City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

BILL NO. 110297
(As Amended, 6/6/11)

Introduced April 28, 2011

Councilmember Tasco

Referred to the
Committee on Finance

AN ORDINANCE

Authorizing the City Treasurer, on behalf of the City, to enter into an agreement with Wells Fargo Bank, N.A. for provision of payroll banking services to the City, under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Office of the City Treasurer, on behalf of the City, is hereby authorized to enter into an amendment agreement (the "Amendment Agreement") with Wells Fargo Bank, N.A. (formerly Wachovia Bank, N.A.) ("Wells Fargo"), substantially in the form set forth in Exhibit "A," pursuant to which Wells Fargo shall continue to provide payroll banking services to the City, under certain terms and conditions.

SECTION 2. The City Solicitor shall include in said Amendment Agreement such terms and conditions as she may deem necessary to protect the interests of the City.

SECTION 3. Pursuant to Philadelphia Code Section 19-201(c), attached hereto as Exhibit "B" is an updated fair lending plan submitted by Wells Fargo.

EXHIBIT A

Wachovia Bank (bd)
F. Dutchie, April 2011
City of Philadelphia
City Treasurer's Office

Contract Number 1020403-02
Original Contract Number 1020403

STANDARD AMENDMENT AGREEMENT

THIS STANDARD AMENDMENT AGREEMENT ("Amendment Agreement") is made as of this ___day of _____, 2011, and effective the 1st day of July, 2011 (the "Effective Date") by and between the City of Philadelphia (the "City"), by and the City Treasurer' Office ("Department"), and Wells Fargo Bank ("Provider"), a national banking association, with its principal place of business at 123 South Broad Street, Philadelphia, Pennsylvania 19109.

BACKGROUND

The City and Provider entered into a certain Contract, Contract Number 1020403, dated May 5, 2009, with Wachovia Bank, N.A. ("Wachovia") which includes the General Provisions, the Provider Agreement and any and all exhibits and attachments thereto (collectively, the "Base Contract"), wherein Wachovia agreed to render various Services to the City in accordance therewith for the Initial Term of July 1, 2009 to June 30, 2010; and

The City and Wachovia entered into a amendment to the Base Contract , Contract No. 1020403-01 for the period July 1, 2010 to June 30, 2011, and

On or about March 20, 2010, Wachovia merged with and into Provider, Wells Fargo Bank, N.A. under the title of the latter, and

The City and Provider have agreed to amend certain terms and conditions of the Base Contract as set forth herein.

In consideration of the mutual obligations set forth herein, and each intending to be legally bound, the City and Provider covenant and agree as of the Effective Date as follows:

ARTICLE I: AMENDMENTS TO THE CONTRACT

With the exception of the following amendments set forth in this Amendment Agreement, and subject to councilmanic appropriation of funds, the terms and conditions of the Base Contract shall be and remain in full force and effect:

1.1 **Definitions**.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Base Contract.

1.2 **Term.**

The Base Contract is amended to add an Additional Term, commencing July 1, 2011 and expiring June 30, 2012.

1.3 **Assignment.**

Effective upon full execution of this Amendment Agreement, Provider hereby assumes all of the rights, title and interests of Wachovia in and to the Provider Agreement in accordance with the terms and conditions thereof, together with the benefits and advantages to be derived therefrom and, all rights and responsibilities, obligations, and liabilities of Wachovia thereunder; and Provider hereby ratifies, and agrees that it will be bound by, all of the terms and conditions of the Provider Agreement.

IN WITNESS WHEREOF, the Parties, intending to be legally bound by all of the Contract Documents, have caused this Amendment Agreement to be executed by their respective duly authorized officers as of the date in the heading of this Amendment Agreement.

THE CITY OF PHILADELPHIA
Through: Office of the Director of Finance

APPROVED AS TO FORM
SHELLEY R. SMITH, CITY SOLICITOR

Per_____
Francois Dutchie
Divisional Deputy City Solicitor

By: _____
Title: _____

WELLS FARGO BANK

CORPORATE SEAL:

By: _____

Title: _____
President or Vice-President

Attest:_____

Title: _____
(Ass't) Secretary or
(Ass't) Treasurer

Exhibit "B" to Bill No. 110297

Wells Fargo Bank, N.A
Fair Lending Plan
As Required by City Ordinance No. 100549
June, 2011

Wells Fargo is pleased to respond to the Annual Lending Study 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 has consistently earned the Bank 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.

