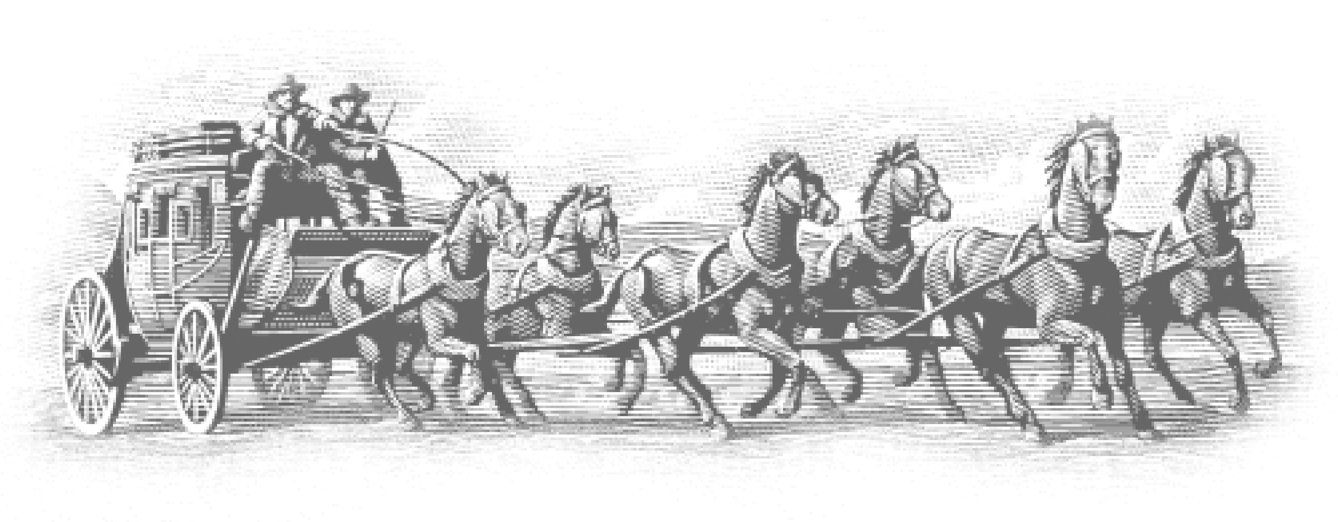
WELLS FARGO HOME MORTGAGE

The Next Stage®

Your Guide to Home Financing Options When You Divorce

Making Sound Decisions About One Of Your Largest Assets



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Making Home Financing Decisions After Your Divorce

You're becoming newly single. That will bring many changes in the way you live. It may also bring a change in where you live. There's a lot to think about:

- Should you sell your home and split the proceeds?
- If you sell, should you do it now or later?
- Should you or your former spouse take full ownership?

This guide is designed to help you think through the decisions you may need to make about one of your largest marital assets — your home.

Smart Decisions Start Here

The division of marital assets can be one of the most complex issues in a divorce. So it is no surprise that you'll be faced with important decisions that will help you on your way to a new form of independence. These decisions can impact your future well-being and financial security, and while this may seem like uncharted territory, information and support are available to help you.

This guide will help you gain a basic understanding of the homeownership options available to you — their benefits, drawbacks, and financial implications. It can help you determine the affordability of maintaining your current home on your own or of purchasing another home in the future. Plus you'll learn some questions you may want to ask your attorney, accountant, and Wells Fargo Home Mortgage consultant, so you can make informed choices for yourself and your family.

Please remember that during this challenging time, the Wells Fargo Home Mortgage team is here whenever you need us to answer questions, explain home financing alternatives, and help you make a smoother new beginning. You can contact your local Wells Fargo Home Mortgage consultant, visit us online at www.wellsfargo.com/mortgage or call us at 1-877-937-9357.

Deciding About Dividing

Most divorcing couples decide how to divide their property and debt between themselves. In fact, about 90% reach an agreement without taking their case to court. It's the fastest, cheapest, and usually the least confrontational way to make the break. But if you and your soon-to-be ex-spouse cannot come to agreement on a property settlement, a judge (or in some cases, a mediator) can step in to divide your marital assets.

What Are Marital Assets Anyway?

When you married, you joined two financial entities into one. Definitions of this joined entity sometimes known as your marital assets may vary from state to state. Your attorney is best suited to help you determine what your specific marital assets are. In general, most couples can view marital assets as anything of economic value obtained while they were married.

How Can Property Be Divided?

This too varies from case to case and state to state. It is always best to speak with your attorney about what you can expect for property division in your locality should your case go before a judge. In general, there are two ways that property can be divided:

- **Community property.** Everything that is not the separate property of one spouse is considered to be jointly owned by both spouses. At divorce, all community property is divided equally. This means each spouse receives property equivalent to 50% of total marital assets.
- **Equitable distribution.** All assets and earnings acquired during marriage are divided equitably, but not necessarily equally. In this case, factors such as child custody and wage discrepancies are taken into account when the marital assets are divided.

