

the TCBA project manager was responsible for conducting the MHLS 2004-1 (multifamily and healthcare loan sale) transaction including 43 non-performing healthcare and multifamily loans with an outstanding balance of approximately \$200 million. The assets were located all over the country. TCBA also provided senior management oversight and advisory services for the HUD MHLS 2003-1 Transaction Specialist engagement involving 45 similar assets with an outstanding balance of \$280 million.

These engagements required the Transaction Specialist to perform the following key activities:

- Recommend a transaction structure and asset pooling to obtain the optimal level of return for HUD,
- Conduct a comprehensive national marketing effort to reach a wide range of potential investors,
- Provide detailed oversight and quality control of the project's due diligence contractor, and
- Provide asset valuations to project budgetary impact of the sales for the U. S. Office of Management and Budget (OMB).

3. Due Diligence and Related Asset Sales Support Services for \$300 Million of HUD Multi-family Loans

TCBA provided due diligence and related asset sales support services for 98 non-performing multifamily loans with a total outstanding balance of more than \$300 million for the HUD Southeast Sale. The sale was a major new initiative for HUD, which began a series of large sales of non-performing multifamily mortgages by HUD. TCBA's role was to perform the due diligence on these multifamily mortgages and to compile detailed packages of accurate and readily understandable information about these mortgages for the benefit of HUD and potential investors. The due diligence, accounting

and financial modeling services provided by TCBA assisted HUD in maximizing the value of these assets at disposition.

U.S. SMALL BUSINESS ADMINISTRATION (SBA)

1. Conduct Reviews of US Small Business Administration Preferred Lender Program (PLP) Participants Annually

TCBA reviewed the lending operations and loan file documentation of 300 to 350 participating lenders in the SBA's Preferred Lenders Program (PLP) on an annual basis, for five years, to ensure compliance with all relevant SBA lending requirements. These lenders are granted expedited guaranty authority for loans under the 7(a) program as long as they follow the appropriate SBA policies and procedures. SBA 7(a) loans are made for a wide variety of business purposes including the purchase of real estate, operating capital, and the purchase of business equipment and other business assets. The PLP reviews were expanded in 2000 to include loans from the SBA Express lending program.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)

1. Financial Advisory Services for a \$440 Million FDIC Commercial Mortgage Loan Sale

TCBA served as a part of the Financial Advisor team to the FDIC for the sale of performing and non-performing loans with a total outstanding balance of \$440 million.

TCBA's key personnel participated fully in all aspects of the engagement including determining the optimal pooling and sales strategy; establishing and monitoring the due diligence performed for the sale; gathering critical financial and collateral information; performing market analysis for multiple locations; valuing the assets to establish target pricing; targeting and outreach to potential investors; managing the investor file review site; and analyzing the bids using a sophisticated bid optimization model.

The loans included in this transaction were collateralized by multifamily, retail, warehouse, industrial, office, and other income producing properties located in 37 states and the District of Columbia. Many of the loans were second or third liens with loan-to-value ratios well in excess of 100%. In addition, many of the loans had been modified in the most recent 24 to 36 months. The diversity and complexity of the loan portfolio required a sophisticated sales strategy to maximize the return to the FDIC.

2. Strategic Plan for the Sale of the Residual Value from over \$35 Billion of RTC Securitization Transactions

In a joint venture engagement with a Wall Street investment banking firm, TCBA provided FDIC with a strategic plan for the disposition of the residual value from the 60 securitizations created by the RTC for over \$35 billion of loans. The securitizations were collateralized by pools of multifamily, commercial and single family mortgage loans as well as home equity and manufactured housing loans. Upon the termination of these securitizations, the FDIC was responsible for maximizing the return from the remaining collateral, which was comprised of the FDIC's residual interest under a vari-

ety of Pooling and Servicing Agreements (PSAs). The collateral remaining at termination for certain of these transactions ranged from pools of several thousand single family loans to pools of several hundred complex commercial mortgages with an outstanding balance of \$200 to 300 million.

TCBA performed the following services under this engagement:

- Collateral valuation and analysis of collateral disposition strategies,
- Analyzed potential loan sale and securitization opportunities for the FDIC for the pooling of assets under various scenarios,
- Estimated likely dates of termination provisions for all remaining RTC securitization transactions,
- Monitored status of all securitizations to determine the most favorable market condition and timing for sale of residual collateral, and
- Assessed performance of trustees to ensure that they conducted sale of collateral in a manner that resulted in optimum return to the FDIC.

3. Review of Derived Investment Value Analysis for a \$70 Million Resort Property

TCBA conducted a comprehensive review of the Derived Investment Value (DIV) analysis prepared by a major financial advisor and real estate valuation firm for the FDIC.

