

DREAMS DENIED

Wells Fargo's Troubling Pattern of Racial Disparities in North Carolina



Americans for
Financial Reform
Education Fund

**UNITED
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Americans for Financial Reform Education Fund

Americans for Financial Reform Education Fund is a nonprofit, nonpartisan coalition of more than 200 civil rights, community-based, consumer, labor, small business, investor, faith-based, civic groups, and individual experts. It was founded in the wake of the 2008 financial crisis and its mission is to fight to create a financial system that deconstructs inequality and systemic racism and promotes a just and sustainable economy.



NC United Power for Action / NC Industrial Areas Foundation

is a statewide multi-racial network of faith institutions, community organizations, and neighborhood groups in North Carolina that builds grassroots leadership and organizes collective action to win concrete improvements in people’s lives. We are affiliated with the Industrial Areas Foundation, the oldest and largest citizen’s power network in the United States.



Organized Power In Numbers (OPIN), a fiscally sponsored project

of the Working Families Organization, works at the intersection of worker power and modern digital and data-driven organizing. OPIN helps movements reach millions of people, invite them into the movement, and level up campaigns that win for workers, their families, and their communities in the Sunbelt. Since 2020, OPIN has engaged with thousands of working-class people in North Carolina regarding employment issues, economic struggles and civic engagement. Currently, OPIN provides technical support to convene community and labor partners to make strategic alignments that build power for all working people in North Carolina.



UNITE HERE North Carolina is an active union with a growing membership

of hospitality service workers across the state dedicated to improving our lives, out civil rights, our communities, and our workplaces. We are part of a regional effort to Organize The South with 25,000 new regional members in our ranks. We work in food service and housekeeping jobs at universities, corporate cafeterias, airports, hotels, stadiums, and casinos. We are proud to stand with allies in the labor movement as well as broader social and economic justice movements that reflect our collective interests. We are on the front lines for one another seeking justice and fairness on issues such as immigrant rights, LGBTQ rights, affordable housing, and fair banking practices.

Executive Summary

North Carolinians face increasingly unaffordable costs for housing that hinder prospective homebuyers' efforts to fulfill the American dream of homeownership. Long-standing structural racism in residential housing, including redlining and mortgage discrimination, created barriers to homeownership for people of color—especially those from low-income backgrounds—that exist to this day.

Ongoing racial disparities in homeownership rates and wealth built through homeownership are major drivers of the persistent racial wealth gap in the United States. Homeownership can be a major component of household wealth accumulation, as homeowners build wealth by paying down their mortgage and through home price appreciation. Equitable and fair access to home mortgage credit is critical to narrowing this racial wealth gap and enabling people to build wealth and invest in their own and their families' futures.

Wells Fargo is one of North Carolina's biggest banks and mortgage lenders, but its mortgage business in the state exhibits patterns of racial disparities that disadvantage Black, Latino and Asian families trying to secure housing stability and build household wealth through homeownership. These racial disparities are compounded by Wells Fargo's sharp decline in mortgage lending, with its North Carolina mortgage applications and loan originations dropping by more than 70% between 2020 and 2024.

This report describes the results of a detailed analysis that examined nearly 24,600 Wells Fargo conventional home purchase mortgage applications and more than 16,000 mortgage loan originations in North Carolina over the five-year period from 2020 through 2024. The analysis covered Wells Fargo's mortgage business statewide and in the metropolitan areas within North Carolina, producing the following findings:

- **Wells Fargo's pattern of racial disparities in applications and loans suggested that it underserved Black and Latino families in North Carolina.** Wells Fargo exhibited a pattern of racial disparities in taking applications from Black and Latino families and making mortgage loans to these applicants. Only 15.0% of Wells Fargo mortgage applications were from Black (7.2%) or Latino (7.8%) applicants between 2020 and 2024—far below their share of the adult population (20.7% and 8.9%, respectively; 30% in total). Only 13.3% of Wells Fargo's mortgage loans went to Black (6.4%) and Latino (6.9%) applicants over this period.
- **Wells Fargo's pattern of racial disparities in applications and loans suggested that it underrepresented the Black and Latino populations in the Charlotte metro area.** Black adults make up 22.9% of the population of the metropolitan area of Charlotte—North Carolina's biggest city—but they composed less than one-tenth of Wells Fargo's applicants and loan originations in the area (8.2% and 7.1%, respectively). Latino adults make up 11.0% of the Charlotte population but represented only 7.4% of Wells Fargo's applicants and 6.6% of its loan originations. (The analysis looks at data for other North Carolina metropolitan areas in Section II.A, and data for all metro areas are available in Appendix Table 1.)
- **Wells Fargo's pattern of racial disparities in applications and loans suggested that it underserved North Carolina communities of color and focused on upper-income white communities.** People of color compose the majority of the population in 27.3% of North Carolina census tracts, but Wells Fargo took only 15.4% of its mortgage applications and made only 14.3% of its loans in these areas. Predominantly white areas were overrepresented in Wells Fargo's applications and loans, but the overrepresentation was most dramatic in the wealthiest areas. Wells Fargo took 47.3% of its applications and made 49.3% of its loans in the 13.2% of the census tracts that were upper-income and where white individuals make up the majority of the population—a nearly fourfold overrepresentation. These patterns are consistent in Charlotte, and Wells Fargo underperformed peer banks in mortgage activity in census tracts where people of color make up the majority of the population (see Section II.B).

- **Wells Fargo’s lending in North Carolina showed a pattern of racial disparities in mortgage loan denial rates.** Wells Fargo rejected Black, Latino and Asian mortgage loan applicants in North Carolina more than twice as frequently as it rejected white applicants. Wells Fargo rejected 22.5% of Black applicants, 25.6% of Latino applicants and 20.3% of Asian applicants, compared with 10.3% of white applicants between 2020 and 2024. (The report discusses the much higher racial disparities in some metropolitan areas in Section II.C, and data for all metro areas are available in Appendix Table 2.)
- **Wells Fargo mortgage denial rates for Black and Latino applicants increased between 2020 and 2024.** Wells Fargo’s denial rates rose about 20% for Black and Latino applicants between 2020 and 2024, rising from 21.2% to 25.6% for Black applicants and from 25.0% to 29.8% for Latino applicants. Over the same period, denial rates for white applicants increased by only 11%.
- **Wells Fargo’s pattern of racial disparities in loan denial rates persisted even between borrowers in the same income bands.** The disparities in Wells Fargo’s loan denials in North Carolina occurred at every income band level. Upper-income Black, Latino and Asian applicants (14%, 15% and 17%, respectively) were rejected more than twice as frequently as upper-income white applicants (7%) and were even rejected more frequently than moderate-income white applicants (13%). Similar patterns existed across metropolitan areas in North Carolina, and the disparities in Wells Fargo’s denial rates even for borrowers of similar incomes were larger than at peer banks (see Section II.D and Appendix Table 3).
- **Wells Fargo charged higher interest rates for Black and Latino borrowers than white borrowers at every income level, raising costs and reducing household wealth for people of color in North Carolina.** Wells Fargo charged higher interest rates for Black and Latino borrowers than white borrowers at almost every income level in 2020 and 2021 (when Wells Fargo was making more loans and interest rates were stable and low) (Section II.E). Middle-income Black borrowers received interest rates that were 5% higher than rates for middle-income white borrowers, despite having comparable average incomes and financial profiles, that would cost average Black borrowers \$10,500 more over the life of the loan. Had Black borrowers not faced these added costs, an additional \$10,500 would amount to a 24% increase in the typical Black household’s \$44,000 net worth in 2022.

Wells Fargo’s pattern of racial disparities across multiple mortgage loan metrics raises significant concerns about its commitment to serve all North Carolinians and all North Carolina communities by providing equitable access to affordable home purchase mortgage credit. These disparities are part of the barriers to homeownership that people of color face and that contribute to the persistent racial wealth gap in the United States.

“Housing is not a privilege for some—it’s a basic need.

When race decides who gets access, it goes against our deepest moral beliefs. Our faith teaches that every person carries God’s image.

Racism in housing denies that truth and is morally wrong.”

—Bishop Herbert Reynolds Davis, PhD

Chairman of the Board of Directors of NC United Power for Action

Introduction

North Carolinians are facing a housing affordability crisis. The North Carolina Housing Coalition reported that 49% of renters and 20% of homeowners had difficulty paying for their housing in 2025.¹ More than 1 million lower- and moderate-income North Carolina households earning below 80% of the area median household incomes were burdened by housing costs, including spending more than 30% of their incomes on housing.²

Escalating housing costs have exceeded the growth in households' earnings and affect both renters and prospective buyers. Between 2001 and 2023, real North Carolina inflation-adjusted rents rose by 42%—a rate 14 times faster than the 3% increase in renters' wages.³ Higher rents make it more difficult for potential homeowners to save for a down payment to buy a house, and rising house prices and higher interest rates make homeownership more difficult.

