

WFS FINANCIAL INC

COMPENSATION COMMITTEE CHARTER

The Compensation Committee of WFS Financial Inc (the “Company”) is hereby chartered by the Board of Directors (the “Board”) of the Company to assist the Board of Directors in fulfilling its responsibilities for the compensation of the Company’s officers and directors and shall exist and operate pursuant to the following requirements:

Membership

- The Board shall, by majority vote, appoint the members of the Compensation Committee for a term of one year and may, by majority vote, remove one or more members.
- The Compensation Committee shall have a minimum of three members, each of whom is an independent director of the Company as the term “independent” is defined by the rules of NASDAQ and the Securities and Exchange Commission (“SEC”). The Board shall affirmatively determine that each member is an independent director.

Purpose and Responsibilities

The purpose and responsibilities of the Compensation Committee are to:

- Review and approve corporate goals and objectives relevant to Chief Executive Officer (“CEO”) compensation, evaluate the CEO's performance in light of those goals and objective, and, either as a Committee or together with the other independent directors (as directed by the Board), determine and approve the CEO's compensation level based on that evaluation. The CEO shall not be present during deliberations or voting by the Compensation Committee regarding the CEO’s compensation.
- Review and approve the CEO's evaluation and compensation recommendations for senior officers.
- Make recommendations to the Board with respect to the Company's long-term incentive-compensation plans, including equity-based plans.
- Make recommendations to the Board with respect to compensation of the directors.
- Produce a Committee report on executive compensation as required by the SEC to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC.
- Meet as a committee as frequently as the members of the Compensation Committee deem necessary or appropriate and report to the Board its findings and conclusions.

- Determine the long-term incentive component of compensation for the CEO. In this determination the Compensation Committee should consider:
 - The Company's performance and relative shareholder return;
 - The value of similar incentive awards to CEOs and others at comparable companies; and
 - The awards given to the Company's CEO and non-CEOs in prior years.
- Annually, the Committee should discuss the plan of succession for the Company's Chairman and CEO, review the succession plans for other key executive positions and management's executive development plans to ensure the readiness of qualified managers for the key positions in the Company and its subsidiaries.
- Annually evaluate the performance of the Compensation Committee and report to the Board its conclusions as to the performance of the Compensation Committee.

Authority

- The Compensation Committee may approve incentive awards without Board approval as may be required to comply with applicable tax laws, including but not limited to Internal Revenue Code Section 162(m).
- Engage consulting firms, independent counsel and other advisors as the Compensation Committee determines necessary, in its sole discretion to assist the Committee in its evaluation of the compensation of directors, CEO or other senior executives.
- Receive from the Company, as the Compensation Committee determines necessary, in its sole discretion, appropriate funding to provide for payment of any consulting firms, independent counsel or other advisors engaged by the Compensation Committee.
- The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate, provided that such subcommittees are composed entirely of independent directors and have a published charter.