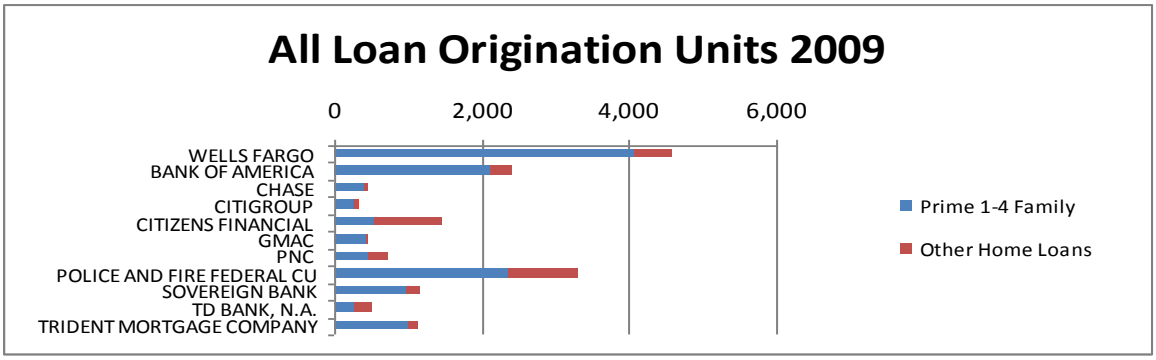
Wells Fargo continues to provide access to lending and investment products through:

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

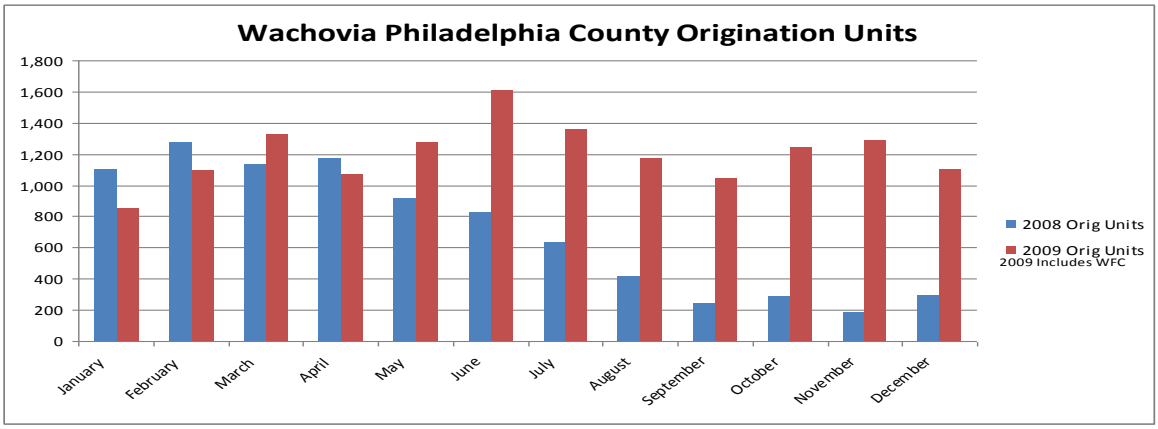
LENDING RESULTS

HOME PURCHASE

- Per the 2009 Econsult Lending Study Wells Fargo received the highest home purchase lending composite score among all of the ranked depositories, exceeding the next highest ranked lender by nearly nine points, indicating significantly better performance than those lenders and lenders in the city as a whole.
- Wells Fargo was by far the largest mortgage lender in the city of Philadelphia in 2009 originating 3,665 prime loans and was responsible for 46% of all prime loans made by city depositories, 42% of prime home purchase loans and 49% of prime refinance loans. Overall, the study shows we originated were more than twice as many loans in the city as the next largest lender.
- The number of loan applications increased by 55.6% and denials decreased by 18.8% in 2009.



- From 2008-2009, Wells Fargo/Wachovia's originations rebounded significantly from lending declines experienced by Wachovia in 2008.



- Compared with 2008, Wells Fargo posted a substantial 141% gain in prime home lending in the city of Philadelphia in 2009, with growth concentrated in the home purchase segment, far outpacing lending growth at other city depositories. Wells Fargo's prime home purchase lending grew by 169% and Wells Fargo's our prime refinance units grew by 105%.