What Happens If We Can't Come To An Agreement?

Unless the couple can make distribution decisions on their own or with the help of attorneys, a judge will determine what the division of property will be on a case-by-case basis depending on the specifics of each divorce's relevant facts. Again, your attorney can help you understand what the settlement may be in your particular case.

What About The House?

The Advantages You Live With

As a homeowner, you know your home is a huge financial advantage. Every month, the payment you make on your mortgage adds to the equity you have in your home and makes your home asset a more valuable part of your portfolio. Money paid for rent simply evaporates each month. Plus, research has shown that real estate has proven to deliver a highly reliable increase in value compared to other types of investing. If you're renting, those reliable returns are going into your landlord's pocket — not yours. When you add in the federal tax deductions generally allowed for mortgage interest and real estate taxes, homeownership becomes an even more attractive investment.

In some cases, however, keeping the current home may not be the best financial decision for you. You'll need to take a hard look at your financial picture to determine whether you will be able to afford to maintain your current home or whether you'll need to start over.

How Do You Divide A Home?

Basically, there are four options to consider:

1. Sell the house immediately, pay off the mortgage and any other liens, split the proceeds, and both take up new residences.
2. Keep the house in both spouses' names, with only one as the occupant, with an agreement to sell at a defined point in the future (such as when the youngest child graduates).
3. One spouse gives the other title to the home.
4. One spouse takes cash out of the home's equity to buy out the other spouse.

On the following pages we will examine the advantages and costs of each option. But before you can determine the most appropriate way to proceed, you have to do some homework.

Take Time To Crunch The Numbers

The Budget: Your Financial Lifeline

As you know, housing costs are only one of the financial responsibilities you'll be shouldering as a newly single person. If you have or your ex-spouse has the opportunity to keep the marital home, you should know up front whether you actually want it. That means you should consider what you want and don't want in your property settlement with your attorney. Then you will need to have an understanding of your monthly budget so you can have a realistic view of what your finances will look like on a single income. This will help you make informed decisions. A worksheet to help you compare income to costs is at the back of this guide on page 20.

Calculating Housing Expenses

Before you make any decisions about what to do with your home, use this chart to begin computing your costs. Use the blanks at the bottom of the chart to fill in additional expenses not listed:

Cost of Housing	Monthly Expense
Mortgage Payment	
Home Equity Loan or Line of Credit Payment	
Property Taxes	
Homeowner's Association Fees	
Insurance (Homeowners)	
Electricity	
Heating Oil/Gas	
Water/Sewer	
Cable TV	
Telephone	
Lawn Maintenance	
Garbage Service	
Internet Service	
Routine Maintenance	
Cleaning Service	
TOTAL Monthly Cost	

A word of caution: If you're planning to buy out your ex-spouse's interest in the property by obtaining home equity financing or taking cash out through a refinance, be sure to use the increased monthly payment amount in your calculation. You can get an estimated payment amount using our Mortgage Payment Calculator on our Web site at www.wellsfargo.com/mortgage.

How Much Can You Gain If You Sell?

You have one side of the equation: the approximate cost to maintain your home. Now for the other side: what would the profit and costs be if you were to sell the property?

Your first order of business is to calculate what your home may be worth in today's market. A good way to get an estimated home value is by asking for a comparable market analysis from a real estate agent who will review recent home sales in your area to give you an approximate sales price for your home. Another quick gauge would be to use our Home Sales Report tool, which can give you the selling price of homes in your area. It can be found at www.wellsfargo.com/mortgage.

Your next step is to compute your expenses, using the worksheet below, then subtract the total from the home's market price.

Selling Expenses	Approximate Cost
The amount of your remaining mortgage loan	
Any liens against the property	
Real estate fees and commissions	
Closing cost (You can get a general estimate of your costs at the **Home Loan Workbench**℠ tool on www.wellsfargo.com/mortgage)	
Estimate repair or enhancement costs (pest remediation, painting, any necessar inspections, etc)	
Attorney fees (if applicable)	
TOTAL Cost	

You now have a general idea of how much it will cost to maintain the family home, and what each spouse would net if you sold it. You also have created a budget that gives you an idea of your monthly costs. Armed with that information, it's time to take a closer look at the choices open to you.

Sell And Move Forward

New Residence, New Possibilities

There's a lot to be said for starting over with a clean slate. In addition to helping you move on with your life, buying a new home can be a surprisingly affordable option. Today's flexible home financing programs — such as low down payment options and adjustable rate mortgages — can help put homeownership within your reach, even on one salary.

Rent Vs. Buy: Owning Can Cost Less Than Renting

The first question you need to tackle in your quest for a new residence is "Why should I buy instead of rent?" Renting certainly has some advantages over owning. If you need to move frequently, if you're not sure you're ready to commit to the responsibilities or costs of maintaining a home on your own, or if your future income is extremely uncertain, renting may be the best option. Just don't assume that renting is more affordable than owning — or that you have to rent until you can get the funds together to buy. There are options that can help you buy sooner than you might think possible.

