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*Wells Fargo & Co.  
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July 26, 2013

Pam Bondi  
Attorney General  
Office of the Florida Attorney General  
The Capitol, Suite PL-01  
Tallahassee, FL 32399-1050

Re: Wells Fargo's Operational Strategies for the Home Preservation Process

Dear Attorney General Bondi:

At our meeting on June 26, 2013, and in the letter dated June 7, 2013, you requested specific details about the steps Wells Fargo will take in response to complaints and to improve compliance with the National Mortgage Settlement's Servicing Standards. You raised concerns regarding communication with borrowers during the loan modification process; the content of the responses provided to your office on escalated complaints; and concerns regarding trial period plan conversion to permanent modification. In response to comments and input provided by your office, Wells Fargo has taken action to improve the borrower experience, and we identified several Operational Strategies that are set to be implemented by the end of 2013.

#### **1. Wells Fargo's commitment to Florida and the National Mortgage Settlement Servicing Standards**

We value the input provided by the Office of the Attorney General and the open dialogue. We want to provide customers with a straightforward and understandable path for consideration of mortgage payment relief during times of financial hardship. Simply put, we want to provide our customers every available opportunity to maintain homeownership and achieve long term financial success.

As evidence of Wells Fargo's commitment to maintaining home ownership in Florida, from March 2012 through March 2013, Wells Fargo has:

- Funded a total of 126,736 refinances;
- Of the total refinances, refinanced 4,912 loans under the National Mortgage Settlement;
- Modified 11,305 loans;
- Provided Principal Forgiveness of \$182.6 million; and

- Completed 12,673 short sales.

It is important to note that these numbers represent the total relief provided to the residents of Florida, which is substantially greater than the relief for which Wells Fargo has requested credit under the National Mortgage Settlement. Under the National Mortgage Settlement credit calculation, Wells Fargo has only claimed credit for 1,736 modifications and \$143.2 million in forgiveness. Wells Fargo made the decision to limit credits to Wells Fargo owned loans, which decreases the impact to investors and increases the relief provided to the residents of Florida.

With the implementation of the National Mortgage Settlement provisions, our approach to the Servicing Standards included an analysis of each of the 304 standards and a comparison to our existing practices. Roughly 200 of the 304 standards required some change to our systems or processes. In some cases these changes were minimal (language in specific letters), in others more significant (appeals). In each case, we validated the scope of the requirement, developed a measurement method to affirm our actions and tested and monitored performance. We had a team of over 1500 business and technology people work over 400,000 hours exclusively in support of these changes. This represented one of the most significant process change efforts in recent business history for the Mortgage Servicing Business. Wells Fargo now has approximately 3300 team members working in the Single Point of Contact role.

## **2. Perform a property title review earlier in the Trial Period Plan to facilitate conversion to a permanent modification**

The Office of the Attorney General expressed concerns regarding borrowers that successfully completed a trial period plan, but were then declined for a permanent modification. Wells Fargo has moved the title search process to the start of the trial period plan after the first payment is made. Previously, the process was to request a title search upon trial period completion. This change in process will allow additional time to clear title issues and allow the loan to move forward to permanent modification. When a title issue is discovered, a letter is sent describing the title issue. In addition, an Identity Affidavit is included with the letter for use in situations where there are judgments against a person of similar name.

## **3. Early review for customers with potentially complex transactions**

Wells Fargo has heard the concerns expressed by the Office of the Attorney General regarding the content and effectiveness of borrower communication. We recognize that each customer's experience in the modification review process varies greatly depending on the complexity of the review. To address the varying complexity, when a request for modification assistance is received, an initial review will be completed to determine the complexity level. Based on the complexity of the modification review, the request will be routed within Wells Fargo to a Single Point of Contact with the appropriate experience

and skill level. For those reviews that are considered more complex, a more experienced Single Point of Contact will be assigned to the review. Through this identification and routing process, we hope to improve the customer's experience.

In addition to assigning complex modification requests to more experienced Single Points of Contact, for customers who are self-employed or have multiple income sources, a Wells Fargo Underwriter will perform a pre-review evaluation with the intent to identify the documentation needed to provide a modification decision. These actions will occur upon the first disclosure of the complex nature of the transaction. We will work with the customer to identify these scenarios at the initial submission of customer documents. The intent is to reduce the number of requests for additional documentation or clarification of information.

#### **4. Escalation process for customers experiencing multiple documentation or clarification requests**

Through portfolio research, we have identified that customers are responsive to our requests for information. On average, 74% of customers provide all the necessary documents within 30 days and 16% of customers are able to provide the documents within 60 days.

For those loans where a third request for documentation or clarification is required, the Single Point of Contact will offer to arrange a conference call between the customer and the Wells Fargo underwriter to discuss the document(s) requested and the reason(s) behind the request. The intent of the process is to reduce additional requests and ensure all parties understand the information required to render a decision for the customer.

#### **5. Early Use of GSE Streamlined and Alt Mod programs**

Streamlined and Alt Mod programs are reduced documentation programs that are offered by certain investors to provide an easier path to mortgage modification assistance. If allowed by the investor, the Single Point of Contact will contact customers at the beginning of the loan modification review, and engage in discussions regarding the streamlined and alternative modification options. Through these programs, customers may receive a modification option based on a reduced document review or the customer may choose to provide additional documents for a more detailed review. The Streamlined and Alt Mod programs provide customers with additional in the modification review process.

