

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 a short sale is permitted to occur, the borrower continues to be obligated to pay the shortfall that is created after the net sale proceeds have been applied to the outstanding balance of the loan (including additional charges).

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.
- 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 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.

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.
- 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.
- 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.
- 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.

- 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 (s) 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 or deed of trust.
- 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 or deed of trust.

CREDIT BUREAU REPORTING:

- Wells Fargo will report the account that is the subject of the short sale transaction to the credit bureaus to whom Wells Fargo reports consumer account information as a charge-off.
- Wells Fargo will not change the historical payment record to reflect a history other than the actual payment history. Wells Fargo has an obligation to the creditor community to report factual data.

IRS REPORTING:

- Wells Fargo will report the short sale transaction to the IRS as may be required by current IRS regulations. It is the borrower's responsibility to consult with his or her tax advisor regarding any tax implications of the short sale transaction.

CONTACTS FOR ADDITIONAL INFORMATION:

**Wells Fargo Bank, N.A.
Home Equity Solutions
Mac P6053-022
18700 NW Walker Road # 92
Portland, OR 97006-1971
Phone: 866-970-7821
Fax: 866-834-7949**

**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 (2nd 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.

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.

**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.

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).
- 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/Mortgage.

To: _____

If I have any questions regarding the completion of this form, I should contact my Wells Fargo representative.

APPLICANT

Name _____

Social Security number _____

Address _____

Time at Residence _____

Telephone number _____

Date of birth _____

Present employer _____

Position _____

Address _____

Time at Employer _____

Business phone _____

Loan purpose _____

CO-APPLICANT

Name _____

Social Security number _____

Address _____

Time at Residence _____

Telephone number _____

Date of birth _____

Present employer _____

Position _____

Address _____

Time at Employer _____

Business phone _____

Loan purpose _____

Annual Income	Applicant			Co-applicant			Contingent Liabilities	Amount		
Salary							As endorser			
Commissions							As guarantor			
Dividends							Lawsuits			
Interest							For taxes			
Rentals							Other (detail)			
Alimony, child support or maintenance (you need not show this unless you wish us to consider it).										
Other							<input type="checkbox"/> Check here if "none"			
TOTAL INCOME							TOTAL CONTINGENT LIABILITIES			

SCHEDULE 1 DUE FROM FRIENDS, RELATIVES AND OTHERS

Name of debtor	Owed to	Collateral	How payable	Maturity Date	Unpaid balance		
			\$ per				
			\$ per				
			\$ per				
TOTAL							

SCHEDULE 2 MORTGAGE AND CONTRACTS FOR DEED OWNED

Name of debtor	Type of property	1 st or 2 nd lien	Owed to	How payable	Unpaid balance		
				\$ per			
				\$ per			
				\$ per			
				\$ per			
TOTAL							

SCHEDULE 3 SECURITIES OWNED/RETIREMENT ACCOUNTS

No. shares or Bond amount	Description	In whose name(s) registered	Cost			Present Market Value			L- listed U - unlisted
TOTAL									

	<i>APPLICANT</i>	<i>CO-APPLICANT</i>
<i>Have I ever gone through bankruptcy or had a judgment against me?</i>	<input type="checkbox"/> <i>Yes</i> <input type="checkbox"/> <i>No</i>	<input type="checkbox"/> <i>Yes</i> <input type="checkbox"/> <i>No</i>
<i>Are any assets pledged or debts secured except as shown?</i>	<input type="checkbox"/> <i>Yes</i> <input type="checkbox"/> <i>No</i>	<input type="checkbox"/> <i>Yes</i> <input type="checkbox"/> <i>No</i>
<i>Have I made a will?</i>	<input type="checkbox"/> <i>Yes</i> <input type="checkbox"/> <i>No</i>	<input type="checkbox"/> <i>Yes</i> <input type="checkbox"/> <i>No</i>
<i>Number of dependents (if none, check "None")</i>	_____ <input type="checkbox"/> <i>None</i>	_____ <input type="checkbox"/> <i>None</i>
<i>Marital status [answer only if this financial statement is provided in connection with a request for secured credit, applicant is seeking a joint account with spouse, or applicant or co-applicant is a resident of a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington or Wisconsin) or is relying on property located in such a state as a basis for repaying the credit requested.]</i>	<input type="checkbox"/> <i>Married</i>	<input type="checkbox"/> <i>Married</i>
	<input type="checkbox"/> <i>Separated</i>	<input type="checkbox"/> <i>Separated</i>
	<input type="checkbox"/> <i>Unmarried</i>	<input type="checkbox"/> <i>Unmarried</i>
	<i>(Unmarried includes single, divorced, widowed)</i>	<i>(Unmarried includes single, divorced, widowed)</i>

The foregoing statement, submitted for the purpose of obtaining approval for a short sale transaction, is true and correct in every detail and fairly shows my/our financial condition at the time indicated. I/we will give you prompt written notice of any subsequent substantial change in such financial condition occurring before discharge of my/our obligations to you. I/we understand that you will retain this personal financial statement whether or not you approve the short sale in connection with which it is submitted. You are authorized to check my/our credit and employment history or any other information contained herein.

THE UNDERSIGNED CERTIFY THAT THE INFORMATION CONTAINED ON THIS FORM HAS BEEN CAREFULLY REVIEWED AND THAT IT IS TRUE AND CORRECT IN ALL RESPECTS.

Date

My signature

Date

Co-applicant signature

Authorization To Communicate With Third Party

To: Wells Fargo Bank, N.A.
From: Borrower Name
Subject: Wells Fargo Home Equity Account Number _____

I, _____, the undersigned, am the borrower under the terms of the above referenced Wells Fargo Home Equity Account ("Account"). This is to confirm that I do authorize Wells Fargo Bank, N.A. ("Wells Fargo") to communicate, orally or in writing, about any and all information regarding my Account with the person or persons designated below. Wells Fargo may communicate with the designated person(s) about any Account related information, including but not limited to, the balance, delinquency status, payment terms, interest rate, due date and payment history. Wells Fargo may also discuss possible loss mitigation options with the designated person(s), such as modification, extension or short sale, as well as any other matter related to my Account.

I understand that this authorization does not entitle the designated person(s) to advance any available credit, sign any documents on my behalf, or make financial decisions regarding my Account. I also understand that the designated person(s) may be asked by Wells Fargo to provide certain personal information in order to verify their identity, before Wells Fargo will communicate with them regarding any aspect of my Account.

I have marked the box(es) below that are immediately in front of the person(s) I authorize Wells Fargo to communicate with regarding my Account:

<u>Name</u>	<u>Phone #</u>	<u>Relationship</u>
<input type="checkbox"/> _____	_____	Spouse
<input type="checkbox"/> _____	_____	Realtor
<input type="checkbox"/> _____	_____	Settlement/Closing Agent
<input type="checkbox"/> _____	_____	Title Company Representative
<input type="checkbox"/> _____	_____	Other: _____

_____(Signature)
Borrower Name – (Typed)

Signed and Dated on _____, 20__.