

February 16, 2009

World Savings / 60 Minutes

I am a former World Savings employee who is very upset with the way 60 Minutes portrayed the company. How could they even run that segment without researching their sources. I don't know who Mr. Bishop is but he obviously didn't know or understand the "World Culture". World Savings was one of the last lenders to hold and service its own portfolio. They didn't sell their loans on the secondary market so it was very important that they only put good loans on their books. World Savings was known for its conservative appraisals and large down payments, both which protected the homeowner and company. While almost every other lender in the industry was doing "No Money Down" loans to borrowers with subprime credit, World Savings stuck to its values and made borrowers put at least 20% with good credit or 10% down with very good credit. The competition would also accept "fee appraisals" from almost any appraiser who would push/inflate values to hit the needed value to make a deal work. World Savings always did their own appraisal and made sure they had the "correct value" and not the "requested/estimated value".

60 Minutes also talked about the "Toxic Option ARM" known at World as the "Pick-A-Pay" loan. I wish they would have done some homework before they talked about that loan. The Pick-A-Payment loan was and still is the greatest loan of the last 30 years. It was not a "toxic loan" or a "horrible neg am loan" that was going to blow up or recast on the borrower. World was the only lender that offered a 10 year or 125% recast which protected the borrower. It's all the other lenders who tried to copy the Pick-A-Pay in 2002-2006 that gave a bad rap to the loan. The competitions Option ARM's didn't have the safety features built into them because they solid them off in the secondary market. They didn't care if the loan would blow up in 3-5 years. That is what we saw in the market along with the subprime CDO's. For the record, World Savings had ZERO loans included in the Wall Street mess, because they didn't sell any. Of course, when the real estate market drops 30-70% in areas, you will have losses, which World Savings and every other bank had. But if you look at the actual performance of the Pick-A-Pay you will find the lowest delinquency rate in the industry, because the borrower has affordable payment options.

As a 9 ½ year employee of World Savings I have nothing but great things to say about the company. Although sometimes it was tough to work for one of the only lenders who didn't offer 100% financing or have the lowest rates, I always felt a sense of pride knowing we were doing the right thing for the homeowner and company. For years we warned the regulators and mortgage industry of the dangers 95-100% loans would bring but no one wanted to hear it. World Savings was the best company I ever worked for and I wish that story, the "Truth about World Savings" could be on 60 Minutes. I will no longer watch 60 Minutes based off their one sided story.

Regards,

Jered Barger
Former MBE with World Savings