

As We Celebrate Asian American and Pacific Islander Heritage Month, Mortgage Industry Fees And Disparities Undermine AAPI Homeownership

SUMMARY: As the nation celebrates [Asian American and Pacific Islander Heritage Month](#), an Accountable.US review has found that the Asian American Pacific Islander (AAPI) community could benefit from the Consumer Financial Protection Bureau's (CFPB's) vow to fight exploitative "[junk fees](#)" in mortgages and other financial services.

In July 2021, the CFPB issued a [report](#) on mortgage issues affecting the AAPI community while showing that the cohort is not a "[monolithic group](#)," but a diverse group comprised of Asian Indian, Chinese, Japanese, Hawaiian, Samoan, and other Pacific Islander people who together pay an average of \$618 more in home loan costs than white borrowers, among the many other homebuying disparities they face.

More widely, the AAPI community has a homeownership rate of only [60%](#)—15 percentage points less than white consumers—and many segments of the AAPI community face [higher loan denial rates](#) than white applicants despite higher average credit scores and incomes. This lack of homebuying access is part of the larger set of "[structural barriers](#)" facing the AAPI community, which has only [half the median net worth](#) of white families and suffers [significantly higher rental fees](#) that sap savings and hinder homebuying. On top of all this, Asian-American homebuying significantly fell during the pandemic, reportedly due to "[the immense increase in anti-Asian crimes](#)."

While the AAPI community is confronted by these larger homebuying disparities, two of the biggest mortgage companies have troubling records on racial equity that have affected Asian borrowers:

- **Wells Fargo**—the "[largest bank home mortgage originator](#)"—has [balked](#) at demands for racial equity audits after it disproportionately [denied](#) home refinancing applications from Asian Americans and other minorities and paid a [\\$10 million](#) settlement over its racial refinancing practices.
- **Quicken Loans' Rocket Mortgage**—2021's [biggest mortgage originator](#)—has been criticized for [perpetuating systemic inequality](#) through its algorithms, with Asian American and other communities [paying more](#) in loan fees and interest despite not disclosing their race or demographic data.

As The Consumer Financial Protection Bureau Fights "Junk Fees" In Mortgages And Other Financial Services, Asian American And Pacific Islander (AAPI) Homebuyers Pay Nearly \$618 More In Home Loan Costs Than White Borrowers And Many AAPI Consumers Face Higher Loan Denials Despite Higher Average Credit Scores And Incomes.

July 2021: The Consumer Financial Protection Bureau (CFPB) Issued A Report On Mortgage Market Disparities Among Asian American And Pacific Islander (AAPI) Borrowers, Dispelling The "Myth" That They're A "Monolithic Group" While Finding That The Overall AAPI Homeownership Rate Was About 15 Percentage Points Lower Than That Of White Consumers.

July 2021: The Consumer Financial Protection Bureau (CFPB) Issued A Report On Asian American And Pacific Islanders In The Mortgage Market, Noting That The "Model Minority Myth Characterizes Them

As A Monolithic Group," Despite Major Differences Among Asian Indian, Chinese, Japanese, Hawaiian, Samoan, And Other Pacific Islander Communities. "Asian American and Pacific Islanders (AAPIs) are often seen as a homogeneous group. Even though this expansive demographic group ranges from Asian Indians, Chinese, and Japanese to Hawaiians, Samoans, and other Pacific Islanders, the Model Minority myth characterizes them as a monolithic group, with uniform high achievement and high income, relatively untouched by racial and ethnic discrimination. This myth minimizes both the extensive diversity among AAPI subgroups, who have different histories, cultures, and socioeconomic statuses, and the extent of racial and ethnic discrimination experienced by AAPI communities." [Consumer Financial Protection Bureau, [07/01/21](#)]

- **TITLE: Challenging the Model Minority Myth: A closer look at Asian American and Pacific Islanders in the mortgage market** [Consumer Financial Protection Bureau, [07/01/21](#)]
- **The Report Studied 2020 Home Mortgage Disclosure Act (HMDA) Loan Data.** "Using the 2020 Home Mortgage Disclosure Act (HMDA) mortgage loan data, the CFPB examined the differences in mortgage characteristics within the AAPI population" [Consumer Financial Protection Bureau, [07/01/21](#)]

The CFPB Report Found That AAPIs Overall Had A Homeownership Rate Of About 60%—About Fifteen Percentage Points Lower Than Non-Hispanic Whites—Affecting The Community's "Upward Socioeconomic Mobility" And Generational Wealth. "AAPIs, as a group, have a lower rate of homeownership, around 60 percent, than do non-Hispanic Whites, around 75 percent. Residential real estate makes up a substantial portion of household assets and can lead to upward socioeconomic mobility through wealth accumulation and intergenerational wealth transfers. Inability to access lower-priced credit and disparities in home ownership rates likely widen racial wealth." [Consumer Financial Protection Bureau, [July 2021](#)]

- **As Of Q1 2022, AAPI Homeownership Was At 59.4% While Non-Hispanic White Homeownership Was 74%.** "For homeownership rates by race, the first quarter 2022 homeownership rate for non-Hispanic White Alone householders reporting a single race was highest at 74.0 percent. The rate for Asian, Native Hawaiian and Pacific Islander Alone householders was second at 59.4 percent and the rate for Black Alone householders was lowest at 44.7 percent. The homeownership rates for each race category were not significantly different from the first quarter 2021 rates." [United States Census Bureau, [04/27/22](#)]

The CFPB Report Found That AAPI Mortgage Borrowers Paid An Average \$618 More In Loan Costs Than White Borrowers, While Chinese, Asian Indian, Vietnamese, Native Hawaiian, And Other Pacific Islanders Experienced Higher Loan Denials Despite Higher Average Credit Scores And Incomes.