Home prices in North Carolina grew faster than they did in the rest of the nation every year between 2018 and 2024, with astronomical increases of 15% in 2021 and 22% in 2022.⁴ Homeownership affordability declined in every metro area across the state between 2019 and 2025, according to data from the Federal Reserve Bank of Atlanta, and only Rocky Mount was considered marginally affordable in 2025.⁵ Today, roughly two-thirds of North Carolina residents cannot afford to buy a single-family home.⁶

Wells Fargo has contributed to this home affordability problem by providing loans and financial backing to corporate landlords—including American Homes 4 Rent and Invitation Homes, as well as private equity-owned Progress Residential—that buy up single-family homes and turn them into rental properties in North Carolina.⁷ Corporate ownership of single-family homes reduces the number of available homes for sale and raises home prices. Many first-time homebuyers cannot compete with companies that make all-cash offers, which in turn makes it more difficult for first-generation homebuyers to purchase homes, especially Black and Latino buyers.⁸

A 2024 Government Accountability Office report found that Charlotte had the third-highest rate of corporate ownership of single-family homes in the nation.⁹ A 2022 investigation by the *Charlotte Observer* and the *Raleigh News & Observer* found that at least 40,000 North Carolina single-family properties were owned by big investors.¹⁰ The Charlotte Urban Institute at the University of North Carolina, Charlotte, found that large corporate investors owned nearly 8% of all single-family homes in Mecklenburg County.¹¹

The Historic and Ongoing Structural Racism that Excludes Black and Latino Families from Homeownership and Contributes to the Racial Wealth Gap

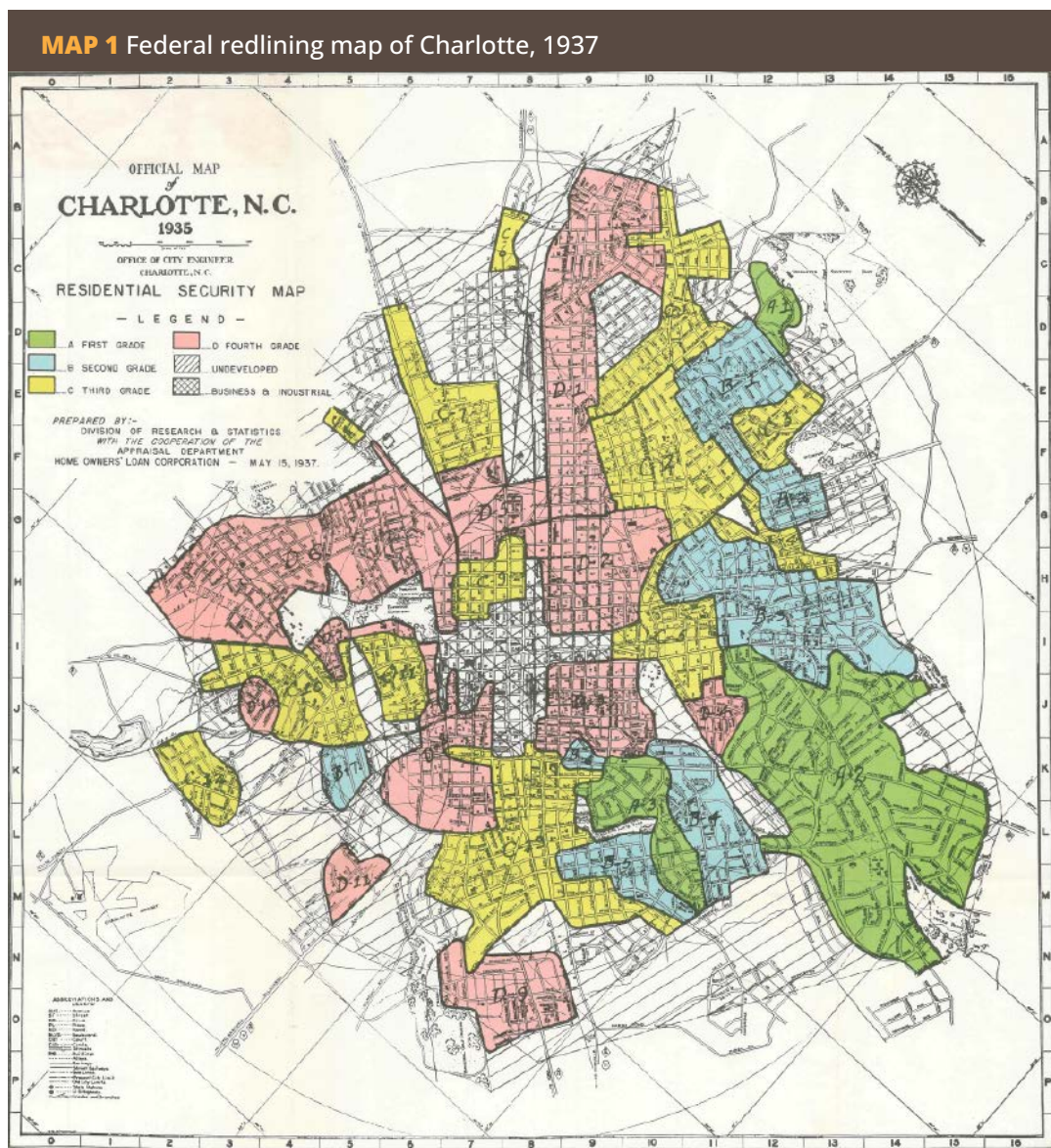
Homeownership can be a foundation for building household and generational wealth and providing economic stability, and the historic and ongoing legacy of state-sanctioned racial segregation and discrimination has excluded Black and Latino families from homeownership opportunities. In North Carolina, the homeownership rate for white families was about 50% higher than for Black and Latino families in 2023 (74%, 48% and 52%, respectively).¹²

Federal, state and local racial exclusion policies; restrictive covenants that prohibited home sales to people of color; home lending and housing discrimination; and intimidation and violence created and enforced racially segregated communities that still exist more than a half-century after the enactment of the Fair Housing Act.¹³ Many North Carolina communities had residential segregation ordinances, and deed covenants were commonplace.¹⁴ In the 1930s, federal regulators drew red lines (hence “redlining”) on more than 200 city maps, including Charlotte, that explicitly designated Black, Latino and immigrant neighborhoods as high risk for home lending and made them ineligible for federally backed mortgages (see Map 1).¹⁵ The federal government backed \$120 billion in mortgage loans between 1934 and 1962, but policies of racial exclusion meant that less than 2% of these loans went to Black, Latino, Asian, Pacific Islander or Indigenous individuals.¹⁶

Home mortgage lenders—including banks—continue to contribute to this legacy of state-sanctioned segregation. Studies covering decades have documented that Black and Latino borrowers have been less likely to be approved for mortgages and pay higher interest rates and fees than white borrowers.¹⁷ In the years before the financial crisis, Black and Latino households were far more likely to receive subprime, predatory mortgages with toxic terms, and the foreclosure crisis erased the home equity of millions of households.¹⁸ Black and Latino homeowners experienced foreclosure at much higher rates than white homeowners throughout the foreclosure crisis from 2008 to 2017, peaking with Black households having about twice the foreclosure rate and Latino households having about five times the foreclosure rate as white households in mid-2009.¹⁹ An Urban Institute paper found that the combination of unemployment, foreclosure and the erosion of home equity eliminated nearly half the wealth of Black and Latino families (48% and 44%, respectively), compared with one-fourth of the wealth of white families (26%).²⁰

These policy and lending decisions have a persistent impact on the wealth of Black and Latino households. A 2020 Federal Reserve Bank of Chicago study found that redlined communities had far lower homeownership rates and lower home values, accounting for more than 30% of the gap in the Black homeownership rate and 40% of the gap in home values between 1950 and 1980.²¹ A 2021 study by the Joint Center for Housing Studies at Harvard University found that Black homeowners had higher mortgage interest rates than white homeowners at every income level, and even Black homeowners earning more than \$100,000 annually had higher interest rates than white homeowners earning less than \$30,000 annually.²²

Residential segregation and exclusion from equitable and affordable mortgage credit suppress household wealth building for Black and Latino families. In 2022, typical Black and Latino families had lower incomes (about 44% lower) and much lower household net worth (about 80% lower) than typical white families, according to Federal Reserve data.²³ Today, the racial wealth gap between Black and white families remains essentially the same as it was before the civil rights movement.²⁴



Wells Fargo’s History of Mortgage Lending Bias and Collapsing Home Mortgage Lending in North Carolina

Wells Fargo is a major bank, lender and employer in North Carolina and has been part of the story of racial disparities in home lending. Wells Fargo is North Carolina’s fourth-largest bank by deposits, holding more than \$61 billion in its 220 branches, and it is the largest bank mortgage lender in the state.²⁵ But Wells Fargo’s mortgage business has been plummeting in North Carolina. Applications to the bank for conventional home purchase mortgages and mortgage loan originations declined by more than 70% between 2020 and 2024 (see Figure 1). Some of the decline is undoubtedly tied to the rising interest rate environment that suppressed mortgage application demand, but Wells Fargo’s decline is far greater than the 41 percent decline in applications at peer banks.

