

LOAN PROGRAM DISCLOSURE ADDENDUM

FIXED RATE OPTION FEATURE

This disclosure addendum describes in a question-and-answer format important characteristics of the **FIXED RATE OPTION FEATURE** you are considering. Federal Reserve Regulation Z and the rules and regulations of the federal Office of Thrift Supervision require that World give this disclosure to you. This disclosure is accurate as of the date of printing. However, World reserves the right to make subsequent changes to it at any time regarding any matter it covers. Such changes may occur because of changes in policy, law or regulation or for any other reason. Some terms of loans on non-owner occupied properties may be different from those described in this disclosure. If you are considering a loan on a non-owner occupied property, please ask a Loan Representative about the differences.

WHAT IS THE FIXED RATE OPTION FEATURE?

The fixed rate option feature ("Conversion Option") is a loan feature that gives you a one-time right to change the adjustable interest rate of your loan to a fixed interest rate.

If you choose to exercise the Conversion Option, your interest rate and payment amount might increase. These increases would not be limited by any periodic interest rate or payment change limits that were the original terms of your adjustable rate loan.

Exercise of the Conversion Option will not change the maturity date stated in the promissory note for your loan.

If your loan has biweekly payments and you exercise the Conversion Option, your payments will change to monthly payments that will pay off your loan by the maturity date.

WHEN MAY I EXERCISE THE CONVERSION OPTION?

You may exercise the Conversion Option at anytime beginning on the day that is the first anniversary of the first regularly scheduled payment due date and continuing until the day immediately prior to the seventh anniversary of the first regularly scheduled payment due date for your loan ("Conversion Period"), provided that you have made no more than two late payments during the previous 12 months and have met all other conditions of the loan. For example, if the due date of your first regularly scheduled payment were February 15, 2003, the Conversion Period would be anytime from February 15, 2004 through February 14, 2010.

If you do not exercise the Conversion Option during the Conversion Period, it will expire and no longer be available.

IS THERE A FEE FOR EXERCISING THE CONVERSION OPTION?

World will charge a fee ("Conversion Fee") if you exercise your Conversion Option. Your final loan documents will specify the amount. Please ask us for the current amount of the Conversion Fee.

HOW WILL THE FIXED RATE BE DETERMINED?

If you choose to exercise the Conversion Option, World will determine the fixed interest rate by adding an amount ("Conversion Margin") to a conversion index. However, the fixed interest rate will not exceed the Lifetime Rate Cap as described in the Loan Program Disclosure you received. World has recently offered a Conversion Margin of 1.00

percentage point. Your Conversion Margin may be different. Please ask for the current Conversion Margin.

The "Conversion Index" will be the Federal National Mortgage Association posted yield on 30 year mortgage commitments (priced at par) for delivery within 60 days, expressed as a percentage ("FNMA 60-Day Rate").

The FNMA 60-Day Rate that is in effect at the close of the business day immediately prior to the day that you obtain a rate (as described below) will determine the fixed rate of interest after conversion.

WHERE CAN I GET INFORMATION ABOUT THE CONVERSION INDEX?

You can get information about the FNMA 60-Day Rate:

- by calling a World fixed rate conversion representative at the toll-free customer service telephone number that appears on your monthly loan statement; or
- from various financial periodicals, such as *The Wall Street Journal*.

WHAT STEPS WILL I NEED TO TAKE TO EXERCISE THE CONVERSION OPTION?

1. Obtain a "Conversion Rate" by calling a World fixed rate conversion representative at the toll-free customer service telephone number that appears on your most recent monthly loan statement. Based on your Conversion Margin and the then current FNMA 60-Day Rate, World will quote a Conversion Rate that will be available for the next 14 days ("Exercise Period").
2. Sign the *Conversion Notice* form that World will send to you and return it along with the Conversion Fee.

If you do not return the signed *Conversion Notice* and Conversion Fee before the end of the Exercise Period, your loan will not convert to a fixed rate. However, you may call World to obtain another Conversion Rate and start a new Exercise Period.

If you allow three Exercise Periods to expire without returning on time the signed *Conversion Notice* and Conversion Fee, your Conversion Option will terminate and no longer be available.



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DOES THE CONVERSION OPTION AFFECT THE ASSUMPTION PROVISION OF THE LOAN?

If you have exercised the Conversion Option, your loan may not be assumed.

If you have not exercised the Conversion Option, someone may assume your loan according to the terms and conditions

described in the "Does This Loan Have An Assumption/Due-On-Sale Provision?" section of the Loan Program Disclosure you received.

If someone assumes your loan and you have not yet exercised the Conversion Option, the person assuming your loan will have the right to exercise the Conversion Option anytime before it expires.

IMPORTANT - SIGNATURE

I have received a copy of this disclosure addendum describing the **FIXED RATE OPTION FEATURE**. I understand that this disclosure addendum is neither a commitment to make a loan nor a binding contract. The complete contractual terms and conditions of the loan are in the Note, Security Instrument, Modification(s) and Rider(s), if any.

Print Name

Property Address

Signature

Date

Please return a signed copy of this disclosure addendum to World and retain a copy for your records.