

# LOAN PROGRAM DISCLOSURE

## IMPORTANT TERMS OF WORLD SAVINGS' EQUITY LINE OF CREDIT

This disclosure contains important terms of our Equity Line of Credit ("Equity Account"). You should read it carefully and keep a copy for your records.

### AVAILABILITY OF TERMS:

All of the terms described below are subject to change. If these terms change (other than the annual percentage rate) and you decide, as a result, not to enter into an Equity Account agreement with us, you are entitled to a refund of any fees you paid to us or anyone else in connection with your application for the Equity Account.

### SECURITY INTEREST:

We will take a security interest in your home. You could lose your home if you do not meet the obligations in your agreement with us.

### POSSIBLE ACTIONS:

We can terminate your line, require you to pay us the entire outstanding balance in one payment, and charge you certain fees if:

- You engage in fraud or material misrepresentation in connection with your Equity Account.
- You do not meet the repayment terms.
- Your action or inaction adversely affects the collateral or our rights in the collateral.

We can refuse to make additional extensions of credit or reduce your credit limit if:

- The value of the dwelling securing the Equity Account declines significantly below its appraised value for purposes of the Equity Account.
- We reasonably believe you will not be able to meet the repayment requirements due to a material change in your financial circumstances.
- You are in default of a material obligation in the Equity Account agreement.
- Government action prevents us from imposing the annual percentage rate provided for or impairs our security interest such that the value of the interest is less than 120 percent of the credit line.
- A regulatory agency has notified us that continued advances would constitute an unsafe or unsound practice.
- The maximum annual percentage rate is reached.

The Equity Account agreement permits us to make certain changes to the terms of the agreement at specified times or upon the occurrence of specified events.

### MINIMUM PAYMENT REQUIREMENTS:

You can obtain advances of credit for 10 years (the "Advance Period"). During the Advance Period, your payments will be due monthly and your minimum payment will

equal the finance charges on the outstanding balance during the preceding billing cycle. The minimum payment will not reduce the amount of principal that is outstanding on your Equity Account during the Advance Period.

After the Advance Period, your right to obtain advances ends and you must begin to repay the principal (the "Repayment Period"). The Repayment Period lasts approximately 20 years. During the Repayment Period, your payment will be due monthly and your minimum payment will equal accrued finance charges plus a portion of the principal balance. The portion of the principal balance you must pay each month will equal the remaining principal balance divided by the number of billing cycles remaining until the maturity date of your Equity Account.

You also may have to pay as part of your monthly payments additional amounts for tax and insurance escrow accounts and other fees that you incur under the Equity Account agreement, including over-limit fees, NSF fees, late fees, annual fees, stop payment fees, research and copying fees, and credit insurance premiums.

### MINIMUM PAYMENT EXAMPLE:

If you took a single advance of \$10,000 and the **ANNUAL PERCENTAGE RATE** was 7.500%, it would take 30 years to pay off the advance if you made only the minimum payments. During that period, you would make 120 payments of \$61.64 and 240 payments varying between \$103.31 and \$41.93.

### FEES AND CHARGES:

You may have to pay us the following fees when your Equity Account is opened. Please refer to the attached Good Faith Estimate for specific fees on your Equity Line of Credit.

Application Fee	\$171.00 (FINANCE CHARGE)
Document Preparation Fee	\$100.00 (FINANCE CHARGE)
Credit Review Fee	\$ 35.00 (FINANCE CHARGE)
Appraisal Fee	\$200.00 (FINANCE CHARGE)
Funding Fee	\$ 50.00 (FINANCE CHARGE)
Trust Review Fee	\$200.00 (FINANCE CHARGE)

To open and maintain your Equity Account, you must pay the following fees:

**Origination fee.** You must pay us an origination fee of \$200 (finance charge) when you open your Equity Account, if your equity line is linked to an existing loan with World Savings, or is not part of a home financing transaction in conjunction with a new first-lien mortgage loan from World.