A monthly mortgage payment is often lower than the monthly rent on a much smaller property. If you'd like to compare what you'd pay for rent against what you might make in house payments, just visit www.wellsfargo.com/mortgage and use our Rent vs. Own Calculator.

Qualifying For A Mortgage On A Single Income

More than likely, this will be an easier experience than you may imagine. Lower interest rates, new lending guidelines, and consumer education campaigns have been showing more and more Americans that they really can own a home.

Wells Fargo Home Mortgage has one of the widest arrays of home financing options available anywhere. Our home mortgage consultants will be happy to sit down with you and discuss your options whether you are looking to purchase with little or no money down or whether you need to maximize your buying power while keeping your monthly payments as low as possible.

You can also look at different financing options and their associated costs with our **Home Loan Workbench**℠ tool at www.wellsfargo.com/mortgage.

But What Happens If You Don't Fit A General Customer Profile?

We help homebuyers every day make the right choices for their specific needs. Our home financing experts work with one of the broadest selections of products and services in the industry. In addition to all the conventional financing options, we offer special programs designed to address your financial profile. **Personalized Solutions**℠ from our home mortgage consultants can help you capitalize on purchase opportunities through faster approvals, higher loan-to-value (LTV) ratios, and streamlined processing.

Good News For Stay-At-Home Spouses

Whether you are looking to start over in a new career or would like to qualify based on alimony and child-support payments, we have lending programs that may make it possible for you to get home financing. Flexible guidelines and your good credit can help you qualify for the mortgage you need to achieve your goals.

Moving Beyond Short-term Problems Into A Lifetime Of Homeownership℠

If there are credit issues, we may be able help there, too. We understand that many of the customers we serve have had past credit challenges such as excessive debt, late payments or other credit challenges. Our home mortgage consultants will work with you to choose a program that accommodates your current credit status and your post-divorce financial situation.

How Much Can I Afford?

To answer that question, lenders look at all the elements that make up your financial profile, including:

- Your credit history.
- The cash you have available for a down payment and closing costs.
- Your income (if you desire, can include any alimony and child support payments you may receive).
- Your existing debt and financial obligations (this will include alimony and child support payments you will be required to make).

Then, taking the current market interest rate into account, a lender can give you an estimate of the maximum mortgage amount you can afford. By adding the maximum mortgage amount to the funds you plan to use for your down payment, you will know your home purchase price range.

You can use our Affordability Calculator at www.wellsfargo.com/mortgage to get an estimated mortgage amount, or you can speak to a home mortgage consultant for a no-cost, no-obligation estimate.

Down Payment Considerations

Depending on your financial situation, the equity in the home you're selling, and the settlement terms, you may or may not have cash on hand for a down payment. If you find that you may not have a sizable down payment, that doesn't mean you have to wait to purchase until you can save up for one.

Talk with your Wells Fargo Home Mortgage consultant about low- and no-down payment options which can help you afford a home sooner than you may think. Although 97-100% financing comes at a slightly higher interest rate and may require mortgage insurance, these products can help you jumpstart a new life as a single homeowner.

Additional Considerations

Could You Afford Your House If You Had To Buy It On Your Own?

Before you walk away from your marital home, it is a good idea to consider whether keeping it is financially beneficial. You may discover that holding onto the home makes the most sense for you and your goals. It can be your most affordable way to maintain your established standard of living. Think about it: property values have likely risen since you purchased your home. According to 2003 figures reported by the federal government, home price appreciation rates continue to significantly outpace inflation and national figures have not shown a home price depreciation in any one-year span since the data became available in 1975.

Buying out your ex-spouse's share may be easier on your newly single finances than buying another home on your own. It could also enable you to continue enjoying your residence, your lifestyle, and neighborhood. Before you make up your mind, it may help you to get the perspective of other people who have been in similar situations. There are many online resources you can access. Check your community for support groups too. Others' experiences can help make your decision-making process easier.

If you've thought it through, consulted with your legal advisor and are comfortable with the option of selling, there are other points to consider.

What About Capital Gains Tax?

Good news! Tax laws may work in your favor. If you've lived in and owned your primary residence for at least two of the five years prior to selling it, there is no tax on the first $250,000 of capital gains. If you are still married when you sell the home, the exclusion jumps up to $500,000.

More good news: sales between spouses are excluded from tax too. If one of you sells your share to the other, that money is not subject to tax. Consult your tax advisor for details on this and any other implications of keeping or selling your property.

Consider The Other Aspects Of Keeping Your Home

As you know, the decision to buy or sell a property is based on more than just dollars and cents. There are some emotional and change issues that you will need to think about before making your decision. Here are a couple of questions you may want to ask:

- What will moving mean to my children? How easily will they adjust to new friends and a new school? Will custody considerations affect the division of the home?
- How comfortable will you be moving on with your life in your old home? Will you be able to handle the maintenance and household chores on your own?
- Where's my support network? If you need help, are there family and friends nearby?

You're Keeping The House. Now What?