The sharp decline in mortgage lending was in part a reaction to multiple regulatory and enforcement actions against Wells Fargo for problems in its mortgage lending and consumer business that resulted in more than \$1 billion in fines, penalties and settlements.²⁶

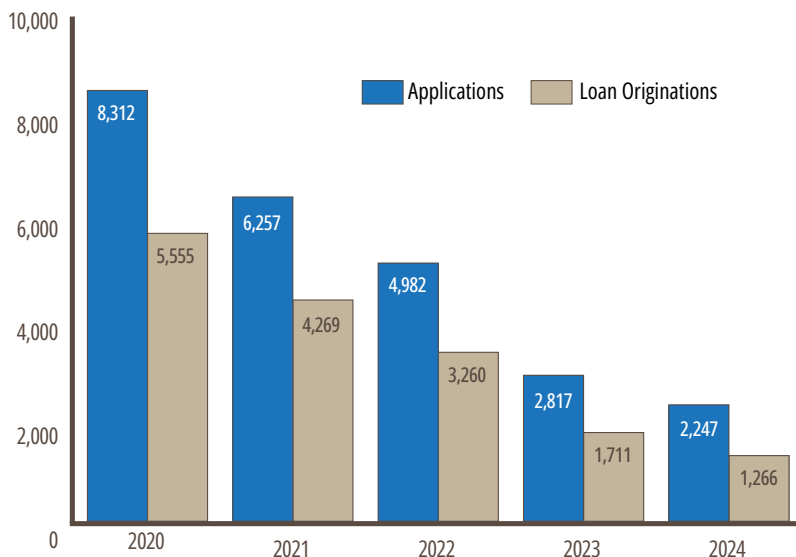
Federal and state regulators have brought a series of lending discrimination cases against the bank. In 2012, Wells Fargo agreed to pay more than \$233 million to settle a lending discrimination lawsuit brought by the U.S. Department of Justice that alleged Wells Fargo steered Black and Latino borrowers into more expensive subprime mortgage loans than they qualified for while similarly situated white borrowers received more affordable, prime loans.²⁷ Wells Fargo paid \$15 million to settle reverse-redlining lawsuits with Baltimore, Maryland, and Memphis, Tennessee, in 2012 for allegedly pushing Black and Latino borrowers into subprime loans that resulted in higher foreclosure rates in communities of color.²⁸ Wells Fargo made a \$10 million commitment to Philadelphia in 2019 to settle a suit that alleged the bank routinely offered more expensive loans to borrowers of color than it offered similarly situated white borrowers.²⁹ Wells Fargo settled these cases without admitting wrongdoing or culpability.

Concerns about Wells Fargo’s pattern of racial disparities in its home lending business have persisted since such cases began to be addressed. In 2018, Wells Fargo admitted that it erroneously denied mortgage modifications to hundreds of homeowners who had lost their homes in foreclosure, including in North Carolina.³⁰ A 2022 *Bloomberg* analysis found that Wells Fargo rejected a majority of Black homeowners who applied to refinance their mortgages and was the only big bank to deny the majority of Black applicants.³¹ In 2023, the Consumer Financial Protection Bureau flagged Wells Fargo’s pattern of offering fewer mortgage pricing

discounts to Black and female borrowers than to other borrowers, and it urged the bank to investigate its regulatory compliance.³² And a recent class action lawsuit alleged that Wells Fargo’s credit-scoring algorithm disproportionately rejected Black and Latino mortgage applicants and that the bank’s own analysts found Black borrowers were approved at less than 90% of the rate of white borrowers, despite similar credit profiles.³³ Wells Fargo says the case has no merit, and the case is still in its early stages.

These enforcement cases and lawsuits—and the persistence of problems even after enforcement actions and a commitment to do better—have raised serious concerns about Wells Fargo’s mortgage lending business.

FIGURE 1: Wells Fargo North Carolina Home Purchase Mortgage Applications and Loan Originations, 2020–24



Wells Fargo's Patterns of Racial Disparities in Home Mortgage Lending

Wells Fargo's home purchase mortgage lending in North Carolina has exhibited a pattern of racial disparities in the people it serves, the neighborhoods where it provides credit, the applicants it rejects and the prices it offers. These racial disparities reinforce long-standing barriers to mortgage credit for people of color and the communities where they live. These barriers, in turn, contribute to the yawning racial wealth gaps that make it harder for Black, Latino and Asian people to invest in their families, pursue educational opportunities or start small businesses.

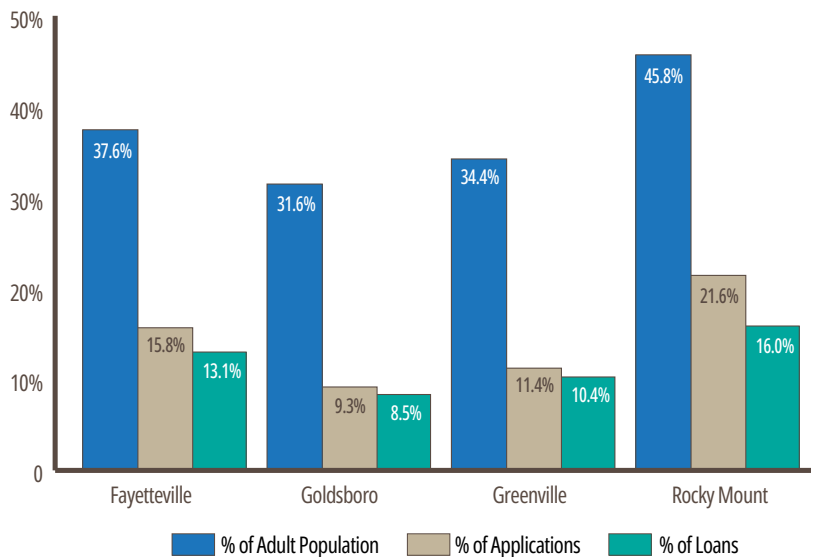
This analysis examined Home Mortgage Disclosure Act (HMDA) data for Wells Fargo's 24,544 conventional, single-family, first-lien, owner-occupied, home purchase mortgage applications and 16,061 originations in North Carolina between 2020 and 2024 (see Section IV: Methodology).³⁴ The analysis found that Wells Fargo underserved prospective Black and Latino home purchasers, disproportionately undertook lending in predominantly white neighborhoods, rejected Black and Latino applicants at far higher rates than white applicants, and offered loans to Black and Latino borrowers at higher prices than white borrowers, on average.

A. Wells Fargo's pattern of racial disparities in mortgage applications and originations suggested it underserved Black and Latino families in North Carolina.

Wells Fargo exhibited a pattern of racial disparities in applications from Black and Latino families and mortgage loans originated to Black and Latino borrowers that were far below their share of the North Carolina population. Only 15.0% of Wells Fargo mortgage applications were from Black (7.2%) or Latino (7.8%) applicants between 2020 and 2024—far below their share of the adult population (20.7% and 8.9%, respectively). Only 13.3% of Wells Fargo's mortgage loans went to Black (6.4%) and Latino (6.9%) borrowers during this period. White borrowers and Asian applicants and borrowers were overrepresented in Wells Fargo's mortgage business. These patterns are especially pronounced in many metropolitan areas (see Appendix Table 1).

