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CH Capital Partners LLC

Know who you are working with

*Striving to educate and consult Small
and Middle Markets Business' to help create jobs for our fellow Americans*

Paulson Securities SBA 7a Assembler Loan Packing Business Plan

By

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SBA 7a Business Options

- **There are 3 types of business for Small Business Administration's 7a loans**
 - **SBA Loan Origination and Premium**
 - **SBA Loan Purchase and Trading**
 - **SBA Loan Pooling and Interest Only Strips with Leverage**

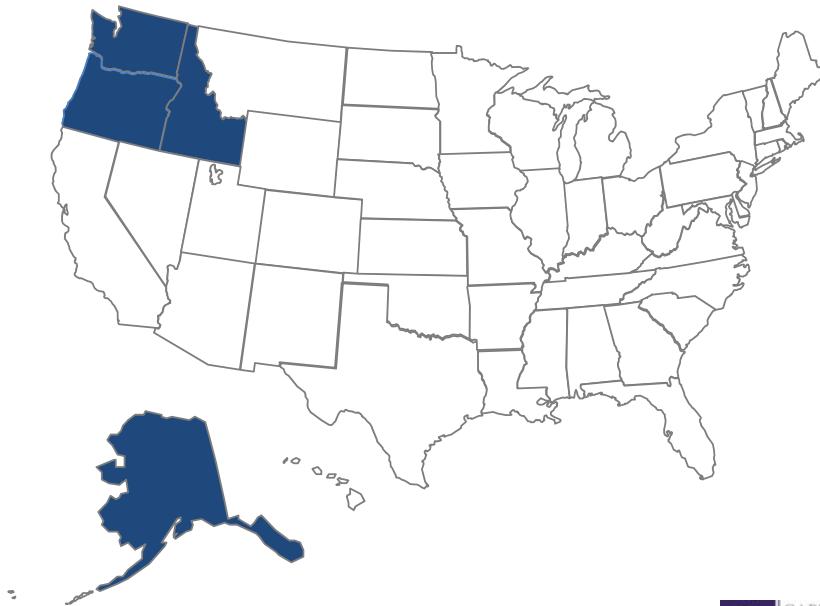
SBA Loan Origination

- **\$835MM loans were originated in the Northwest (Alaska, Washington, Oregon and Idaho)**
- **There are approximately 30 Banks that are current originating SBA 7a Loans in Northwest**
- **It is estimated that approximately \$93MM in Premiums or commissions were paid to community and commercial banks**
- **CH Capital Partners LLC originated approximately \$42MM in commercial mortgages, of which approximately \$21MM was SBA loans**
- **CCPL believes that in 2013, 2014 and 2015, SBA 7a loans will grow approximately by 9% in the Northwest.**
- **The growth is based on the new regulations of 2009, and community banks can meet the regulatory requirements from both FDIC, OCC and SBA.**
- **Opportunity is to use the Exemption for Community Development Company's 501c3 status to generate SBA 7a loans for profit. Currently the premiums have exceeded 15% of the 75% guaranteed portion of the loan.**

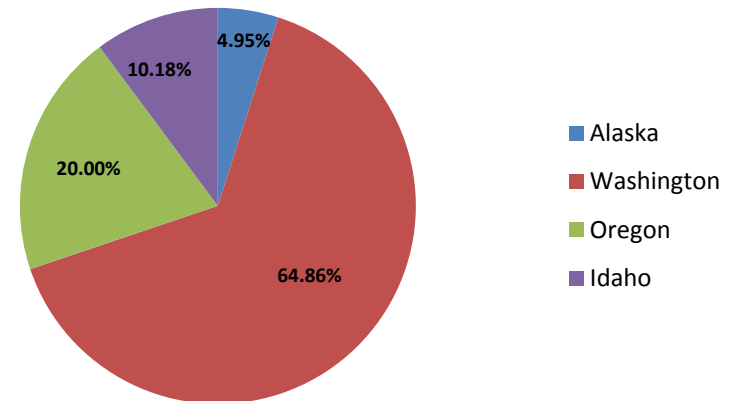
SBA Business in Northwest

- **\$835MM of SBA 7a loans was generated in the Northwest**
- **Washington accounted for more than 64% of the total volume**
- **Oregon accounted for less than 20% of total Volume**
- **Opportunity is to create a new business model**