- Wells Fargo prime home lending to African American and Hispanic borrowers in the city increased, while city depositories as a group saw lending to these groups decline.

All Prime, Single Family Loans, Philadelphia	2009 Wells Fargo	2008 Wachovia	Wells Fargo YOY % Increase	2009 Total Other Depositories	2008 Total Other Depositories	Other Depositories YOY % Increase
Prime Loans Originated	3665	1520	141%	4325	4645	-7%
Loans to African Americans	553	300	84%	820	1237	-34%
Loans to Hispanics	175	123	42%	180	351	-49%
Loans to Asians	245	83	195%	291	345	-16%
Loans Minority Tracts	1004	532	88%	1676	1784	-6%

Loans LMI Borrowers	1356	684	98%	2238	2892	-23%
Loans LMI Tracts	1630	805	105%	2419	2950	-18%

- Wells Fargo met or exceeded City benchmark percentage of loans to Hispanics, Asian and female borrowers. In 2008, Wells Fargo/Wachovia ranked last in percentage of prime loans to female borrowers.

- While Wells Fargo did not meet or exceed City averages in percent of loans to African American, minority tract, LMI borrower and LMI tract borrowers; however, penetration rates for lending to African Americans, LMI borrowers and minority tracts increased significantly from 2008. Penetration rates were lower than other City Depositories as a whole.

Home Purchase Loans, Philadelphia	**2009 Wells Fargo Penetration %**	**2008 Wachovia Penetration %**	**2009 All Depositories Penetration %**	**2008 All Depositories Penetration %**
Loans to African Americans	21.3	9.4	24	25
Loans to Hispanics	7.5	6.8	7	7
Loans Minority Tracts	32.6	8.9	36	36
Loans LMI Borrowers	55.3	40.2	64	50
Loans LMI Tracts	54.5	52.2	59	53

- Achieving higher penetration rates is very difficult given Wells Fargo's significantly higher loan volume. Nonetheless, we continue to partner with our community-based nonprofit partners, housing counseling partners and minority realtor groups to increase fair and responsible lending opportunities for homeowners in the Philadelphia communities.

- For 2009, Wells Fargo's LMI neighborhood lending goal was 2323 units. Wells Fargo was able to reach 95% of the established target by making 2,206 home loans in those neighborhoods and more than doubled lending there despite a 14% decline in mortgage lending in Philadelphia.

- Denial disparity ratios for Wells Fargo were in-line with the other depositories and in most cases were better than the other depositories as a whole.

Denial Ratios All Prime	**African American**	**Hispanic**	**Asian**	**Minority Tract**
Wells Fargo 2009	1.52	1.45	1.31	1.45
Wachovia 2008	1.57	1.66	1.06	1.51
All Depositories 2009	1.9	2.05	1.42	1.63
All Depositories 2008	1.63	1.67	1.17	1.46

Denial Ratios Home Purchase	**African American**	**Hispanic**	**Asian**	**Minority Tract**
Wells Fargo 2009	1.61	1.57	1.81	1.54
Wachovia 2008	1.87	1.39	0.9	1.9
All Depositories 2009	1.5	1.62	1.45	1.53
All Depositories 2008	1.39	1.55	1.22	1.45

Denial Ratios Refinance	African American	Hispanic	Asian	Minority Tract
Wells Fargo 2009	1.48	1.47	1.28	1.4
Wachovia 2008	1.44	1.74	1.11	1.38
All Depositories 2009	1.92	2.23	1.59	1.51
All Depositories 2008	1.56	1.67	1.23	1.33

- Higher denial rates for minority borrowers reflect differences in credit and transaction risk.

- As authors of the Econsult report themselves points out and 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 2009, Wells Fargo ranked 1st in the number of loans originated among all City Depositories. Wells Fargo issued 2,145 prime home refinance loans in 2009 which was more than twice the 1,045 refinance loans issued in 2008. Moreover, in 2009, Wells Fargo met or exceeded all city benchmarks for lending to African American, Hispanic and Asian borrowers.

From 2008 to 2009, home refinance loan applications (among peer City depositories) increased by 8.9% and loan originations increased by 51%. Wells Fargo's applications increased 11% and loan originations in this category were more than double those in 2008. 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.

- Met or exceeded City benchmarks for percentage of loans to African American, Hispanic and Asian borrowers.
- Ranked 8th in percent of loans to LMI borrowers in 2009.
- Ranked 1st in denial ratio of Hispanic to white borrowers and met or exceeded City benchmarks for the other three denial categories.