You've decided to keep the current home as part of the settlement. It takes a bit of work to orchestrate a smooth transition. Here are some of the details that will need to be considered.

The House May Be Yours, But What About The Mortgage?

When you got your home financing it was based on joint ownership. If you continue to own the home with the financing obtained when you were married, then both of you will continue to be responsible for the mortgage. If you wish to remove your spouse from the mortgage, one of the ways to do so is to obtain new financing and have your ex-spouse assign all interest in the property to you. This means you will need to qualify for the loan on your own.

A Deed In Lieu Of Alimony

Often, the home represents a large part — or all — of your financial settlement. If there won't be any additional cash forthcoming, you need to be able to cover expenses on your single income. Then you need to know you'll have sufficient funds to maintain your property so it can bring you optimal return. The good news is, if title to the home is given to you as the settlement, you won't have to come up with any money to buy out your ex-spouse's share of the house. The great news is, if and when you sell, you won't have to split any of your proceeds.

Buying Out The House

If you need to buy out your former spouse, you must decide where the funds will come from and when they need to be paid. Wells Fargo can help. We offer a variety of innovative home financing programs that help you access the cash you need to assume full ownership of your home.

Timing The Buyout

You and your ex-spouse will need to decide is when the buyout should happen.

- Do you want to disperse funds immediately and sever the financial ties?
- Is it better for both of you and your children if you wait until a later date to sell the home and then split the proceeds?
- Think about what the home is worth. Is there enough value to enable the departing spouse to purchase another home with the buyout funds?
- What will it take both of you to live comfortably on your own? Will you be able to afford the financing on two properties?

Owning Together, Living Separately

If you choose to, as a long-term investment, it may be more advantageous to both you and your former spouse to hold on to the property for a period of time and then sell. The proceeds may help with the costs of college tuition or can even help fund your retirement. Just be sure you work with your legal advisor to make a formal agreement as to when you'll sell, responsibilities of property management, and what each spouse's designated share of the proceeds will be.

Some words of caution for those who decide to hold on to the home and sell it at a later date. Because you're invested together in the property, though you're no longer married, you are in essence business partners. That means you will need to work through some of the following decisions:

- Who will be responsible for making the monthly mortgage payments? How will you decide when and if to refinance?
- Who gets to make the decisions regarding paint colors, landscaping, and general maintenance?
- How will decisions be made about any home improvements needed? And who pays for them?
- If most of the home's value appreciates after the divorce, how will you feel about having to share it with your ex-spouse?

Even if you both think this is an attractive alternative, remember that not everyone can afford this choice. Moreover, some divorce decrees will stipulate that the spouse who gets the property will need to buy out the other spouse immediately. If that is the case, you may wonder how you can get the cash to pay off your ex-spouse.

Funding The Buyout

You may want to consider refinancing as a source of funds. If you have lived a good number of years in your home, your equity can be a valuable financial resource. You'll benefit from today's attractive low interest rates, and the interest on your new loan may be tax-deductible[1]. Here are two options you can consider:

Option	How It works	Benefits	Considerations
Cash-out Refinancing	Apply for a new mortgage as the sole homeowner. Request a higher loan amount to cover the amount needed to pay your former spouse. Receive the cash from your equity at closing.	Get the cash you need to pay off your ex-spouse. Dissolve your current, joint responsibility for your mortgage debt. Own your home on your own. Enjoy a lower rate on your home financing than you may be able to get on a home equity loan or line of credit, depending on the market.	You must qualify for the new, higher loan amount on your own without your spouse's income. You must have enough unused equity to repay the old loan and cover the buyout. You will have a new, higher loan amount than your current unpaid principal balance. You will have less unused equity available in your home.
Home equity loans and lines of credit[2]	Keep your current mortgage. Apply for a home equity loan or line of credit for the amount needed to pay off your former spouse. Draw on the unused equity established in your home to secure the financing.	Keep your current mortgage. At current home equity interest rates, enjoy perhaps a lower interest rate on the additional financing than you may be able to get with a cash-out refinance. Borrow only what you need now, only when you need it, knowing you have the funds available for future needs.	You may maintain joint responsibility for your first mortgage with your spouse. Should either one of you become delinquent in your payments or default on the loan, it may appear on both of your credit reports.

Remember, either of these options can result in larger monthly payments. You'll need to consider that in your monthly budget projections.

[1] Consult your tax advisor for details.
[2] Home equity financing offered by Consumer Credit Group, Wells Fargo Bank, N.A. Not all home equity financing programs available in all areas.

EQUAL HOUSING LENDER

If You're Leaving The Home, Are You Protected?

Let's say your former spouse will be remaining in the home, and you'll be taking your buyout funds to set up a new household. Before you go, be sure the transfer of the deed is completed, with your lenders approval, to show that your ex-spouse is the sole owner of the property. Changing the deed and the mortgage absolves you of any financial responsibility for the home loan. This is an important consideration, because you may be applying for a mortgage as well as credit cards. If your name remains on the loan, even though you gave the home to your ex-spouse, you would be legally responsible for the mortgage and would find it difficult or impossible to qualify for a new loan. Maintaining good credit will be discussed further, later on in the guide.

