Testimony of

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Mr. Chairman, Ranking Member Bachus, and Members of the Financial Services Committee, I'm Mary Coffin, head of Wells Fargo's mortgage servicing division.

In July, we testified about progress our company has made to keep people in their homes. Thank you for inviting us back so we can report further advancements, including our intended use of *Hope for Homeowners.*

Wells Fargo has been, is, and will continue to be focused on finding ways to keep our customers in their homes. We can accomplish this only when we are diligent at reaching out to those who need us, and work with them to understand their personal situations.

- At Wells Fargo, we are successful in contacting 9 out of every 10 of our at-risk customers.

- When we reach these customers, 7 of the 10 engage with us and work with us to develop a solution, while two customers tell us they do not need or want our help or assistance. And, of every ten, 5 customers are able to avert foreclosure by improving or holding their delinquency status.

- We monitor our process to ensure we provide answers for customers as quickly as possible. Once we receive the required documents, on average we complete a loan workout decision in less than 30 days.

- To accomplish all this, we have extended our hours, we have participated in more than 150 face-to-face forums, and we have increased our loan workout team from 200 to 1,000. At Wells Fargo, however, staffing is about much more than simply adding employees. It's about ensuring our customers get the guidance and service they need. For this reason, we prioritize our staffing based on customer needs. Short sales, for instance, are complex and require specialized knowledge. We have consolidated this operation into a separate unit, so as not to take away from customers who ask for our help to keep them in their homes.

- As always, when working with our customers to find home retention solutions, our goal remains to seek lasting affordability. Affordability can best be achieved by using the tools that most appropriately fit each customer's unique financial needs. Some of our at-risk borrowers are not upside down on their mortgages – they simply cannot afford their monthly payments. In these cases, an interest rate reduction provides the greatest lift. For borrowers who have too much housing debt and already have a low interest rate, a principal reduction could be the only solution. Yet, others need us to employ several of our tools to reach a sustainable payment. Our responsibility, as a servicer, is to use the right tool in the right circumstance. For example, we have found that the same affordability can be reached through a 2 to 3 percent interest rate reduction and term extension, as can be reached through a 25 to 30 percent principal reduction.

And now, before us is yet another solution – *Hope for Homeowners*. To prepare for the program's launch, we have already established both a team of experts who understand what we believe the criteria will be and a dedicated toll-free customer hotline.

In response to your request for a moratorium for those who could potentially benefit from this program, we mailed letters to our customers we believe could be eligible and were scheduled to enter foreclosure this month. We told them their foreclosure sale would be stopped until at least October 15. By then, we intend to reconnect with them to confirm their qualifications and see if they are interested in the program.

Based on assumptions about the final criteria, we estimate as many as 30,000 to 40,000 customers who might not reach affordability from other solutions, may qualify for *Hope for Homeowners.* You have our commitment that we will work with our borrowers to find the optimal solution for sustainable affordability, and we will use this program where it is needed.

We believe our participation in *Hope for Homeowners* reflects the nature of our portfolio. Our company has not and does not make or service negative amortizing or Option ARM loans. These borrowers are the most likely to benefit from the program because their loans have higher interest rates, and their principal balances are likely to be higher than the current value of their homes.

In closing, while progress in avoiding many foreclosures has been achieved, we, as servicers, must continue to adapt to the ever-changing market. With the volume of foreclosures before us, we see the need to help investors understand the unique circumstances of customers and work with us to challenge contractual obligations. Our work with the government, HUD, the GSEs and the American Securitization Forum has yielded success. However, further infusing flexibility into solutions is critical to our continued success in helping at-risk borrowers.

Mr. Chairman and Members of the Committee, thank you for your time today. I would be happy to answer any questions you may have about our practices.