

Understanding Your World[®] COSI ARM

This quick guide will answer your questions about how a World Adjustable Rate Mortgage works and why it's better than other ARMs.

1 What is an Adjustable Rate Mortgage?

An adjustable rate mortgage, also known as an ARM, is a loan with an interest rate that adjusts (up or down) based on an index. An adjustable rate is made up of an index plus a margin.

$$\text{Adjustable Rate} = \text{Index} + \text{Margin} \text{ (Example: } 5\% = 2+3\text{)}$$

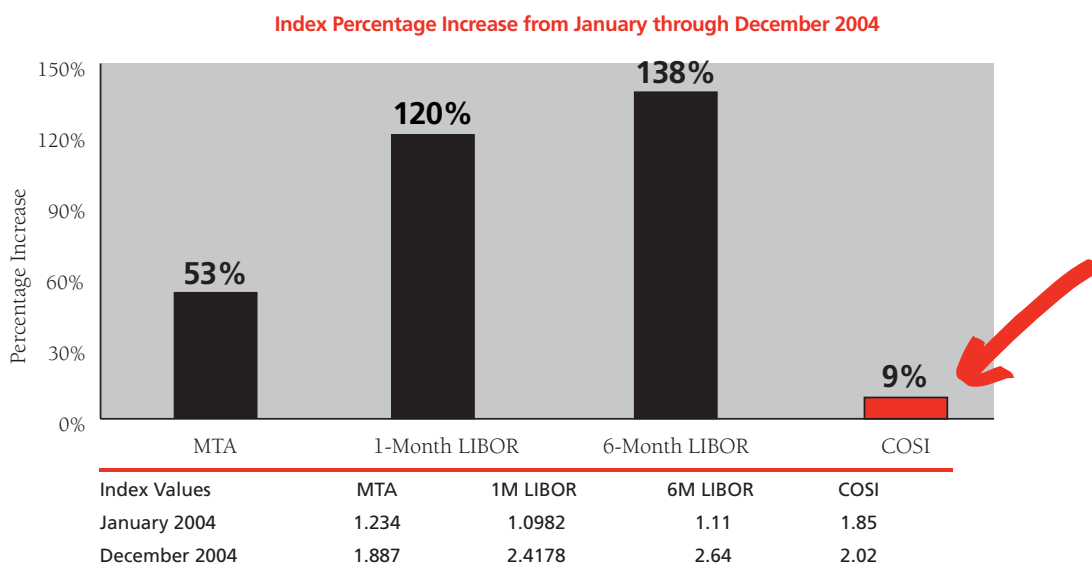
The margin is fixed for the life of the loan. The index will adjust based on the market or economic conditions. Therefore, choosing a stable index is very important.

2 Why is a World COSI ARM a better choice?

A stable index

Our ARM is tied to the **Cost of Savings Index (COSI)**, a very stable and slow-moving index. World Savings calculates COSI using the weighted average rate paid on their deposits, including certificates of deposit, and savings and checking accounts.

Historically, COSI does not move up or down as rapidly as other market interest rates such as the Treasury, LIBOR, or Prime. This means that you, the borrower, will be protected from any sharp changes in the market. See how other indices have increased over the past 12 months compared to the COSI.



Data Source

MTA: 12-month rolling average of 1-Year Spot Treasury published in the Federal Reserve H15 Report
1M LIBOR: Fannie Mae 6M LIBOR: Federal Reserve H15 Report COSI: World Savings

Cash Management Tool

World's Pick-a-Payment ARM frees up cash flow with a low monthly payment (aka *Minimum Amount Due*)—use the extra cash to address more pressing financial concerns, such as paying off credit card debt or contributing to your retirement account. To see how the Pick-a-Paymentsm Loan can help you build wealth and financial security, go to the back of this brochure.

5-Year Cash Flow Comparison Pick-a-Payment Loan vs. Fixed Rate Loan

\$250,000 Loan

	*Minimum Amount Due	Monthly Cash Flow Difference (Fixed Rate Payment of \$1459— Minimum Amount Due)	Annual Cash Flow Difference (Monthly cash flow difference x 12)
Year 1	\$ 918	\$541	\$6,492
Year 2	\$ 987	\$472	\$5,664
Year 3	\$1,061	\$398	\$4,776
Year 4	\$1,140	\$319	\$3,828
Year 5	\$1,226	\$233	\$2,796

30-Year Fixed Rate Loan:
5.75% / 5.918% APR

Pick-a-Payment ARM:
*1.95% Minimum Payment Rate
5.05 fully indexed rate / 5.15% APR

**Extra Cash
in your Pocket**

\$23,556



In addition, you also have up to **4 payment options** every month to give you even more control over your biggest monthly expense, your mortgage. Pay the minimum amount, or choose to pay more for faster principal reduction.