The CFPB Report Found That AAPI Mortgage Borrowers Paid An Average \$5,874 In Mortgage Loan Costs—\$618 Or 11% More Than The Average \$5,256 That Non-Hispanic White Borrowers Paid:

TABLE 1: MORTGAGE CHARACTERISTICS BY RACE, ETHNICITY AND AAPI SUBGROUPS: HOME PURCHASE LOANS

	Originations	Average Loan Amount	Average Property Value	Average Loan Costs	Average Interest Rate	% Jumbo Loans	% LMI Tracts	% Minority Neighborhood	% Metro Area
Race and ethnicity									
Non-Hispanic White	2,355,666	\$295,757	\$359,529	\$5,256	3.23%	4%	13%	9%	88%
[...]									
AAPI	232,121	\$435,056	\$555,681	\$5,874	3.11%	10%	15%	35%	98%

[Consumer Financial Protection Bureau, [July 2021](#)]

The CFPB Also Found That Borrowers Who Broadly Identified As Asian Paid An Average \$6,057 In Mortgage Loan Costs—\$801 Or 15% More Than The Average \$5,256 That Non-Hispanic White Borrowers Paid:

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[...]									
AAPI Subgroups									
Asian (No subgroup)	59,993	\$414,843	\$534,543	\$6,057	3.15%	9%	17%	36%	98%

[Consumer Financial Protection Bureau, [July 2021](#)]

Hawaiian Or Pacific Islander (HoPI) Borrowers "Paid Higher Interest Rates And Loan Costs Than Asian Borrowers," With "Considerable Variation" Among The HoPI Community. "Using the 2020 Home Mortgage Disclosure Act (HMDA) mortgage loan data, the CFPB examined the differences in mortgage characteristics within the AAPI population. In general, borrowers who identified their AAPI subgroup as Asian Indian or Chinese paid lower interest rates than non-Hispanic White borrowers. Hawaiian or Pacific Islanders (HoPIs), as a group, paid higher interest rates and loan costs than Asian borrowers, with considerable variation within subgroups of HoPIs." [Consumer Financial Protection Bureau, [07/01/21](#)]

- **HoPI Borrowers "Paid Higher Total Loan Costs Than Asian Borrowers," With Higher "Charges For The Services That Borrowers Cannot Shop For (E.G., Appraisal Or Credit Report Fees) And Services That Borrowers Can Shop For (E.G., Settlement Agent Or Title Insurance Fees)."** "The study also found that HoPI paid higher total loan costs than Asian borrowers. The total loan cost is the sum of origination charges that lenders charge. It includes charges for the services that borrowers cannot shop for (e.g., appraisal or credit report fees) and services that borrowers can shop for (e.g., settlement agent or title insurance fees)." [Consumer Financial Protection Bureau, [07/01/21](#)]

The Study Found That Native Hawaiian And Samoan Borrowers Home Loan Costs Were Nearly 50% Higher Than Those Of Chinese And Asian Indian Borrowers, With An Average Difference Of \$2,700 Per Loan Between The Two Groups. "Chinese and Asian Indian borrowers' loan costs averaged around \$5,400 per loan, while the average loan cost for Native Hawaiian and Samoan borrowers was nearly 50 percent higher, at around \$8,100 per loan." [Consumer Financial Protection Bureau, [07/01/21](#)]

Chinese And Asian Indian Borrowers Had Higher Loan Denial Rates Than Non-Hispanic Whites, Despite "Higher Average Credit Scores And Incomes." "For example, Chinese and Asian Indian borrowers paid lower interest rates, on average, than non-Hispanic White borrowers. On the other hand, even though they had higher average credit scores and incomes, and lower combined-loan-to-value (CLTV) ratios, their denial rates were higher than that for non-Hispanic White borrowers." [Consumer Financial Protection Bureau, [July 2021](#)]

Vietnamese, Native Hawaiian, And Other Pacific Islanders Had Loan Denial Rates Similar To Black And Hispanic White Borrowers, Despite "Higher Average Credit Scores And Incomes." "Hawaiian or Pacific Islander (HoPI) borrowers had lower income and credit scores, higher CLTVs, debt-to-income ratios (DTI), and denial rates than the other AAPI subgroups. Furthermore, although Vietnamese, Native Hawaiian, and Other Pacific Islander borrowers had higher average credit scores and incomes, and lower median DTIs and CLTVs

than Black and Hispanic White borrowers, their denial rates were similar to those for Black and Hispanic White borrowers." [Consumer Financial Protection Bureau, [July 2021](#)]

January 2022: CFPB Director Rohit Chopra Announced, "A New Effort To Help Save American Families Billions Of Dollars In Junk Fees," Including Mortgage Fees And Other Banking Charges.