SBA 7a Loan	\$ Total Loan	% of Total Loan	
		NW	% of Total Loan US
Alaska	\$41,387,420	4.95%	0.27%
Washington	\$541,912,569	64.86%	3.52%
Oregon	\$167,099,218	20.00%	1.09%
Idaho	\$85,057,545	10.18%	0.55%
Total Loan	\$835,456,752	100.00%	5.43%



SBA 7a Loan Volume Northwest



Loan Purchase Program

- **There are 12 current approved SBA 7a Poolers**
- **The SBA poolers can buy and trade loans**
- **Currently due to dislocation of capital, there are many banks seeking for higher return on their capital.**
- **The dislocation of capital is an opportunity to create business buying SBA 7a loans and re-selling the loans to community banks, life insurance companies and pension plans**
- **SBA 7a is guaranteed by the full faith of the United States**
- **SBA 7a behaves like an agency paper, more closely mirrors the mortgage backed securities**

SBA loan Pool Program

- **Currently on the SBA secondary market the following broker dealers are approved poolers and assemblers**
 - **Cantor Fitzgerald & Co.**
 - **Coastal Securities, L.P.**
 - **Community Bankers Securities, LLC**
 - **Credit Suisse Securities LLC**
 - **FTN Financial Capital Markets**
 - **Performance Trust Capital Partners**
 - **Prince Ridge Group, LLC**
 - **Raymond James Bank, N.A.**
 - **Shay Financial Services, Inc.**
 - **Signature Bank**
 - **Sun Trust Bank**
 - **Vining Sparks IBG, LP**
 - **Zions First National Bank**

Small Business Administration Pool Market

- In 1984 SBA secondary market was established through U.S. Small Business Administration Secondary Improvement Act of 1984.
- The law created SBA approved pool assemblers to create a trading market for market guaranteed loans using the secondary market forum.
- These market forums are commonly used for mortgage-backed securities
- SBA loans are 100% guaranteed by full faith of the US Government
- Prior to 1984, the market traded one loan at a time without the ability to package multiple loans as a securities.
- To become a SBA approved Pool Assembler, Broker-Dealer has to demonstrate it's financial security and good standing with SBA.

SBA Single Loan Profile

Borrower Rate	Prime + 2.75% (Maximum rate allowed by SBA)
Retained Lender Servicing Fee	1% (if sold at a premium)
Fiscal/Transfer Agent Fee	0.125%
U.S. Government Fee	0.25% (if a STAR loan or approved on or after October 2, 2002); otherwise .50%

SBA Loan Pool Requirements

- **Mandatory 4 loan pools are required**
- **One loan cannot exceed 25% of any loan pool**
- **Minimum Size of any Loan Pool has to be minimum dollar amount of \$1MM**
- **The maturity of the shortest individual loan in any pool must be no less than 80% of the maturity of the longest individual loan in the pool or 76% for weighted average coupon (WAC) pools.**
- **Minimum pool certificate denomination (minimum investment) of \$25,000**
- **Maximum difference between the highest and lowest individual loan coupon in any standard pool is 2%.**

SBA Pooling Requirement

Each Pool must be \$1MM

There must be at least four loans per pool

No Single loan can be constitute more than 25% of a Pool

All loans must be either fixed or variable rate

All Loans in a pool must have the same repayment term

Variable-rate pools must consist of loans having the same reset dates

Variable-rate pools that contain loans with interest rate caps must reflect the lowest