What Kind Of Deed Should You Use?

If you and your ex-spouse are thinking of transferring ownership of the home from one to the other, there are three kinds of deeds you can use. The main difference between them is the extent to which the person transferring the property is liable if they do not have clear "marketable" title to the property — that is, if they are not, according to the public land records, actually entitled to transfer the property to another person.

- **Quitclaim Deed** is the one most commonly used by divorcing couples. It is a way to transfer whatever portion of the title the transferor (one giving up the property) owns without accepting any liability. It says, "Whatever ownership interest in the property I have now, or receive in the future, is now yours." If the transferor does not have any title or ownership in the property, the transferee (the one receiving the home) receives nothing.
- **Limited Warranty Deed** is an assurance that whatever title the transferor holds has never been transferred to anyone else. In addition, the deed promises to protect the transferee from any claim that the transfer by the transferor to the transferee was unauthorized, and to pay any costs involved in a claim.
- **General Warranty Deed** provides the most assurance of title. It states the transferor will defend the transferee against any claims to the contrary.

Before deciding which type of deed you will use, speak with your attorney. Also discuss deed options with your Wells Fargo Home Mortgage consultant, because it can affect your decisions on how you can finance the property and eventually sell it.

Maintaining Your Credit Profile

It is important to be mindful of your credit rating at all times, including throughout a divorce.

Disentangle Your Credit Rating

In today's society credit is not only a money-management tool, it's a way of life.

A solid credit rating will serve you well, whether you're considering applying for a mortgage, or establishing credit as a newly single person. Dissolving your marriage's economic merger requires you to get proactive about your credit rating.

As we mentioned, when you married, you may have joined your finances together. This can include your credit. Although you have an individual credit rating, the reporting agencies are likely basing their reports on your joint accounts. As long as your name remains on those accounts — even if all activity stops — your credit will remain joined with your former spouse's. Experts therefore advise that you take these credit-protecting steps:

- **Close joint accounts.** If debt was incurred in a joint account, you're both responsible for paying it back. Closing all joint accounts is a good first step. When you close all your joint accounts, ask your creditor to note that the account was closed at your request. That will be listed on your credit report and may assist you with future credit applications.
- **Close paid-off accounts.** Be sure that accounts that have been paid off have also been closed. This way the account cannot be used again.
- **Remove authorized users.** If your ex-spouse is just an authorized user on your credit card, simply call your creditor and change your account back to an individual account.
- **Freeze active accounts.** Sometimes, a creditor will not close a joint account with an outstanding balance. Freezing it prevents any future charges from occurring while the balance is being paid off. Then you can close the account permanently.
- **Divide debt.** If the proceeds of the divorce do not allow for you to repay all of your debt, make sure it is clear how and when the accounts will be repaid. If you are not responsible for the repayment, make sure you stay in contact with your ex-spouse to ensure that the payments are made in a timely manner. Late payments, even if the account is frozen, may appear on both of your credit reports.
- **Open new accounts.** Establishing new credit accounts in your own name is a step toward establishing your own credit rating. Be sure to only apply for credit cards you'll need. Having the ability to incur a lot of debt or applying for new credit lines may negatively affect your credit rating.
- **Check your credit reports frequently.** It's a way to safeguard against errors, to make sure your ex-spouse is paying off the agreed-on portion of joint debt, and to assure there are no lingering accounts you may have forgotten.

Getting A Copy of Your Credit Report

If you do not know what is currently contained in your credit report, you should order one today. There are three private credit-reporting agencies that provide information to lenders. Each of the credit agencies may have a slightly different report. That is why it is a good idea to get a copy from each company:

Equifax Credit Information Services, Inc
P.O. Box 740241, Atlanta, GA 30374 • 1-800-685-1111
www.equifax.com

Experian
PO Box 949, Allen, TX 75013-0949 • 1-888-397-3742
www.experian.com

Trans Union National Disclosure Center
P.O. Box 97328, Jackson, MS 39288-7328 • 1-800-916-8800
www.tuc.com

A New Beginning

Take heart. Soon you will begin a new chapter in your life. And we can help you achieve your new dreams and goals, with state-of-the-art money-management services. Wells Fargo provides financial services to more than 13.8 million people. With over 3,000 banking stores and the nation's top Internet banking site, we're ready to enhance your future security and simplify your financial life with innovative programs that make the most of your time and resources. Your Wells Fargo Home Mortgage loan opens the door to discounts on an array of banking products and services with special features built in for your convenience.

Wells Fargo Portfolio Management Account®

To make good financial decisions, you need financial information that's easily accessible and simple to understand. Our top-of-the-line relationship account — the Wells Fargo **Portfolio Management Account**[3] — saves our most valued customers time and money with unmatched benefits.

- Waived fees on linked checking and savings accounts.
- Bonus interest rate on linked savings and Wells Fargo IRA accounts.
- Reduced rates on loans and lines of credit.
- Free online statements.
- Discounts on safe deposit boxes (where available).

