

AMERICAN BANKER.

Wells Fargo Shareholders Reject Review of Mortgage Practices

by [Brian Browdie](#)

APR 24, 2013 9:41am ET

Wells Fargo's (WFC) shareholders have rejected a proposal that would have directed the company to review whether its mortgage servicing and foreclosure practices violate anti-discriminatory laws.

The proposal, which shareholders of the nation's fourth-biggest bank voted on at the company's annual meeting Tuesday, would have mandated an independent review of internal controls over Wells' mortgage modifications.

Wells' board opposed the measure, arguing it intruded into a business that is monitored extensively by regulators.

"Our board believes that the combination of the independent regulatory examinations and on-going independent reviews by our internal audit and operational risk groups will address the concerns raised in the proposal," directors wrote in [materials](#) sent to shareholders.

Backers of the measure, which garnered the support of 21% of votes cast, said that the review was necessary because Wells, the nation's largest mortgage lender, has unevenly honored a pact it entered into last year with the Justice Department and 49 state attorneys general that requires Wells Fargo and lenders to aid troubled borrowers.

"We've heard, from working with New Yorkers who are in foreclosure who have gotten predatory mortgage loans from Wells Fargo, that the bank is not treating homeowners in communities of color equitably," said Alexis Iwanisziw, a research and policy analyst with the Neighborhood Economic Development Advocacy Project, a nonprofit group that sponsored the proposal. "We think it's really important that the bank provides data to show whether or not it's providing that relief equitably."

To underscore its concerns, the group used the meeting, which took place in Salt Lake City, to deliver a series of [messages](#) to John Stumpf, Wells Fargo's chief executive, from homeowners who face foreclosure and who allege Wells Fargo has been slow to modify their loans. "The general theme is that people are getting the runaround and this is not improving, notwithstanding the mortgage settlement," said Josh Zinner, NEDAP's co-director.

The group has filed a similar proposal at Bank of America (BAC), which is slated to hold its annual meeting on May 8.

Wells' meeting was disrupted as demonstrators rose to complain about the company's practices, according to Maurice Weeks, a campaign coordinator with the Alliance of Californians for Community Empowerment, who led a group of about 20 protestors of Wells' handling of foreclosures in California.

"We really see principal reduction as the key to this whole thing, as a way for people to stay in their homes and to restart the economy," Weeks said in an interview. "That's what we're pushing for and that's what we're going to continue to push for."

Consumer advocates have staged angry protests aimed at big banks in recent years, ranging from Occupy Wall Street to events aimed at drawing attention to lingering foreclosure grievances. A group of about 50 to 60 protestors [interrupted a speech by Stumpf](#) at a banking conference in March, taking over the stage with chants and complaints about home foreclosures. The annual conference was taking place at a hotel in Carlsbad, Calif., and is hosted by *American Banker*.

Wells says it continues to take significant steps to aid homeowners who fall behind on their mortgages. The company on Monday said that since the start of 2009 it has [forgiven \\$6.6 billion in loan obligations](#) for about 167,000 homeowners, modified more than 850,000 mortgages, hosted almost 90 workshops to help people stay in their homes and helped 800 borrowers a day, on average, through foreclosure prevention efforts.

"We know these organizations have made these charges," Wells spokesman Ancel Martinez said. "They're certainly entitled to their own opinions but not to their own facts, and Wells Fargo has made considerable efforts to assist homeowners who are in financial difficulty to remain in their homes."



© 2013 [SourceMedia](#). All rights reserved.

This clipping is provided for "fair use" not-for-profit, educational purposes (and other related purposes). If you wish to use this copyrighted material for purposes of your own that go beyond "fair use," you must obtain permission from the copyright owner. **Emphasis added by NEDAP.**