The maximum difference in borrower note rates in a given pool must be 2%

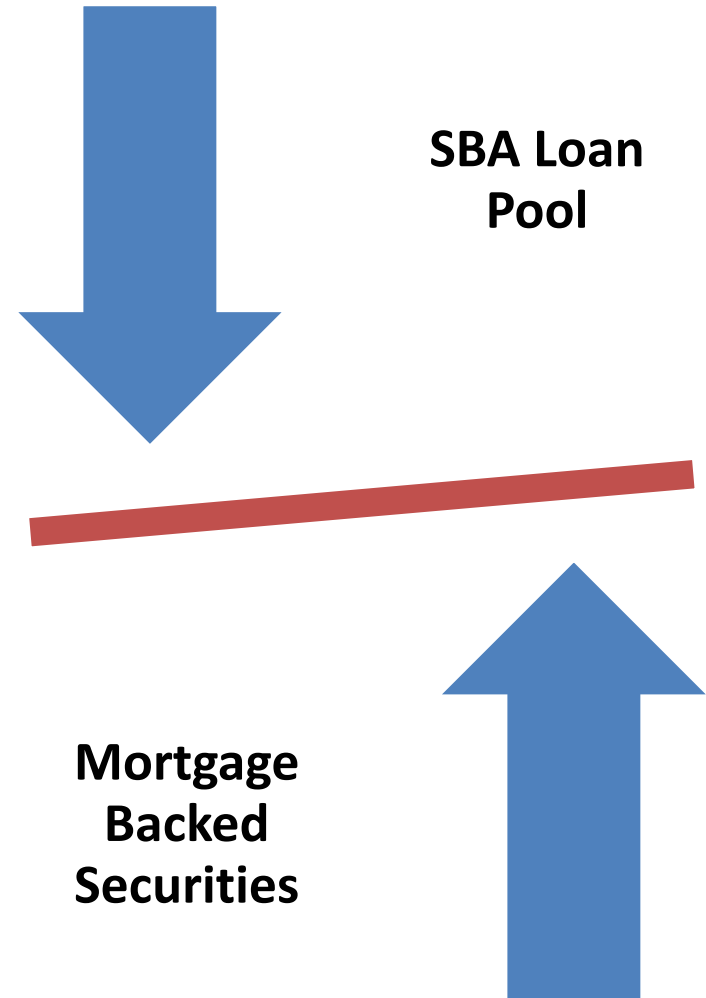
The maturity on the shortest loan in the pool must be no less than 70% of the maturity on the longest loan in the pool

The loan having the longest maturity date will determine the maturity date of the entire pool

The minimum pool certificate amount is \$25,000 with \$5,000 increments thereafter

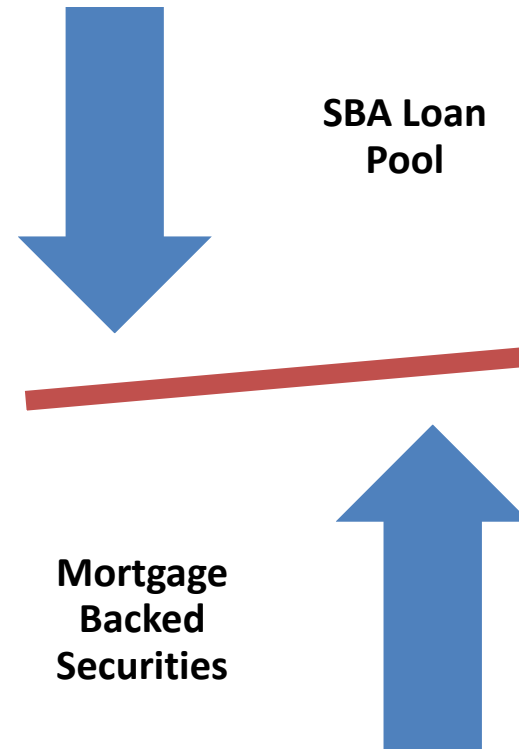
SBA Loan Pool vs. Mortgage Backed Securities

- **Difference between SBA Pool Loans verse Mortgage Backed Securities**
- **Principal payments to investors are done on an amortization schedule based upon the maturity date of the pool.**
 - **This is determined by the maturity date of the longest individual loan in the pool.**
 - **For example, if a pool contained four loans:**
 - **Three with Maturity of 7 Years**
 - **One with Maturity of 5 Years**
- **If all three 7 year loans prepaid, the 5 year loan would still amortize based on a 7 year schedule until it matured in 5 years at which time the remainder of the pool would payoff in one balloon payment.**