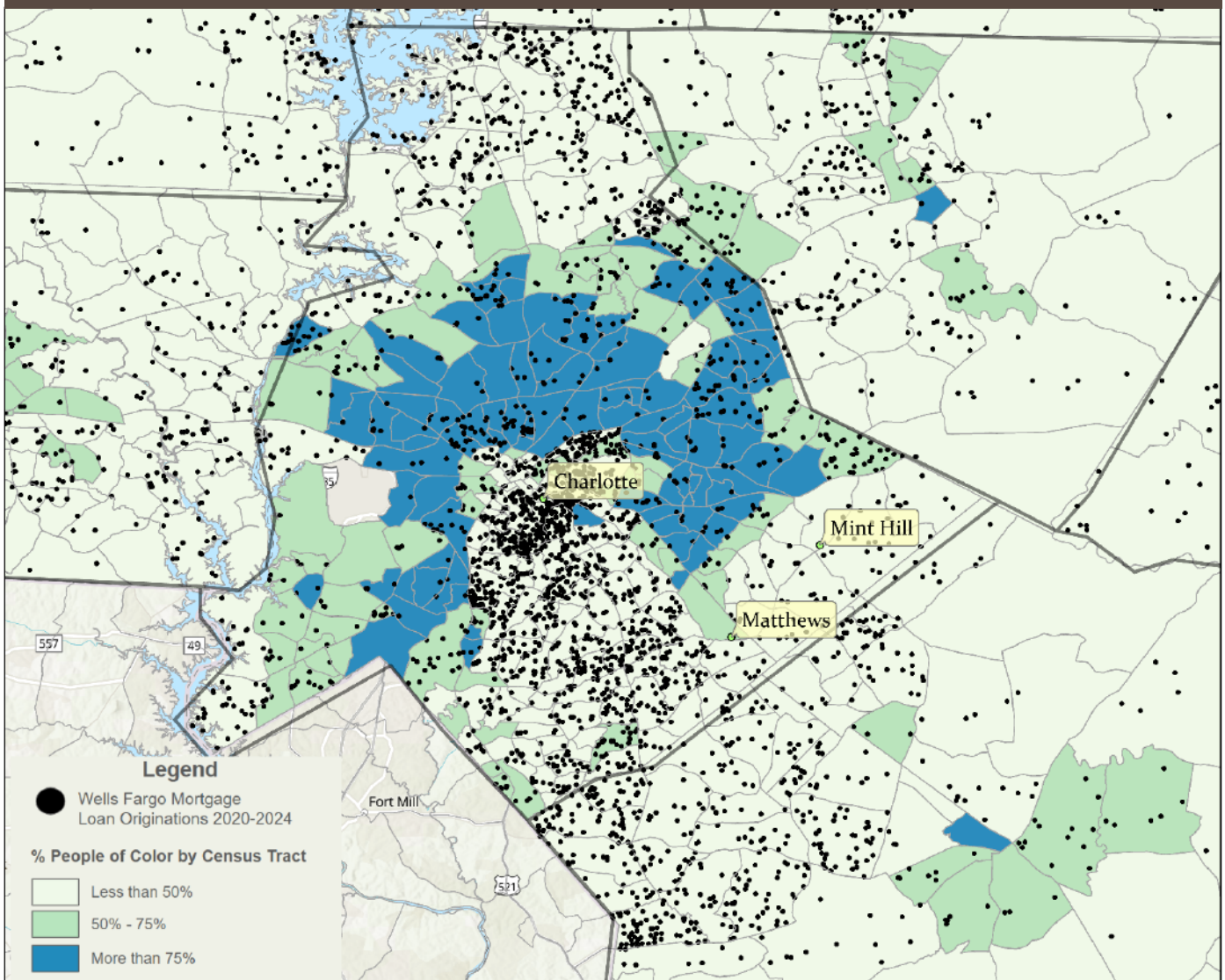
When a lender generates low levels of applications from Black and Latino families, it suggests they are not marketing mortgage products to all prospective applicants equally or that applicants of color are not confident that their applications will be fairly considered by the lender.³⁵ Shortcomings in marketing and outreach efforts—such as excluding certain neighborhoods, focusing on certain outreach efforts or having less-inclusive marketing materials—can effectively exclude Black and Latino applicants.³⁶ And the racial disparities in mortgage applications mean there are racial disparities in mortgage loan originations (or loans) as well. Those racial origination disparities are further amplified by racial disparities in loan denials (see Section II.C).

FIGURE 2: Black Adult Share of Population, Wells Fargo Mortgage Applicants and Loans (Selected Metropolitan Areas, 2020–24)



- **In Charlotte, Black adults are about three times more common in the population than in Wells Fargo's mortgage business, and Latino adults are underrepresented by one-third.** Black adults make up more than one-fifth (22.9%) of the North Carolina portion of the Charlotte metropolitan area population but were less than one-tenth of Wells Fargo's Charlotte mortgage applicants and loan originations (8.2% and 7.1%, respectively). Latino adults make up 11.0% of the Charlotte population but were only 7.4% of Wells Fargo's applicants and 6.6% of its originations in the years studied.
- **Black adults were substantially underrepresented in Wells Fargo mortgage business in four metro areas where they make up one-third of the population.** In Goldsboro and Greenville, Black adults were three times more common in the population as they were in the pool of Wells Fargo's mortgage applications and originations; in Fayetteville and Rocky Mount, Black adults were more than twice as common in the population as they were in Wells Fargo mortgage applications and originations (see Figure 2).
- **In two North Carolina metro areas, Wells Fargo took fewer than one mortgage application from Black families every six months.** Wells Fargo took fewer than 10 applications from Black applicants between 2020 and 2024—or less than one application every six months for five years: Asheville (6) and Jacksonville (7).

MAP 2 Distribution of Wells Fargo Loan Originations by Racial Composition of Census Tract, Charlotte metropolitan area 2020-2024



B. Wells Fargo appeared to underserve communities of color in North Carolina through a pattern of geographic racial disparities in applications and loans.

Wells Fargo's mortgage lending business appeared to underserve communities of color and demonstrated a pattern of racial disparities in where it took mortgage applications and where it made home purchase mortgage loans (see Map 2).

Long-standing historical and structural barriers to mortgage credit have excluded communities of color from homeownership and generational wealth building—exclusion that is a critical foundation to the persistent racial wealth gap.³⁷ When a lender generates low levels of applications from neighborhoods with predominantly Black and Latino populations, it suggests that the lender is not marketing mortgage products to the entire market or that potential borrowers seeking loans for properties in predominantly Black or Latino neighborhoods are not confident that their applications will be fairly considered by the lender.³⁸ Such patterns of geographic racial segregation have created substantial disparities in access to credit, homeownership rates, property values, capital investment and household wealth accumulation.

Wells Fargo underserves North Carolina communities of color, and its business is overrepresented in upper-income white areas. In 2020 and 2021, Wells Fargo's mortgage business underserved communities of color by about half their proportion of geographies but overrepresented upper-income white areas by nearly fourfold (see Figure 3). Neighborhoods and communities where people of color make up the majority of the population make up more than one-fourth (27.3%) of North Carolina census tracts, but Wells Fargo took only 15.4% of its mortgage applications and made only 14.2% of its loans in these areas. Predominantly white areas were overrepresented in Wells Fargo's applications and loans (71.0% of census tracts vs. 84.5% of applications and 85.8% of loans), but the overrepresentation was most dramatic in the wealthiest areas. Predominantly white upper-income areas make up only 13.2% of the state's census tracts, but Wells Fargo took nearly half of its applications and made nearly half its loans in these areas (47.3% and 49.3%, respectively)—nearly four times the share of their distribution in North Carolina census tracts.

Communities of color were underrepresented by half in Wells Fargo's Charlotte mortgage business, while upper-income white areas were overrepresented by nearly threefold.

Wells Fargo took only 18.4% of its applications and made 17.2% of its loans in Charlotte census tracts where people of color made up the majority of the population—about half the share of the population that these areas represent in the Charlotte metro area. In contrast, upper-income areas with a predominantly white population made up about three-fifths of Wells Fargo's applications and loans, which is nearly three times the share of these areas in the metro area.

