CHART 1.1. DEFINING THE MARKET AND THE MISSION

What are the Primary rules for providing federal credit?

Define the perceived credit gap and fill only the credit gap as defined

Make sure the borrowers or the projects are viable, or if the risk is exceptional, that it is defined as such

Do not compete with (responsible) private sector providers

Pass the credit gap back to the private sector as soon as private sector lenders show interest in filling it

CHART 1.2. DEFINING SUCCESS

How do we know we've succeeded?

We can demonstrate that we are aligned with the Agency Mission: the data and metrics we use for the outcomes are the same as the ones we used to identify the credit gap and establish the mission objectives.

We can demonstrate our role in the market: At both the front and back ends we can produce data that shows (a) market conditions; (b) private sector activity in the sector we serve; (c) changes (if any) in the target beneficiary; and (d) the impact of agency program outcomes.

We can demonstrate improvement: using the data and metrics we've selected we can demonstrate impact and show positive trends.

We can demonstrate a solution**:** Where relevant and possible, we can promote individual, business, or project borrowers back out to conventional private sector credit channels

CHART 1.3. PERFORMANCE GUIDELINES

CHART 1.3. How do we minimize risk and costs while maximizing impact?

Know the customer: How well can we target the actual beneficiaries -- so there is no duplicative, unused or otherwise unnecessary intervention?

Do only what needs to be done: What lending functions are absolutely essential for the federal government to perform -- and which can be done less expensively by the private sector?

Be the best at it**:** Are we using the best technologies and practices among those functions we retain?

Manage it effectively**:** what metrics can we get from the private sector to help ensure that we are optimally managing our products, processes and portfolios?

CHART 1.4 THE PROBLEM THAT NEEDS TO BE SOLVED

Surfacing a gap in the credit markets

Proponents of Intervention	Administration	Congress	Lenders	Trade Groups	State/Local Gov't	Public

Policy Reasons for Private Sector non-participation	Loan Type	Purpose	Location	Regulators
	Risk of default	Risk of default	Volume	Concentrations in types of risk
	Cost to track	Cost to track	Loan size	
	Cost to service	Cost to service	Cost to deliver	
	Borrower needs different loan structure		Cost to service	Types of collateral
			Low collateral values	

Financial reasons for Private Sector non-participation	Volume	Deal Size	Debt Service	Term	Credit History	Collateral	Regulators
	Insufficient to justify investment	Operating cost per loan is excessive	Too low	Borrower needs longer term	Weak	Cost to manage	Lender profitability
			Too volatile		Volatile	Cost to sell	Lender liquidity
					Cost to manage	Low sale value	Lender capital

CHART 1.5 EXAMPLES OF PRODUCTS CREATED IN RESPONSE	SBA	Education	HUD	USDA	HUD	Energy	Treasury - CDFI Fund
Agency Program	Small Business Investment Companies (Venture Capital)	Federal Student Aid	FHA	Rural Development	FHA	Clean Energy	CDFI Fund
Primary reason	Financial	Policy	Financial	Financial	Financial	Policy	Policy
Who championed the problem?	SBIC Trade Group	Public	Congress	Public	Congress	Administration	Administration
	The debenture structure was inappropriate for funding early stage VC deals	Accelerating college costs, decreasing state support, abuses in for-profit entities, flawed private sector lending prompted takeover	Seniors with equity in their homes but inadequate cash can use the equity to boost cash available for living and other expenses	Limited banking options for low and very low income residents in rural areas make hard to own a home, contributing to disinvestment	Following the Debt Crisis there was a need to help defaulted borrowers to get current, renegotiate their mortgage debt, and avoid foreclosure	There was a policy need to spur development of clean energy products through commercialization of innovative ideas	CDFIs with excellent financial performance cannot get long term funding due to market unfamiliarity. Fed bridges the knowledge gap but wants no risk
Product	Participating Securities	Direct Student Loans	Reverse Mortgage Insurance	502 Direct	ELP	Title 17	CDFI Bond Guarantee Program

CHART 1.6 EXAMPLE OF DATA SOURCES THAT SUPPORT MISSION OBJECTIVES AND OUTCOMES (TRF POLICYMAP)