It also includes a combined monthly statement that helps simplify financial management by putting all your vital account information in one place.

Homeowners Insurance

Did you know that most lenders require proof of homeowners insurance before closing on your home financing? Wells Fargo Insurance, Inc. is ready to help you protect your home with customized insurance through the **Wells Fargo Select®** Homeowners Insurance Program[4].

In the event of a loss such as a fire, tornado, or burglary, homeowners insurance can pay for damages to your home, as well as for costs to repair or replace contents. If your home becomes uninhabitable as a result of damages, homeowners insurance can cover additional living expenses for a period of time while your home is being repaired. Homeowners insurance can also protect you from loss if someone is injured or if their personal belongings are damaged while on your property.

It's protection that's just right for you, because it's tailored to your individual needs.
Call 1-800-237-1515 for a free, no obligation consultation and price quote. Wells Fargo Insurance will customize a policy for you and provide proof of insurance in time for your closing appointment.

[3] Wells Fargo Portfolio Management Account offered through Wells Fargo Bank, N.A. Member FDIC.

[4]

Wells Fargo makes insurance available through Wells Fargo Insurance, Inc. or licensed affiliates. CA License #0831603 **? Not insured by FDIC or any federal government agency.** **? Not deposits of or guaranteed by any bank.**

Coverage not available in all areas.

Wells Fargo Credit Cards®

Earn travel miles, avoid bounced checks, get convenient discount shopping all while getting your credit back in order. A Visa® card from Wells Fargo can help you get the flexible credit you need and offer your add-on features tailored to your card and your specific needs.

Easy Account Management

They're convenient. They're easy. They're free. Our special services are designed to make your financial life easier.

- **Automatic Mortgage Payment**SM service enables you to focus onyour new life, knowing your mortgage payment is automatically deducted from your checking or savings account each month.

Wells Fargo Online®

Wells Fargo Online offers you the convenience and control to manage your finances anytime, anywhere you have Internet access. With free access to Online Banking, you can:

- Manage checking, savings, investments, and loans or lines of credit (including mortgage and home equity).
- Check balances and review account activity.
- Transfer funds between accounts.
- Receive your monthly statements online.
- Reorder checks.

Online Bill Pay allows you to pay any individual or company in the U.S. And it's free for the first two months.

- Schedule one-time or recurring payments.
- Receive your bills online (eBills) from select companies.
- Schedule e-mail alerts to notify you when eBills are received, when they're due, or when any payments have been sent.
- Organize bills by payment category and track spending.

[5]Bill Pay is free for the first two months for new customers. It remains free in any month that the combined balances in your qualifying personal accounts are at least $5,000 at all times. Otherwise, Bill Pay is $6.95 per month, which includes up to 25 payments per month; each additional payment costs $0.40. Separate pricing applies to businss customers. For a list of qualifies accounts, please refer to ***www.wellsfargo.com/bp_waiver***.

Place Your Home Mortgage Needs In Experienced Hands

Your team of home financing lending professionals wishes you a smooth and positive transition. As you venture into a new phase of your life, we hope you'll consider us a valued resource and trusted confidante as you make future refinances, purchases and sales of homes. Please let us know how we may be of service to you. If you have any questions about selling your property, assuming full title or buying out your ex-spouse, our home mortgage consultants will be happy to help you find the right resource to help answer your questions.

You, too, can benefit from the strengths of the company that provides funding for an extraordinary one out of every eight homes[6] financed in the United States. From refinance to buyout, purchase to resale, we're committed to offering you the most extensive product line in the mortgage lending industry, with flexible guidelines that help homebuyers achieve their goals.

Service — How, When, And Where You Prefer

Locally: Whether you visit us in a mortgage office or a Wells Fargo Bank branch, our home mortgage consultants are available in more than 1,800 locations doing business in 50 states. Wells Fargo Home Mortgage operates one of the leading retail mortgage-lending networks in the country, and we are ready to meet your financing needs.

By Phone: If you're someone who prefers to apply by phone, Wells Fargo Home Mortgage can handle your mortgage application entirely by phone. Call us at 1-877-937-9357.

Internet: Visit our Web site at www.wellsfargo.com/mortgage to find out about our extensive array of products, explore mortgage options or even begin the application process. Or simply use our Web site for research and information and then speak to a home mortgage consultant in person or by phone. No matter how you choose to work with us, you can depend on our staff to provide the best home-loan solutions.

[6]Based on 2003 year-end statistics from *Inside Mortgage Finance*, 1/30/04.