Wells Fargo underperformed peer banks in taking applications and making loans in communities of color in North Carolina. Wells Fargo's share of applications from and loans in census tracts where people of color make up the majority of the

FIGURE 3: Distribution of Census Tracts, Wells Fargo Applications and Loans by Race and Income (North Carolina Statewide and Charlotte Metro Area, 2020–24)

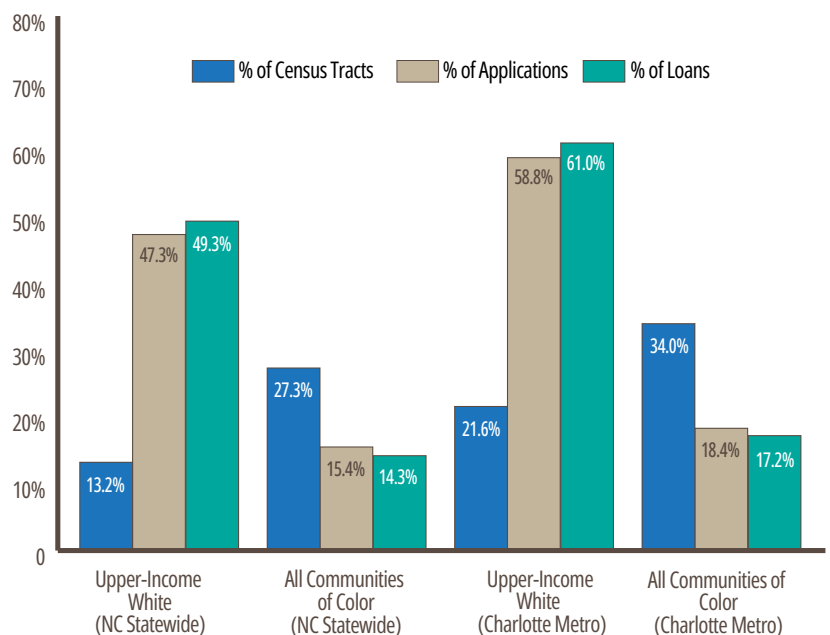
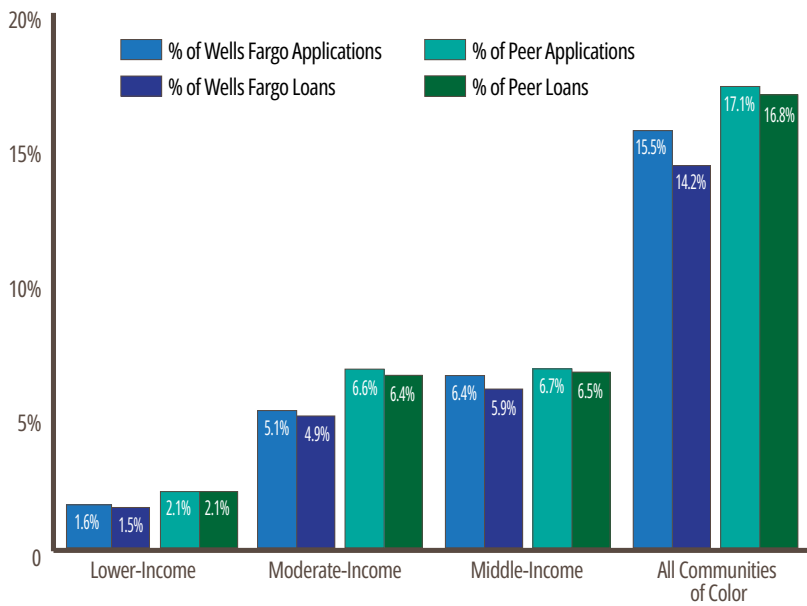


FIGURE 4: Wells Fargo's and Peer Banks' Share of Applications and Loans by Income and Statewide in North Carolina Communities of Color, 2020–24

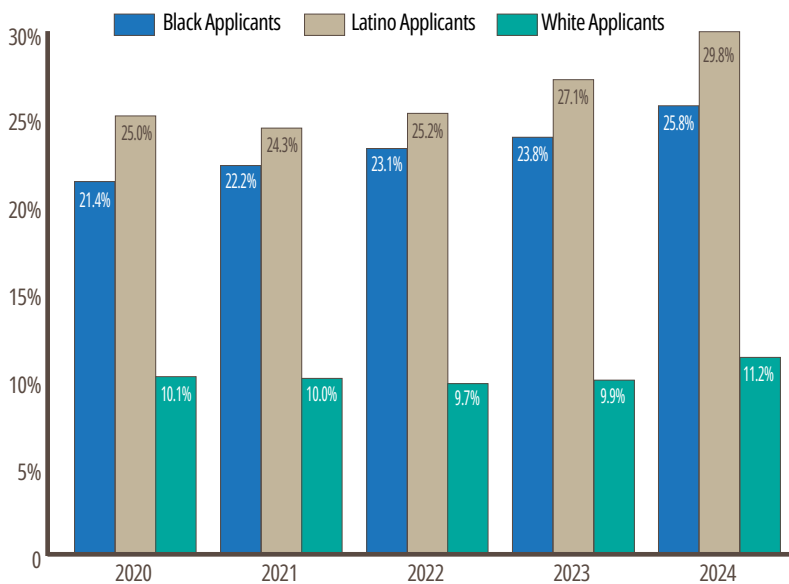


population was lower than that of their peer banks (see Figure 4). Wells Fargo took 15.5% of its applications and made 14.2% of its loans in communities of color, compared with 17.1% of applications taken and 16.8% of loans made by peer banks. This underperformance is especially stark in lower- and moderate-income census tracts where people of color make up the majority of the population, where peer banks' share of applications and loans is about 30% higher than the Wells Fargo share in these geographies.

C. Wells Fargo demonstrated a pattern of substantial racial disparities in mortgage denial rates in North Carolina.

The analysis found that Wells Fargo rejected Black, Latino and Asian mortgage loan applicants in North Carolina more than twice as frequently as it rejected white applicants. Wells Fargo rejected more than one-fifth (22.5%) of Black applicants, more than one-fourth (25.6%) of Latino applicants, and more than one-fifth (20.3%) of Asian applicants, compared with only one-tenth (10.1%) of white applicants between 2020 and 2024.

FIGURE 5: Wells Fargo Denial Rates for Black and Latino Applicants in North Carolina, 2020–24



The denial rates for Black and Latino applicants have been trending upward (see Figure 5). Wells Fargo's denial rates rose by about 20% for Black and Latino applicants between 2020 and 2024, from 21.2% to 25.6% for Black applicants and from 25.0% to 29.8% for Latino applicants during that time. The denial rate for white applicants, however, rose only 11% in the same period. The increase in denial rates for Black and Latino applicants coincided with Wells Fargo's sharply declining number of mortgage applications, making it even harder for Black and Latino families to secure home mortgage credit at Wells Fargo.

The substantially higher rejection rates for Black and Latino applicants are especially concerning because mortgage applicants are self-selecting: Only those who expect they could be approved even apply for mortgages. This self-selection was further amplified

by the pattern of underrepresentation of Black and Latino families among Wells Fargo's applications. The patterns of racial disparities in application denials were consistent across North Carolina (see Appendix Table 2).

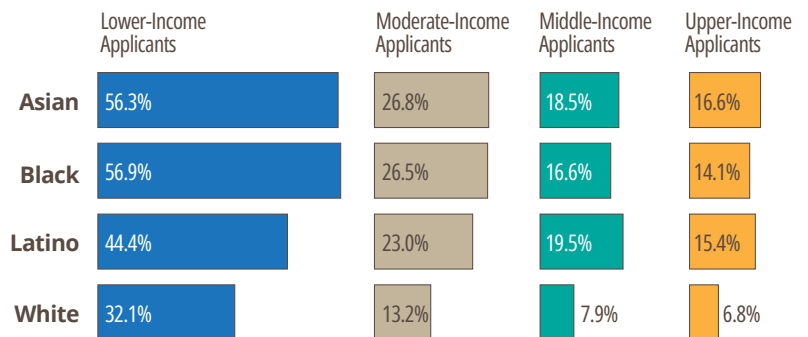
- **Wells Fargo rejected more than one-third of Black mortgage applicants in two metro areas.** Wells Fargo rejected more than one-third of Black mortgage applicants in Rocky Mount (36.0%) and Jacksonville (33.3%) metropolitan areas. In Rocky Mount, Black applicants were rejected more than three times more frequently than white applicants.

- **Wells Fargo rejected more than one-third of Latino mortgage applicants in four metro areas.** Wells Fargo rejected more than one-third of Latino applicants in New Bern (53.8%), Asheville (48.4%), Durham-Chapel Hill (33.7%), and Winston-Salem (32.0%) metro areas. Latino mortgage applicants were rejected nearly five times more frequently than white applicants in Greenville and more than three times more frequently than white applicants in Asheville, Durham-Chapel Hill, New Bern and Winston Salem.
- **Wells Fargo rejected more than one-third of all applicants of color in rural areas.** Wells Fargo rejected more than one-third of Black (34.7%) and Latino (34.2%) applicants and half (50.0%) of Asian applicants in nonmetropolitan North Carolina counties. The high rejection rates are especially concerning because there are seven predominantly Black rural counties in the Northeastern Coastal Plain (Bertie, Halifax, Hertford, Northampton, Vance, Warren and Washington).

D. Wells Fargo’s pattern of racial disparities in mortgage denials in North Carolina persisted, even when accounting for income levels.

