

Scenario: Default Loss Mitigation Analysis

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

LGIS Insured Loan

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%	
Property Taxes	1.25%	
Insurance	0.5%	
Agent Commission	4.0%	
Miscellaneous Costs	1.0%	
Sales Proceeds		5,107,252
LESS: Agent Commission	4.0%	204,290
Net Sales Proceeds		4,902,962
LESS: Transaction Costs + Carry Costs		
Property Taxes (half year)	0.63%	63,841
Insurance (half year)	0.25%	25,536
Miscellaneous Costs	1.00%	51,073
Other		-
SubTotal - Transaction Costs + Carry Costs		140,449
Net Sales Proceeds		4,762,513
Loss		2,387,640
LGIS - Claim Payment		
Outstanding Loan Balance - at time of Default		7,150,153
LESS: Net Sales Proceeds		4,902,962
Loss Amount		2,247,191
PLUS:		
Max. Transaction Costs (2% of Out. Loan Bal.)	2.0%	140,449
LESS:		
Deductable -	2.0%	(143,003)
Net Loss		2,244,637
Max. LGIS Coverage		2,860,061
LGIS Claim		2,244,637
Bank Loss		2,387,640
Borrower / Bank Loss	2.0%	143,003

Not Insured Loan

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%	
Property Taxes	1.25%	
Insurance	0.5%	
Agent Commission	4.0%	
Miscellaneous Costs	1.0%	
Sales Proceeds		5,000,000
LESS: Agent Commission	4.0%	200,000
Net Sales Proceeds		4,800,000
LESS: Transaction Costs + Carry Costs		
Property Taxes (half year)	0.63%	62,500
Insurance (half year)	0.25%	25,000
Miscellaneous Costs	1.00%	50,000
Other		-
SubTotal - Transaction Costs + Carry Costs		137,500
Net Sales Proceeds		4,662,500
Loss		2,337,500
Borrower / Bank Loss	33.4%	2,337,500

* Includes LGIS Premium