

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into this 7 day of July, 2003 between the United States Department of Housing and Urban Development ("HUD") and World Savings Bank, FSB. This Settlement Agreement applies to World Savings Bank, FSB, its officers, directors, affiliates, divisions, owners, shareholders, attorneys, accountants, agents, representatives, employees, predecessors, successors, and assigns ("World"). HUD and World together shall be referred to herein as the "Parties."

Whereas, Section 8(a) of the Real Estate Settlement Procedures Act ("RESPA"), 12 U.S.C. § 2607(a), requires that "[n]o person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person.";

Whereas, 24 C.F.R. § 3500.14(g)(3) states that "when a person is in position to refer settlement service business . . . [and] receives payment for providing additional services as part of a real estate transaction, such payment must be for services that are actual, necessary and distinct from the primary services provided by that person.";

Whereas, HUD instituted an inquiry and investigation into certain practices of World relating to its "For Services Rendered" program for the period commencing on September, 2000, through and including the date of this agreement;

Whereas, the "For Services Rendered" program is a limited program under which World solicits and compensates real estate agents ("Agents") for assisting prospective borrowers in the completion and submission of mortgage loan applications through World's "speediloan.com" website;

Whereas, World has provided HUD with information and documents regarding the services provided by Agents in association with the "For Services Rendered" program and explained the manner and under what circumstances fees are paid to Agents;

Whereas, as a result of its inquiry and investigation, HUD asserts that by making payments to Agents for the online completion of loan applications, World has provided a "thing of value" in exchange for the referral of business, in violation of Section 8(a) of RESPA;

Whereas, World notes the limited number of applications on which any fees were paid and the limited amount of fees actually paid under the "For Services Rendered" program and denies that its payment of fees to Agents under the program violated Section 8(a) of RESPA;

Whereas, this Settlement Agreement shall not constitute an admission of liability or fault on the part of World;

Whereas, the Parties desire to resolve any and all RESPA issues arising from the "For Services Rendered" program, to avoid the burden and expense of future proceedings, and to reach a mutually satisfactory resolution of this matter by entering into this Settlement Agreement;

Whereas, this Settlement Agreement addresses all practices of World identified herein, known to and alleged by HUD regarding the "For Services Rendered" program on the "speediloan.com" website;

Whereas, the terms of this Settlement Agreement are an appropriate disposition of this matter and in the public interest;

NOW THEREFORE, in consideration of the mutual promises and representations set forth herein, and based on the truthfulness and accuracy of the information provided by World to HUD in furtherance of the instant investigation concerning the "For Services Rendered" program, the parties hereby agree and intend to be legally bound by the following:

(1) World will discontinue operating the "For Services Rendered" program as it was operated prior to the entry of this Settlement Agreement.

(2) If World reinstates the "For Services Rendered" program or a similar program, it will not compensate Agents for referring potential loan applicants, but will operate such program consistent with RESPA, Regulation X and HUD's published Policy Statements interpreting RESPA and Regulation X, and all compensation paid by World to Agents will be reasonably related to the value of the goods, facilities, or services actually furnished or performed.

(3) Within ten (10) business days of execution of this Settlement Agreement, World shall remit a payment of seven-thousand-five hundred fifty-seven dollars (\$7,557.00), payable to the United States Treasury.

(4) Based on World's compliance with the terms of this Settlement Agreement, HUD will terminate its related investigation and take no further enforcement action against World under Section 8 of RESPA as to this matter.

(5) Each of the Parties shall bear its own attorneys' fees and costs.

(6) This Settlement Agreement is a binding and final agreement that applies to and binds each of the persons or entities identified in the first paragraph of this Settlement Agreement, provided, however, that World shall be entitled to relief from the provisions of paragraph 2 in order to engage in conduct permitted by RESPA in the event that Section 8 of RESPA is amended or in the event that Regulation X or other HUD policy guidance interpreting and applying Section 8 of RESPA is amended or issued.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first stated above.

WORLD SAVINGS BANK, FSB

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

By: Richard D. Atkinson

By: John C. Weicher


Richard D. Atkinson
(Signature)


John C. Weicher
(Signature)

Executive Vice President
(Title)

Assistant Secretary for Housing-
Federal Housing Commissioner
(Title)