Wells Fargo’s racial disparities in loan denials occurred at every income level, and upper-income Black, Latino and Asian applicants were even rejected more frequently than moderate-income white applicants (see Figure 6). The analysis found that the racial disparities in loan denials remained even when controlling for income, loan amount, and debt-to-income and loan-to-value ratios. This finding was consistent with analysis in a Federal Reserve Bank of Minneapolis working paper, which noted that industry-wide racial disparities in denial rates persisted even when controlling for borrower and loan characteristics.³⁹

FIGURE 6: Wells Fargo Denies Applicants of Color at Higher Rates Across All Income Levels in North Carolina



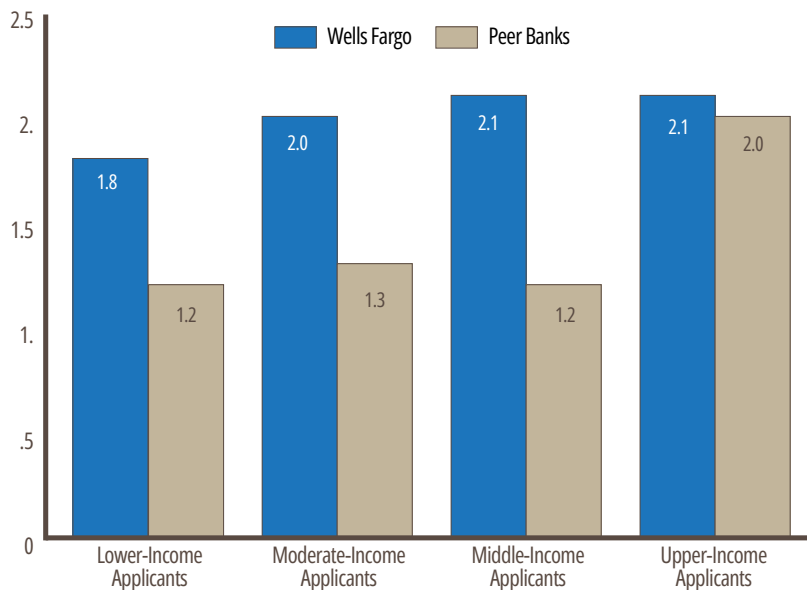
- **Wells Fargo rejected upper-income Black, Latino and Asian applicants in North Carolina twice as frequently as upper-income white applicants.** Wells Fargo rejected approximately one-seventh of upper-income Black, Latino and Asian applicants (14.1%, 15.4% and 16.6%, respectively), at least double the rate at which it rejected upper-income white applicants (6.8%).
- **Wells Fargo rejected upper-income Black, Latino and Asian applicants in North Carolina more frequently than it did middle- and moderate-income white applicants.** Wells Fargo rejected 7.9% of middle-income and 13.2% of moderate-income white applicants, both lower rates than the rejection rates of upper-income Black, Latino and Asian applicants.⁴⁰ For comparison, using statewide income levels, this means Wells Fargo rejected Black, Latino and Asian applicants earning more than \$87,000 more frequently than it rejected white applicants earning between \$36,000 and \$58,000.
- **Wells Fargo rejected upper-income Black, Latino and Asian applicants in the Charlotte metro area twice as frequently as it rejected upper-income white applicants—and even more frequently than it rejected moderate-income white applicants.** Wells Fargo rejected more than 1 in 10 Black (14.3%), Latino (15.7%), and Asian (17.5%) upper-income applicants in the Charlotte metro area—more than double its rejection rate for upper-income white applicants (5.9%) and more frequently than it denied moderate-income white applicants (12.9%). This means applicants of color earning more than \$103,000 (the upper-income threshold in the Charlotte metro area) were more likely to be denied loans than white applicants earning between \$43,000 and \$68,000 (the moderate-income band in the Charlotte metro area).⁴¹

■ **Wells Fargo exhibited similar racial disparities in denial rates across income levels in Durham-Chapel Hill, Greensboro-High Point, Raleigh-Cary and Winston-Salem.**

In Durham-Chapel Hill, Wells Fargo rejected upper-income Latino applicants (20.0%) earning more than \$100,000 almost three times as frequently as it rejected upper-income white applicants (6.8%) and more frequently than lower-income white applicants (18.5%) earning less than \$42,000. In Greensboro-High Point and Raleigh-Cary, Wells Fargo rejected upper-income Black applicants more frequently than moderate-income white applicants (see Appendix Table 3). In Winston-Salem, Wells Fargo rejected upper-income Latino applicants more frequently than moderate-income white applicants.

Wells Fargo rejected middle-income Latino applicants more than three times more frequently than middle-income white applicants in Durham-Chapel Hill, Greensboro-High Point, Raleigh-Cary and Winston-Salem metro areas.

FIGURE 7: Wells Fargo Denial Ratios for Black Applicants Higher than Peers at Every Income Level (Denial ratio is Black denial rate divided by white denial rate)



■ **Wells Fargo had higher rejection ratios for Black applicants at every income level than did peer banks.** Wells Fargo rejected Black applicants about twice as frequently as it rejected white applicants at every income level—a larger racial disparity in denial rates than was exhibited by other peer banks in North Carolina (see Figure 7). The difference between Wells Fargo and other similar mortgage lending banks is most pronounced at lower income levels, as peer banks rejected middle-, moderate- and low-income Black applicants between 20% and 30% more frequently than they rejected white applicants with similar incomes, which was far below the racial rejection gaps at Wells Fargo.

E. Wells Fargo’s racial pricing disparities raise costs and reduce household wealth for Black and Latino borrowers in North Carolina.

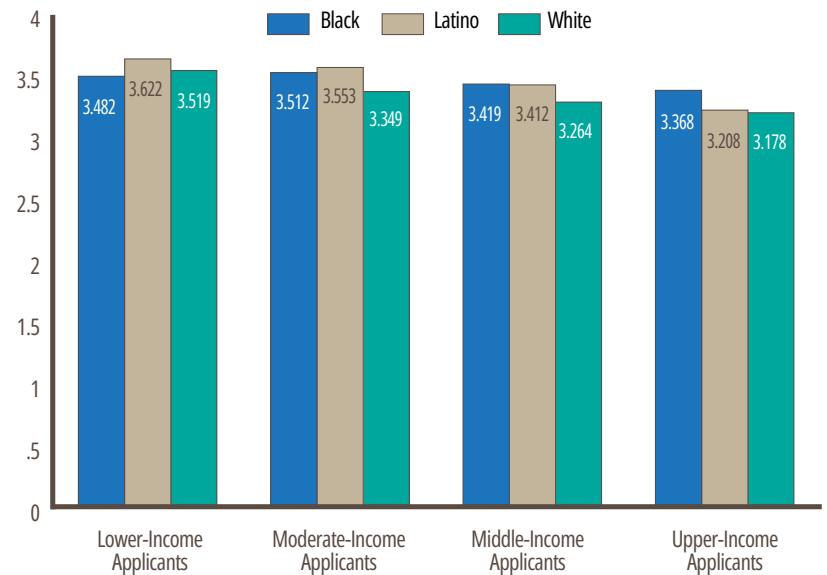
Wells Fargo’s mortgage lending demonstrated a pattern of racial pricing disparities—that is, the bank offered home mortgage credit at higher prices to Black and Latino borrowers than to white borrowers. Lenders are not required to offer the most affordable mortgage for which borrowers qualify, and opportunistic pricing can raise costs for households that make it more difficult for them to make ends meet.

The HMDA data identify the spread between the interest rates that borrowers receive and the average prime offer rate when the loan originated.⁴² Borrowers who receive higher rate spreads represent higher-priced loans, and patterns of racial disparities in loan pricing mean that borrowers of color pay more than white borrowers to access mortgage credit. Over the life of a loan, even small increases in mortgage rates mean that borrowers pay substantially more, reducing their household wealth accumulation and contributing to racial wealth gaps.

■ **Wells Fargo charged higher rate spreads to Black and Latino borrowers than white borrowers.** The average interest rate spread for Black and Latino borrowers at Wells Fargo was more than two times higher than it was for white borrowers during the period examined. Overall, Black and Latino borrowers paid 0.31 and 0.33 percentage points, respectively, above the average prime offer rate—more than twice the rate spread of 0.14 percentage points offered to white borrowers. These gaps were consistent even when accounting for borrowers who purchased points to lower their interest rates.

■ **Wells Fargo charged higher interest rates to Black and Latino borrowers at almost every income level.** Wells Fargo charged Black and Latino borrowers higher interest rates (higher rate spreads) at almost every income level between 2020 and 2021 (see Figure 8). Wells Fargo made more than 8,800 mortgage loans in North Carolina during this two-year period, and interest rates were lower than they are today and relatively steady. Middle-income Black and Latino borrowers were charged interest rates 15 basis points higher than middle-income white borrowers (with rate spreads nearly 80% higher) and upper-income Black borrowers were charged interest rates 19 basis points higher (with rate spreads that were three times as high as for white borrowers).

