

FOR HOME EQUITY ACCOUNT CUSTOMERS

What remodels offer the most payback?

Your home is still likely to be your best investment. Now, what's the best investment in your home? *Where* you live could be as important as *what* you remodel.

The great thing about investing in home improvements is that you increase the value of your home while you enjoy the tangible benefits of your investment on a day-to-day basis.

There may be little question as to the enjoyment factor in deciding to remodel a kitchen or add a family room. But, in financial terms, neither of those remodels is likely to have quite the payback of a bathroom remodel or second story addition.

The national average for the payback on a second story addition is 94% of the remodeling cost. The comparable figure for a bathroom remodel is 88%.

In some areas, however, remodels can give you a return of more than 100%. For example,

according to estimates appearing in the *Remodeling Online* Web site (remodeling.hw.net) a bath remodel in the Minneapolis area will payback an average of 111% of its cost. In San Francisco, the payback will average an impressive 148%. But, in Dallas, expect to get only 66% of your money back for the exact same remodel.

The chart below lists popular remodeling projects and the estimated payback on those remodels in selected cities. Percents are based on the return when selling your home within one year of completing the work.

Keep in mind that these figures are estimates. Your return on any project is specific to your neighborhood and the particulars of your project.

	TWO-STORY ADDITION	BATHROOM REMODEL	FAMILY ROOM ADDITION	BASEMENT REMODEL	KITCHEN REMODEL	NEW ROOF
National Average	94%	88%	79%	79%	67%	67%
Chicago	111%	109%	99%	93%	86%	77%
Dallas	69%	66%	57%	n/a	53%	70%
Denver	77%	60%	69%	57%	47%	45%
Houston	70%	72%	66%	n/a	65%	63%
Los Angeles	154%	155%	147%	174%	130%	137%
Minneapolis	103%	111%	90%	71%	76%	58%
Phoenix	60%	60%	52%	65%	44%	46%
Portland	84%	74%	66%	74%	65%	73%
Sacramento	96%	84%	70%	76%	53%	69%
Salt Lake City	83%	84%	54%	71%	45%	63%
San Francisco	141%	148%	126%	130%	92%	95%
Seattle	91%	96%	88%	79%	75%	68%

Your Guide to Remodel Payback: *Value added by major upgrades to a home sold a year after completion of the project. Based on mid-range or market-range remodels. Source: Remodeling Online*



Dear Customer:

As the leading consumer mortgage lender, we pride ourselves on helping customers learn valuable new ways to make the best use of their home equity to improve their finances, their home asset and their quality of life.

In this issue, you'll learn about which home improvements offer the best payback, new trends in outdoor entertaining and the coming of age of solar electric energy systems for homes.

I hope you find all of this issue's articles interesting and informative.

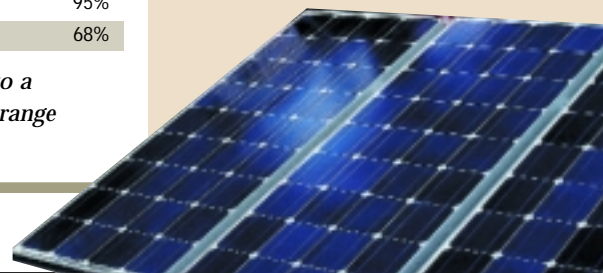
As always, a Wells Fargo representative who can help with all your home equity financing questions and needs is just a phone call away at 1-800-482-3348.

Sincerely,

Signature

Sylvia Reynolds
Executive Vice President

Also in this Issue:
Solar Power: a bright idea whose time has come!



Entertaining Alfresco

Outdoor entertaining is growing in popularity. Here are some trends and tips for extending your living space outdoors.

The outdoor deck is the “next living room,” *The New York Times* recently reported in an article on the International Builders Show in Las Vegas. A more accurate statement might be that the deck and yard are not only the next living room—they’re the next kitchen, dining room and entertainment area as well.

