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## 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, Guaranteed Portion:	0.750%

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

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.