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February 10, 2004

Federal Housing Finance Board  
1777 F Street, N.W.  
Washington, DC 20006  
ATTN: Public Comments

Dear Sir or Madam:

Wells Fargo & Company and its affiliates (“Wells Fargo”), including Wells Fargo Home Mortgage, Inc. and Superior Guaranty Insurance Company, Inc., appreciate the opportunity to comment on the current data collection requirements for loans sold to the Federal Home Loan Banks (“FHLBanks”) under the Acquired Member Asset (“AMA”) Program. Wells Fargo is a diversified financial services holding company with over 30 subsidiary banks and over 100 additional subsidiaries that provide financial products and services to consumers. Wells Fargo is the largest originator of home mortgages throughout the United States and Puerto Rico. Based on 2002 HMDA (“Home Mortgage Disclosure Act”) data (the most recent available), Wells Fargo also ranks as the largest originator of home mortgages (i) to minority borrowers, (ii) to low-to-moderate income borrowers, and (iii) in low-to-moderate income neighborhoods. Wells Fargo is committed to the goal of increasing the level of home ownership across all segments of society.

Wells Fargo strongly supports the FHLBank’s efforts to reduce the cost of home ownership to American consumers by offering alternative secondary market outlets to FHLBank members. The significant growth in member participation and loan fundings, by both the Mortgage Partnership Financing and the Mortgage Purchase Programs (“MPF and MPP Programs”), clearly demonstrate the importance of these programs to the mortgage market. Through the natural process of competition by members for origination volume, the benefits created by these programs are efficiently distributed to the intended beneficiaries. As part of the comment request, the Federal Housing Finance Board (“Finance Board”) has correctly identified the fact that the collection and distribution of accurate origination and servicing data will be a key determinate of the future success of the AMA Programs.

Through its active participation in the agency, government, non-conforming and sub-prime markets, Wells Fargo has the ability to observe data collection practices across all secondary market outlets. We are pleased to offer the following views on the questions you are considering.

**1. Question – Is the collection of information necessary for the proper performance of Finance Board functions (including whether the information has practical utility)?**

In the published comment request, the Finance Board indicates that it believes the collection of the specified information is essential in order to monitor 1) the safety and soundness of the FHLBanks and 2) the extent to which the FHLBanks are fulfilling their statutory housing finance mission through their AMA Programs. Wells Fargo agrees that the collection of accurate origination and servicing data is necessary for the FHLBanks and the Finance Board to achieve the objectives outlined above; however, the following data elements do not appear to support the stated goals or are inconsistent with current industry practices:

**Data elements required for multi-family properties (Appendix A - data elements 45 to 49) -** These data elements are not currently required for HMDA reporting purposes nor are they necessary for Nationally Recognized Statistical Rating Organizations (“NRSROs”) to accurately determine credit enhancement requirements.

**Data that is collected to track FHLBank performance versus stated housing goals (Appendix A – data elements 37 – 42) –** These elements should be consistent with HMDA reporting standards to the extent possible. Recent changes to HMDA reporting requirements have not been incorporated into the current AMA collection requirements stipulated in Appendix A of the AMA Regulation.

**Additional data elements –** There are a number of data elements that are not included in Appendix A of the AMA regulation that are required by the NRSROs in order to accurately assess the credit risk associated with a pool of loans. These data elements would typically include tracking for secondary financing, documentation levels and appraisal types.

**Missing data elements –** There are certain data elements required by Appendix A of the AMA Regulation that may not be captured during the loan origination process. Specifically, elements 33 and 36 to 42 are not critical items to the loan origination process. Wells Fargo has established processes to capture this information to the extent it is provided by the borrower at origination and include it on the FHLBank data files; however, Wells Fargo is unable to provide this information for borrowers who are unwilling to provide it during the origination process.

Wells Fargo would recommend that the Finance Board update Appendix A of the AMA regulation to reflect that the mortgage industry data collection practices continually change. In addition, Wells Fargo suggests that the Finance Board formally recognize that certain FHLBank members are not able to provide all of the data elements requested due to data collection practices or system limitations. The proposed revision to the AMA Regulation would state that the data elements in Appendix A are merely data elements that the Finance Board suggests that approved AMA Programs capture and would specifically allow the FHLBanks to purchase loans when sufficient information is provided by the member to enable the FHLBanks to credit enhance and fund the loans ultimately delivered. The Federal Housing Finance Board staff could then work with the AMA Programs on an individual basis to insure that adequate information is captured to achieve the Finance Board’s stated objectives.

**2. Question - Is Finance Board’s estimates of the burdens of the collection of information accurate?**

The Finance Board’s estimation that Wells Fargo spends 8 hours a month capturing the data required under the current AMA Program rules is a gross understatement of the level of effort necessary to accurately produce the information requested. This time commitment may accurately represent the burden of creating the data file for a single pool of loans sold to the FHLBank once a computer software program to create FHLBank files has been installed, but it does not reflect 1) the operational processes instituted to collect the required data not required by other secondary market outlets or 2) the amount of systems programming necessary to create the data files required by the MPP and MPF programs. During 2003, Wells Fargo estimates that more than 1,000 hours were spent to document, program, test and implement programs used to create FHLBank data files.

**3. Question – Are there ways to enhance the quality, utility, and clarity of the information collected?**

As stated above, a more fluid approach to data collection that encompasses current market practices would insure that the Finance Board obtains the best possible information currently available to assess the safety and soundness of the AMA Programs and determine the level of compliance with mandated affordable housing goals without imposing unnecessary burdens on FHLBank members or their customers.

**4. Question – Are there ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology?**

The FHLBanks could significantly reduce the amount of time required to update computer software programs required to produce FHLBank data files by consolidating required modifications to the data file layout. Instead of making numerous revisions to the required data files as they are identified, consolidating them into an annual revision process would enable originators to make the necessary programming changes in a more efficient manner. Although there would be a slight delay in the delivery of the newly requested data, the relatively short amount of time between revisions would not pose a significant risk to the FHLBank system.

Wells Fargo commends the Finance Board for its efforts in developing an industry standard for transparency in the agency marketplace. While Wells Fargo is in alignment with the Finance Board goals of insuring safety and soundness of the FHLBank system and providing access to home ownership to Americans, Wells Fargo believes certain minor adjustments to the current reporting requirements need to be considered to achieve these goals. Any proposed changes to the data collected by the FHLBanks should insure adequate information is collected to protect the safety and soundness of the FHLBank system and that the information is sufficient to monitor efforts toward affordable housing goals; however, they should not impose any unnecessary burden for the participants in the lending process. The mortgage industry should be allowed sufficient time to comment on and implement any proposed changes made to the data elements required by the Finance Board. With the modifications and clarifications suggested in this letter, Wells Fargo believes that the AMA Programs will operate in a safe, sound and efficient manner; and as a result, all consumers will be in a better position to receive the benefits derived from current and future AMA Programs.

Once again, we appreciate the opportunity to comment. We would be pleased to supplement or clarify the above comments and stand prepared to consult with the Finance Board or supply capital markets expertise in connection with any of the proposals described in this letter. If there are any questions, please contact the undersigned directly at (515) 213-4572.

Sincerely,

**WELLS FARGO & COMPANY**

**By: Wells Fargo Home Mortgage, Inc.**

David L. Moskowitz  
Senior Vice President and General Counsel