



Home Equity Solutions  
Mac X2303-01N  
One Home Campus  
Des Moines, IA 50328

August 24, 2010

RE: **Request for Short Sale Review**  
Account #:  
Property:  
Buyer(s): TBD

Dear Borrower(s):

Wells Fargo Bank, N.A. ("Wells Fargo") offers a Short Sale Program to assist borrowers who have experienced a severe financial hardship and can no longer afford to make their monthly loan payments. In this situation, the sale of the property may represent a viable alternative to foreclosure.

A short sale occurs when a property is sold and the net sale proceeds (sales price less the closing costs) are insufficient to pay off the outstanding loan balance (including additional charges) at the time of closing. Since the net sale proceeds are not sufficient to pay the outstanding balance in full, a "shortfall" is created. If Wells Fargo approves a short sale of a borrower's property, the shortfall deficiency (outstanding loan balance including additional charges less the net sale proceeds paid to Wells Fargo) will be forgiven.

Enclosed you will find the following materials regarding the short sale process:

- Short Sale Guidelines  
The guidelines detail important information regarding subjects such as: property marketing, workout processing and communication, approval terms and conditions, credit bureau reporting and IRS reporting.
- Workout Document Checklist to be Supplied by Borrowers  
This checklist itemizes the financial information required from all borrowers who are legally obligated to repay the loan.
- Sale Document Checklist to be Supplied by the Listing Realtor  
The checklist itemizes the property marketing and sale information required from the listing realtor.
- Financial Statement Form  
This form must be completed by all borrowers who are legally obligated to repay the loan.
- Third Party Authorization Form  
This authorization form allows Wells Fargo Bank, N.A. to discuss specific details of your Account with a designated third party.

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The above information should be forwarded to the following address no later than fourteen (14) days from the date of this letter:

**Wells Fargo Bank, N.A.  
Home Equity Solutions  
Mac P6050-015  
18700 NW Walker Road # 92  
Portland, OR 97006-1971**

Upon receipt of the above, Wells Fargo will review your request. Wells Fargo will communicate its decision to you in writing approximately thirty (30) calendar days from receipt of a complete package. If incomplete information is received, the review process will be delayed. It is the borrower's responsibility to submit all information in a timely manner if a closing is to occur as scheduled.

Communication regarding the processing status and decision will be restricted to the borrower or his/her attorney or authorized representative. The borrower is responsible for informing the listing realtor of Wells Fargo's processing status and decision. The listing realtor is responsible for informing the selling realtor and buyer of Wells Fargo's processing status and decision.

Should you need assistance with creating an affordable budget and/or negotiating with other creditors, you may call HUD at 1-800-569-4287 or the National Foundation for Consumer Credit at 1-800-388-2227 for the name of a local agency which may be able to assist you.

Should you have any further questions, please feel free to contact us at the phone number listed below.

Sincerely,

Liquidation Specialist  
Collections Servicing  
866-970-7821

The laws of some states require us to inform you that this communication is an attempt to collect a debt and that any information obtained will be used for that purpose.

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### SHORT SALE GUIDELINES

A short sale occurs when a property is sold and the net sale proceeds (sales price less the closing costs) are insufficient to pay off the outstanding loan balance (including additional charges) at the time of closing. Since the net sale proceeds are not sufficient to pay the outstanding balance in full, a "shortfall" is created. If Wells Fargo approves a short sale of a borrower's property, the shortfall deficiency (outstanding loan balance including additional charges less the net sale proceeds paid to Wells Fargo) will be forgiven.

#### PROPERTY MARKETING:

- The property should be formally listed with a licensed real estate agent by signing a Listing Agreement. The selected listing realtor should have a sales territory that includes the subject property.
- The listing realtor should hold a valid state license and be a member of the local Board of Realtors. The listing realtor should list the property with the local MLS (Multiple Listing Service) to ensure that the property has fair exposure to all potential buyers.
- The Listing Agreement or Addenda should include the following clause:

"Seller may cancel this agreement prior to the ending date of the listing period without advance notice to the broker, and without payment of a commission or any other consideration, if the property is conveyed to the holder/mortgagee/beneficiary of the mortgage or deed of trust (hereafter the terms "mortgage" and "deeds trust" are referred to collectively as "Mortgage"), or to the Mortgage insurer."
- Any Sales Contracts entered into should state that the Sales Contract is contingent upon written approval of Wells Fargo. The Sales Contract must include the following two (2) clauses:

"The Seller's obligation to perform on this contract is subject to the rights of the Mortgage insurer (if any) and the Mortgage holder to the conveyance of the property."

"The sale of the property is contingent upon the Mortgage insurer's (if applicable) and Mortgage holder's approval of the sale. The property is to be sold in "AS IS" condition."
- Any Sales Contract entered into should allow for a minimum of forty-five (45) days from the date of contract acceptance by all parties (buyers and sellers) to closing.
- Wells Fargo is not a party to the Sales Contract or the seller in the transaction.
- The borrower must contact all subordinate lien/Mortgage holders prior to closing to secure release of the liens.

