California Community Reinvestment Corporation

CCRC 2024 Loan Portfolio Analysis

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CCRC 2024 Loan Portfolio Analysis: Scope and Overview

The **CCRC 2024 Loan Portfolio Analysis** provides a comprehensive review of CCRC's owned portfolio of mortgage loans and forward commitments. This report evaluates the portfolio's credit quality and estimates an appropriate allowance for loan losses as of fiscal year-end 2024 (FYE 2024).

Loans and Forward Commitments Included in the Analysis

The following categories of loans and forward commitments are addressed in this report:

1. **Loans funded directly by CCRC.**
2. **Loans funded through CCRC's bank credit line.**
3. **Loans funded via CCRC's Bank of America ("B of A") credit line.**
4. **Loans funded with participations from the pension plan of the United Methodist Church ("UMC" or "PSP").**
5. **Forward loan commitments** intended to be funded using any of the above four sources.

Loans Excluded from This Report

This analysis does not cover the following portfolios, which are addressed in separate reports or are managed outside of CCRC's ownership:

- **Serviced Tax-Exempt Bond Portfolio:** Owned by a consortium of banks and covered in a separate report.
- **Loans Originated for the Cornerstone/Barings Fund:** These loans and bonds are wholly owned by an entity unaffiliated with CCRC.
- **Serviced Loans and Bonds for Investors:** These are loans and bonds that CCRC services but does not own.

Reporting Dates and Reconciliation Notes

Unless otherwise noted, loan balances and commitment amounts in this report are accurate as of **September 30, 2024**. For a detailed reconciliation of the total loan amounts reported here with the "Gross Loans Receivable" figure in CCRC's audit, see the accompanying footnote. [1]

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[1] Reconciliation of Gross Loans Receivable (Audit) vs Total Loans (2023 Portfolio Analysis)		
Total Loans (Portfolio Analysis)	$	356,542,969
CCRC bond Pool Participation	$	2,736,736
Eden Central Office Loan		-
UMC Loan Total		(61,975,558)
CCRC's share of UMC loans		6,187,330
Gross Loans Receivable (Audit)	**$**	**303,491,477**

S&P Rating

In summer 2021, CCRC engaged Standard & Poor's to provide a general obligation issuer credit rating (ICR). S&P's analysis reviewed CCRC's financial strength, business model, portfolio asset quality, and overall management and governance.

S&P completed its review in September 2021, assigning an ICR of A+ stable. S&P reaffirmed CCRC's A+ stable rating in May 2024.

1. Characteristics of CCRC's Loan Portfolio

CCRC typically approves a loan before a project starts construction. (In this report, we refer to this approval as a "commitment" or "forward commitment.") CCRC maintains a forward commitment for a stated period, normally 30 to 40 months, during which the developer constructs the property and rents it to full occupancy. When a completed project reaches operational stability, CCRC funds the loan in accordance with the terms of the forward commitment agreements.

1.1. Descriptive Statistics

Tables 1 through 5 summarize CCRC's loan portfolio, book of forward commitments and loan origination activity over last 5 fiscal years.

Table 1: CCRC Portfolio of Funded Loans

Fiscal Year	Loans[1]	Balance	Average	DUs[2] Financed	$/DU	WAC[3]
2024	124	$356,542,971	$2,875,347	7,951	$44,843	5.37%
2023	104	$248,024,086	$2,384,847	6,506	$38,122	5.62%
2022	95	$206,454,106	$2,173,201	5,698	$36,233	5.85%
2021	80	$159,572,076	$1,994,651	4,904	$32,539	6.27%
2020	134	$305,425,609	$2,279,296	8,089	$37,758	5.88%

[1]Projects with multiple loans are counted as having a single loan with a balance equal to the total balance of the combined tranches. There are 134 funded loans on 124 projects. [2]Dwelling Unit. [3]Weighted Average Coupon.

No Loans paid off in 2024.

Table 1 shows that CCRC had an outstanding loan balance of $356.54 million at the end of fiscal year 2024, reflecting a 44% year-over-year increase in outstanding loans receivable. CCRC held loans on 124 projects, marking a 19% increase over the 2023 total of 104. Both the average loan size of $2.87 million and the average loan amount per unit of $44,843 reached historic highs, while the weighted average coupon (WAC) decreased from 5.62% to 5.37%.

The $189.5 million loan sale in November 2020 significantly influenced year-over-year portfolio changes between 2020 and 2021. Following the sale, the 2021 portfolio reflected a higher weighted average coupon (WAC), driven by the temporary predominance of older, higher-interest loans in the portfolio metrics.

This effect was particularly noticeable in the UMC/PSP sub-portfolio, which accounted for 43% of the total portfolio in 2021. Over subsequent years, its share of the overall portfolio steadily declined to 33% in 2022, 26% in 2023, and 17% in 2024. By 2023 and 2024, the influence of these older, higher-interest loans on overall portfolio metrics diminished as CCRC increased funding for new loans, rebalancing the portfolio composition.