CHART 1.6a Examples of the range of data categories associated with policy-making decisions

Incomes and Spending	Housing	Lending	Economy	Education
Income	**Home Sales**	**Mortgage Loans**	**Jobs & Industries (Local)**	**Population**
Per Capita	Sales and Sale Price	Home Purchase Loans	All Jobs	School Enrollment
Family	Loan-to-Value Ratio	"Piggyback" Home Purchase Loans	By Sector	Educational Attainment By Race
Household	**Home Values**	Refinance Loans	By Subsector	**School District Statistics**
Poverty	Median Value	Prime Mortgages	**Jobs & Industries (Metro/County)**	Graduation Rate
People in Poverty	Homes by Value	High-Cost Mortgages	All Jobs and Wages	Student-Teacher Ratio
Persistent Poverty	Median Real Estate Tax	Government-Insured Loans	By Subsector	Student Populations
Federal Tax Returns	**Rents and Rental Units**	Loan to Income "Leverage" Ratio	**Small Business and Startups**	Revenues and Expenditures
Sources of Income	Median Rent	**Mortgage Loans By Race or Ethnicity**	Small Business and Startups	Federal Education Program Revenues
Deductions	Number of Units	By Race	Large and Established Businesses	
Credits and Payments	Fair Market Rents	By Ethnicity	**Employment**	
Taxes Filed, Taxes Paid	Housing Units	**Mortgage Loans By Income**	Unemployment	
	Group Quarters	By Borrower Income	Employment	
	Age of Home	By Tract Income	Labor Force	
	New Building Permits			

CHART 1.6b Drilldown on one of the Categories: Demographics

Demographics				
Households		**Household Size**		**Average Renter Occupied Household Size**
Total		Average Size		Insufficient Data
Household Type		1 Person		2.17 or less
Household Size		2 People		2.18 - 2.35
Household Race		3 People		2.36 - 2.51
Families		4 People		2.52 - 2.72
Total		5 People		2.73 or more
Family Type		6 People		
Elections		7 or More People		
Presidential		4 or More People		
Senate		**Household Size by Housing Tenure**		
House of Representatives		Homeowners		
Voter Turnout		Renters		
Religion				
All Religions				
Religious Bodies				
Individual Denominations				

CHART 1.7 THE RELATIONSHIP BETWEEN OBJECTIVES AND OUTCOMES

OBJECTIVES	OUTCOMES
What are we providing?	
Debt in cash. SBA disaster loan, Student Loan, USDA Direct 502	We are providing a guarantee of a second mortgage provided by other lenders, so this is not a direct loan.
Equity or Grants in cash. CDFI Fund, NeighborWorks, Pell Grants	$1,500 allocated per loan for certified homeownership counseling on all of the loans we guarantee.
Credit Enhancement. SBA 7a, USDA B&I, FHA, VA	95% guarantee of a 2nd lien mortgage for first time homebuyer purchases in amounts up to $40,000 for periods of up to 30 years at a fixed rate. Consolidated LTV up to 100%, Debt to Income not to exceed 40%, downpayment not to be less than 1%, fees can be financed.
Knowledge for borrower, lenders, market. FHA single family	$1,500 for certified homeownership counseling, which is required.
Support/Endorsement/Confidence. Ex-Im, OPIC	Provides "good housekeeping seal" for participating lender, and lets new homebuyer know that they are not being taken advantage of
Fairness/standards/level playing-field. USDA	Full disclosure, Truth-in-lending: the homebuyer knows the costs, the risks and the remedies.
Who is the beneficiary?	
Borrower financial description	Up to 80% AMI, average income $35,000, credit score not less than 620, credit counseling required, economically distressed census tracts priority.
What is the nature of the assistance?	Low cost, fixed rate 20 year second mortgage that cannot be obtained elsewhere with homeownership counseling and full disclosure
What are the desired outcomes?	
What does the product/service accomplish for the borrower upon receipt?	Closed 10,000 home purchase loans amounting to $400,000,000. This was 80% of the annual target. The lower volume was due to a new low downpayment first mortgage that a number of lenders adopted to capture market share with the target borrower.
What does it do for the borrower over time?	Since inception five years ago, the average credit score of homebuyers using the program has increased by an average 8% within 3 years of purchase. Prepayments have amounted to 12% of the total cumulative volume, 25% less than those experienced by conventional first mortgage lenders in this credit score range. Foreclosures have amounted to 7.5% over the five years, averaging 1.5% per year. This year the foreclosure rate was 1.8%. This compares with an eviction rate in the same census tracts as the home purchases of 3.25%. The actual average Debt to Income ratio for the borrowers this year was 33%. This compares with a rental cost of over 47% in the same census tracts for 3 bedroom apartments. There is an insufficient number of low income rental units nationally as well as in these census tracts.
OBJECTIVES	OUTCOMES
What are the desired outcomes?	