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**PROCESSING:**

- If the loan is in default, standard collection activities will continue to progress, including foreclosure proceedings. A delay of a foreclosure sale will be approved only on an exception basis. Approval of a delay will require evidence that all sales contract conditions and contingencies have been met other than the closing date. In no case will a delay of greater than thirty (30) days be approved.
- If you have a line of credit account that allows you to obtain additional credit advances (instead of a closed-end loan account), your right to obtain additional credit advances will be terminated as part of the short sale agreement between you and Wells Fargo.
- The standard processing time for a review of a short sale request is thirty (30) calendar days from the days of receipt of a complete financial package. A complete financial package includes all documents requested from the borrower and the listing realtor.
- Wells Fargo requires complete financial information from all borrowers who are legally obligated to repay the loan unless they have been expressly released from liability by Wells Fargo.
- Wells Fargo reserves the right to request additional documentation as may be necessary to verify a debt or a change in the borrower's financial situation and/or a hardship. Documentation may include written authorization from the borrower, enabling Wells Fargo to obtain information from another creditor about the borrower's obligation to the creditor, or re-verification of the borrower's financial status at the time of loan origination. A hardship is an event or series of events which were beyond the borrower's control, and resulted in a reduction to income and/or an increase in expenses.
- Wells Fargo reserves the right to terminate review of the short sale request if the borrower fails to provide all requested documentation.
- Wells Fargo requires a valuation of the property based on an interior and exterior inspection. Wells Fargo reserves the right to terminate review of the short sale request if the borrower fails to provide Wells Fargo's designated appraiser or realtor with such access to the property as is deemed necessary by Wells Fargo or the designated appraiser or realtor.

**COMMUNICATION:**

- Wells Fargo's communication regarding processing activities and the decision status of a short sale request is limited to the borrower and/or the borrower's attorney or authorized representative. Communication with the borrower's attorney or authorized representative requires that the borrower provide written authorization to Wells Fargo.
- Wells Fargo's communication regarding the borrower's account status, payment history, financial status, and ability to contribute to a shortfall is restricted to the borrower and/or the borrower's attorney or authorized representative.
- Wells Fargo's communication with the listing realtor is restricted to marketing activities on the subject property and the terms and conditions of the Sales Contract. Wells Fargo values the listing realtor's expertise, and relies heavily on the marketing history letter to fairly document the property's market value.

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- Wells Fargo's communication with any third party other than the borrower's attorney, or authorized representative or the listing realtor (i.e., buyer or selling agent) is not permitted, unless authorized by the borrower in writing. The listing realtor is responsible for informing the selling realtor and buyer of Wells Fargo's processing status and decision.

**APPROVAL TERMS AND CONDITIONS:**

- Wells Fargo is committed to thoroughly reviewing the borrower's request for a short sale transaction. However, Wells Fargo is under no obligation to approve a short sale.
- Wells Fargo discussions and negotiations do not constitute a short sale approval unless and until a final written agreement has been executed by Wells Fargo.
- Wells Fargo's short sale approval terms and conditions must be accepted by the borrower in writing. If the borrower requests any changes to Wells Fargo's approval terms and conditions, they must be requested in writing. Justification supporting the requested changes must be provided. If not accepted within the designated time frame, the approval becomes null and void.
- The borrower is to net no cash from the sale of the property.
- The borrower(s) is to remain responsible for the maintenance of the subject property until the property is sold, settlement has occurred, and Wells Fargo has released its Mortgage.
- The borrower(s) is to remain responsible for payment of condo, co-op, and/or homeowners association dues/fees until the property is sold, settlement has occurred, and Wells Fargo has released its Mortgage.

**CREDIT BUREAU REPORTING:**

- Wells Fargo will accurately report information about your Account to the credit reporting agencies it reports information to. The shortfall deficiency amount referred to above will be reported to the credit reporting agencies as a loss to Wells Fargo, and any late payments previously reported to credit reporting agencies with respect to this Account will remain on your credit history.

**IRS REPORTING:**

- As a result of IRS regulations applicable to discharge of indebtedness, Wells Fargo is required to file a 1099C information return with the IRS if the amount of discharged indebtedness is \$600 or more. Please consult your tax advisor to determine whether this settlement will constitute income to you and create a subsequent tax obligation.

**CONTACTS FOR ADDITIONAL INFORMATION:**

Wells Fargo Bank, N.A.  
Home Equity Solutions  
Mac P6050-015  
18700 NW Walker Road # 92  
Portland, OR 97006-1971  
Phone: 866-970-7821  
Fax: 866-834-7949

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**WORKOUT DOCUMENT CHECKLIST  
(TO BE SUPPLIED BY BORROWER)**

**REQUEST FOR ASSISTANCE/HARDSHIP STATEMENT**

- A personal letter which states the reasons for the request. If a hardship has occurred, the borrower(s) should clearly state what the hardship is, when it occurred, and all efforts the borrower(s) has made to remedy the situation. The borrower should clearly state what he/she proposes as a reasonable resolution to his/her situation.
- Evidence of the hardship – death certificate, separation agreement and divorce decree, employment termination notice, pending lawsuit, physician's statement with medical bills, etc.

