

## **Loan Review Summary**

 $\mathcal{E}$ NSIGHT **CRC GROUP, LLC** 

Credit Risk Consulting

Review as of: 03/31/18

Review Purpose: New Loan Review Date: 04/01/19

Reviewer: Bob Dunlap

**Borrower Identity** 

Name: JOHN SMITH Business: Attorney

Type: Individual

**Loan Information** 

Information for Loan #: 6000004

Bank Risk Grade: 2.50 Pass Grade

Original Amount: \$397,260

Date Opened: 08/29/17

Original Maturity: 08/31/20

Current Balance: \$212,549

Committed Exposure: \$397,260

Original Purpose:

NRLOC to refinance existing Mass Mutual Life insurance policy loans and to fund the annual

premiums of \$102M for policy years 3-5.

Settlement Statement: Yes

Advance Terms: Annual advances of \$102M to pay the scheduled premiums for policy years 3-5

Interest Rate: 3.75%

Type: Variable

(P)

Change Date Freq: Monthly

Index: Prime Rate

Margin: 0.00%

Floor: 3.75%

Loan Payment Type: Interest Only

Frequency: Monthly

Loan Payment Status: Current Loan Officer: Jill Simpson

Loan Approved: Yes Approver: Jonathon Andrews

Appropriate Authority: Yes

Does the Loan Conform with Approval: Yes

**Collateral Information** 

Non-Real Estate Collateral

Description: Assignment of Mass Mutual Life Insurance policies #21468305 & #21595807

Assignment Date: 08/29/17 Assignment Perfected: Yes

UCC-1 State Rec Date: 08/31/17

**Appraisals** 

Date: 07/31/17 Type: CVLI Illustration @ year 5

Amount: \$421,696

Orig LTV: 94.2%

Security Agreement: Yes

Security Agreement Satisfactory: Yes

Monitored Advance: Yes

Other: 95% of CSV

Comments: The CVLI Illustration projects CSV of \$421,696 at year 5 when the loan is fully funded. The Borrower

agrees to provide additional cash collateral during the loan term for any CSV margin shortfall.

Non-Real Estate Collateral

Description: Assignment of DDA # 12456894

Assignment Date: 08/29/17 Assignment Perfected: Yes

**Appraisals** 

Date: 08/29/17 Type: Account Ledger Balance Amount: \$42,500

Orig LTV: 934.7%

Security Agreement: Yes Security Agreement Satisfactory: Yes

Comments:

Original LTV: 85.6%

Total Appraisal Value: \$464,196 Total Current LTV: 85.6%

## Borrower/Co-Borrower Financial Analysis

SSN: \*\*\*-\*\*-6666 Name: JOHN SMITH Type: Individual

PFS Date: 06/30/17 Signed: Yes Current: Yes PTR Year: 2016 Signed: No Current: Yes

Financial Statement-Selected Entries('000)					
<u>Assets</u>		<u>Liabilities</u>			
Cash	\$325	Cash Collateral Loans			
Market Securities	\$662	Margin Loans	\$107		
CVLI	\$153	Life Policy Loans	\$90		
Annuities/Retirement	\$820	Other Notes Payable	\$125		
Residences	\$1,100	Residence Mortgages	\$720		
Wholly-Owned RE	\$750	Wholly-Owned Mtge	\$520		
Part Int/Closely Held	\$1,400	Related Mortgages/NP			
Total Assets	\$5,450	Stated Net Worth	\$3,725		
Unencum Liquid Assets	\$943	Adjusted Net Worth	\$1,868		

(000	
\$225	
\$23	
\$595	
\$125	
\$15	
\$75	
\$933	
11.9%	

Bank Underwriting Calculation			
Personal Cash Flow	\$845		
Total Debt Payments	\$108		
DTI	12.8%		

Credit Report - Yes	
Date	07/10/17
Score	725
Total Mo Payments	\$9,225

Loan Underwriter and Reviewer Generally Agree: Yes

Financial Performance Trend: Improving

Comments: The Borrower is a tax attorney with the law firm of Smith & Smith. Sch C is for the John Smith, PA.

## **Guarantor Financial Analysis**

## **Summary Analysis of Risks to Repayment**

Repayment

Priority	Source	Description	Metric	Value
Primary	Borrower Income & Assets	2016 PTR & 6/30/17 PFS	DTI	11.9%
Secondary	Collateral Liquidation	Projected Year 5 CSV	LTV	94.2%
Tertiary	Not Applicable			

Reg O Loan: No

**Document Exceptions** 

No Document Exceptions

**Financial Exceptions** 

No Financial Exceptions

Loan Policy/Underwriting Exceptions

No Policy/UW Exceptions

Financial Covenants

No Financial Covenants

Loan Weaknesses: CSV is based on projected increases, not guaranteed values

Loan Strengths: Borrower DTI of 11.9% and unencumbered liquidity of \$943M to cover any CSV shortfall. Pre-

paid interest reserve.

Loan Underwriting presentation: Thorough

and the Financial Analysis of the source of Repayment: Thorough

Loan Underwriting structural support: Moderate/Conservative

Comments on Loan Underwriting: Repayment risk is conservatively limited by the projected CSV of the

collateral, the pre-paid interest reserve, and the additional Borrower financial

support.

Global Cash Flow Calc: N/A Stress Testing: Yes Level: Single-Level Test Is Adequate: Yes

Bank Risk Grade: 2.50 CRC Rec Grade: 2.50 Credit Grade Outlook: Stable

Credit Risk Comments: Assigned risk grade of 2.50 is satisfactorily supported by the life policies CSV, Borrower

DTI 0f 11.9% and personal liquidity of \$900M.

Significant Credit or Loan Structure Issues: No