Testimony of

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Chairman Frank, Ranking Member Bachus, and Members of the Financial Services Committee, thank you for the opportunity to share Wells Fargo's perspective on our loan servicing practices and current market conditions.

I'm Mary Coffin, head of Wells Fargo's mortgage servicing division. Wells Fargo services one of every 8 mortgage loans in America or $1.5 trillion in loans that either we originated or were originated by others. Our national presence and the makeup of our portfolio provide a vantage point for critical insights that guide our company's actions as well as the industry initiatives we have advocated.

Clearly, the foreclosure issue has expanded beyond its genesis with subprime ARM resets to the full credit spectrum of customers, particularly in geographies facing the greatest market corrections. Declines in housing prices, rapidly rising costs of living, unemployment, and shifting consumer spending habits are driving the need for continued customized solutions.

Our work has included creating a higher level of cooperation between servicers, Fannie and Freddie, and other investors to produce streamlined processes for distressed consumers through reduced documentation, simplified communication, and fast-track loan modifications. Additionally, we have worked with not-for-profit counselors who help at-risk borrowers manage all of their debts. Working together on a comprehensive view of the borrower's obligations enables us to reach affordability that is lasting.

Because our company's vision has long been to help our customers succeed financially and build lifelong relationships, we hold ourselves accountable for working with customers through various methods to reach affordability. Yet, as I am sure you are aware, there are limits to what we can do. As a responsible servicer, we must make sure each customized decision is economically sound for customers and investors such as pension plans and employee 401(k) owners.

Foreclosures are a measure of absolute last resort. They destabilize communities and are devastating for the families involved. Servicers are not incented to foreclose. The lengthy foreclosure process exposes servicers to potential risks associated with unrecoverable advances, fees, and penalties.

To further avert foreclosures, we have responded to the increased need to effectively help our customers manage their delinquencies by increasing staffing. In 2005, the team dedicated to assisting at-risk borrowers consisted of 200 experts. Today, we have more than 1,000. We monitor our volume of calls daily and shift experienced staff from one department within our company to another.

To ensure our overall effectiveness, we conducted a study of our customers 60 or more days past due, not in bankruptcy or foreclosure. The study showed that we connected with 94 percent of our customers. Of every 10, 7 worked with us to find a solution, 2 declined our help, and the remainder were either unreachable or a solution simply could not be found. And we do have solutions that work – refinances, payment reductions, repayment plans, short sales, and others. Most importantly, 60 percent of these customers improved their delinquency status and averted foreclosure.

Mr. Chairman and members of the Committee, we want to thank you for your help in encouraging constituents to contact their servicers. Your efforts have played a critical role in our ability to assist more consumers in trouble.

In addition, your leadership has resulted in the Housing and Economic Recovery Act of 2008. This crucial legislation will help return stability to the mortgage markets. This measure, coupled with the Federal Reserve's new HOEPA rule, will ensure the continued availability of responsible, traditional mortgage products across the credit spectrum.

Since we cannot arbitrarily erase a debt for consumers that they simply cannot afford, we also ask for your continued work in developing policies that ensure the growth of responsible homeownership versus speculative housing investments.

In closing, Wells Fargo is firmly committed to continuing to lead the industry in advocating and conducting fair and responsible lending and servicing.

Mr. Chairman, thank you again, and I would be pleased to answer questions.

Wells Fargo Home Mortgage is part of Wells Fargo Bank, N.A. and Wells Fargo & Company, a diversified financial services company with $609 billion in assets. Wells Fargo Bank, N.A. is the only bank in the U.S., and one of only two banks worldwide, to have the highest credit rating from both Moody's Investors Service, "Aaa," and Standard & Poor's Ratings Services, "AAA."