



## PRESS RELEASE

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**AG Gansler: Wells Fargo Settles Over "Pick-a-Payment"  
Mortgages**  
*Company offers loan modifications and pays nearly \$1 million to  
consumers*

**BALTIMORE, MD (January 5, 2012)** - Attorney General Douglas F. Gansler announced today that his Consumer Protection Division has entered into an agreement with Wells Fargo over the allegedly deceptive marketing of adjustable rate mortgages written by Wachovia and Golden West Financial, companies that Wells Fargo acquired in 2008. In addition to loan modifications for certain consumers, Wells Fargo has agreed to pay \$940,056 to the Office of the Attorney General for restitution to "Pick-a-Payment" borrowers who lost their homes in foreclosure.

"Especially in these difficult times, we focused this agreement on securing relief for vulnerable homeowners and those who have faced foreclosure," said Attorney General Gansler. "Wells Fargo is addressing these particularly troubling issues with mortgages issued by companies that Wells Fargo acquired."

According to the agreement, Wachovia and Golden West offered borrowers a choice among several programs. Borrowers could choose a traditional, 30-year fixed rate, fully amortizing loan; a traditional, 15-year fixed rate, fully amortizing loan; a loan with payments of interest only; or a loan with payments that were less than the interest actually due. According to the Consumer Protection Division, Wachovia and Golden West did not fully explain to "Pick-a-Payment" borrowers who chose the fourth option that their minimum payments would not cover the full interest and that their principal debt would actually increase over time.

Under the terms of the agreement, Wells Fargo will consider loan modifications for Maryland homeowners who have "Pick-a-Payment" contracts, using the federal Home Affordable Modification Program. If the homeowner is not eligible for a HAMP modification, then Wells Fargo will use its own proprietary loan modification program. The modifications may include principal forgiveness, loan extension, interest rate reduction and/or principal forbearance, depending upon the circumstances of the borrower.

The Consumer Protection Division will contact consumers who may be eligible for restitution funds under the settlement. In addition, the agreement will benefit homeowners who obtain loan modifications.

Eleven other Attorneys General across the country have reached similar agreements with Wells Fargo. For additional information, consumers may call the Consumer Protection Division hotline at (410) 528-8662 or toll free at (888)743-0023.