

**Opening Comments for  
JK Huey  
Senior Vice President  
Wells Fargo Home Mortgage Servicing**

Texas Senate Committee on Business and Commerce  
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Chairman Carona, Vice Chairman Harris and members of the Business and Commerce Committee, I'm JK Huey, senior vice president of REO and short sale of Wells Fargo Home Mortgage Servicing, and am based in San Antonio.

Thank you for the opportunity to come before you today to discuss our servicing practices and our continued commitment to doing everything we can to prevent avoidable foreclosures and to help stabilize the housing market.

Wells Fargo's vision to satisfy all our customers' financial needs and help them succeed financially includes helping as many people as possible achieve and maintain the dream of being a homeowner. We have long applied responsible lending principles in creating homeownership opportunities for consumers across a wide credit spectrum. Similarly, we have long adhered to the responsible servicing practices summarized below to help customers handle the financial aspects of owning a home.

Wells Fargo services the loans it originates, as well as loans acquired from other lenders. The majority of these loans are owned by investors who provide guidelines we must follow in servicing them. We continuously collaborate with our investors to introduce helpful solutions for our customers while complying with our contract commitments.

A home is often a customer's most valuable asset. We proactively help our customers manage and protect their homes. A number of obligations accompany homeownership: making mortgage payments, paying property taxes, maintaining insurance, and repairing and preserving the home. We strive to make meeting these responsibilities as easy and convenient as possible.

The vast majority of our servicing customers make all of their mortgage payments on time. For customers who encounter financial difficulties and fall behind on payments, our goal is to help them keep their homes whenever possible.

Wells Fargo Home Mortgage is the loan servicer for approximately 775,000 customers in the state of Texas.

- As of September, 95 percent of those customers were current or less than 60 days behind on their mortgage payments.
- For every one foreclosure we have completed in the state since the beginning of 2009, we have helped or are helping three more through alternative options.
- Of those customers who went to foreclosure, 65 percent of them worked with us and/or were provided with a workout option but subsequently failed to complete the process or redefaulted on the modification. The remaining customers had loans on non-owner occupied or vacant properties, or we were unable to reach them to discuss workout options.

I'd like to take a few minutes to provide an overview of our Responsible Servicing Principles and I'm happy to leave you copies of those principles for your reference. These principles, as well as our Responsible Lending Principles, also are posted on our Web site as they have been for several years.

First, **we approach every interaction from the *customer's* point of view – putting *his or her* needs first.** We treat our customers as people, not as loan numbers. We continuously strive to improve our processes. We promptly research and resolve complaints. If we err, we do what is right for the customer.

Second, **we provide clear, simple and timely information to consumers; understanding how complex homeownership and financing can be.** We want to help our customers, and understanding them is the first step in that mission.

Third, **we believe our customers deserve a dedicated and knowledgeable service team; we strive to hire and retain the best.** We train our team members extensively, monitor performance and routinely provide feedback to them to ensure they are doing the best job they can. It is because of our dedicated and knowledgeable team members that we are consistently industry-recognized as a top servicer.

Fourth, **we provide tools, services and information that help our customers manage their credit.**

And, finally, **we believe in homeownership, and do all we can to keep people in their homes.** We are proud of our track record of helping borrowers stay in their homes even when they experience financial difficulties. We are committed to contacting customers early and often who need assistance, and actively work with him/her to help them avoid delinquency. Once we determine that a customer can't make payments, we immediately work with the customer to find potential solutions. We recognize that all customers have unique financial situations, and options are reviewed case-by-case. We foreclose only as a last resort, and typically stay with the customer up to the home's final sale. As a result, our foreclosure rates historically are below industry averages.

Wells Fargo remains committed to living by *fair and responsible lending and servicing principles* that eliminate questionable practices and ensure consumers are treated with respect. We are there for our customers in good times and in bad. We constantly work with participants across the housing finance industry to find ways to expand and preserve homeownership. We believe in making the dream of homeownership achievable and helping our customers to sustain the dream.

Let me give you a few highlights of some of the things we have been doing recently:

- As of Sept. 30, we had more than 556,000 customers in trial and completed modifications started since the beginning of 2009. The majority of those were done outside of the federal government's *Home Affordable Modification Program*.

- This summer, the company implemented a change in its process and now assigns one person to work with an individual customer on their loan modification from beginning to end. This allows customers to know exactly who they are working with from start to finish.
- Since 2009, Wells Fargo has hosted 14 large-scale Homeownership Preservation Workshops for customers in markets hit hard by foreclosures and met face to face with nearly 15,000 customers at these events. Of the customers who have met with us at these events, about half received a decision on site or within a short period of time after. Our 15<sup>th</sup> Home Preservation Workshop will be held November 9 & 10 in Houston and we have invited approximately 6,000 customers to this event.

Wells Fargo is committed to fair and responsible lending and servicing, and to effectively addressing the issues facing homeowners in financial distress in all communities.

We believe very strongly and feel very deeply about our responsibility to help homeowners across America in a balanced and fair way. We believe our actions and results demonstrate our commitment to achieving this goal.

Thank you for your time today. I look forward to your questions.