

USDA Guaranteed Loan Sale Analysis

Friday, January 22, 2016 USDA Guaranteed Loan Origination		
Total USDA Loan Amount:	\$5,000,000	
Guaranteed Portion (80%) to be Sold by Lender:	\$4,000,000	
Un-Guaranteed Portion (20%) to be Retained by Lender:	\$1,000,000	
Rate to the Borrower:	PRIME+2.25% Adjusted Quarterly; No Cap (Current Rate 5.50% with Prime @3.25%)	
Loan Term:	25 years	

Secondary Market Transaction Overview		
Secondary Market Sale Price:	112.750	
Lender Retains Servicing on Sold, Guarar	nteed Portion: 0.750%	

Lender's Simple Return Analysis		
First Year Return on Invested (Retained, Ungtyd Portion) Dollars		
Premium Earned on the Sale (Gtyd Portion X 12.75% Premium):	\$510,000	
Full Rate Earned on Retained, Ungtyd Portion (5.5% on \$1,000,000):	\$55,000	
Servicing Earned on Sold, Gtyd Portion (0.75% on \$4,000,000):	<u>\$30,000</u>	
Total First Year Income:	\$595,000	
First Year Return on Invested Dollars:	60%	
Subsequent Years Return on Invested (Retained, Ungtyd Portion) Dollars		
Full Rate Earned on Retained, Ungtyd Portion (5% on \$1,000,000):	\$50,000	
Servicing Earned on Sold, Gtyd Portion (0.50% on \$4,000,000):	<u>\$20,000</u>	
Total Income:	\$70,000	
Subsequent Years Return on Invested Dollars:	7%	

Please note that this example does not take into account the amortization of principal or your institutions internal accounting treatment of the secondary market transaction. It is simply intended to familiarize the reader with the basic economics of the transaction. Please consult your accountants for specifics regarding the accounting treatment of secondary market transactions.

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