So strong is the interest in bringing living spaces outdoors that high-end appliance manufacturers such as Viking now offer outdoor refrigerators and countertops, as well as grills that include woks and warming ovens. Heat-N-Glo, a Minneapolis company, has just introduced a fireplace that goes into a wall and can be viewed from both indoor and outdoor spaces.

Why the trend? Some say it’s because of smaller lot sizes, with homeowners adding “walls” and “ceilings” for privacy from neighbors. Others say it’s part of the

renewed interest in “natural” settings. The best outdoor rooms are just as comfortable as indoor rooms, while allowing homeowners to enjoy the sights and sounds of nature.

“Floors” for outdoor living spaces can be of stone, brick or decking made of redwood or synthetic wood material. Fences painted to match the house, decorative woods, or trellises covered with flowers and vines form “walls.” “Ceilings” can be corrugated plastic laid over wooden beams, overhanging trees or simply umbrellas. Sources for warmth include fire pits or gas heaters.

So look at your home and yard, your climate, your budget and your needs. Chances are there’s a way to extend your living and entertaining space by creating your own outdoor “room.”



If you expect to use your outdoor space for parties—as most people do—*Sunset* magazine recently listed seven “must-haves”:

Comfortable seating. Built-in seating can supplement outdoor furniture and prevent clutter.

Serving surfaces. These can be portable carts or tables or built-ins.

Grill or cooktop. This can be an elaborate built-in or a portable charcoal grill. Some homeowners go for a complete kitchen with a stove, refrigerator and cabinets made out of stainless steel to eliminate rust.

Easy access to the indoor kitchen. This can be as simple as a pass-through window. Good traffic flow in general will make entertaining a more pleasurable experience.

Insect control. Citrus candles help keep a variety of bugs away. Special traps for yellow jackets help with

daytime entertaining. Remember to purchase decorative covers for food, especially meat and sweets, on a buffet table. For major renovations, consider a pond stocked with mosquito-eating fish.

Sunshades. These can be umbrellas or overhanging trees.

Outdoor lighting for evening parties. For large parties, supplement permanent lighting with portable candles and miniature lights strung from trees.

Home Improvement Calculator

Learn how a home improvement project can impact your home value. Go to wellsfargo.com/home_center and click on “Home Center Tools” in the navigation bar on the left.

For information about a home loan or line of credit call **1-800-482-3348** to speak with a Wells Fargo representative. We can even take an application right over the phone. Or visit wellsfargo.com



Solar electric power: a bright idea whose time has come.

Improved technology and government incentives have made solar power an energy-efficient way to brighten your home’s value.

Solar power has finally arrived! The environmental benefits of solar electric power are well known—solar energy generates clean power from the sun, reducing the CO₂ that contributes to global warming. (Power plants in the U.S. have now surpassed transportation as the leading cause of air pollution.) Now, improved technology and government incentives have made solar power a sound energy-efficiency investment in your home as well.

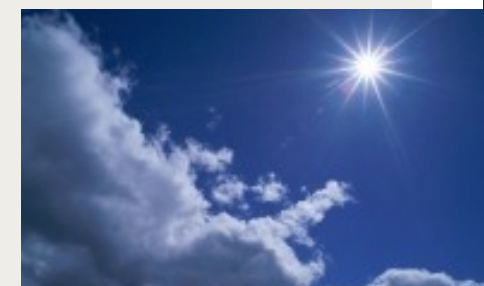
According to Jeff Oldham of Real Goods Solar in California, solar power addresses another concern as well. “The most attractive thing for consumers right now is locking in their cost of power over the long term. In a future energy crisis, you’ll be immune from the cost increases if you have a solar system.”

Benefits in every region of the US Many consumers don’t realize that solar power systems aren’t

just for the sunniest regions of the country. Homeowners can realize savings in most any part of the United States. Jeff Wolfe of Global Resource Options of Vermont puts it this way: “Vermont has 80% of the sunlight of Florida... for grid-connected systems, solar makes perfect sense even in a cloudier state like Vermont or Minnesota.”