January 2022: CFPB Director Rohit Chopra Announced The Bureau Was "Launching A New Effort To Help Save American Families Billions Of Dollars In Junk Fees," Requesting Information About Mortgage Fees And Other Banking Charges. "Banking is no different. Today, the CFPB is launching a new effort to help save American families billions of dollars in junk fees in their financial life. We are requesting public input about the fees imposed on us across consumer financial products, like on bank accounts, credit cards, and mortgages." [Consumer Financial Protection Bureau, [01/26/22](#)]

- **Release Title: Prepared Remarks of CFPB Director Rohit Chopra on the Junk Fees RFI Press Call** [Consumer Financial Protection Bureau, [01/26/22](#)]

Director Chopra Noted That "Americans Are Now Experiencing More And More Anticompetitive Fees" Due To Increased Industry Consolidation And Domination. "This week, President Biden convened members of his cabinet and other agency heads to talk about actions we can take in a whole-of-government approach to spur competition in our economy. As sectors of our economy have become more consolidated and dominated, Americans are now experiencing more and more anticompetitive fees. Service charges inflate ticket prices, resort fees hike our costs to stay in hotels, and our phone bills are often laden with mystery charges. These junk fees make it harder for us to choose the best product or service, since the true cost is hidden." [Consumer Financial Protection Bureau, [01/26/22](#)]

April 2022: 21 State Attorneys General Asked The CFPB To Investigate Mortgage Servicers' Convenience Or "Pay To Pay" Charges As Part Of Its Junk Fee Efforts, Calling Them "Particularly Insidious" Because Consumers Can't Choose Mortgage Servicers And Criticizing Industry For Imposing Extra Costs Just To Perform Its "Core Function" Of Processing Payments.

April 2022: Attorneys General From 20 States And The District Of Columbia Wrote To CFPB Director Rohit Chopra Asking Him To Investigate Mortgage Servicers' Convenience Fees As Part Of The Bureau's Work On Junk Fees. "Dear Director Chopra: [...] Thank you for the opportunity to comment on the Bureau's request for information regarding the various fees that are imposed upon consumers in the consumer financial marketplace. We, the Attorneys General of Illinois, California, Colorado, Connecticut, Delaware, the District of Columbia, Hawaii, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, and Washington, as well as the Hawaii Office of Consumer Protection, applaud the Bureau for recognizing that some of the fees charged by banks, credit card companies, prepaid debit card providers, and others are excessive and exploitative. While we share the Bureau's broad concern about the proliferation of junk fees in the consumer financial marketplace, we are focusing these comments on a specific type of fee that we have found to be unfair and abusive to consumers: convenience fees imposed by mortgage servicers." [Illinois Office of the Attorney General, [04/11/22](#)]

The Attorneys General Noted That Servicers' "Pay To Pay" Fees—Incurred For Making A Payment Over Phone, Internet, Or A Third Party—Were "Particularly Insidious In The Mortgage Industry Because, Unlike Most Marketplaces, Homeowners Have No Choice In Their Mortgage Servicer." "Some financial service providers charge fees if a consumer decides to use a certain type of payment method, such as making a payment over the telephone, through a website, or through a third party service. While these type of 'pay to pay' fees are charged by service providers in several different markets, the issues raised by these

fees are particularly insidious in the mortgage industry because, unlike most marketplaces, homeowners have no choice in their mortgage servicer." [Illinois Office of the Attorney General, [04/11/22](#)]

- **The Attorneys General Stated, "Consumers Don't And Can't Know Which Company Will Service Their Mortgage Loan, And They Have No Ability To Change Servicers."** "When consumers decide to take out a mortgage, many believe that they are entering into a long-term relationship with a specific financial institution. Unfortunately, after origination many mortgage loans and their servicing rights are sold in secondary markets, and may be sold many times over the course of the loan. In short, consumers don't and can't know which company will service their mortgage loan, and they have no ability to change servicers." [Illinois Office of the Attorney General, [04/11/22](#)]

The Attorneys General Noted That Servicers' Fees Greatly Exceeded Their Cost To Accept Payments, Adding, "The Concept That A Servicer Ought To Be Able To Impose An Additional Charge For Performing Its Core Function Is Fundamentally Flawed." "Moreover, we have concerns that the convenience fees charged by these servicers exceed the actual cost to the servicer to accept payments made through a website or over a phone. In *Alexander v. Carrington Mortgage Services, LLC*, the United States Court of Appeals for the Fourth Circuit noted that an industry study found that processing a check cost debt collectors between \$1 and \$4, whereas 'processing payments made online or by phone typically costs debt collectors substantially less, about \$0.50 per transaction.' The most basic function of a mortgage servicer is to accept payments. The concept that a servicer ought to be able to impose an additional charge for performing its core function is fundamentally flawed." [Illinois Office of the Attorney General, [04/11/22](#)]

Mortgage Fees Are Part Of Larger Closing Costs In The Homebuying Process, Which Can "Range From Hundreds To Thousands Of Dollars," With Some Lenders Throwing In "Extra 'Junk' Fees" That Can Be "Redundant," Marked Up, Or Unnecessary To Pay.