Are there other beneficiaries?	This year’s closings benefitted 9,750 families and 250 single occupants totaling 50,000. Since inception, 312,000 individuals have benefitted from the program
Are there other participants, and if so, what are the benefits for them?	Based on the agency model, bank ROEs on a capital base of 9% were targeted for 14%. The reported actuals averaged 13.5%. 55% of the houses purchased were new construction, involving 50,000 construction jobs; 15% of the houses were bought out of foreclosure. According to HouseMAX, expenditures for equipment, furnishings and accessories for new houses at this income level averaged $4,950 generating an additional $49.5mm in economic activity.
How much new lending or investment does the credit leverage at inception? Over time?	While the notional value of the guarantee leveraged only an additional $5 in private sector investment per $95 of agency commitment, the actual leveraging of the second lien loans is 42:1, based on federal dollars paid out for credit losses by the agency. When the first mortgage lien amount is included, the leverage of private sector dollars to federal dollars is over 208:1.
What is the size of the problem?	
How big is the market need?	There are 1.5mm households currently renting, who would potentially benefit from the program. This indicates a potential market of $60B. Viable demand in any given year ranges from approximately 5,000 to 30,000.
How much is the agency responsible for doing?	There is no current interest in providing unguaranteed second lien mortgages to low income homebuyers among private sector lenders. Hence the agency is presently the only lender in this segment.
Who is responsible for the remainder - and what is their relationship to the agency?	To the extent credit risk can be properly sized, banks and non-banks may re-enter the sector with responsible loan structures. There is insufficient experience to date for them to do so with any certainty of profitability, based on the agency model.
Who are the partners?	
At program inception	There are 320 banks and credit unions that participate in this program. This is an increase of 15 from last year. Most of these lenders also provide the first mortgage.
At full program operation	There are 3,500 banks and 2,500 credit unions that provide first mortgage products to the target constituents and census tracts. (The agency objective is to get 50% participation)
Potential program successors	A new floating rate first mortgage with a lower rate PMI and short term approval may continue to expand in the market and could potentially eliminate the need for the agency product. It remains to be seen if this new product suite will take hold, or that it will provide as safe a home mortgage financing solution.
What are the resources available?	
Staff, skillsets, IT, administrative support, other agency resources?	See attached operating budget/actual and FTE reconciliation with line item support costs
What is the defining relationship between these resources and the size of the agency effort?	Based on available resources, the maximum volume that the agency could prudently perform in any given year is 11,000 or a total amount of $440mm.
OBJECTIVES	**OUTCOMES**
How do we manage performance?	
Staff	Staff certified and underwrote 1,000 transactions per FTE, serviced at a rate of 2,000 per FTE, tracked borrowers at a rate of 5,000 per FTE, and evaluated lenders at a rate of 30 per FTE. These rates represent an overall improvement of 2%, 5%, 6% and 3% over the prior year. Application backlogs declined from 10 days to 8 days, renewal backlogs from 5 to 4 days, and amendments from 16 days to 15 days. This was primarily due to a drop in volume.

