

Market In Review: The Wells Fargo ViewSM

Wells Fargo is a strong, sound mortgage lender and servicer. Our business is uniquely positioned to succeed in today's challenging market. Here is our insight on current conditions, and how we will continue to responsibly make loans to customers.

July 2009

The Tax Credit Clock Is Ticking

To be eligible for a tax credit of up to \$8,000, first-time homebuyers have until the end of business on Nov. 30 to close their loans. There has been discussion that some members of Congress want to extend and increase the homebuyer tax credit. It remains to be seen if an extension or enhancements will be made.

Historically, it has taken 45 to 60 days to close a loan. However, new appraisal and disclosure requirements that recently took effect may add extra time to the closing process.

To be certain homebuyers can take advantage of the tax benefit – as the law stands today – interested buyers should apply for their loan no later than the beginning of October to be able to close the loan prior to the deadline.

The Wells Fargo View: Wells Fargo is dedicated to helping consumers realize the dream of homeownership. As first-time homebuyers look to use the tax credit, tools and resources are available through Wells Fargo to help arrange financing before finding a home. A preapproval letter from Wells Fargo is our agreement to lend the customer up to a specified amount to purchase the new home, subject to certain conditions. This gives the customer a **PriorityBuyer[®] preapproval**, which tells real estate agents and home sellers that financing is already lined up¹. Wells Fargo also has the

money-backed **Wells Fargo Closing GuaranteeSM**, which states we will close a loan on or before the closing date noted in the original purchase contract or we'll write a check equal to the first month's principal-and-interest payment².

Short Sales Comprise More Real Estate Transactions

Short sales are becoming a more common occurrence in the housing market. A report released on June 30 by the Office of Thrift Supervision and the Office of the Comptroller of the Currency said short sales increased by 208.5 percent for the first quarter of 2009, compared to the first quarter of 2008. In June the National Association of **REALTORS[®]** statistics showed that about half of all recent transactions have been a short sale (15 percent to 20 percent) or foreclosure (30 percent to 35 percent).

A short sale enables the current homeowner to help protect his or her credit and avoid foreclosure by selling the home for less than the amount owed on the mortgage. Short sale properties can be reoccupied quickly and help stabilize neighborhoods, preventing vacancy and blight.

Both the buyer and seller need to consider the amount of time and process required to complete the sale. The transaction requires paperwork from the consumer, home valuations, approval from the mortgage servicer, and mortgage insurer, if applicable. Appropriate approvals are also required from the

¹A **PriorityBuyer** preapproval is not a commitment to lend. A loan commitment is contingent upon verification of application information, satisfying all underwriting requirements and conditions, and providing an acceptable property, appraisal, and title report.

²Available on all qualifying purchase transactions. Other terms and conditions apply. Ask a home mortgage consultant for details.

Together we'll go far



loan investor and the process may require coordination with the second lien holder, which may take additional time.

Numerous participants are involved in a short sale (see diagram). Short sale buyers cannot have a close personal or business relationship with the seller. Buyers are encouraged to obtain a credit-checked preapproval to help move the process along.



The Wells Fargo View: Wells Fargo assists homeowners and real estate professionals with the appropriate resources to get properties effectively valued and listed, while collecting information needed to make a decision on submitted offers ahead of time. We ensure all parties involved in the short sale process are kept up-to-date at all times, maintain contact through this effort, work proactively to facilitate the sale of the property and provide a quick turn time on offers.

Survey Says: Consumers Believe In Homeownership

Despite the ups and downs in the economy, Americans still believe in the dream of homeownership. According to the June PULSE Top 25 Metropolitan Statistical Areas Survey, 83 percent of consumers believe buying a home is a good financial decision.

Attitudes of respondents in their prime home purchasing years (ages 25 to 44) had not been adversely affected by the market in the past several years.

In fact, three-fourths of survey respondents said now is a good time to purchase a home because of home price declines. Low interest rates (see chart), tax benefits, and seller incentives also remain attractive for consumers looking to purchase their first home or move up from their current home.

HSH Market Trends: 30-year Fixed Rate Mortgage, Last Three Years



Source: HSH Associates Financial Publishers

The Wells Fargo View: Making a sound investment in your financial future starts with a reputable lender and servicer. Wells Fargo's strength, security, conservative financial discipline, and commitment to doing what's right for the customer enables us to help our customers satisfy their financial needs and succeed financially. Wells Fargo has the resources and tools to help get you started. Visit www.wellsfargo.com/mortgage/buy/apply to explore your options.

Call us today.

Kauai Office: 808-246-8877
www.wfhm-hi.com

All first mortgage products are offered and provided by Wells Fargo Home Mortgage of Hawaii, LLC. Wells Fargo Home Mortgage of Hawaii, LLC may not be available in your area. © 2009 Wells Fargo Home Mortgage of Hawaii, LLC. All Rights Reserved.

Wells Fargo & Company is a diversified financial services company with \$1.3 trillion in assets, providing banking, insurance, investments, mortgage and consumer finance through more than 10,000 stores, over 12,000 ATMs and the internet (wellsfargo.com) across North America and internationally.

Information is accurate as of date of printing and subject to change without notice. Wells Fargo Home Mortgage is a division of Wells Fargo Bank, N.A. © 2009 Wells Fargo Bank, N.A. All rights reserved. #66025 7/09-10/09