Closing Costs, Which Generally Equal Between 2-5% Of The Amount A Consumer Borrows For A Mortgage, Includes Origination And Lender Fees, Discount Points, Third-Party Fees, Taxes And Government Fees, And Prepaid Expenses And Deposits Which Are All "Legitimate" But Can Be Marked Up Or Unnecessary To Pay. "Closing costs generally equal 2 percent to 5 percent of the amount you're borrowing for your mortgage. These fees can be broken down into the following:

- Origination and other lender fees, which can include an application fee, an underwriting fee, a processing fee, an administrative fee and more
- Discount points, which are fees you pay to lower the interest rate on your loan
- Third-party fees, which include the cost of an appraisal, title insurance and other services necessary to close the loan
- Taxes and government fees
- Prepaid expenses and deposits, which may include an initial interest payment, homeowners insurance premium and property tax payment

While these fees are legitimate, they may be marked up or otherwise higher with one lender over another, making them unnecessary to pay, or 'junk.' It's important to evaluate fees carefully to avoid any excessive costs." [Bankrate, [11/09/20](#)]

These Fees Can "Range From Hundreds To Thousands Of Dollars." "These fees can range from hundreds to thousands of dollars and cover expenses that are standard to the homebuying process. If you don't know about them in advance, they may come as a shock. But nearly every homeowner pays these fees, and in many cases they are for services critical to purchasing a home." [Experian, [06/12/19](#)]

Some Lenders May Throw In "Extra 'Junk' Fees" That Can Include "Redundant Fees Or Charges For Services Covered By Fees" A Consumer Is Already Paying For. "While most mortgage fees are standard,

some lenders may throw in extra 'junk' fees that you should watch out for. These include redundant fees or charges for services covered by other fees you're already paying. If in doubt, have a conversation with your lender about any fees that look exorbitant or stick out as redundant." [Experian, [06/12/19](#)]

Closing Costs Can "Act As A Significant Barrier" To Those Seeking To Buy A Home, "Deter[ring] Some Homeowners From Refinancing Into A Better, Lower Rate" And Trapping Some Borrowers "Who Are Unable To Catch Up Due To The Snowballing Of A Plethora Of Fees."

Closing Fees Can "Act As A Significant Barrier To Families Trying To Buy A Home." "Owning a home has historically been one of the best ways to build wealth. However, fees associated with closing on a home, such as document preparation or title insurance, can act as a significant barrier to families trying to buy a home or refinance and can significantly cut into household equity." [Consumer Financial Protection Bureau, [11/02/22](#)]

These Fees Can "Deter Some Homeowners From Refinancing Into A Better, Lower Rate," And Borrowers Who Face Financial Hardship "Can Find Themselves Unable To Catch Up Due To The Snowballing Of A Plethora Of Fees Related To Mortgage Delinquency." "Such fees can deter some homeowners from refinancing into a better, lower rate. In addition, the CFPB said, 'borrowers who face financial hardship and struggle to make mortgage payments can find themselves unable to catch up due to the snowballing of a plethora of fees related to the mortgage delinquency,' according to the agency's request for information." [Detroit Free Press, [01/27/22](#)]

In Addition To "The Immense Increase In Anti-Asian Crimes" That Helped Suppress The Community's Homebuying During The Pandemic, Asian Americans Already Faced "Structural Barriers" To Homeownership—With Only Half The Median Net Worth Of White Families, Higher Mortgage Denial Rates, And Significantly Higher Rental Costs That Help Sap Savings.

Asian Americans Face "Structural Barriers" To Homeownership, With Significantly Lower Homeownership Rates Than White Households And Half The Median Net Worth Of White Families—A Barrier To Saving For Down Payments, Building Home Equity, And Building Generational Wealth.

June 2021: The Urban Institute Issue A Report On The "Structural Barriers" Against Asian Homeownership. "Between 1980 and 2019, Asian households had the largest homeownership rate increase of any racial or ethnic group, from 52 percent in 1980 to 60 percent in 2019. But like other households of color, Asian households have faced barriers to homeownership and discrimination in the housing market. [...] Asian households have high homeownership rates but face structural barriers to obtaining homeownership" [The Urban Institute, [06/17/21](#)]

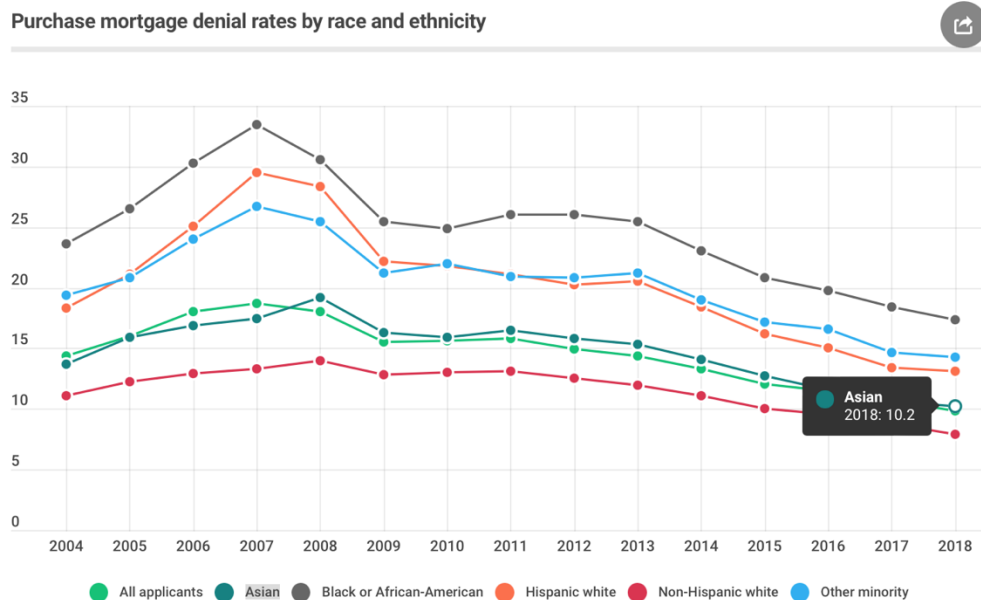
The Report Found That "When Controlling For Income And Education, Asian Households Have A Substantially Lower Homeownership Rate Than White Households," Despite Substantially Higher Education And Income Levels. "In 2019, 43 percent of Asian people had obtained a bachelor's degree, compared with 29 percent of non-Hispanic white people, 16 percent of Black people, and 11 percent of Hispanic people. And one-third of Asian households have incomes above \$150,000, compared with 22 percent of white households, 17 percent of Black households, and 15 percent of Hispanic households. But when controlling for income and education, Asian households have a substantially lower homeownership rate than white households. Like Black, Hispanic, and Indigenous people, Asian households face discrimination that hinders their ability to become homeowners and build generational wealth." [The Urban Institute, [06/17/21](#)]