#### **6. Refinement and enhancement of customer communication**

Wells Fargo utilizes a market research panel of customers to review and refine the content of letters regarding missing documents. These customer panels are focus groups where a moderator provides copies of actual letters and leads participants through a prompted discussion about their effectiveness. Reviews are focused on the clarity of our documentation requests to make sure these requests are easy

to understand and clearly explain why additional information is being requested. Wells Fargo will continue this practice with a focus on “missing documentation” letters and other communications related to the modification process.

#### **7. Refinement and enhancement of housing counselor interaction**

We are also using housing counselor focus groups to gain insight into their experience working through our Home Preservation process. The housing counselor is led by an independent moderator to prompt discussion about our Home Preservation process and gain insight into a housing counselor’s experience working with Wells Fargo. Feedback from these sessions will be used directly to improve our operations.

#### **8. Encourage use of the Hope LoanPort**

Wells Fargo will encourage the use of the Hope LoanPort as a method to streamline communication and document transmission during the loss mitigation review process. Hope LoanPort is a neutral, national, non-profit, e-commerce platform that is available for use by counselors and mortgage servicers. The intent is to create transparency in the process for both servicers and third-party advocates.

#### **9. Expand Relationship Management Teams**

Wells Fargo recognizes that housing counselors are valuable partners in supporting our customers who need assistance in retaining homeownership. We will expand our Relationship Management Teams in support of select community housing agencies and nonprofit organizations. The intent is to support counselor questions and escalations, provide proactive customer and pipeline status, as well as offer ongoing education and training regarding Wells Fargo’s policies and procedures.

#### **10. Increase opportunities to meet with counselors face-to-face**

Wells Fargo will invite and encourage counselors and nonprofit organizations to participate in local Wells Fargo Home Preservation Workshops with the homeowners they represent. These events provide a face-to-face opportunity for the counselor to accompany customers, or bring relevant information, to the event in order to determine eligibility for relief during the course of the Workshop.

#### **11. Provide new tools and training**

To assist with the initial submission of documentation, Wells Fargo will provide counselors with a documentation checklist for minimum requirements for initial package submission. The intent is to identify upfront the documents needed for a modification review with the goal of reducing the number of requests for additional documentation.

## **12. Clarify expectations of attorneys representing Wells Fargo**

Wells Fargo has developed and distributed an Attorney Playbook providing comprehensive expectations of attorney firms that represent Wells Fargo. These guidelines ensure that information is shared amongst all interested parties in a timely and comprehensive manner.

This Playbook addresses, but is not limited to, the following:

- Expectations regarding the use of Per Diem counsel
- Expectations regarding preparedness and knowledge of case history
- Expectations regarding timely communication with a customer's third party advocate regarding requests for information

## **13. Designated escalation team for the Office of the Attorney General**

The Office of the Attorney General requested more detailed responses to escalations that are urgent or related to borrowers in foreclosure. Wells Fargo has agreed to provide the Office of the Attorney General with substantive responses on loans in foreclosure when the response will not infringe on issues that are before a court in a contested litigation context.

In addition, Wells Fargo recognizes that some customer situations require additional attention, an urgent response, or a more detailed review. For these unique situations, as identified by your office, Wells Fargo designated "urgent" escalation contacts. The identified individuals are committed to providing a prompt review and response to the Office of the Attorney General.

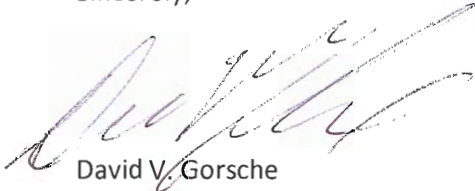
## **14. The cost of foreclosure**

Wells Fargo prefers to modify loans and build customer relationships. As a servicer, the foreclosure process is a cost. Under most servicing agreements, the servicer is required to advance payments to the investor, even if the customer is not making payments on the loan. When a property goes to foreclosure sale, if the property is sold to a third party, then the advanced payments are reimbursed. If the property reverts to the investor, then the advanced payments are not reimbursed until the property is sold through the REO process. When a loan is modified, the servicer is able to resume collecting payments from the customer and forwarding those payments to the investor, rather than advancing payments.

It is also important to note that Wells Fargo does not generate income from the foreclosure process. Foreclosure services that are provided, such as appraisals, inspections, or trustee services, are only passed through to the borrower where permitted by state or local laws and at the actual cost paid to the provider. Wells Fargo does not assess an additional fee on top of the pass through cost. Wells Fargo does not use in-house trustee services for loans that are serviced for others.

We believe the Operational Strategies outlined above expand on the terms of the National Mortgage Settlement. We believe that advancements across these areas will improve the overall customer experience and increase customer satisfaction with the process. While some of these strategies have been implemented, we expect full implementation by the end of the third quarter 2013. With these Operational Strategies, we continue our commitment to Florida and strive to create a better experience for the customer. We look forward to continued dialogue and engagement with your office. Thank you for your time.

Sincerely,

A handwritten signature in black ink, appearing to read "David V. Gorsche", written over a light blue rectangular background.

David V. Gorsche  
Assistant General Counsel

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