

NEW! Institutional Guarantee for EVERY Loan

LGIS Insurance: “Like PMI for CRE Loans”

LGIS Insurance is an institutional grade rated Loan Guarantee Insurance product serving as a substitute to short term CRE loans that require personal guarantees – typically bank loans. Simply, LGIS Insurance is an investment grade credit enhancement never before available and is patented. LGIS insured loans are repaid with certainty and protects relationships.

“Replace poor Personal Guarantees with good ones. This is like PMI for CRE loans – but better and the new standard” – Head of Major Money Center Bank. LGIS loans are now repaid with certainty, less hassle and less monitoring for much improved operating efficiencies.

Who Is Backing This?

Backing is provided by a NYSE S&P A rated insurance company subsidiary that is also A.M. Best A (Excellent) financial strength rated.

What Does This Cost?

Typically, Borrowers will pay the one-time LGIS premium (3.0 - 3.75% of the loan amount) at closing with the Lender designated as the Beneficiary. With institutional grade credit, loan terms and rates will improve for borrowers and give a significant competitive lending advantage.

How It Works

LGIS insures loans meeting the following parameters:

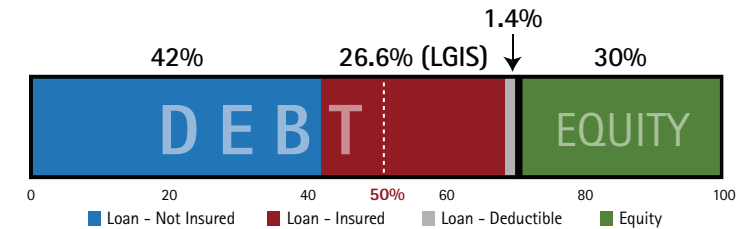
Equity Requirement:	25%-40%, most 25%-30%, hotels higher
Property Types:	Office, Industrial, Retail, Apartments and Hotel
Markets	1st + 2nd Tier cities - Populations > 1 million
Loan Size:	\$5M - \$50M
Loan Types:	Construction, Redevelopment, Value-Add, Acquisition, Modifications, Refinance
Coverage:	25% - 40% of Loan Amount w / 2% min. deductible
Term:	<36 months, co-terminus with underlying loan
Borrowers:	Partnership, JV, Corporations, LLCs, Individuals

Process

- Step 1:** Preliminary Review (to assure simply meets parameters)
- Step 2:** Application with Application Fee. Materials identical to lender submission.
- Step 3:** Approval within 10 days along with binder for closing.

Capitalization Stack Example

- 30% Equity / 70% Loan
- 40% Loan Insurance (% of total loan amount)
- 2% Deductible (% of total loan amount)



How Are Claims Paid?

Two Step Claim Process:

- Step 1:** Borrower defaults and lender acquires fee simple title and has an arms length foreclosure sale.
- Step 2:** If net sales proceeds from the foreclosure sale are less than outstanding loan balance, then file a claim payable up to the policy limit (less adjustments). Claim paid within 60 days of complete claim filing.

Benefits

Lender	Borrower
Institutional Credit Repayment with Certainty	Remove 1st Loss Exposure
Enhances Relationships	Improved Borrowing Terms
Capital Relief Increase ROE	Enhances Relationships
More Deposits + LGIS Deposit Program	Substitutes Personal Guarantee
Competitive Lending Advantage	Avoids Bankruptcy
Operational Efficiency Monitoring	Avoids Tax on Debt Forgiveness
High Equity Requirements	Operational Efficiency Monitoring
Sleep Better!	Do More Deals!

Loan Guarantee
Insurance Services



LGIS GROUP

Scenario: Default Loss Mitigation Analysis

This analysis illustrates the benefit to the bank / borrower should the loan default.

LGIS Insured Loan - TRUE Insurance Protection!

Project - Total Capitalization *		10,214,505
Equity	30.0%	3,064,351
Debt	70.0%	7,150,153
Outstanding Loan Balance - at time of Default	100.0%	7,150,153
Term (Yrs.)		3
LGIS Coverage (% of Loan Amount)	40.0%	2,860,061
Bank / Borrower Exposure		4,290,092
LGIS Premium (% of Loan Amount)	3.0%	214,505
Liquidation Value (% of Total Capitalization)	50.0%	5,107,252
Loss **		2,387,640
Max. Lender Loss ***	2.0%	143,003

Standard Loan (Non-Insured)

Project - Total Capitalization		10,000,000
Equity	30.0%	3,000,000
Debt	70.0%	7,000,000
Outstanding Loan Balance - at time of Default	100.0%	7,000,000
Term (Yrs.)		3
Bank / Borrower Exposure		7,000,000
Liquidation Value (% of Total Capitalization)	50.0%	5,000,000
Loss **		2,337,500
Lender Loss	33.4%	2,337,500

* Includes LGIS Premium ** Less Commission and Transaction Costs *** Less Insurance Claims Adjustments

Scenario: Compare Bank Deal with LGIS Ins. v Alternative Non-Recourse Lenders

Superior Economics to Alternatives!

Cost				10,000,000
Equity	30%			3,000,000
Debt	70%			7,000,000
Term				3 Years
	Rate	Points In	Points Out	LGIS Premium
Alternative Lender	6.50%	1.25%	0.50%	
Bank + LGIS	4.25%	0.50%	0.00%	3.25%
NPV - Alternative Lender	1,237,359			
NPV - Bank + LGIS	978,475			
Savings	258,884			
% Difference	26.5%			

“Large Equity plus Institutional Grade Guarantee is what every Lender wants and LGIS provides.”

- Head of Major Money Center Bank

“...the FDIC (and followed by OCC) looks positively for anything to help mitigate risk.”

-Ms. Nancy Hunt, Director of Capital Markets Branch FDIC

“I believe that this product is long over due, would be in strong demand and answer many of the problems facing commercial banks...”

*-Darrell D. Pittard,
CEO of four banks*

Loan Guarantee
Insurance Services 
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