The objective of this engagement was to provide the FDIC with a second opinion on how to increase its return on the sale of this unique \$70 million resort property. TCBA reviewed all financial, operating and marketing information related to the asset and verified the

validity of the assumptions utilized in creating the DIV. We also analyzed the impact on the asset valuation of a major capital expenditure and made various changes in the valuation assumptions through our proprietary DIV model.

4. Due Diligence, Asset Valuation and Related Asset Sales Support and Advisory Services on over \$9.5 Billion of RTC Loan and Real Estate Sales Transactions

TCBA performed due diligence, asset valuation and sales support and advisory service for the Resolution Trust Corporation. The aggregate value of these portfolios exceeded \$9.5 billion and included loans from more than 700 financial institutions throughout the United States. These portfolios included residential loans and performing and non-performing commercial loans that were collateralized by commercial office buildings, raw land, hotels/motels, recreational and resort properties, nursing homes, apartment buildings, construction property, unfinished land developments, shopping centers, housing developments, warehouses, mini-storage facilities, and other business and personal assets of the borrowers. These loan portfolios and real estate assets were sold as part of various structured or bulk sales transactions by the RTC.

The services performed by TCBA on these engagements included the following:

- Development of loan eligibility criteria,
- Determination of the criteria for the bidder qualification, representations and warranties, bid terms and process, etc.,
- Design of the due diligence “asset data sheets” for each type of loan or real estate asset included in the sale,
- Tape cracking and related electronic analysis as needed,
- Visits to designated receiverships, conservatorships, servicers and asset managers to review the loan files to determine eligible loans and to repair loan files in need of additional documentation,
- Technical assistance to the RTC and its Financial Advisor during all phases of the sales process,
- Design and maintenance of a database of all relevant loan and asset information to facilitate the asset valuation and investor review process,
- Performance of site inspections on properties, evaluation of property appraisals, procurement of environmental reviews, analysis of financial statements, rent rolls and market trends and preparation of reports as required by the RTC and its Financial Advisor for each transaction,
- Development of real estate valuation methodologies, including cash flow models for all types of income-producing property and computation of Derived Investment Value (DIV) for land loans and undeveloped properties,
- Preparation of net present value analysis, including selection of discount rates, holding periods, market trends, etc.,
- Analysis, evaluation, structuring, and stratification of asset pools to enhance return to the RTC,
- Delivery of completed asset data sheets and data tape to the financial advisor and RTC for distribution to potential bidders,
- Ongoing services during the bidding process to assist RTC and the financial advisor in resolving issues/questions raised by potential bidders, and

- Performance of all post-closing support services to facilitate transfer of assets to investors and allocation of sales proceeds.

5. Financial and Performance Reviews of RTC Loan Servicers

TCBA performed financial and performance reviews of 21 loan servicers that serviced over 500,000 commercial, residential, and multi-family loans for the RTC. The servicers included two master servicers, 13 full servicers, and four special servicers, as follows:

Electronic Payment Systems; Vanderbilt; E Capital; BEI; GMAC; Banc One; Lomas; Merrill Lynch; Midland; National; PNC; Ryland; Security Pacific; Standard Federal; CIT; Bank of America; First Chicago; Equitable Services; J. E. Robert; American Residential; and LSI.

TCBA also performed agreed-upon procedures, financial and performance reviews of LSI and Electronic Payment Systems (EPS), loan servicers. LSI serviced 23,000 loans for the RTC with a book value of over \$250 million. EPS serviced 15,000 loans for the RTC with a book value of more than \$206 million.

6. Due Diligence, Financial Modeling, and Related Asset Sales Support Services on over \$13.5 Billion of RTC Securitization Transactions

TCBA performed comprehensive due diligence, valuation and sales support services on over \$13.5 billion of performing loans collateralized by multi-family, single family, office building, hotel, healthcare, and other assets included in numerous RTC securitization transac-

tions. Services performed by TCBA included loan file reviews, asset data sheet preparation (Long Form, Short Form, and Critical Data Sheet), preparation of pro-forma cash flow statements, normalization of NOIs, preparation of site inspections reports, preparation of environmental reports, preparation of financial models, rating agency presentations, issuance of agreed upon procedures letters, reconciliation of final loan lists, preparation of assignments and the physical transfer of all loan documents, allocation of sales proceeds, and performance of trust audits.

7. Due Diligence and Asset Valuation on Over \$1.8 Billion of Land Assets

TCBA performed comprehensive due diligence on complex performing and non-performing loans secured by undeveloped land, as well as land owned by the RTC. Accordingly, TCBA completed Long Form asset data sheets; conducted site inspections; conducted environmental reviews; and prepared derived investment values (DIVs) for these real estate assets located all over the country. TCBA also operated an investor file review site and prepared Detailed Information Packages for investors.

