

Newsflash

IMPORTANT INFORMATION: PLEASE READ IMMEDIATELY



Attention: All Wholesale Clients

March 27, 2009

Getting Ready for the *Making Home Affordable Program*

The information below is provided to assist you in preparing your borrowers for the upcoming implementation of Wells Fargo’s versions of the *Freddie Mac Relief Refinance MortgageSM* and the *Fannie Mae DU Refi PlusTM* programs which are provisions of the *Making Home Affordable Program* announced by the President in February. These programs are designed to provide access to more attractive refinancing options to borrowers with agency secured loans.

This table provides an overview of the current program guidelines including Wells Fargo Wholesale Lending overlays. **It is subject to change upon implementation.**

	Wells Fargo version of <i>Freddie Mac Relief Refinance MortgageSM</i>	Wells Fargo version of <i>Fannie Mae DU Refi PlusTM</i>
<i>Program Description</i>	<p>Streamline rate/term refinance program for Wells Fargo-serviced Freddie to Freddie transactions to help borrowers:</p> <ul style="list-style-type: none"> • Reduce the interest rate of the first mortgage • Replace an ARM, Interest-Only mortgage, or a balloon/reset mortgage with a fixed-rate, fully amortizing mortgage • Reduce the amortization term of the first mortgage* <p>*The new mortgage can not have a longer amortization term than the existing mortgage.</p>	<p>Rate/term refinance program for Fannie to Fannie transactions to help borrowers:</p> <ul style="list-style-type: none"> • Reduce mortgage payments • Obtain a more stable mortgage product <p>*Includes Wells Fargo- and non-Wells Fargo serviced loans</p>
<i>Ineligible Existing First Mortgages</i>	<ul style="list-style-type: none"> • FHA, VA, or Rural Housing (USDA) loans • High Balance Conforming (loan amounts above the conforming limit) • Loans with MI* • Nonprime • Alt-A • Other exclusions may apply <p>*The program is currently not available for loans with MI; this may be offered at a later date.</p>	<ul style="list-style-type: none"> • FHA, VA, or Rural Housing (USDA) loans • High Balance Conforming (loan amounts above the conforming limit) • Loans with MI* • Reverse mortgages • Second mortgages • Other exclusions may apply <p>*The program is currently not available for loans with MI; this may be offered at a later date.</p>

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	Wells Fargo version of <i>Freddie Mac Relief Refinance Mortgage</i>	Wells Fargo version of <i>Fannie Mae DU Refi Plus™</i>
<i>Max LTV/CLTV</i>	<ul style="list-style-type: none"> • 105% LTV • Unlimited TLTV/CLTV 	<ul style="list-style-type: none"> • 105% LTV* • Unlimited TLTV/CLTV <p>*Until May 2, 2009, Approve/Ineligible responses from Desktop Underwriter® (DUSM) are permitted when the only reason is LTV >97% or Loan Score <580.</p>
<i>Loan Amount</i>	<p>New loan amount is limited to:</p> <ul style="list-style-type: none"> • Payoff of the first mortgage balance, including accrued interest • Actual closing costs, financing costs, pre-pays, and escrows up to \$2,500 • The borrowers may not receive any cash at closing <p>Examples: Payoff amount: \$229,545 Actual closing costs, etc.: \$2,496 Maximum loan amount: \$232,041</p> <p>Payoff amount: \$352,006 Actual closing costs, etc.: \$3,672 Maximum loan amount: \$354,506 Required cash to close \$1,172</p>	<p>New loan amount is limited to:</p> <ul style="list-style-type: none"> • Payoff of the first mortgage balance, including accrued interest • Actual closing costs, financing costs, pre-pays, and escrows • The borrowers may not receive any cash at closing <p>Note: No limit on closing costs, financing costs, pre-pays and escrows.</p> <p>Example: Payoff amount: \$352,006 Actual closing costs, etc.: \$3,672 Maximum loan amount: \$355,678</p>
<i>Property Types</i>	<ul style="list-style-type: none"> • 1- to 4-unit • Condominiums • Cooperatives • PUDs 	<ul style="list-style-type: none"> • 1- to 4-unit • Condominiums • Cooperatives • PUDs
<i>Occupancy</i>	<ul style="list-style-type: none"> • 1- to 4-unit primary residences and investment properties • 1-unit second homes • Occupancy must not have changed from mortgage being refinanced • Number of financed properties may be limited 	<ul style="list-style-type: none"> • 1- to 4-unit primary residences and investment properties • 1-unit second homes • No limit on number of financed properties