**FINANCIAL STATEMENT/CASH FLOW**

- A complete Financial Statement form (signed and dated) from all borrowers.

**INCOME**

- Earned income: The two (2) (most recent) pay stubs for all employed borrowers. If a borrower has more than one (1) employer, then pay stubs should be provided from each employer.
- Unearned income: The most recent award/pensions/benefit letter for any borrower who receives unearned income. Unearned income includes: government entitlement programs, Unemployment Income, Social Security, Supplement Security Income, Aid to Dependent Families, Retirement Benefits, Pensions, Veteran's Benefits, Workman's Comp, Trust Income, Disability Benefits, etc.
- Signed copies of your last two (2) filed US Individual Income Tax Returns (1040/1040A) with all W2's, 1099's and Schedules. If a tax return is outstanding and will be filed, copies of the W2's and 1099's should be provided as well as a copy of the Application for Extension.
- Current lease(s) on the subject property if a unit or multiple units are currently rented.

**SELF-EMPLOYMENT INCOME**

- A year-to-date Profit and Loss Statement for the current year.
- Signed copies of your last two (2) filed US Business Tax Returns (1065/1120S/1120) with K1's and all schedules. If a tax return was not filed, a year-to-date Profit and Loss Statement prepared by an accountant should be provided.

**EXPENSES/DEBTS/LIABILITIES**

- A copy of the Note for any subordinate lien (2<sup>nd</sup> Mortgage or line of credit) on the subject property.
- A copy of the most recent statement for homeowners' association fees/dues and special assessments including statements issued by a cooperative, condominium, or planned unit development association. The statement should indicate the payment status of the fees/dues, required monthly payment, and the total due.
- A copy of the most recent statement for outstanding and/or delinquent real estate taxes.

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**ASSETS**

- The three (3) most recent asset statements for all accounts listed on the Financial Statement or Schedule B of your last two (2) filed US Individual Income Tax Returns. Assets include checking accounts, savings accounts, IRA's, money market accounts, certificates of deposit, stocks, etc.

**MORTGAGE ENCUMBERED PROPERTY**

- Written explanation of required property repairs and associated costs with copies of contractors' bids/proposals.
- Copies of applications/claims filed with and written responses from FEMA, the SBA, and/or homeowner's insurance agent if the property has been impacted by a natural disaster: earthquake, flood, hurricane, etc.

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**SALE DOCUMENT CHECKLIST  
(TO BE SUPPLIED BY LISTING REALTOR)**

**LISTING**

- A copy of all fully executed Listing Agreements and Addenda on the subject property within the prior twelve (12) months.
- An MLS (Multiple Listing Service) printout for the subject property.
- A business card of the listing realtor.

**MARKETING ACTIVITY/VALUE**

- The listing realtor's Broker's Price Opinion (market analysis) with comparable data from three (3) active listings and three (3) closed sales within the prior six (6) months. Proximity/distance of the comparables should be stated. Comparables should be within a 1-mile radius of the property. A STREET VIEW PHOTO OF THE SUBJECT PROPERTY SHOULD BE ATTACHED.
  - The listing realtor's Broker's Price Opinion should state the following:
    - a) list price and sales price for a sale within 90 days or less.
    - b) list price and sales price for a sale within 90 – 180 days.
    - c) number of comparable properties currently listed for sale in the immediate area.
    - d) the average marketing time for comparable sales.
- The listing realtor's Marketing Activity Letter should state the following:
  - a) details of all marketing activity on the subject property since the initial listing: i.e., advertising, showings, open house, offers with proposed terms, etc. If a previous offer was withdrawn, the reason(s) should be provided.
  - b) any unique factors that influence marketability of the property.
  - c) reasons for the variance if there is more than a 5% difference between the current list price and the sales price.
  - d) adjustments which have been made to the list price as a result of disrepair, vandalism, theft, natural disaster, or property casualty along with an estimate of required repairs, if available. Copies of contractors' bids should be provided.

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**SALE**

- A copy of the fully-executed Sales Contract/Purchase Offer on the subject property with all addenda including counter-offers. The property is to be sold in "AS IS" condition. The closing date should be a minimum of 45 days from contract acceptance. A contract will not be considered valid if it has not been accepted by all parties, or if the closing date has expired.
- A copy of the earnest money deposit check made out to the realtor or escrow agent and a receipt for the funds.
- A copy of the buyer's pre-approval, pre-qualification approval, and/or loan commitment letter issued by the Mortgage lender that is subject only to the receipt of a satisfactory appraisal.
- Copies of the buyer's asset statements that verify the cash to close if the sale is an "all cash" transaction.
- A copy of the Escrow Instructions signed by the buyer(s) and seller(s) (California only).
- The name, company, address, phone number, and fax number of the escrow officer/closing agent/attorney.
- The net sheet (estimated settlement statement) which itemize all costs and payoffs including sales commissions, settlement costs, and proposed payoffs of superior liens/deeds of trust.