Monthly Budget Worksheet

Category	Monthly Budget	Actual Expense	Difference
INCOME			
Monthly Take-home Pay			
Child Support or Alimony			
Other Income			
TOTAL Monthly Income			
HOUSING			
Mortgage or rent			
Property Taxes			
Insurance (Homeowners or Renters)			
Personal Property Taxes			
TOTAL Housing Expenses			
UTILITIES			
Electricity			
Gas			
Heating Oil			
Telephone			
Cable TV			
Water/Sewer			
TOTAL Utility Expenses			
FOOD & ENTERTAINMENT			
Groceries			
Dining out			
Entertainment (Movies,Dinner, Etc.)			
Hobbies			
TOTAL Food & Entertainment			
CAR & TRANSPORTATION			
Car Payment			
Car Insurance			
Gas			
Tolls & Parking			
Mass Transit			
TOTAL Car & Transportation Expenses			

Category	Monthly Budget	Actual Expense	Difference
MEDICAL/HEALTH			
Health Insurance			
Dental Insurance			
Doctor Bills			
Dental Bills			
Prescriptions			
TOTAL Medical/Health Expenses			
CHILDREN'S EXPENSES			
Child Care			
School Tuition			
Activities			
Clothing			
Allowances			
TOTAL Children's Expenses			
PERSONAL EXPENSES			
Clothing			
Grooming			
TOTAL Personal Expenses			
LOAN PAYMENTS/CREDIT CARDS			
Credit Card: Balance:			
Credit Card: Balance:			
Credit Card: Balance:			
Credit Card: Balance:			
Student Loans: Balance:			
Personal Loans: Balance:			
Personal Loans: Balance:			
TOTAL Loan Payments/Credit Cards			
MISCELLANEOUS COSTS			
TOTAL MONTHLY INCOME			
TOTAL MONTHLY EXPENSES			
DIFFERENCE			

Matching Income To Bills

Use this worksheet to help allocate funds to cover your monthly costs. Be sure you include the following:

- Rent or Mortgage
- Car Payments
- Home and Auto Maintenance
- Credit Card Bills
- Insurance Premiums
- Utility Bills
- Medical Bills
- Child Care
- Carfare, Lunches, Office Supplies or Other Work-Related Expenses
- Groceries
- Personal Expenses

Please adjust the form to fit your pay schedule.

	Date	Amount
First Paycheck Of The Month		
Other Income -		
Other Income -		

	Date	Amount
Payment -		
Payment -		
Payment -		
Payment -		

	Date	Amount
Second Paycheck Of The Month		
Other Income -		
Other Income -		

	Date	Amount
Payment -		
Payment -		
Payment -		
Payment -		

	Date	Amount
Third Paycheck Of The Month		
Other Income -		
Other Income -		

	Date	Amount
Payment -		
Payment -		
Payment -		
Payment -		

	Date	Amount
Fourth Paycheck Of The Month		
Other Income -		
Other Income -		

	Date	Amount
Payment -		
Payment -		
Payment -		
Payment -		

Glossary[8]

Adjustable-Rate Mortgage (ARM) – A mortgage in which the interest rate is adjusted periodically according to a preselected index.

Alternative Financing – A home financing program that accommodates borrowers with special qualifying factors, including poor credit histories.

Annual Percentage Rate (APR) – A yearly percentage rate that expresses the total finance charge on a loan over its entire term. The APR includes the interest rate, fees, points, and mortgage insurance and is therefore a more complete measure of a loan's cost than the interest rate alone. The loan's interest rate, not its APR, is used to calculate the monthly principal and interest payment.

Application Fee – A sum of money paid towards estimated initial mortgage processing expenses such as appraisal and credit report.

Appraisal – A report made by a qualified person setting forth an opinion or estimate of property value. The term also refers to the process by which this estimate is obtained.

Appreciation/Depreciation – "Appreciation" refers to the increase in a property's value, except for inflation. When a property decreases in value, it is called "depreciation".

Assessed Value – The value that a taxing authority places on real or personal property for the purpose of taxation.

Bridge Loan – A form of second deed of trust or mortgage that is collateralized by the borrower's present home (which is usually for sale) in a manner that allows the proceeds to be used for closing on a new house before the present home is sold.

Cash Reserve - A requirement by some lenders that buyers have sufficient cash remaining after closing to make the first mortgage payment.

Capital Gains – Used for tax purposes, this is the capital gain you make when you sell your home. For example, if you purchase a property for $100,000 and sell it some years later for $150,000, your capital gain is $50,000.

Closing – The consummation of a real estate transaction. The closing includes the delivery of a deed, financial adjustments, the signing of notes, and the disbursement of funds necessary to complete the sale and loan transaction.

Closing Agent – Usually an attorney or title agency representative who oversees the closing and witnesses the signing of the closing documents.

Closing Costs – The costs paid by the mortgage borrower (and sometimes the seller) in addition to the purchase price of the property. These include the origination fee, discount points, appraisal, credit report, title insurance, attorney's fees, survey, and prepaid items such as tax and insurance escrow payments.

Collection - The servicing procedure followed to bring a delinquent mortgage current and to file the required notices to bring foreclosure when necessary.

Comparable Market Analysis (CMA) – A written analysis of houses having similar characteristics currently being offered for sale, as well as comparable houses sold in the past six months. This enables you to determine if you are paying market value for a home and to identify whether market prices are rising or falling.