Table 6 breaks out the balances of the different components of the funded loan portfolio (bank funded, UMC/PSP, Bank of America, and CCRC funded). It reports a Bank Pool WAC of 4.86%, compared to 4.93% in 2023.

Table 2: New Loans Funded During Year

Fiscal Year	Count	Balance	Average	DUs Financed	$/DU	WAC
2024	21	$115,586,343	$5,504,112	1,445	$79,991	4.87%
2023	13	$49,638,198	$3,818,323	948	$52,361	5.04%
2022	19	$54,106,294	$2,847,700	1,059	$51,092	4.72%
2021	14	$54,886,294	$3,920,450	838	$65,497	5.42%
2020	18	$57,757,941	$3,208,775	999	$57,816	5.40%

Table 2 reviews CCRC funding activity over the past five fiscal years (loan balances reflect fiscal year-end balances which, due to amortization, are slightly less than the sum of the original principal balances of loans funded over the course of the indicated year). The table highlights a record-setting year in 2024 for funding activity:

- **Loan Volume**: With **21 loans funded**, 2024 was near a record high for the number of loans issued.
- **Loan Value**: The total **loan value of $115.6 million** in 2024 set a record, significantly surpassing the previous record of **$61 million** set in 2019.
- **Average Loan Size**: The **average loan size of $5.5 million** in 2024 also marked a record.
- **Cost per Unit**: The **loan amount per unit** reached **$79,991 per unit**, setting another record.

In FY 2024, the weighted average coupon (WAC) of newly funded loans decreased by 17 basis points, falling from 5.04% to 4.87%.

Extensions of Forward Commitments

Over the past four years, CCRC has experienced a significant increase in the number of projects seeking extensions of forward commitments due to delays in meeting funding conditions. These delays can be attributed to several factors, including:

- **COVID-Related Interruptions:**
    - **Construction Delays:** Supply chain disruptions and labor shortages were among the primary contributors to construction interruptions. Post-COVID, there continue to be delays caused by utility company delays in electrifying buildings and long waiting periods for switchgears.

  - **Lease-Up Delays:** These were particularly significant during the earlier, pre-vaccine phases of the pandemic.
- **Special Needs Properties:** Properties serving homeless or other special needs populations often face slower lease-up periods due to:
  - Targeted outreach and referral requirements.
  - Complex, multi-level tenant screening processes.
  - Dependence on tenant referrals from housing and public health organizations administering local coordinated entry system programs.
- **Subordinated Debt Programs:** The increasing volume of subordinated debt programs and providers has added additional review and approval procedures to the loan conversion process, further contributing to delays.

The number of approved forward commitment extensions over the past five years is as follows[2]:

- **FY 2024:** 12 extensions. involving **$74.4 million** in forward commitments.
- **FY 2023:** 19 extensions, involving **$111.9 million** in forward commitments.
- **FY 2022:** 16 extensions, involving **$76.4 million** in forward commitments.
- **FY 2021:** 31 extensions.
- **FY 2020:** 36 extensions.

Table 3: Book of Forward Commitments

Fiscal Year	Count	Balance	Average	DUs Financed	$/DU	WAC
2024	30	$167,328,695	$5,577,623	1,953	$85,678	5.76%
2023	48	$268,601,246	$5,595,859	3,195	$84,069	5.11%
2022	50	$277,405,269	$5,548,105	3,498	$79,304	4.67%
2021	45	$188,536,671	$4,189,704	3,008	$62,678	4.32%
2020	39	$124,603,109	$3,194,952	2,319	$53,731	4.79%

Table 3 reviews CCRC's book of forward commitments. As noted, CCRC agrees to fund a forward commitment when the borrower satisfies loan conversion requirements. Accordingly, nearly all forward commitments become funded loans. In 2024, CCRC's book of forward commitments decreased by 38%, after rising 47% in FY 2022. WAC increased by 65 basis points, following 44 basis point increase in 2023. CCRC benchmarks loan and bond pricing on the 10-year treasury.

Since 2021, average loan size and average loan proceeds per unit have risen sharply. The reasons for this increase remain consistent with those identified in previous Portfolio Analyses, which noted a trend among borrowers toward requesting loans with 35-year amortization periods instead of the traditional 30-year amortizing loans. Since affordable housing loans are rarely constrained by loan-to-value (LTV) ratios, CCRC and other affordable housing lenders have been able to use the 35-year amortization option to offer larger loans without reducing debt coverage.

[2] Extension totals include Bond Pool and Barings programs in addition to the Loan Pool.

Another factor contributing to larger loan amounts is the increasing prevalence of developments with project-based Housing Assistance Payment (HAP) contracts. When a project lacks a project-based rent subsidy, CCRC underwrites to restricted rents, which are typically around 30% of the area median income (AMI) levels that the project owner has committed to serving. With a long-term HAP contract in place, however, an owner can meet these AMI commitments while receiving higher rents. Our credit policy guidelines allow underwriting to these higher HAP contract rents, enabling projects with HAP contracts to support larger first mortgages.