- **The Report Also Found That Even When Controlling For The Fact That "Many Asian Households Live In High-Cost States" Such As California And New York, Their Homeownership Rates Were Still Lower Than Those Of White Households.** "Several explanations could explain the lower homeownership rate nationally, including that many Asian households live in high-cost states. About 31 percent of Asian households in the US live in California, and 9 percent live in New York, states where homeownership rates are lower than the national rate. But within these states, Asian homeownership rates are still lower than white homeownership rates in all income buckets." [The Urban Institute, [06/17/21](#)]

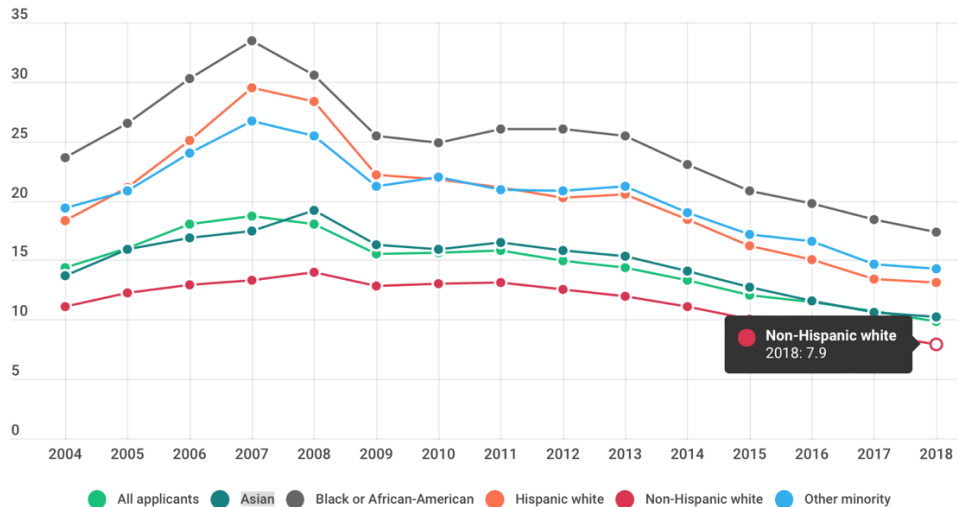
Asian Americans "Have Low Levels Of Wealth" Despite "High Levels Of Income," With Half The Median Net Worth Of White Families—Making It More Difficult To Make Down Payments, Build Home Equity, And Build Generational Wealth. "Despite their high levels of income, Asian people have low levels of wealth, on average. According to the 2019 Survey of Consumer Finances, the median net worth for 'Asian and other' families is less than half the median net worth for white families, making it harder for Asian households to make down payments on their homes and build home equity that can increase wealth for future generations." [The Urban Institute, [06/17/21](#)]

Urban Institute Studies Have Found That AAPIs "Were Treated Less Favorably Than White People When Searching For Housing," Such As Being Shown Nearly 19% Fewer Properties For Sale. "The studies found that AAPIs were treated less favorably than white people when searching for housing. In the most recent study, AAPI testers were told about 9.8 percent fewer available rental properties than comparably qualified white counterparts and were shown 6.6 percent fewer units. The difference in treatment was especially notable in the sales market, where testing found that AAPI testers were told about 15.5 percent fewer available properties for sale than their white counterparts and were shown 18.8 percent fewer properties. Differences in treatment were found across the country." [The Urban Institute, [04/30/21](#)]

As Of 2018, Asian Mortgage Applicants Had A Denial Rate Of 10.2%, Versus 7.9% For Non-Hispanic White Applicants:



[LendingTree, [10/07/19](#)]



[LendingTree, [10/07/19](#)]

There Was A Significant Drop In Asian American Homebuying During The Pandemic, Reportedly Due To "The Immense Increase In Anti-Asian Crimes" That Caused Many To Fear Moving Outside Of Their Communities.