Home Purchase and 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.

- 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.

- 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 literacy 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.

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- Wells Fargo will make its **Steps to Success®** Training Meeting-in-a-Box and webinar program available to Philadelphia housing agencies and not-for-profits. **Steps To Success®** is a program designed to help new homeowners, or homeowners with past difficulties, achieve and sustain successful homeownership, through education, tools and resources

- 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).

- Work with Realtors who serve low and moderate-income communities - CineMeeting simulcasts are held for real estate and mortgage professionals focused on serving the needs of first-time homebuyers, low and moderate-income and diverse customers.

- 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 support the vitality of neighborhoods, with a special emphasis on neighborhood non-profit developers. The Wells Fargo Foundation has contributed $19 million from 2008 to present in Philadelphia, with $12.5 million of that total dedicated to LMI communities. The Wachovia Regional Foundation has also provided an additional $3.1 Million in LMI communities. Contributions through 2011 are anticipated to be $24 million assuming continuation of the economic recovery.

FORECLOSURE PREVENTION

- Wells Fargo is implementing a strategy to minimize foreclosures and partner with the City of Philadelphia and local nonprofit organizations to implement their $16.8 million NSPI and $43.9 million NSPII grants increasing the efforts to get vacant properties occupied again and strengthen neighborhoods in the City of Philadelphia, which is an important community for Wells Fargo, its customers, and team members.

- Wells Fargo currently participates in the Philadelphia "FIRST LOOK" program and will work with the City Attorney, designated City officials (City of Philadelphia Redevelopment Authority, Office of Housing & Community Development), and non profit housing officials to identify properties Wells Fargo owns or services for another owner in the City of Philadelphia

that may be available for sale, donation, or discount in neighborhoods identified as a local priority.

- In markets hit hard by foreclosures, we have accelerated our modification efforts by hosting large-scale Home Preservation Events. For Wells Fargo Home Mortgage customers who attend, many receive modifications on the spot or within a short period after the event. A Home Preservation Event took place on September 11 & 12, 2010 at the Pennsylvania Convention Center:
  - More than 14,000 Wells Fargo & Wachovia customers in the Philadelphia area were invited
  - We had a total of 542 appointments during the two day event.
  - Workout results for loans reviewed at the event as of 05/20/2011
    - 100% have received a final decision
      - 70% have been approved for some kind of a workout option – 90% of those were modifications
      - 30% were denied or cancelled by the borrower

  A second Home Preservation event is tentatively scheduled to be held at the Philadelphia Convention Center October 5 & 6, 2011; 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 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 work with our customers in mortgage distress. 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 or to receive a free hard copy, e-mail 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.

HOME IMPROVEMENT LOANS

In 2009, Wells Fargo ranked 1st in the number of loans originated among all City Depositories. The Bank met or exceeded City averages for loans to Hispanic, Asian minority tract and LMI tract borrowers and was 1st in percentage of loans to Hispanic borrowers for the second year in a row.

From 2008 to 2009, home improvement loan applications (among peer City depositories) decreased by 36% and loan originations decreased 38%. Wells Fargo issued 101 Home Improvement Loans in 2009, more than two times the number of loans issued in 2008. While Wells Fargo did not meet or exceed the City averages for any of the denial ratio categories, our loan decisions are always 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.

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.

- Through the *Renew, Restore, Rebuild* Program, Wells Fargo provides education, guidance and government-backed renovation loan products to include: Financing options for purchase and renovation of residential properties using government-backed FHA renovation financing, FHA 203k Streamline renovation loan and Standard FHA 203k renovation loan.

Our plan for 2011 and beyond is to continue 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

Wells Fargo advanced from 6th place to 3rd from 2008 to 2009 out of ten banks overall in small business lending. Wells Fargo extended 719 small business loans in Philadelphia County in 2009 with 389 (54%) in LMI census tracts.

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 Bank employs approximately 200 small business, business banking and retail banking specialists dedicated to providing financial services to businesses in the City of Philadelphia. Many of these bankers are located in Wells Fargo stores, the majority of which are located in LMI neighborhoods and minority areas.

