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I worked at World Savings from 1983 to 1999. During my tenure I opened loan centers around the nation and ultimately resided in the Oakland Headquarters building where I served as Group Senior Vice President. While I cannot attest for decisions made after 1999, during my 15+ years at World we developed a reputation for loan quality and strong management skills and we took pride in the way all managers were trained in everything from underwriting to appraisal quality.

When I first saw a story on World not using FICO scores in their decisions, as though this was reflective of bad behavior, I chuckled to myself as FICOS were a model driven decision tool like others that played a factor in the growth of loan document validation staff as opposed to trained credit underwriters like World had.

In my years at World, we developed a reputation as a very conservative underwriting company. We had so many loan officers leave complaining of our tough underwriting and high denial rate only to run off to mortgage brokers and other lenders who were proliferating the products of the decade that took our entire industry down the risky path. Making decisions off of an LP or DU automated underwriting tool that could be combined with an AVM (automated valuation model) appraisal, and could produce a high loan to value, no income verification, automated loan approvals was the world that we never saw.

I remember the property tours where we would load several senior managers into a van and tour properties to critique the risks of transaction completed. We did those in every market and were taught by legacy executives like Walt Carney who passed down their decades of risk management experience to all of us. I remember literally visiting a restaurant of an applicant to personally observe and see if she could really earn the income she said she made. I remember attending numerous underwriting and credit report training classes where we would go through extensive hands on training about reading through a credit reports findings, well beyond what some FICO score might show.

At world, we would add a risk review report that was beyond anything required by any other investor. This risk analysis would be used to provide an additional layer of review of a subject property and often resulted in counter offers on maximum loan to value, or perhaps outright denials, as a result of this extra layer of scrutiny. Only in 2007, did Freddie and Fannie get this concept when they asked underwriters to look for market language such as declining values or extended marketing times to make additional ltv cuts. World was doing this in the good times a decade earlier.

There are far too many examples, but the most alarming event for me since these attacks started was to watch 60 minutes on Sunday night, February 15th. To take one lone disgruntled loan rep who had a reputation for being less thoughtful in his argumentative and irascible approach while at World and apparently at previous companies is more alarming when you see the complete lack of any real examples or without any other reputable individual to step forward in addition to him. While the one story of the poor woman who may have been taken advantage of by some rogue loan representative was heartbreaking to hear, these types of stories are there in mass with the

subprime companies that proliferated products that ultimately harmed people like her throughout the country and these companies come with big names that dominate banking today.

This horrible market has affected every product segment in the mortgage finance arena and every lender has been impacted. As a matter of fact, the few survivors have all received TARP money to stay alive. So, why this story? Why take one lone disgruntled person and blow it up into a 60 minutes segment on a company with decades of history that produced high shareholder returns and one of the best performing balance sheets in the financial service world? This maligning of World in such a focused way was the most surprising of all and has cast a new perspective for me on the integrity of CBS and this show.

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