May 2022: A Realtor.Com Study On Asian Americans' "Unique Barriers" To Homeownership Found That Asian American Home Buying Patterns "Slowed Significantly" During The Pandemic, Lagging Behind Other Communities. "New Realtor.com research spotlights Asian Americans' unique barriers to achieving the dream of homeownership and associated struggles during the pandemic. [...] The outbreak of the pandemic changed the trajectories of Asian American home buyers. During the first half of the year, the buying pace of Asian American home buyers slowed significantly, ultimately lagging behind their non-Asian counterparts over this period." [Forbes, [05/02/22](#)]

The Drop Could Be Attributed To "The Immense Increase In Anti-Asian Crimes" During The Pandemic, With Many Asian Americans Fearing That Moving To More Affordable Areas Would Isolate Them From Their Larger Communities. "The average Asian American home sales index (HSI), a leading indicator of housing activity, dropped to 109.5, 8.1% lower than pre-pandemic levels and 9.5% lower than their non-Asian peers. The immense increase in anti-Asian crimes may have halted the home buying process for some. Fears of being isolated from larger Asian American communities by moving to more affordable areas like smaller cities and the suburbs likely took otherwise viable options off of the table, derailing plans." [Forbes, [05/02/22](#)]

In 2021, AAPI Renters Paid A Median Security Deposit Of \$1,000—100% More Than White Renters—While Typical Minority Renters Spent Over 40% More On Rental Application Fees Than White Renters.

August 2021: Zillow Examined Trends Across The Rental Market As Reflected In Its Earlier 2021 Consumer Housing Trends Report. "The 2021 Consumer Housing Trends Report (CHTR) provides a snapshot of what housing consumers are thinking and doing in mid-2021. In this report, we take a deeper look at renters who moved in the past year (shorthanded to 'renters' throughout this report); In other reports, we examine homeowners, buyers, and sellers more closely." [Zillow, [08/10/21](#)]

AAPI Renters Paid A Median Security Deposit Of \$1,000 Compared To White Renters' Median Security Deposit Of \$500—And AAPI Renters Had A Far Higher Median Security Deposit Than All Other Race/Ethnicities:

Race/ Ethnicity	Share that Paid a Security Deposit	Median Security Deposit	Median Security Deposit Among Those that Paid One
Total Renters	88%	\$548	\$700
White	85%	\$500	\$600
Black	93%	\$600	\$700
Latinx	91%	\$600	\$650
AAPI	92%	\$1,000	\$1,000

[Zillow, [08/10/21](#)]

The Study Found That Typical Asian, Black, And Latinx Renters Spent 42% More On Rental Application Fees Than Typical White Renters. "The typical white renter reported paying \$35 in application fees on their rental, while the typical Black, Latinx, and Asian renters all reported spending \$50 on application fees." [Zillow, [08/10/21](#)]

The Study Found That Renters Of Color Were More Likely To Pay Security Deposits And The Typical Renter Of Color Reported Paying 25% Or \$150 More In Deposits Than The Typical White Renter.

"Renters of color are more likely to report paying a security deposit: 92% do, compared to 85% of white renters. When they pay one, the deposits that renters of color put down also tend to be higher: The typical renter of color that pays a deposit reports that it was \$750 — \$150 more than the typical \$600 for their white counterparts." [Zillow, [08/10/21](#)]

Wells Fargo—The "Largest Bank Home Mortgage Originator"—Has Resisted Calls For Racial Equity Audits After It Disproportionately Denied Asian Americans' Home Refinancing Applications In 2020 And Paid A \$10 Million Settlement For Making It Harder For Minorities To Refinance Mortgages In 2019.

Wells Fargo—The "Largest Bank Home Mortgage Originator"—Resisted Shareholder Demands For Racial Equity Audits After It Denied More Asian Homeowners' Refinancing Applications Than White Ones In 2020 And Paid A \$10 Million Settlement For Making It "Harder For Minority Homeowners To Refinance Their Mortgages" In 2019.

Wells Fargo Claimed To Be "The Largest Bank Home Mortgage Originator" As Of April 2022. "As the largest bank home mortgage originator, and largest bank originator of home loans to minorities over the last decade, Wells Fargo believes it has a responsibility to develop solutions that help close the gap." [BusinessWire, [04/13/22](#)]

March 2021: Wells Fargo Resisted "Shareholder Requests For Sweeping Audits Of How They Handle Racial Equity," Asking Its Shareholders To Vote Against The Probes. "Two of the biggest U.S. banks are pushing back against shareholder requests for sweeping audits of how they handle racial equity as the industry faces mounting public scrutiny of its historic role in economic disparities. Boards overseeing Wells Fargo &