Agency program support (IT, Administration)	The portfolio loan level detail is available on a real time basis. Partner reporting is available on a 14 day lag, and monthly comprehensive analyses are completed within 15 days of the end of each month and 30 days within the end of the year. Due diligence teams in the credit audit and field audit functions can perform 1/10 and 1/30 of the number of participating lenders each year. The target is 1/3 and 1/5 respectively.
Partners and vendors	Average annual production per lender for the program is $10mm and the mean is $3.75mm. This year 7 banks were denied delegated authority due to excessive risk-taking.
How do we manage costs?	
Operating expenses	Operating costs relative to budget and industry productivity benchmarks. The cost to certify, underwrite, service and monitor the guarantees was $.41 per loan for the agency. This was $.04 less than target.
Credit losses	Our loss rates continue to come in under budget. Over the 5 years the program has been in existence, delinquency has averaged 5%, and defaults have averaged 3%. A total of 7.5% of the loans made to date have ended in foreclosure, averaging 1.5% per year. These rates are 10% lower than those experienced by conventional lenders serving the 580-620 credit score nationally over the same period. Recoveries on the defaulted second liens have averaged 20% of principal, producing an actual loss of 2.4%. There are no comparable second mortgages being made by conventional lenders at the 620 credit score range in these census tracts.
How do we adjust for changes in market conditions?	
What are the 5-10 key indicators that demonstrate material changes in the market?	There has been no change in 6 of the top 8 indicators. Two indicators have changed as follows: (i) competition: there has been a rise in non-banks providing lower floating rate mortgages that do not require the second lien mortgage, and (ii) loan approvals are being made within a day, and they do not require homeownership counseling. These were the primary causes for the drop-off in demand this past year versus expectations.
What changes do these indicators prompt in the establishment of objectives?	The key changes were in volume targets for this year. Also considered were reductions in interest rates and downpayment requirements.
How do we define success?	
What are the 3 to 5 outcomes that justify our funding to Congress and the Administration?	Size of the need, and the number that have been served and the fact that nobody else is providing the credit
	The problems with the rental market as an alternative – eviction rate, cost, availability
	The proofs that the home purchases have contributed to (i) higher credit scores; (ii) job creation; (iii) economic activity in the community; and (iv) active participation by banks and other private sector lenders
	Operating costs and productivity are comparable to the private sector and credit risk, though higher, is being successfully managed
	The leveraging of private sector dollars

CHART 1.8 EXAMPLES OF BROAD INDICATORS THAT CAN HELP EXPLAIN CHANGES IN MISSION OBJECTIVES

Average annual rates:	2009	2010	2011	2012	2013	2014	2015	Source:
Fed Funds	0.16%	0.18%	0.10%	0.14%	0.11%	0.09%	0.13%	Federal Reserve Board Selected Interest Rates H.15
30-day Non-Financial Commercial Paper	0.18%	0.18%	0.12%	0.13%	0.08%	0.07%	0.11%	Federal Reserve Board Selected Interest Rates H.15
30 day LIBOR	0.33%	0.27%	0.23%	0.24%	0.19%	0.16%	0.20%	ICE Benchmark Administration Limited
Prime Rate	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	Federal Reserve Board Selected Interest Rates H.15
10 Year Treasury (nominal)	3.26%	3.22%	2.78%	1.80%	2.35%	2.54%	2.14%	Federal Reserve Board Selected Interest Rates H.15
High Yield Bond	13.83%	8.34%	7.79%	7.05%	6.08%	5.79%	6.96%	Merrill Lynch
30 Year Prime Home Mortgage	5.04%	4.69%	4.46%	3.66%	3.98%	4.17%	3.85%	Federal Reserve Board Selected Interest Rates H.15
Consumer Price Index	214.537	218.056	224.939	229.594	232.957	236.736	237.017	Bureau of Labor Statistics
Commercial RE Cap Rate		9.70%	8.98%	8.78%	8.87%	8.13%	7.75%	National Association of Realtors Commercial Real Estate Market Surveys