8. Financial Advisor to RTC for \$849 Million Securitization Transactions

In a joint venture effort, TCBA served as the Financial Advisor (FA) to the RTC for two major securitizations. The performing residential loan transaction involved more than 20,000 single-family residential loans collateralizing a \$500 million securitization. The non-performing commercial mortgage transaction involved more than 400 performing commercial and multifamily mortgages with a book value of \$349 million.

The role of the FA under this contract was to provide the RTC with an independent review of the scope and quality of the due diligence for each transaction. In addition, the FA was responsible for assisting in rating agency presentations as well as recommending alternative disposition strategies and transaction structure based on market conditions and the FA's knowledge and experience.

The collateral for the non-performing commercial mortgage deal consisted primarily of multifamily housing properties in Southern California. At the time of the transaction, the California market was not strong, and many of the projects were older properties in less than outstanding markets. In addition, the Northridge earthquake had damaged many of the properties. Therefore, it was critical to perform extensive due diligence and property inspections in order to assure the rating agencies of the projected cash flow from these assets.

9. Estimated Cash Recovery Studies and Reviews at over 30 Failed Financial Institutions

TCBA analyzed approximately 10,000 assets in order to estimate the cash recovery value for the RTC. TCBA also was required to project cash flows under various scenarios and apply several different assumptions about cost and timing of dispositions, based upon other RTC and non-RTC transactions involving similar assets. Asset types included performing and non-performing commercial, residential and multi-family mortgage loans, real estate and all types of consumer loans. The results of these reviews formed the basis for official estimates of the ongoing costs, borrowing capability, and overall operating strategy for the RTC.

10. Asset/Credit File Review Services for the RTC

TCBA provided asset and credit file review services for the RTC Asset Marketing Sales Division to complete its asset sales mission for receiverships and conservatorships assigned to the Valley Forge Office. Specifically, TCBA:

- Reviewed asset, credit and servicing files for completeness,
- Developed information and documentation which more adequately identified loan and non-loan assets,
- Reconciled systems of record to marketing data sources,
- Reconciled all asset sales initiatives to accounting records, and
- Developed and maintained site-specific procedures.

11. Asset Valuation Review Services for the RTC

TCBA provided services on a National Asset Valuation Review contract with the RTC to estimate the net value that the RTC could potentially realize from the sale of assets from various conservatorships and receiverships.

This contract was administered on a task order basis, and TCBA performed asset valuation reviews for the RTC at the following institutions:

- Homeowners, Burlington, Massachusetts,
- Southwest Savings, Dallas, Texas,
- Alexander Hamilton Savings Bank, Pompton Plains, New Jersey,

- Yorkwood Savings Bank, Parsippany, New Jersey, and
- Investors Federal, Richmond, Virginia.

12. Accelerated Resolution Services for the RTC

TCBA was engaged in association with a national CPA firm to provide due diligence and asset valuation review services for the RTC. This engagement was a pilot program in which the RTC tested the whole-bank sale plan for the sale of Investors Federal in Richmond, Virginia, under its Accelerated Resolution Program.

As part of the due diligence team selected by the RTC for the accelerated resolution/disposition of Investors Federal Savings Bank, TCBA performed required due diligence services, including:

Representations and Warranties – Assisted in drafting representations and warranties for bulk sale agreements.

Pre-closing and Post-closing Adjustments – Addressed deficiencies in asset files and collateral before and after the asset sale closing. These services included assessing the deficiencies and coordinating with representatives of the RTC and its attorneys to obtain the requisite documentation to correct the asset and collateral files.

Database Maintenance – Developed and maintained three interactive databases. One tracked individual asset files from receipt from the institution to final delivery to winning bidders. A second database contained information obtained during the due diligence process. This information was routinely compared and reconciled to information from the institution's loan

servicing system. The third database created a library system for tracking investor reviews performed by prospective bidders.

13. Due Diligence and Financial Modeling on over \$2 Billion of Industrial Revenue Bonds

TCBA performed due diligence services for three bulk sales of over \$2 billion of real estate and non-performing assets originally financed with tax-exempt bonds. These services included asset identification, loan file reviews, asset data sheet preparations, site inspection reviews, development of a valuation methodology, derived investment value calculations, preparation of investor review files, management of war room and assistance to financial advisors and attorneys in preparation of marketing books, coordination of investor activities, and all pre- and post-closing functions.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA)

1. Financial Advisor to the Government National Mortgage Association (GNMA) REMIC Program

TCBA, in association with a national firm, served on the Financial Advisory Team to GNMA in connection with its REMIC program. As Financial Advisor, the team assisted GNMA in the design, implementation, and ongoing operation of the REMIC program. The Financial Advisor's role was to ensure that the program was competitive and viable, produced the anticipated revenues to GNMA, exposed GNMA to a minimum level of risk, and provided benefits to home buyers