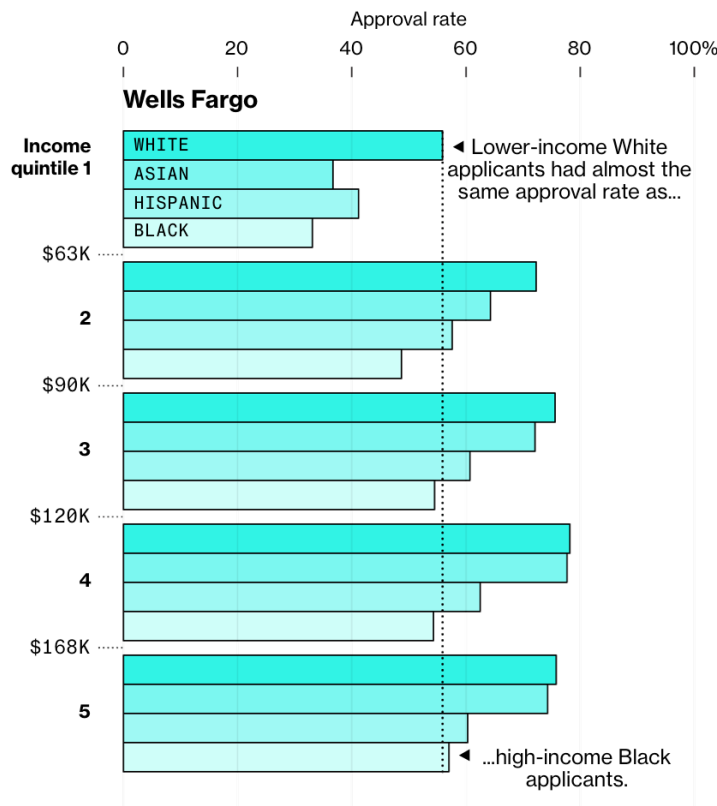
Co. and Bank of America Corp. -- the first two U.S. banking giants to publish invitations to annual stockholder meetings this year -- asked investors to vote against proposed audits, saying they aren't needed because the firms already are identifying and addressing problems." [Bloomberg, [03/16/21](#)]

A Pension Plan Invested In Wells Fargo Requested An Audit To "Identify, Prioritize, Remedy And Avoid Adverse Impacts On Nonwhite Stakeholders And Communities Of Color," "A pension plan with a stake in Wells Fargo asked for the review to help the firm 'identify, prioritize, remedy and avoid adverse impacts on nonwhite stakeholders and communities of color,' according to a proxy filing posted Tuesday. The findings would ultimately be made public on the San Francisco-based lender's website. The board said the firm already is conducting a 'human rights impact assessment,' among other efforts." [Bloomberg, [03/16/21](#)]

In 2020, Wells Fargo Approved Fewer Asian Homeowners' Refinancing Applications Than White Ones, Including Significantly Less For The Lowest-Income Applicants:

Higher Income, Same Approval

Wells Fargo's refinancing approval rates were higher for the lowest-income White applicants in 2020 than for all but the highest-income Black applicants.

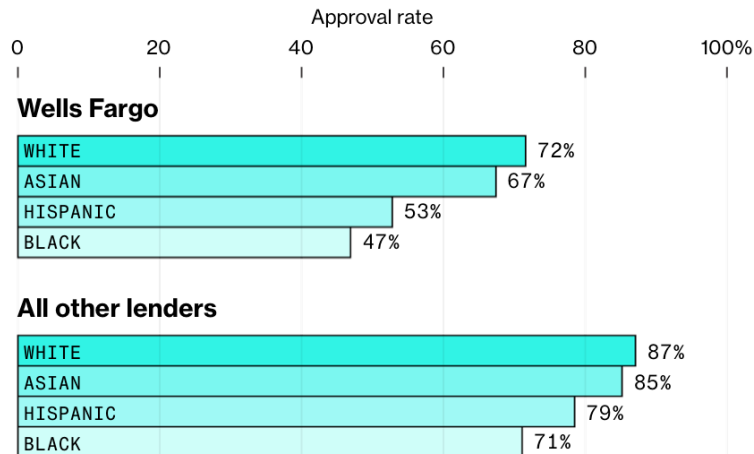


[Bloomberg, [03/11/22](#)]

In 2020, A Bloomberg Investigation Found That Wells Fargo Approved Only 67% Of Asian Homeowners' Refinancing Applications, 5 Percentage Points Less Than The 72% Of White Applications It Approved:

Disparity by Lender

Wells Fargo approved fewer than half of Black homeowners' refinancing applications in 2020.



Source: Bloomberg analysis of Home Mortgage Disclosure Act data for 8 million completed applications to refinance conventional loans in 2020.

[Bloomberg, [03/11/22](#)]

2019: Wells Fargo Agreed To A \$10 Million Settlement With The City Of Philadelphia Over Accusations The Bank Made It "Harder For Minority Homeowners To Refinance Their Mortgages." "In 2019 it paid \$10 million to settle a lawsuit brought by the city of Philadelphia, which accused Wells Fargo of making it harder for minority homeowners to refinance their mortgages." [Bloomberg [03/17/22](#)]

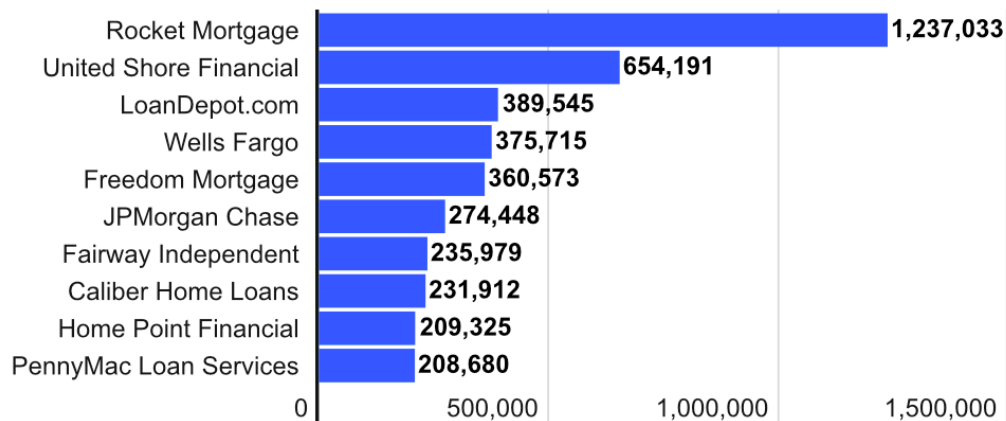
Quicken Loans' Rocket Mortgage—2021's Biggest Mortgage Originator—Has Been Criticized For Perpetuating Systemic Inequality Against Asian American And Other Minority Communities, Who Paid More In Interest And Fees Despite Not Disclosing Race Or Demographic Data In Applications.

