

Letter Doctor

by George Wachtel

Rate Fear Sells HELOCs



Wells Fargo Bank
4455 ArrowsWest Drive
Colorado Springs, CO 80907

November 11, 2005

Deirdre D. Wachtel
George S. Wachtel
807 Pitch Apple Ln
Naples, FL 34108-8557
[Barcode]



Fed Boosts Key Interest Rate for the 11th Consecutive Time...

Dear Deirdre D. Wachtel and George S. Wachtel:
Federal interest rates continue to rise, driving up the interest rates for most variable rate lending products, including home equity lines of credit and credit cards. Higher variable rates mean higher payments for you. But, the great news is that Wells Fargo has your solution!

A money-saving offer for you, a valued Wells Fargo Home Mortgage customer

Because your business is important to us, we would like to introduce you to our *SmartFit Home Equity Account*[®]. You will appreciate the low fixed interest rate and the control that you will have over your payments – especially if you currently have a variable rate home equity account or carry credit card balances.

The SmartFit Home Equity Account[®], only from Wells Fargo, protects you from rising variable interest rates

Move your existing home equity account balance to Wells Fargo's *SmartFit Home Equity Account* today. You can benefit from low monthly payments, courtesy of a low fixed interest rate during the draw period. Advantages you can appreciate include:

- Low fixed interest rates for your choice of 3, 5 or 7 years
- Low payment options – choose low interest-only payments during the draw period or you can choose to pay down your principal balance
- Convenient access to your line of credit

Don't let rising interest rates affect you – open your SmartFit Home Equity Account today

You're already pre-qualified for a *SmartFit Home Equity Account* from Wells Fargo in an amount up to \$150,000 with a fixed Annual Percentage Rate (APR) of 7.400% for an initial term of 3 years and repayment periods up to 30 years. (Higher amounts are available based on qualifications. See reverse side for other important terms and conditions). Just contact us by December 12, 2005 to accept this offer and mention reservation #28620309163.

Sincerely,

Sean Dowdall
Sean Dowdall
Senior Vice President
Consumer Credit Group

Your SmartFit Home Equity Account Low Payment Examples		
Initial Advance Amount	Initial Fixed APR* (3 Year Term)	Monthly Payment (Interest Only)
\$25,000	7.900%	\$165
\$50,000	7.400%	\$308
\$150,000	7.400%	\$925

Actual terms may vary. Interest-only payments do not reduce the principal amount owed. At the end of the draw period, payments of principal + interest are required resulting in an increased payment amount.

Don't miss this opportunity!

1. Call 1-800-556-3032,
- or
2. Log on to wellsfargo.com/equityoffer

P.S. Call 1-800-556-3032 or log on to wellsfargo.com/equityoffer to apply before December 12, 2005.

You can choose to stop receiving "prescreened" offers of credit from this and other companies by calling toll-free 1-888-5-OPTOUT (1-888-567-8688). See **PRESCREEN & OPT-OUT NOTICE** on other side for more information about prescreened offers.

*The Wells Fargo SmartFit Home Equity Account[®] – Classic includes a fixed Annual Percentage Rate (APR) for the first or initial advance from the credit line, for a 3, 5 or 7-year term. Above quoted APRs apply to an initial advance for a 3-year term, 80% maximum combined loan-to-value, secured by an owner-occupied residence. Rate assumes excellent borrower credit history. 5- and 7-year initial fixed rate advances are subject to higher rates. Quoted rate includes a 0.25% discount for automatic payment from a qualified deposit account and will increase if the automatic payment is not elected or is canceled at any time after the account is opened. The APR for all subsequent advances made during the 10-year draw period, and balances outstanding at the end of the fixed rate period is based on an index and margin, and is subject to change daily. The Index is the highest Prime Rate published daily in the Money Rates Table of *The Wall Street Journal* (Western Edition). The Index as of September 24, 2005 is 6.75%. Margins currently range from 0.01% to 6.49%, resulting in corresponding variable APR's ranging from 6.74% to 13.24%. The APR will never be less than 4.24% or more than 18.00%. \$75 Annual Fee is charged beginning 3 years after the account is opened. The account consists of a 10-year Draw Period followed by a 15-year or 30-year Repayment Period depending on the outstanding balance of the line of credit at the end of the Draw Period. The SmartFit Home Equity Account is not available in Texas. Home equity line of credit amounts range from \$10,000 to \$500,000 based on Wells Fargo underwriting standards, including an evaluation of borrower's credit rating, property type and combined loan-to-value. Opening fees and costs may range from \$0.00 to \$9,000 and vary depending on the state in which the property is located and the amount of credit extended. Borrower may also be responsible for payment of state and local mortgage registration or recordation tax. These fees may be paid to Wells Fargo, its affiliates or third parties as necessary to obtain secured credit. Property insurance and flood insurance (if in a flood plain) are required. \$500 prepayment fee due if the line of credit is paid and closed at any time within the first 3 years.

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Wells Fargo uses the fear of rising rates to introduce a new equity product that combines a fixed rate "draw period" with a traditional equity line. Here are my comments about the letter:

1 **Graphic:** The four-color photo is a good eye-catcher and will help draw the reader into the headline and body copy.

2 **Rising Rates:** The headline, product, and body copy all speak to the fear many consumers with variable rate products have. This is good positioning in today's economy.

3 **Salutation:** They choose to use an awkward full name salutation. It would be much better to go personal (we are existing customers) with a "Dear Deirdre and George" or with slight programming with "Dear Deirdre and George Wachtel."

4 **New Product:** This is an interesting product that offers a fixed-rate period that converts to a standard equity line. Wells Fargo has named it "SmartFit" and nicely positions it as only available through them — but overdoes the reference with six repetitions in the letter.

5 **What's in it for me?:** Using an interest-only option, readers are told how low their monthly payments can be for sizable draw downs.

6 **Call to action:** The action steps are split between the last paragraph and the "P.S." and could be more compelling if they were labeled "a limited time offer" or "offer expires by..." and why does that reservation code number have to be eleven digits long?

7 **Disclaimer:** This is a "prescreened" offer, so Wells Fargo uses the bottom 3.5-inches of the paper to load in the fine print. Better if all this could have been put on the backside of the page (where they already printed the "Terms and Conditions").

Have a proposed direct-mail letter that you would like the Letter Doctor to evaluate in the magazine? Send to George Wachtel, c/o ABA Bank Marketing magazine, 1120 Connecticut Ave., N.W., Washington, D.C. 20036. E-mail: walbrow@aba.com