Community Property - In certain states, all property that is not the separate property of one spouse is considered to be marital property.

[8] The terms in this glossary refer to your primary mortgage loan and do not necessarily apply to your home equity loans and home equity lines of credit.

Compensating Factors - Positive characteristics of a borrower's credit, employment or savings history which may be used to offset high debt-to-income ratios in the underwriting process.

Contingency – A condition that must be met.

Conventional Loan – A mortgage not obtained under a government insured program (such as FHA or VA).

Credit Report – A report detailing an individual's credit history.

Debt-To-Income Ratio – A formula lenders use to determine the loan amount for which you may qualify. Also known as the "back-end ratio." Guidelines may vary, depending on the loan program.

Default – The failure to perform an obligation as agreed in a contract.

Delinquency - A loan payment that is overdue but within the period allowed before actual default is declared.

Down Payment – Money paid to make up the difference between the purchase price and the mortgage amount.

Equitable Distribution – A property settlement method is which all assets and earnings acquired during marriage are divided fairly and equitably.

Equity – The ownership interest; i.e., portion of a property's value over and above the liens against it.

Escrow – An item of value, money, or documents deposited with a third party to be delivered upon the fulfillment of a condition. For example, the deposit by a borrower with the lender of funds to pay taxes and insurance premiums when they become due or the deposit of funds or documents with an attorney or escrow agent to be disbursed upon the closing of a sale of real estate. In some parts of the country, escrows of taxes and insurance premiums are called impounds or reserves.

Fixed-Rate Mortgage – A mortgage in which the interest rate and payments remain the same for the life of the loan.

FICO Score – A numerical rating developed and maintained by Fair Isaac and Company that indicates a borrower's creditworthiness based on a number of criteria.

Foreclosure – A legal procedure in which property mortgaged as security for a loan is sold to pay the defaulting borrower's debt.

Front-End Ratio – Also known as the housing expense-to-income ratio It compares your proposed monthly house payment (PITI) to your total household gross monthly income.

General Warranty Deed states that the transferor has good title to the property, and 'warrants' that s/he will defend the staying spouse against any claims.

Gross Monthly Income - Total monthly income earned before tax and other deductions.

High-Ratio Loan - Mortgage loans in excess of 80 percent of the loan amount divided by the lower of the sales price or appraised value.

Home Equity Line of Credit - A form of revolving credit in which your home serves as collateral.

Home Equity Loan - A revolving line of credit or loan based on the equity in the mortgagor's house. The property is the security for the loan, which is usable for any purpose.

Housing Expense Ratio - The relationship of a borrower's monthly payment obligation on housing (PITI and other applicable housing expenses) divided by gross monthly income, expressed as a percentage. Also called the top ratio.

Judgment - Final determination by a court of the rights and claims of the parties to an action.

Line of Credit - An agreement by a commercial bank or other financial institution to extend an open-ended line of credit up to a certain amount for a certain time to a specific borrower. (See also home equity line of credit.)

Leverage - Using credit or borrowed money to increase the rate of return from an investment. For example, by purchasing a $100,000 home with 10 percent down, you are using just $10,000 to control the investment.

Lien - A legal claim or attachment against property as security for payment of an obligation.

Loan Payment Reserves - A requirement of many loan programs that, in addition to funds for the down payment and other purchase-related costs, you have saved enough money to cover one or two months of mortgage payments after your closing.

Loan Settlement - The conclusion of the mortgage transaction. This includes the delivery of a deed, the signing of notes, and the disbursement of funds necessary to the mortgage loan transaction.

Loan-To-Value (LTV) - The ratio between the amount of a given mortgage loan and the lower of sales price or appraised value.

Principal - The amount borrowed or remaining unpaid; also that part of the monthly payment that reduces the outstanding balance of a mortgage.

Priority Buyer℠ - A Wells Fargo Home Mortgage customer who has been preapproved for their mortgage loan amount.

Private Mortgage Insurance (PMI) - Insurance written by a private company protecting the mortgage lender against loss resulting from a mortgage default.

Qualifying Ratios - Guidelines applied by lenders to determine how large a loan to grant a home buyer.

Quitclaim Deed stipulates that the person giving up the property transfers whatever title he or she may have to the one receiving the home.

Refinancing - The repayment of a debt from the proceeds of a new loan using the same property as security.

Return On Investment - The percentage of capital gain that you make on an investment. For example, say you invest $1,000 into a property, and a year later it is worth $1,500. Your return on investment equals the profit ($500) divided by the initial investment ($1,000) or 50 percent.

Statutory Warranty Deed assures that whatever title the leaving spouse holds has never been transferred to anyone else. It also promises to protect the staying spouse from any claim regarding an unauthorized transfer, and to pay any costs involved in a claim

Survey - The measurement and description of land by a registered surveyor.

Tax Lien - A claim against property for unpaid taxes.

For More Information On Wells Fargo Home Mortgage

Contact your local Wells Fargo Home Mortgage consultant
Call us at 1-877-937-9357
Visit us online at www.wellsfargo.com/mortgage

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