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## **World Savings and the Sandlers**

In the 30 years of my working career, I have never worked for a company like World that was financially sound, astute and responsible. I am still proud to have been an employee of World Savings for 18 years and to be associated with the Sandlers. The company's success over the many years is due to the management principles and business practices adopted by the Sandlers. The attack on the Sandlers for the mortgage crisis is unjust. Critics have not done their homework and are quick to damage their hard earned reputation.

Let's not forget that the Sandlers built their company over many years. The company sustained and maintained success and profitability over past turbulent economic times as well. The company not only survived but prospered because of the risk averse and carefully thought-out business model.

The company was one of the early adopters of negatively amortizing adjustable mortgage loans. But the company originated these ARMS for over 20 years and kept those loans on its book as a portfolio lender. We did not sell these ARMS because we believed in our products, our pricing, our underwriting, our appraisal, and our business model. Unlike some companies that entered into mortgage business for quick profits, World has had years of experience fine tuning its business model and its ARM products by building safety nets in the product characteristics for both the borrowers and for the Company, slowly repricing indices (slower buildup of deferred interest), longer recast periods, annual payment caps, etc. I may also add that the tenure of the employees of World also contributed to the expert knowledge of ARM products developed over the years (unlike other companies).

In our society, we always like to place the blame on someone. Unfortunately, the Sandlers have been unfairly targeted in this mortgage and credit crisis problem because of the timing of the sale of the Company to Wachovia. If not for the sale of the Company to Wachovia, I do not think that the Sandlers would be unfairly attacked for the mortgage and credit crisis. Rather, as happened many times in the past, they would be asked by the government and the regulators why this problem occurred and how this problem could be avoided in the future.

Looking back, all the Sandlers did was help adopt and introduce the negatively amortizing Adjustable Rate Mortgages. As a portfolio lender, it was not in their interest to have loose underwriting practices or non-stringent appraisal practices and generate high volumes of loans year after year without quality controls. On the other hand, the mortgage bankers' goal was to originate and sell loans and make profits. And let's not forget the investment bankers that helped develop the secondary market for these loans to be sold and securitized. These mortgage bankers and investment bankers were not looking out for the consumers (borrowers). Their primary goal was their profits and satisfy the investors appetite.

It is appalling how much negative press the Sandlers are receiving. And that is also an attack on the many employees that contributed to the success of World Savings. How could we be so wrong after many years of adulation received from the regulators, the rating agencies, the financial and investment communities, year after year.

So, get the facts right.

Patrick Maher