Sample Payment Options	
①	Minimum Amount Due \$ 918
②	Full Interest \$ 1,052
③	Principal and Interest \$ 1,350
④	15-Year Plan \$ 1,984

3 How does the interest rate change impact my payment?

The interest rate will adjust monthly on your World ARM. However, your minimum payment will change only once a year.

While we cannot predict where interest rates will go, you have a payment cap to protect you from payment shock, in case there are significant interest rate increases.

World ARMs have a **payment cap of 7.5%**, which means that if your current Minimum Amount Due is \$1,000, your new Minimum Amount Due for next year can only go up by a maximum of \$75 a month, regardless of the interest rates.

Your payment cap can help you estimate the “worst-case scenario” of what your payments could be for the next 10 years, assuming a rising rate environment. (The example on the left shows maximum payment increases for 5 years.)

World will “recast” the loan without the payment cap at year 10, and every 5 years thereafter, to ensure that your loan is paid off within the remaining term. We offer more payment protection than other lenders’ loans, which recast after only 5 years.

4 How high could my interest rate go?

The lifetime rate cap establishes the highest point your rate can go during the life of the loan. Currently the rate cap is around 12%.

However, for your interest rate to reach 12% (assuming a margin of 3), interest rates on deposit accounts (the rates on which COSI is based) would have to reach 9%.

5 What is deferred interest?

When you choose the Minimum Amount Due, your payment may not always cover the total interest due that month. The unpaid portion is called deferred interest (aka Negative Amortization) and will be added to your loan balance.

6 What are my choices for managing deferred interest?

You may let deferred interest accrue in order to free up cash flow and maximize your financial flexibility now. Pay it off any time and write off the interest paid in that year.

Or you could select 3 other payment options every month to avoid deferred interest.

7 What are the other benefits of a World ARM that make it unique?

Fixed Rate Option

The Fixed Rate Option allows you to switch to a fixed rate loan anytime after year 3 through year 7. You can convert to a fixed for only \$200 instead of refinancing and save thousands of dollars in closing costs.

Equity Builder Payment Plan

A World ARM with an Equity Builder Payment Plan will help you pay off your mortgage sooner and save a fortune in interest over the life of your loan—compared to an ARM with monthly payments. Your payment will be automatically deducted from your checking or savings account every two weeks instead of every month. So you will end up making 26 biweekly payments, or the equivalent of 13 monthly payments in a year.

Quick Qualifier

World Savings doesn't ask for tons of income documentation. Our program is perfect for customers who are self-employed or on commission, or anyone who would appreciate less paperwork.

8 How can a World Pick-a-Payment Loan help achieve financial security?

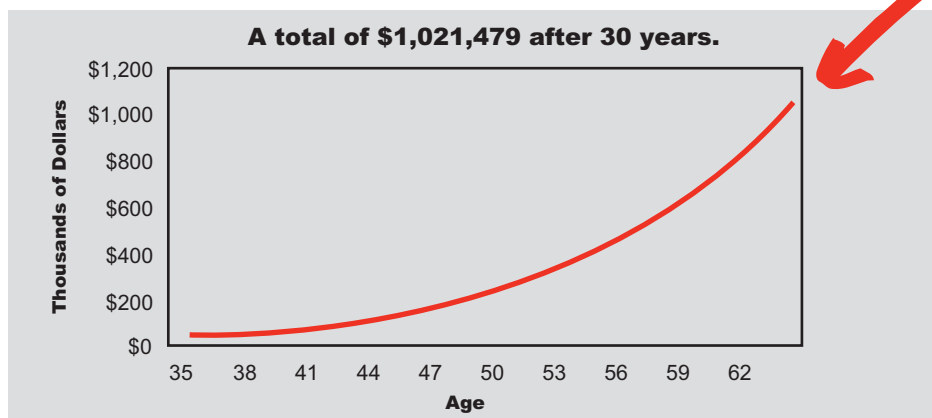
The Pick-a-Payment Loan can free up cash flow every month, so you can put that money towards wealth building, such as contributing to your retirement or 401(k.) See below for an example of how your money can grow over time.

A 401(k) can be one of your best tools for creating a secure retirement because it offers 2 important advantages:

1 Tax-deferred growth

2 Matching contributions from your employer

401(k) Savings



The example is for illustrative purpose only.

Annual salary:	\$55,000
Percent to contribute:	10.00%
Current age:	35
Current 401(k) balance:	\$0
Employer match:	50% of employee contribution, up to 6% of the salary
Annual rate of return:	9.00%
Age of retirement:	65



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