Key Macro Indicators:	2009	2010	2011	2012	2013	2014	2015	
GDP Growth (2009 dollars)	-2.80%	2.50%	1.60%	2.20%	1.50%	2.40%	2.40%	Bureau of Economic Analysis
% Increase over prior year		Positive	-36.00%	37.50%	-31.82%	60.00%	0.00%	
Unemployment	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	Bureau of Labor Statistics
% Increase over prior year		3.50%	-7.03%	-9.61%	-8.67%	-16.38%	-14.32%	
Housing starts	554,000	586,900	608,800	780,600	924,900	1,003,300	1,111,800	Census Bureau
% Increase over prior year		5.94%	3.73%	28.22%	18.49%	8.48%	10.81%	
New car sales	5,400,890	5,635,432	6,089,403	7,243,654	7,780,710	7,918,601	7,740,912	Autodata Corporation
% Increase over prior year		4.34%	8.06%	18.96%	7.41%	1.77%	-2.24%	
Retail sales (in millions)	3,393,442	3,543,235	3,784,874	3,939,896	4,042,054	4,190,358		Census Bureau
% Increase over prior year		4.41%	6.82%	4.10%	2.59%	3.67%		
New business formation (Entry rate)	9.1%	9.3%	9.7%	10.3%	10.2%			Census Bureau
% Increase over prior year		2.20%	4.30%	6.19%	-0.97%			
Business bankruptcies	60,837	56,282	47,806	40,075	33,212	26,983	24,735	US Courts
% Increase over prior year		-7.49%	-15.06%	-16.17%	-17.13%	-18.76%	-8.33%	

CHART 1.9 EXAMPLES OF SECTOR SPECIFIC INDICATORS THAT CAN HELP EXPLAIN CHANGES IN MISSION OBJECTIVES

Business Credit Conditions	2009	2010	2011	2012	2013	2014	2015	Source
Small (<$1 million) C&I Loans Outstanding $ (in 000s)		291,756,734	282,715,255	284,329,252	287,051,113	303,496,490	319,592,717	SBA
% Increase over prior year			-3.10%	0.57%	0.96%	5.73%	5.30%	
Small Business Loans Outstanding Banks % (in 000s)	335,351,975	307,408,617	292,389,129	279,692,735	269,602,437	266,164,129	263,789,358	FDIC
% Increase over prior year		-8.33%	-4.89%	-4.34%	-3.61%	-1.28%	-0.89%	
Small Business Loan Volume Credit Unions (in billions)	10.8	12.1	13.2	15.9	18.6	18	20.1	National Credit Union Administration
% Increase over prior year		12.04%	9.09%	20.45%	16.98%	-3.23%	11.67%	
SBA Macro Data	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	
SBA 7(a) Loan $ Approved (in billions)	9.19	12.41	19.64	15.15	17.87	19.19	23.58	Small Business Finance Institute
% Increase over prior year		35.04%	58.26%	-22.86%	17.95%	7.39%	22.88%	
SBA 7(a) Loan # Approved (in billions)	41,289	47,000	53,710	44,376	46,395	52,044	63,461	Small Business Finance Institute
% Increase over prior year		13.83%	14.28%	-17.38%	4.55%	12.18%	21.94%	
SBA 7(a) Average Size $ of Approved Loan	222,604	263,958	365,673	341,480	385,078	368,737	371,628	Small Business Finance Institute
% Increase over prior year		18.58%	38.53%	-6.62%	12.77%	-4.24%	0.78%	
SBA Data that could help make the case	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	
SBA average revenues of business for new borrowers		Are we lending to larger or smaller companies this year?						
% Increase over prior year								
SBA new borrower loan volume $		How much of our annual $ volume is with customers who are new to the agency?						
% Increase over prior year								
SBA new borrower loan volume #		How many of our customers are new to the agency each year?						
% Increase over prior year								
SBA Average Loan Size: new borrower loans		What is the average size of the loans to new borrowers?						
% Increase over prior year								
SBA average credit score new loans		Are we taking more or less risk this year relative to past years?						
% Increase over prior year								
SBA average age of business for new borrowers		Are we lending to newer or more established companies?						
% Increase over prior year								