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. A business can choose at least three of the following accounts and services to complete your package:

- Wells Fargo® Business Platinum Debit Card
- Wells Fargo Business Online®
    - Free Business Bill Pay

  - Free Business Spending Report
- Any Business Savings Account
  - Earn a bonus interest rate on a Business Market Rate Savings account
- Wells Fargo® Business Platinum Credit Cards (subject to credit approval)
  - Wells Fargo Business Card Rewards® Program - New customers get DOUBLE points for the first 6 months and first year program fee waived
- Business Loans or Lines of Credit (subject to credit approval)
  - Wells Fargo BusinessLine® Line of Credit
  - Wells Fargo BusinessLoan® Term Loan
  - Wells Fargo Equipment Express® Loan
  - Wells Fargo Business Real Estate Financing
    - Wells Fargo Express Equity® Loan
    - Wells Fargo Express Refi® Loan
  - Wells Fargo Small Business Advantage® Line of Credit
  - Wells Fargo SBA Loans and Lines of Credit
  - Other business loans and lines of credit
- Direct Pay through Wells Fargo Business Online
- Business Time Accounts (Certificates of Deposits or CDs)
- Wells Fargo Merchant Services
- Wells Fargo Business Payroll Services

COMMUNITY PARTNERSHIPS SUPPORTING SMALL and MICRO BUSINESS

Wells Fargo provided the following grants and investments during fiscal year 2010 - fiscal year 2011 applications have been submitted and are currently under review for approval.

Greater Hispanic Chamber of Commerce – Wells Fargo provided a $50,000 grant to support operations and programs. The 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.

- During 2011, Wells Fargo will host several small business networking activities and seminars addressing small business financing and expansion.

Cooperative Business Assistance Corporation (CBAC) – Wells Fargo provided CBAC with a $1.2 million equity equivalent investment to support capital access for small and micro lending in the Philadelphia business community. CBAC will provide loans and technical assistance to small businesses located in low and moderate-income census tracts and minority census tracts in Philadelphia neighborhoods. The intent is to increase the impact in distressed neighborhoods, create new employment opportunities and increase access to capital and technical assistance.

- During 2011, Wells Fargo will be working with CBAC to provide small and micro lending seminars focusing on business finance and technical assistance.

African-American Chamber of Commerce – The Chamber received a $50,000 grant to help the organization expand their technical assistance program for new and existing small businesses. Wells Fargo works with the Chamber will provide education, support, and marketing for individuals in low-moderate income communities seeking to build and grow profitable businesses. At Wells Fargo, we believe strongly that the best way to revitalize low to moderate income communities is to develop economic solutions for the residents. With today's economic contraction hitting large companies' especially hard, most financial experts believe that small business will lead the way forward for our economy including most job growth. As we grow business and personal income, we will help to transform communities and lives.

- Wells Fargo will host several workshops and networking mixers throughout the City of Philadelphia.

Urban Affairs Coalition (UAC) – UAC received a $100,000 grant that will be used to support a variety of small business and economic development initiatives. Wells Fargo continues to play an active role on the organizations Small Business Lending Capacity building Committee and the Board of Directors. Currently, the Small Business Lending Committee is creating a multi-bank, multi-year support system for Community Development Finance Institutions (CDFI's) to increase their lending capacity.

- Wells Fargo will provide loan capital, operational funds and technical assistance to selected CDFI's.
- Wells Fargo will continue to provide financial education seminars for existing and new small business owners.

Philadelphia Chinatown Development Corporation – In 2010, PCDC completed a four year implementation grant of $434,000 from the Wells Fargo Regional Foundation. The grant supports community outreach, housing counseling, community services programs and development of a Business Improvement District. Also, the grant enabled PCDC to leverage additional resources that facilitated economic development projects and the hiring of a Main Street Manager to organize local business owners.

- Wells Fargo works with the Main Street Program to provide technical assistance and access to capital for small businesses in Chinatown.

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 114 loans within the nine neighborhoods, the most loans of any city depository.

Wells Fargo made 3% of all its City loans in those nine areas. Its market share in the neighborhoods was 11.5%. Its market share in all of Philadelphia was 14.5%. The largest number of loans by Wells Fargo was made in the OARC neighborhood (62 loans), where Wells Fargo had a market share of 10.7%

BRANCH ANALYSIS

Sixty-five percent of census tracts in the City are LMI tracts. Wells Fargo surpassed the Citywide benchmark for branches located in LMI areas. 66% of Wachovia's branches were located in LMI areas. Also, Wells Fargo exceeded the Citywide 23% benchmark for branches located in minority areas.