FIGURE 8: Wells Fargo Average Interest Rates by Race and Income (North Carolina, 2020–21)



Note: Excludes nonconforming loans; interest rate is the Home Mortgage Disclosure Act rate spread plus the average prime offering rate of 3.089% between 2020 and 2021.

■ **Wells Fargo’s racial pricing disparities impose real costs on middle-income Black borrowers.** Between 2020 and 2021, Wells Fargo made nearly 160 mortgage loans to middle-income Black borrowers that were, on average, 5% more expensive than those offered to middle-income white borrowers. This analysis looks at middle-income borrowers because they provide a snapshot of comparable applicants across racial groups – these households earned right around the median household income of the metro areas where they lived (between 80% and 119% of the area median income), and the white and Black borrowers had, on average, similar financial profiles with similarly-sized loans (see Table 1). But because of the higher interest rates Black borrowers were given, they would pay more than \$10,500 over the life of the loan in extra interest rate costs—preventing Black households from building wealth. This amount would be equivalent to a 24% increase in the typical Black household’s \$44,000 net worth in 2022,⁴³ which represents money that could not be invested in the family.

TABLE 1 Wells Fargo Pricing Disparities for Middle-Income Borrowers in North Carolina, 2020–21

	Black	White
Income	\$73,506	\$73,977
Home price	\$273,198	\$289,922
Loan-to-value ratio	88.5%	81.6%
Debt-to-income ratio	41.3%	41.9%
Interest rate	3.419%	3.264%
Total interest payments	\$145,187	\$134,686
Difference in interest payments	\$10,501	
Household wealth increase	23.9%	

Conclusions and Recommendations

Wells Fargo is a major North Carolina bank. It is the largest bank mortgage lender in the state and the fourth-largest bank in terms of deposits. It has a checkered history of not meeting its fair lending and consumer protection obligations. This analysis found a significant pattern of racial disparities in Wells Fargo's conventional home purchase mortgage lending across multiple dimensions. During the period studied, Black, Latino and Asian people and neighborhoods were underrepresented in the bank's applications and loan originations; Wells Fargo rejected Black, Latino and Asian mortgage applicants at far higher rates than it rejected white applicants (a pattern that persisted even for applicants of similar incomes); and Black and Latino borrowers who were approved for mortgages were charged higher interest rates than white borrowers.

Families need equitable and affordable access to sustainable home purchase mortgage credit to achieve the American dream of homeownership—a critical foundation for building household wealth. Racial disparities in mortgage lending make it harder for Black and Latino families to become homeowners, which contributes to the racial wealth gap. The patterns of disparities in Wells Fargo's home purchase mortgage lending raise substantial concerns that the bank may not be equitably meeting credit needs in North Carolina—to the detriment of economic opportunity and security for impacted households and communities. **These patterns must be addressed.**

Wells Fargo must equitably meet the credit needs of all North Carolinians. Wells Fargo must improve its performance in meeting mortgage credit needs in North Carolina. Meeting credit needs includes improving the bank's outreach to Black, Latino and Asian applicants and communities and making sure it offers credit on an equitable and affordable basis. The bank should also confront the racial bias and fair lending risks posed by artificial intelligence-powered and algorithmic underwriting models.

Regulators must investigate Wells Fargo's compliance with fair lending laws. This analysis identified troubling patterns of racial disparities in Wells Fargo's conventional home purchase mortgage lending that warrant further investigation to assess the bank's compliance with civil rights and fair lending laws. State and local officials should investigate, enforce the law and hold lawbreakers accountable. Other related questions also merit close examination, including but not limited to whether Black and Latino borrowers are steered to government-backed mortgages, whether Black and Latino borrowers are able to equitably access affordable mortgage refinance credit, and whether Black and Latino customers are able to equitably access other forms of credit (such as small business and farm loans and other consumer credit).

Local government officials should investigate Wells Fargo's performance at the local level and revisit any business relationships between their communities and the bank. This report has identified especially troubling patterns of racial disparities in some North Carolina metropolitan areas that deserve critical attention. North Carolina's local governments should investigate Wells Fargo's performance and, if appropriate, reevaluate their business relationship with the bank.

Wells Fargo should respect workers' freedom of association and bargain fair contracts that enable frontline workers to "regulate from below." Through a union contract, workers gain job security and protection from retaliation so they are more able to blow the whistle on discriminatory and unfair practices. Wells Fargo should halt its union-busting and engage in good faith negotiations with its workers who have formed unions.

Methodology

This analysis examined Home Mortgage Disclosure Act (HMDA) data for Wells Fargo's conventional, single-family, first-lien, owner-occupied, home purchase mortgages in North Carolina between 2020 and 2024. Wells Fargo took 24,544 mortgage applications and made 16,061 originations. The analysis excluded the 10,873 mortgages that Wells Fargo purchased from other mortgage originators over this period.

Race/ethnicity: The simplified racial and ethnicity categories were derived from the race and ethnicity data fields from applicants and co-applicants in the HMDA data. Latino applicants were applicants of any race who identified as Latino, and the category deleted those who identified as Latino from all other race categories, renaming the categories Black, Latino, white, Asian, Other (including the 35 applications over five years from the American Indian, Alaskan Native, and Native Hawaiian or Pacific Islander categories), 2 or More, or Missing, in accordance with common practice.⁴⁴ This analysis focused on the Black, Latino, Asian and white categories.

Denial rates and ratios: The denial rate is the number of denied applications divided by the sum of denials and originations (excluding applications that were approved but not accepted, withdrawn or incomplete), in accordance with other research.⁴⁵

Applicant or geography household income: Household income of the individual applicants or the median household income of census tracts is based on the HMDA categories related to the metropolitan or micropolitan area median household income, with lower-income households (or census tracts) below 50% of the area median income, moderate-income households (or census tracts) between 50% and 79% of the area median income, middle-income households (or census tracts) between 80% and 119% of the area median income, and upper-income households (or census tracts) at 120% of the area median income and above.

Peer banks: Peers include four other banks that rank in the top 15 mortgage lenders in North Carolina between 2020 and 2024, each with at least 1% of the market: Truist, Bank of America, J.P.Morgan Chase, and First Citizens Bank & Trust. Wells Fargo is the largest bank mortgage lender among these banks in North Carolina and the third largest among all lenders in the HMDA data set, as measured by all conventional home mortgage lending and purchase mortgage activity (all "actions taken" in the data). Wells Fargo, Truist, Bank of America and First Citizens are also in the top five banks in North Carolina, as measured by deposits.⁴⁶

Mortgage pricing: Mortgage pricing was calculated by adding the rate spread data element from the HMDA data to the average prime offer rate (APOR), which is reported by the Consumer Financial Protection Bureau.⁴⁷ These calculations excluded nonconforming loans and were based on the fixed-rate APOR during the years 2020 and 2021, when Wells Fargo made more than 8,800 mortgage loans and interest rates remained fairly steady and below 4%.

Population and geography by race and income: The population demographics by race and income were calculated for metropolitan areas and census tracts using U.S. Census Bureau data. The metropolitan area population is the share of the population by race and age.⁴⁸ The nonmetropolitan area population is the share of the total population by race from the Rural Health Information Hub.⁴⁹ The census tract population is from the Census Bureau Decennial Census Table P1: Race and American Community Survey 2024 median household income.⁵⁰ Brunswick County was included in the Wilmington metropolitan statistical area (MSA) for the entirety of this analysis; it was moved from the Myrtle Beach MSA into the Wilmington MSA in the middle of the study period but was considered part of Wilmington for the entirety of this analysis. For the two MSAs that cross state boundaries (Charlotte and Virginia Beach), the data throughout the report included only North Carolina counties. The analysis of the geographic distribution of applications and loans used the 2020 and 2021 years for the distribution of census tracts. This period represents the majority of the Wells Fargo lending and was before the decennial census, which allowed a single consideration of the distribution of census tract demographic categories.