Quicken Loans' Artificial Intelligence-Driven Rocket Mortgage Was The Biggest Mortgage Originator In 2021—Meanwhile, Rocket And Similar Online Lending Services Have Been Criticized For Perpetuating Systemic Inequality Against Asians And Other Minorities By Relying On Already-Discriminatory Mortgage Data.

2021: Rocket Mortgage Was By Far The Biggest Mortgage Originator, By Number Of Loans:

Top 10 mortgage lenders by number of loans

The most active mortgage originators in 2021:



Source: Home Mortgage Disclosure Act data via Lending Patterns, April 2022

[Bankrate, [04/05/22](#)]

- **Rocket Mortgage Is Quicken Loans' Mortgage App.** "Researchers specifically cited Quicken Loans' mortgage app Rocket Mortgage as 'the largest-volume mortgage product in the U.S. as of 2018.'" [CBS News, [11/15/19](#)]
- **As Of 2019, Quicken Loans Was "The Country's Largest Lender," And 98% Of Its Mortgages Used Rocket Mortgage.** "Last year, 98 percent of mortgages originated by Quicken Loans, the country's largest lender, used the company's digital platform, Rocket Mortgage." [The New York Times, [09/18/20](#)]

2019: A University Of California At Berkeley Analysis Which Studied Rocket Mortgage And Other Lenders Found That Minorities Who Applied For Mortgages And Refinancing Online Paid More Interest And Fees. "A recent analysis of nearly 7 million 30-year mortgages by University of California at Berkeley researchers found that black and Latino applicants were charged higher interest — an average of nearly 0.08% — and heavier refinance fees when compared with white borrowers. That was in face-to-face transactions. When applying online or through an app, minorities still ended up paying more, though terms were slightly better than when borrowing in person. [...] The Berkeley study included data from almost 2,100 lenders, almost half of which have an online or app-based loan application. Researchers specifically cited Quicken Loans' mortgage app Rocket Mortgage as 'the largest-volume mortgage product in the U.S. as of 2018.'" [CBS News, [11/15/19](#)]

"Complex Artificial Intelligence Algorithms" Like Rocket Mortgages Have Been Under Scrutiny For Perpetuating Racial Lending Biases Because "Those Platforms Were Built From Old Mortgages That Were Already Biased." "Regis Hadjaris, Quicken's vice president of Rocket Mortgage, said 'race and ethnicity is not a factor used in the Rocket Mortgage calculations for loans.' To determine loan terms, the firm assesses a borrower's credit score, income, total assets and debt-to-income ratio, as well as factoring in a home's worth and loan-to-value ratio." [CBS News, [11/15/19](#)]

- **New York University Artificial Intelligence Expert Sarah West Has Argued That Lending Algorithms Are Likely "Flawed From Their Outset" Because They Were "Built From Old Mortgages That Were Already Biased."** "AI faces scrutiny [...] Still, platforms like Rocket Mortgage are powered by complex artificial intelligence algorithms and machine learning systems that one expert said are likely flawed from their outset. [...] The system 'identifies patterns within the data and uses those historical patterns to make predictions about future data,' said Sarah Myers

West, who studies artificial intelligence bias at New York University. West said she can see how bias would happen in online home lending because those platforms were built from old mortgages that were already biased." [CBS News, [11/15/19](#)]

While Rocket Mortgage Has Said It Relies On Non-Racial Factors To Evaluate Applicants, Urban Institute Vice President Of Housing Finance Policy Alanna McCargo Has Noted That These Factors Exclude "Millions Of Potential Black, Latino And, In Some Cases, Asian Minorities And Immigrants" Due To Systemic Inequality. "What's more, systemic inequality has created significant salary disparities between Black and white Americans. 'We know the wealth gap is incredibly large between white households and households of color,' said Alanna McCargo, the vice president of housing finance policy at the Urban Institute. 'If you are looking at income, assets and credit — your three drivers — you are excluding millions of potential Black, Latino and, in some cases, Asian minorities and immigrants from getting access to credit through your system. You are perpetuating the wealth gap.'" [The New York Times, [09/18/20](#)]

- **Quicken Loans Vice President Of Rocket Mortgage Regis Hadiaris Has Said The Company's Calculations Don't Factor In Race And Ethnicity, But "Credit Score, Income, Total Assets And Debt-To-Income Ratio, As Well As Factoring In A Home's Worth And Loan-To-Value Ratio."** "Regis Hadiaris, Quicken's vice president of Rocket Mortgage, said 'race and ethnicity is not a factor used in the Rocket Mortgage calculations for loans.' To determine loan terms, the firm assesses a borrower's credit score, income, total assets and debt-to-income ratio, as well as factoring in a home's worth and loan-to-value ratio." [CBS News, [11/15/19](#)]