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Wells Fargo settles allegations over foreclosed homes

By Mary Ellen Podmolik

Tribune staff reporter

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The National Fair Housing Alliance and 13 of its members, including two suburban Chicago groups, will receive $27 million from Wells Fargo to resolve a 14-month-old federal housing discrimination complaint that alleged the bank took better care of its bank-owned foreclosures in white neighborhoods than those in African-American and Latino communities.

In the Chicago area, HOPE Fair Housing Center, based in West Chicago, and Homewood-based South Suburban Housing Center, will share $2.8 million in funds and offer grants for down payment assistance to homebuyers in neighborhoods hard hit by foreclosure that are targeted for revitalization.

Altogether, the $27 million will be used to improve homeownership and neighborhood stabilization efforts in 19 cities, under an agreement announced Thursday.

The Washington, D.C.-based alliance, a consortium of private, nonprofit fair housing groups, initially filed a complaint against Wells Fargo, as well as U.S. Bancorp, with HUD in April 2012. Chicago was named in the U.S. Bancorp complaint but not included in the Wells Fargo complaint.

Then last fall, the alliance filed a similar complaint with the department against Bank of America that involved 13 cities, including Chicago.

This is the first agreement resulting from those complaints.

"This is a huge step in the right direction and more in needed to get our neighborhoods, especially communities of color, back on their feet," said Shanna Smith, the alliance's president and CEO.

Wells Fargo also will pay an additional $11.5 million to U.S. Department of Housing and Urban Development to help stabilize neighborhoods in 25 other cities.

In addition to the financial settlement, Wells Fargo committed to certain standards in how it maintains and markets its repossessed properties and will give owner-occupants priority over investors when a foreclosed home is first listed for sale and every time the list price is reduced.

mepodmolik@tribune.com
Twitter @mepodmolik