Appendix

TABLE 1: Adult Population and Wells Fargo Mortgage Applications and Loans by Race and Metropolitan Area, 2020–24

Metropolitan Area	Total Applicants Total Loans	Total Loans	Black				Latino				White				Asian			
			Black Applicants	% of Adult Population	% of Applicants	% of Loans	Latino Applicants	% of Adult Population	% of Applicants	% of Loans	White Applicants	% of Adult Population	% of Applicants	% of Loans	Asian Applicants	% of Adult Population	% of Applicants	% of Loans
Asheville	781	479	6	4.6%	0.8%	1.0%	43	7.4%	5.5%	3.3%	638	84.9%	81.7%	85.2%	14	1.3%	1.8%	1.7%
Burlington	378	271	43	21.2%	11.4%	8.9%	34	12.0%	9.0%	10.3%	229	63.1%	60.6%	63.8%	19	1.9%	5.0%	4.1%
Charlotte-Concord-Gastonia	8,050	5,321	657	22.9%	8.2%	7.1%	592	11.0%	7.4%	6.6%	4,761	59.6%	59.1%	64.7%	901	4.8%	11.2%	8.3%
Durham-Chapel Hill	1,531	942	117	24.4%	7.6%	6.1%	118	10.4%	7.7%	6.3%	850	57.6%	55.5%	61.5%	162	5.6%	10.6%	8.7%
Fayetteville	582	373	92	37.6%	15.8%	13.1%	81	11.3%	13.9%	13.7%	301	42.9%	51.7%	53.9%	25	2.7%	4.3%	3.5%
Goldsboro	269	189	25	31.6%	9.3%	8.5%	67	10.1%	24.9%	24.3%	137	54.9%	50.9%	57.1%	9	1.3%	3.3%	1.6%
Greensboro-High Point	1,633	1,124	188	26.8%	11.5%	10.0%	127	8.2%	7.8%	6.6%	904	59.1%	55.4%	60.1%	185	4.0%	11.3%	9.4%
Greenville	352	279	40	34.4%	11.4%	10.4%	21	6.4%	6.0%	4.3%	219	55.3%	62.2%	66.3%	34	2.1%	9.7%	10.4%
Hickory-Lenoir-Morganton	532	339	12	6.6%	2.3%	2.1%	53	6.9%	10.0%	9.7%	399	82.2%	75.0%	76.4%	21	2.9%	3.9%	4.1%
Jacksonville	178	120	7	14.1%	3.9%	3.3%	12	12.4%	6.7%	6.7%	128	67.8%	71.9%	73.3%	3	2.3%	1.7%	0.8%
New Bern	193	110	13	20.0%	6.7%	6.4%	17	5.8%	8.8%	5.5%	135	69.6%	69.9%	76.4%	15	2.3%	7.8%	3.6%
Nonmetropolitan area	2,350	1,384	122	19.6%	5.2%	4.6%	252	9.0%	10.7%	9.6%	1,655	65.4%	70.4%	74.1%	36	0.9%	1.5%	0.9%
Raleigh-Cary	5,269	3,409	312	19.4%	5.9%	5.4%	321	10.1%	6.1%	5.4%	2,825	61.5%	53.6%	61.0%	1,039	7.0%	19.7%	14.5%
Rocky Mount	153	100	33	45.8%	21.6%	16.0%	18	5.7%	11.8%	12.0%	77	46.1%	50.3%	57.0%	6	0.8%	3.9%	2.0%
Virginia Beach-Chesapeake-Norfolk (NC portion)	110	79	2	11.8%	1.8%	1.3%	8	3.4%	7.3%	7.6%	81	81.4%	73.6%	73.4%	1	1.1%	0.9%	1.3%
Wilmington	954	639	11	10.5%	1.2%	1.1%	39	5.4%	4.1%	3.8%	784	81.1%	82.2%	84.5%	13	1.1%	1.4%	1.3%
Winston-Salem	1,288	895	96	17.5%	7.5%	6.6%	120	9.2%	9.3%	7.6%	854	69.8%	66.3%	70.7%	71	2.0%	5.5%	5.0%
All North Carolina	24,615	16,061	1,776	20.7%	7.2%	6.4%	1,923	8.9%	7.8%	6.9%	14,989	64.6%	60.9%	66.0%	2,554	3.4%	10.4%	7.9%

Note: Total includes Pinehurst-Southern Pines, which had 12 applications over five years; population data from Census Bureau; nonmetropolitan area population is total population according to Rural Health Information Hub (ruralhealthinfo.org).

TABLE 2: Wells Fargo Denial Rates and Ratios by Race and by Metropolitan Area, 2020–24

Metropolitan Area	Overall Denial Rate (%)	Denial Rate (%)				Denial Ratio		
		Black Applicants	Latino Applicants	Asian Applicants	White Applicants	Black Applicants	Latino Applicants	Asian Applicants
Asheville	17%	16.7%	48.4%	38.5%	13.7%	1.21	3.52	2.80
Burlington	12%	25.0%	6.7%	15.4%	9.9%	2.53	0.67	1.55
Charlotte	12%	20.5%	23.5%	16.2%	7.9%	2.61	2.99	2.06
Durham-Chapel Hill	15%	26.9%	33.7%	18.8%	10.1%	2.67	3.34	1.86
Fayetteville	16%	24.6%	21.5%	27.8%	12.6%	1.95	1.71	2.20
Goldstboro	16%	20.0%	22.0%	57.1%	7.7%	2.60	2.86	7.43
Greensboro-High Point	13%	22.2%	22.1%	19.7%	8.4%	2.64	2.63	2.34
Greenville	9%	12.1%	29.4%	6.5%	6.1%	1.99	4.83	1.06
Hickory-Lenoir-Morganton	18%	22.2%	23.3%	22.2%	15.4%	1.45	1.51	1.45
Jacksonville	17%	33.3%	20.0%	50.0%	14.6%	2.29	1.37	3.43
New Bern	25%	30.0%	53.8%	66.7%	16.8%	1.78	3.20	3.96
Nonmetropolitan area	23%	34.7%	34.2%	50.0%	18.5%	1.87	1.84	2.70
Raleigh-Cary	12%	19.7%	19.2%	21.7%	7.5%	2.63	2.57	2.90
Rocky Mount	20%	36.0%	29.4%	33.3%	10.9%	3.29	2.69	3.05
Virginia Beach (NC portion)	15%	50.0%	14.3%	0.0%	14.7%	3.40	0.97	n/a
Wilmington	12%	0.0%	17.2%	11.1%	11.2%	n/a	1.54	0.99
Winston-Salem	14%	21.3%	32.0%	22.4%	9.6%	2.23	3.34	2.34
North Carolina total	13.9%	22.5%	25.6%	20.3%	10.1%	2.23	2.54	2.01

Note: Denial ratios are the denial rates for Black, Latino or Asian applicants divided by the denial rate for white applicants.

TABLE 3 Wells Fargo Denial Rates and Ratios by Race and Income, Selected Metro Areas, 2020–24

Metropolitan Area	Race and Income	Denial Rates				Denial Ratios			
		Lower-Income Applicants	Moderate-Income Applicants	Middle-Income Applicants	Upper-Income Applicants	Lower-Income Applicants	Moderate-Income Applicants	Middle-Income Applicants	Upper-Income Applicants
Charlotte	Black	59.1%	20.9%	17.6%	14.3%	2.11	1.62	2.25	2.44
	Latino	44.4%	22.9%	18.5%	15.7%	1.58	1.77	2.37	2.68
	Asian	70.0%	13.0%	11.9%	17.5%	2.49	1.01	1.53	2.98
	White	28.1%	12.9%	7.8%	5.9%				
Durham-Chapel Hill	Black	60.0%	44.4%	31.6%	3.0%	3.24	2.33	5.50	0.45
	Latino	53.6%	18.2%	33.3%	20.0%	2.89	0.95	5.81	2.95
	Asian	75.0%	27.3%	12.0%	15.0%	4.05	1.43	2.09	2.21
	White	18.5%	19.1%	5.7%	6.8%				
Greensboro-High Point	Black	45.8%	37.5%	6.5%	14.8%	1.71	3.72	0.72	3.37
	Latino	36.4%	13.8%	27.8%	5.0%	1.36	1.37	3.12	1.14
	Asian	35.7%	39.3%	14.3%	9.2%	1.33	3.90	1.60	2.11
	White	26.8%	10.1%	8.9%	4.4%				
Raleigh-Cary	Black	47.8%	25.0%	11.6%	11.5%	1.96	3.09	2.62	1.94
	Latino	31.1%	17.9%	22.9%	7.0%	1.28	2.21	5.18	1.18
	Asian	50.0%	21.7%	18.9%	19.4%	2.05	2.69	4.27	3.26
	White	24.4%	8.1%	4.4%	5.9%				
Winston-Salem	Black	66.7%	11.1%	25.0%	4.0%	1.83	1.09	3.18	0.77
	Latino	37.0%	24.2%	42.9%	19.0%	1.02	2.39	5.45	3.69
	Asian	71.4%	23.1%	33.3%	7.7%	1.96	2.27	4.24	1.49
	White	36.4%	10.2%	7.9%	5.2%				

Note: Denial ratios are the denial rates for Black, Latino or Asian applicants divided by the denial rate for white applicants.

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