what we can, where we can.

State and local leaders have taken positive steps toward addressing the challenges facing home buyers in Chicago and we applaud your efforts in that regard. Other possible actions to continue this progress might include:

- Additional support for non-profit housing counseling as a way to help Black Americans and others to prepare financially for sustainable homeownership.
- Attacking the income side of the affordability gap through programs designed to create new, higher-paying jobs and preparing candidates to be successful in those jobs.

Wells Fargo is proud to be a leading lender to Black customers purchasing homes in Chicago and we're making an effort to continue to grow our lending to Black home buyers. We believe that each of those efforts takes a unique approach to helping bridge the home ownership gap, and we encourage the legislature, real estate and housing organizations, and other lenders to look at how they might create their own efforts.

We are committed to helping you solve this challenge, so please consider Wells Fargo your ally in this process. I applaud you on the attention you are giving this topic and we look forward to working with you to explore additional approaches. If there's anything you'd like to discuss, please call me at 215-970-4918 or email me at [rita.ventresca@wellsfargo.com](mailto:rita.ventresca@wellsfargo.com).

Sincerely,



Rita Ventresca  
Senior Vice President  
Head of Home Lending Strategy and Homeownership Growth