If you are using your Equity Account as part of a home financing transaction in conjunction with a new first-lien mortgage loan from World Savings, you must pay us an origination fee of \$400 when you open your Equity Account.

**Annual fee.** You must pay us an annual fee of \$50.00 beginning the second year and continuing each year thereafter during the Advance Period.

**Third party fees.** You must also pay certain fees to third parties to open your Equity Account. We will provide you with our good faith itemization of these fees. For a credit amount of \$30,000 these fees generally total between \$0.00 and \$791.00. In addition, you must carry hazard insurance on the property that secures the Equity Account.

**Other fees.** You also may have to pay us fees that you incur under the Equity Account agreement, including over-limit fees, NSF fees, late fees, stop payment fees, research and copying fees and credit insurance premiums.

**EARLY CLOSURE FEE:**

If you close your Equity Account within three years after its opening date, we may require you to pay an early closure fee of \$500.00.

**MINIMUM ADVANCE REQUIREMENTS:**

The minimum credit advance that you can receive is \$250.00.

**TAX DEDUCTIBILITY:**

You should consult a tax advisor regarding the deductibility of interest and charges for your Equity Account.

**VARIABLE RATE FEATURE:**

Your Equity Account has a variable rate feature and the annual percentage rate (corresponding to the daily periodic rate) and the minimum monthly payment can change as a result.

The annual percentage rate includes only interest and not other costs.

The annual percentage rate is based on an index. The index is the Prime Rate as published in the Money Rates table in *The Wall Street Journal* (Central Edition). To determine the annual percentage rate that will apply to your Equity Account, we add a margin to the value of the index.

Ask us for the current index value, margin, and annual percentage rate. After you open your Equity Account, we will provide rate information to you on periodic statements that we send to you.

**RATE CHANGES:**

The annual percentage rate can change monthly. The maximum **ANNUAL PERCENTAGE RATE** that can apply is 18%. Apart from this lifetime "Rate Cap" there is no limit on the amount by which the rate can change during any one-year period.

**MAXIMUM RATE AND PAYMENT EXAMPLES:**

If the **ANNUAL PERCENTAGE RATE** during the Advance Period equaled the 18% maximum and you had an outstanding balance of \$10,000, your minimum monthly payment of interest would be \$147.95. The maximum annual percentage rate could be reached during the first billing cycle of the Advance Period. If you have an outstanding balance of \$10,000 during the Repayment Period, the minimum monthly payment at the maximum **ANNUAL PERCENTAGE RATE** of 18% would be \$189.62. This annual percentage rate could be reached during the first billing cycle of the Repayment Period.

**HISTORICAL EXAMPLE**

The following table shows how the annual percentage rate and the monthly payments for a single \$10,000 credit advance would have changed based on changes in the index over the past 15 years. The index values for the Prime Rate are from December 15 of each year. The table assumes that no additional credit advances were taken, that only the minimum payments were made, and that the rate remained constant during each year. It does not necessarily indicate how the index or your payments will change in the future.

December 15 of each Year	Index (%)	Margin* (%)	ANNUAL PERCENTAGE RATE (%)	Minimum Monthly Payments (\$)
<b>Advance Period:</b>				
1987	8.750	2.750	11.500	94.53
1988	10.500	2.750	13.250	108.91
1989	10.500	2.750	13.250	108.91
1990	10.000	2.750	12.750	104.80
1991	7.500	2.750	10.250	84.25
1992	6.000	2.750	8.750	71.92
1993	6.000	2.750	8.750	71.92
1994	8.500	2.750	11.250	92.47
1995	8.750	2.750	11.500	94.53
1996	8.250	2.750	11.000	90.42
<b>Repayment Period:</b>				
1997	8.500	2.750	11.250	134.13
1998	7.750	2.750	10.500	123.65
1999	8.500	2.750	11.250	124.89
2000	9.500	2.750	12.250	127.25
2001	4.750	2.750	7.500	90.98
* This is a margin we have used recently. Your margin may be different.				