“Grid-connected” means that the system draws power from your utility whenever needed (such as nighttime). On the flip side, most states have “net metering” laws that require the utility to credit you for power you generate against your usage. Your meter actually runs backwards and you can zero out your electricity bill.

More efficient and more attractive Solar cells are more efficient than ever. That means fewer cells to

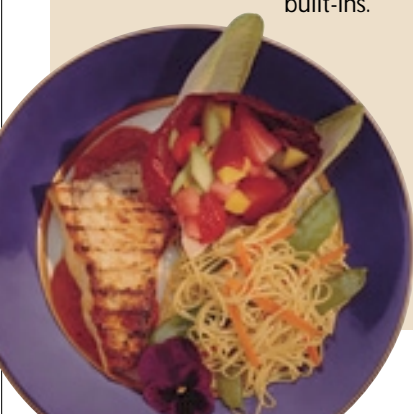


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buy and fewer cells on the roof. Beyond that, when replacing a roof you can now consider using state-of-the-art solar tiles or shingles for an aesthetically pleasing roof and efficient solar system all in one.

States offer financial incentives Right now, many states have special incentives and tax breaks that help make a solar system a

(continued, back page)



Solar Electric Power (continued from page 3)

great investment. California, for instance, has aggressive subsidies that cover nearly half the cost of a system, as well as a 7.5% tax rebate. For California homeowners with electricity bills over \$100, a solar system financed with tax-advantaged* home equity funds could even start paying for itself immediately.

Instead of paying the utility company every month you'll be paying down your home equity account and rebuilding your equity.

But that's not the only financial advantage. When it comes to home value, a solar power system may be your best "remodel" option. Based on a recent study

by ICF Consulting (funded by HUD and the EPA) energy-saving measures such as solar can add \$20 of home value for every \$1 of yearly energy cost savings. That makes an already bright idea really shine.

How to get started

Many state, federal, and industry resources exist to help you evaluate solar providers. A good place to start is "A Consumer's Guide to Buying a Solar Electric System" by the Department of Energy's National Renewable Energy Laboratory (NREL). You can download it for free from the NREL web site (see online resources below).

Solar providers can be found under *Solar Products—Dealers and Services* in the Yellow Pages. These are licensed contractors specializing in the installation of solar electric systems. They can help you:

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- Evaluate whether a solar investment is right for your home.
- Perform an on-site inspection to give you an accurate recommendation of your solar needs and deliver an estimate.
- Assist you by filing required paperwork for any building permits
- Help you secure local, state, or federal tax breaks or subsidies.

Selecting a provider

When selecting a solar provider, use the same criteria as you would for hiring any contractor:

- Try to get at least 2 or 3 estimates for comparison
- Make sure the provider is licensed and bonded
- Ask for customer references on past installations.

*Consult your tax advisor.

Visit wfsolar-resource.net for direct links to these and other solar electric power resources.

California Energy Commission <http://www.consumerenergycenter.org/>
Click on the renewable energy bar to find useful consumer information guides that can be downloaded:

- Buying a PV Solar Electric System—A Consumer's Guide.
- A Guide to Photovoltaic (PV) System Design and Installation.

National Renewable Energy Laboratory (NREL) <http://www.nrel.gov/>

Download "A Consumer's Guide to Buying a Solar Electric System." (PDF file at www.nrel.gov/ncpv/pdfs/26591.pdf) It's an excellent overview that can help you decide if solar electric is right for you.

Database of State Incentives for Renewable Energy (DSIRE)

<http://www.dsireusa.org/>

Find out what subsidies, tax incentives, and incentives are available for solar (and other renewable) energy systems in your state.

PV Watts - Solar Energy Calculator

http://rredc.nrel.gov/solar/codes_algs/PVWATTS/version1/

This online calculator allows you to estimate the potential electricity generated by a solar electric system anywhere in the U.S.

**Increase your line
or convert your line
to a fixed-rate loan.**

Call **1-800-482-3348** to speak with a Wells Fargo representative on how you could better manage the equity built up in your home. Or visit **wellsfargo.com**.