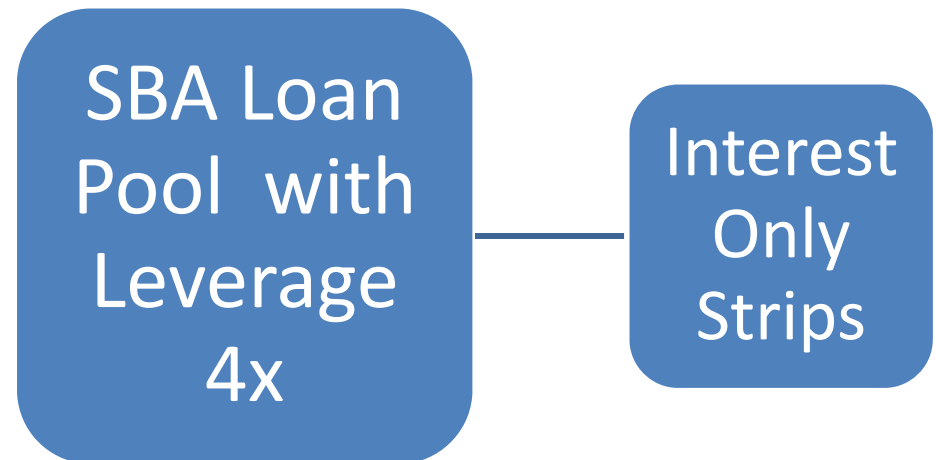
SBA Loan Pool vs. Mortgage Backed Securities

- A guaranteed fund is held by the SBA to ensure timely principal and interest payments.
- SBA loans that make up these pools do not experience the same propensity for prepayment as seen in the housing market. Very little interest rate sensitivity.
- Most MBS ARMs have caps - both periodic and lifetime. During times of rapid rate increases a MBS ARM pool may not be fully indexed
 - This affects market value and yield to investor.
- There are no periodic caps on SBA pools
 - Most pools do not have life caps. There are a few capped pools in the marketplace



SBA 7a Loan Purchase Structure

- **SBA Variable Rate Structure**
 - 84 Day Delay
 - Tied to Prime, LIBOR or rate based on the WAC of the loans in the pool
 - Some are spread above the index and some below
 - Adjust either monthly or quarterly
- **SBA Fixed Rate Structure**
 - 70 Day Delay



- **Disclosure**

- CH Capital Partners LLC will act as an agent of the SBA 504 FMLP Pooling business. CH Capital Partners LLC have hold harmless of the transaction and deem to have accurate information from third party sources. That information can change without notice. CH Capital Partners LLC takes no direct or indirect liabilities of the transaction. The transaction liability is dependent on the borrowers. CH Capital Partners LLC requires the single entity lender or lenders to have seasoned funds of the investment of the 7.5% of the whole conventional loan of the first lien position for 6 months or request the where the capital sources were made. Example, if the 6 month of seasoned funds cannot be proven, CH Capital Partners nor any of it's affiliates cannot make the transaction of the SBA loan possible. SBA 504 FMLP Program is part of the American Recovery & Reinvestment Act of 2009, CH Capital Partners LLC is no way endorsed by the SBA nor backed by the SBA. CH Capital Partners LLC is an agent with various contracts that are related with third party. A member of CH Capital Partners LLC is a securities brokers with license in Series 7, 63, 65, life, health and business insurance. It is clear CH Capital Partners LLC, its members and any of its affiliated and non-affiliated business members are not acting as an Investments Advisors nor is it acting as an Broker. Through FINRA 3030 and outside business activities, CH Capital Partners LLC is acting as a Business Consultant and acting as an Originator of the loan. CH Capital Partners LLC does not guarantee the information is guaranteed, it can change without notice. CH Capital Partners LLC warns the lender that if there is money exchanged hands between the borrower/borrowers and the lender/lenders, it would be a federal offense. CH Capital Partners LLC does not takes responsibility of any wrong doing in anyone's part except it's own.