CHART 1.10. EXAMPLES OF DIFFERENT KINDS OF LENDERS

The Summary Expenses of Lending 2014	Large Bank	Small Bank	Credit Union	Finance Company	Online Lender	Credit Card Company	CDFI Non-profit Lender	State HFA
	(000's)							
Total Assets	$1,687,155,000	$6,760,879	$5,831,677	$47,880,000	$792,362	$159,103,000	$38,718	$5,306,000
Gross Income (Revenues) to Assets	5.00%	4.47%	3.40%	7.57%	19.95%	22.56%	31.90%	6.01%
Interest Expense to Assets	0.24%	0.28%	0.68%	2.27%	2.17%	1.07%	0.98%	2.85%
Operating Expense to Assets	2.91%	2.33%	2.08%	3.67%	10.16%	14.55%	23.52%	2.00%
Loss Expense to Assets	0.08%	0.27%	0.09%	0.21%	8.51%	1.28%	2.85%	0.05%
Total Expenses	3.23%	2.88%	2.85%	6.15%	20.84%	16.91%	27.35%	4.89%
Net Profit After Tax to Assets	**1.37%**	**1.85%**	**0.58%**	**1.42%**	**-2.36%**	**3.70%**	**7.50%**	**1.00%**
Total Equity	$185,262,000	$946,188	$490,222	$9,063,000	$310,605	$20,673,000	$15,885	$1,112,000
Ratio of Capital to Assets	10.98%	14.00%	8.41%	18.93%	39.20%	12.99%	41.03%	20.96%
Return on Equity/Subsidy	12.45%	13.22%	6.89%	7.51%	-6.02%	28.47%	18.28%	4.77%
Total Loans	$824,997,000	$5,074,883	$3,265,738	$19,148,000	$454,303	$70,104,000	$22,745	$3,379,000
Delinquency Rate	3.84%	1.14%	1.20%	0.16%	13.18%	1.87%	1.79%	0.34%
Note: due to the need to simplify, the NPAT is not intended to reconcile to Revenues minus Total Expenses					Went public in 2014: 700% TA growth in 3 yrs		(The revenue includes $7.1mm in grants)	