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	Wells Fargo version of <i>Freddie Mac Relief Refinance Mortgage</i>	Wells Fargo version of <i>Fannie Mae DU Refi Plus™</i>
<i>Basic Credit Requirements</i>	<ul style="list-style-type: none"> No minimum Loan Score, except 620 minimum Loan Score required if new principal and interest payment is 20% or more above existing principal and interest Wells Fargo Adverse Credit policy does not apply Borrowers cannot currently be involved in a bankruptcy or foreclosure 0x30 mortgage lates in the last 12 months 	<ul style="list-style-type: none"> No minimum Loan Score* Wells Fargo Adverse Credit policy applies for loans that are not currently serviced by Wells Fargo or Wachovia Bankruptcy, foreclosure, and mortgage history restrictions apply 0x60 mortgage lates in the last 12 months <p>*Until May 2, 2009, Approve/Ineligible responses from DU® are permitted when the only reason is LTV >97% or Loan Score <580.</p>
<i>Ratio Limit</i>	<p>No requirement, except 45% maximum DTI if the new principal and interest payment is 20% or more above the existing principal and interest</p> <p>Note: DTIs >50% are subject to additional review and possible restriction by Wells Fargo.</p>	Determined by DU
<i>Secondary Financing</i>	<p>Must be re-subordinated:</p> <ul style="list-style-type: none"> No new subordinate financing No replacement financing Secondary financing may not have any increase in unpaid balance Secondary financing must meet standard guidelines 	<p>Must be re-subordinated:</p> <ul style="list-style-type: none"> No new subordinate financing No replacement financing
<i>Reserves</i>	None	None
<i>Mortgagors</i>	<ul style="list-style-type: none"> New borrowers cannot be added Borrowers on original loan may be removed in limited circumstances - additional requirements exist 	<ul style="list-style-type: none"> New borrowers may be added as long as the original borrowers are on the loan Borrowers on original loan cannot be removed

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	Wells Fargo version of <i>Freddie Mac Relief Refinance Mortgage</i>	Wells Fargo version of <i>Fannie Mae DU Refi Plus™</i>
<i>Appraisal Options</i> Note: Clients are advised not to order appraisals until the programs are implemented by Wells Fargo	Determined by Wells Fargo system, which may allow use of the original appraisal or require a new appraisal product based on the property type, location, and loan characteristics.	Determined by DU, which may allow a Property Inspection Waiver (PIW).
<i>Documentation</i>	Wells Fargo will determine the documentation required: <ul style="list-style-type: none"> • Stated Income/Stated Asset documentation may be allowed • 4506T must be signed at application and closing 	<ul style="list-style-type: none"> • Salaried: One paystub • Self-employed/Commission: One-year federal tax return • 4506T must be signed at application and closing
<i>Product Types</i>	<ul style="list-style-type: none"> • 15-, 20-, and 30-year fixed rate • 5/1, 7/1, and 10/1 LIBOR ARMs (cannot refinance from fixed rate to an ARM) • Fully amortizing only 	<ul style="list-style-type: none"> • 15-, 20-, 30-, and 40-year fixed rate • 5/1, 7/1, and 10/1 LIBOR ARMs (cannot refinance from fixed rate to an ARM) • Fully amortizing only
<i>Underwriting Type</i>	Manual by Wells Fargo	Must be submitted to DU
<i>Mortgage Insurance</i>	<ul style="list-style-type: none"> • If the existing loan does not have MI, then MI coverage is not required for the new loan • The program is currently not available for loans with MI; this may be offered at a later date 	<ul style="list-style-type: none"> • If the existing loan does not have MI, then MI coverage is not required for the new loan • The program is currently not available for loans with MI; this may be offered at a later date

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