CHART 1.11 Commercial Banks with Assets Greater than $3 Billion (EOY)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Loan Mix, % Average Gross LN&LS											
Real Estate Loans	62.62	63.37	64.43	62.94	64.02	65.22	65.62	63.98	63.37	63.67	63.83
Construction & Development	7.99	9.79	12.53	11.7	9.35	7.41	6.1	4.69	4.28	4.54	4.96
1-4 Family Construction	0	0	3.54	3.1	2.12	1.38	1.09	0.8	0.77	0.87	1
Other Const & Land Development	0	0	8.54	8.23	6.92	5.79	4.55	3.53	3.36	3.29	3.76
Secured by Farmland	0.45	0.44	0.52	0.49	0.58	0.67	0.76	0.71	0.69	0.75	0.78
1-4 Family Residential	26.81	24.83	23.23	21.81	23.07	25.03	25.24	25.83	24.48	23.93	23.1
Home Equity Loans	5.41	4.74	4.29	4.53	4.76	5.18	5.05	4.91	4.48	4.36	3.99
1-4 Family 1st Lien Loans	18	16.8	15.43	14.17	15.29	17.13	17.57	18.71	17.98	17.69	17.46
1-4 Family Jr Lien Loans	1.67	1.91	2.08	1.81	1.54	1.39	1.26	1.05	0.86	0.75	0.64
Multifamily	2.01	2.02	1.94	1.99	2.11	2.51	2.7	2.76	3.3	3.39	3.85
Non-Farm Non-Residential	17.87	19.34	20.16	20.58	22.61	22.71	25.51	24.61	25.12	25.09	25.38
Owner Occupied Non-Farm Non-Residential	0	0	7.73	7.64	8.68	9.11	9.82	9.52	9.62	9.4	9.76
Other Non-Farm Non-Residential	0	0	11.75	11.34	12.16	13.09	14.52	13.31	14.4	14.63	15.14
RE Loans in Foreign Offices	0.28	0.27	0.32	0.36	0.3	0.3	0.14	0.19	0.18	0.22	0.22
Financial Institution Loans	0.28	0.27	0.24	0.26	0.2	0.18	0.12	0.11	0.1	0.06	0.04
Agricultural Loans	0.33	0.31	0.35	0.32	0.36	0.38	0.42	0.44	0.41	0.46	0.48
Commercial & Industrial Loans	19.2	19.39	20.04	20.83	19.41	17.91	17.99	19.58	20.4	20.15	19.74
Loans to Individuals	8.49	7.56	6.99	6.74	6.65	6.84	6.32	6.12	5.58	5.61	5.8
Credit Card Loans	0.41	0.41	0.4	0.46	0.39	0.43	0.4	0.41	0.34	0.34	0.3
Auto Loans	0	0	0	0	0	0	1.89	1.95	1.95	2.04	2.12
Municipal Loans	0.41	0.46	0.51	0.5	0.64	0.82	0.87	0.99	1.08	1.2	1.39
Non-Depository and Other	1.39	1.76	1.64	1.7	1.69	1.77	1.84	1.89	2.3	2.58	2.76
Loans to Foreign Governments	0	0	0	0	0	0	0	0	0	0	0
Lease Financing Receivables	1.5	1.37	1.26	1.12	0.93	0.92	0.81	0.81	0.8	0.69	0.64
Leases to Individuals	0	0	0.06	0.03	0.01	0.01	0.01	0	0	0	0
All Other Leases	0	0	1.07	0.98	0.82	0.82	0.71	0.74	0.73	0.63	0.59
Supplemental:											
Loans to Finance Comml Real Est	0.3	0.39	0.5	0.57	0.55	0.46	0.44	0.43	0.42	0.42	0.45
Foreign Office Loans & Leases	0.43	0.44	0.44	0.41	0.3	0.35	0.25	0.25	0.24	0.18	0.16
Other Real Estate Owned % Assets											
Construction & Land Development	0	0	0.01	0.05	0.12	0.18	0.21	0.16	0.11	0.07	0.05
Farmland	0	0	0	0	0	0	0	0	0	0	0
1-4 Family	0.01	0.01	0.02	0.04	0.06	0.09	0.09	0.07	0.05	0.04	0.03
Multifamily	0	0	0	0	0.01	0.01	0.01	0.01	0	0	0
Non-Farm Non-Residential	0.01	0.01	0.01	0.01	0.04	0.08	0.11	0.09	0.08	0.06	0.04
Foreclosed GNMA	0	0	0	0	0	0	0	0	0	0	0
Foreign Offices	0	0	0	0	0	0	0	0	0	0	0

CHART 1.12 METRICS THAT DEFINE THE ASSET (EXAMPLE)

What kinds of deals are getting done in the marketplace?

	Individual	**Business**	**Project (RE, Infrastructure, Mfg, etc.)**
Potential Volume	# 10,000,000	#500,000	#50,000
Deal Size	$350,000	$1,000,000	$50,000,000+
Credit History	680+	Good, > 5 yrs old	10+ yr track record, A rated, Bank Relations, Capital. Strong buyer
Term	30 years	5 years, term loan	Up to 20 years
Capacity to Pay	D/I = 38%	DSC 1.5x	1.2 but will finance interest
Collateral	LTV = 95%	1.25x	LTV 80%, will finance soft costs. Feasible Plan B
Location	Stable Market, urban, suburban	Stable Market, urban, suburban	Global - developed countries
Regulators	No problem	No problem	Some concentration risk

What kind of credit asset is needed?

	Individual	Business	Project
Potential Volume	#300,000	#25,000	#1,000
Deal Size	$200,000	$150,000	$2,000,000
Credit History	580+	OK Pay History, credit score >160, >2 yrs old	New developer, modest client, limited track record
Term	30 years fixed	7 years working capital	up to 35 years including construction and permanent
Capacity to Pay	D/I =45%	DSC 1.2x	Finance interest
Collateral	LTV = 98%	1.0x	at least 1.1 upon completion
Location	Declining/Distressed or rural	Declining/Distressed or rural	Declining/Distressed or rural
Regulators	Limit exposure	Limit exposure, Raise capital allocation	Limit exposure, Raise capital allocation