In addition, sharp increases in AMI in urban coastal areas over the past six years have raised permissible rent levels, allowing projects to support larger first mortgages. This trend began prior to the recent inflationary period but has undoubtedly been reinforced by it. Furthermore, low-interest rates until recently also enabled CCRC to offer larger loans; however, the sharp rise in rates in 2022 and 2023 has partially reversed this trend.

Higher operating expenses, driven by inflation, increased insurance costs, and property management challenges intrinsic to affordable housing, have also contributed to this reversal. Reflecting these pressures, we have seen increases in security, social service, unit turnover, and maintenance expenses at properties providing supportive housing to formerly homeless households. Additionally, insurance and utility expenses have risen substantially across the board.

CCRC's forward commitments will take out construction loans provided by the eight banks listed in Table 4, an increase from seven banks in 2023. Wells Fargo remains the top construction lender, supplying 54% of all construction credit, unchanged from its 2023 share. Bank of America's construction lending activity dropped to $13.4 million, a significant decrease from $44.4 million in 2023 and around $60 million in both 2021 and 2022, reducing its share from 17% to 8%. US Bank, which merged with Union Bank and moved from third to second place, saw a decline in lending from $39.9 million to $27.2 million.

Table 4: Construction Lenders

Construction Lender	Loans	CCRC Loan Commitment	% Share
Wells Fargo Bank	14	90,077,967	54%
US Bank	6	27,241,900	16%
Bank of America	3	13,362,359	8%
JP Morgan Chase Bank	2	12,145,000	7%
Capital One, N.A.	2	7,652,000	5%
Silicon Valley Bank[1]	2	7,399,941	4%
Bank of the West[2]	1	5,802,000	4%
Comerica Bank	1	3,647,528	2%
Grand Total	**31**	**167,328,695**	**100.00%**

(1) Silicon Valley bank was acquired by First Citizens Bank.
(2) Bank of the West was acquired by BMO.

Table 5 displays loans approved over the past five years. In 2024, we approved $13.2 million in new mortgages, down from $39.1 million in 2023. Both years represent significant declines compared to 2021 ($104.4 million across 18 loans) and 2022 ($143.8 million across 24 loans),

both record years for CCRC. The average loan amount in 2024 was $4.43 million, an increase from 2023's average of $3.55 million but below the 2022 average of $5.99 million.

The record origination levels in 2021 and 2022 were atypical compared to historical norms. While 2023 marked a return to average levels, 2024 fell clearly below the norm. Over the ten years prior to 2021, we averaged $47.5 million in originations annually, across an average of 17 loans. In past reports, we have noted that federal 9% LIHTC allocation caps limited growth in CCRC's conventional loan program, causing year-to-year originations to fluctuate within a narrow range and largely restricting growth opportunities to gains in market share.

In the 2021 Portfolio Analysis, we highlighted that the state received a $1 billion allocation of Federal Disaster Relief LIHTCs, temporarily increasing the availability of 9% LIHTCs and expanding conventional loan opportunities for CCRC. In 2022, taxable loan opportunities grew further with the California Housing Accelerator Program (CHAP), a $1.6 billion initiative supporting shovel-ready affordable housing projects that hadn't received 9% LIHTC or private activity bond allocations with 4% LIHTCs. CCRC approved two CHAP projects in 2022 totaling $10.3 million; however, the state is no longer accepting CHAP applications.

Additional factors contributed to lower originations in 2023 and 2024, including higher interest rates and rising operating expenses, which reduced supportable loan amounts. Internal capital constraints, stemming from delayed loan conversions, also led CCRC to slow originations in early 2023. Over the course of the year, however, CCRC's capital availability improved: bank commitments to the taxable loan pool increased from $405 million to $440 million shortly after the end of FY 2023, reaching $444.7 million by the close of FY 2024. Additionally, CCRC's board approved changes to the capital availability policy in 2023, adding around $20 million, and ongoing loan fundings throughout the year further bolstered availability.[3]

Notably, CCRC experienced a significantly higher level of originations in its Tax-Exempt Loan (TEL) program, totaling $75.8 million—the second-highest level in the program's history and nearly double the annual average. In addition, CCRC is on target to more the double FY 2024 originations in the first four months of FY 2025, with nearly $29 million in combined new approvals and signed terms sheets year-to-date.

Table 5: New Loan Approvals

Date	Loans	Balance	Average	DUs Financed	$/DU	WAC
2024	3	$13,312,159	$4,437,386	191	$69,697	6.85%
2023	11	$39,105,241	$3,555,022	645	$60,628	6.47%
2022	24	$143,772,649	$5,990,527	1,549	$92,816	5.11%
2021	18	$104,450,774	$5,802,821	1,366	$76,465	4.14%
2020	18	$59,176,144	$3,287,564	1,090	$54,290	4.12%
2019	19	$60,428,896	$3,180,468	1,012	$59,712	5.32%

Figures 1 and 2 show CCRC's loan portfolio (funded loans and forwards combined) by loan and project size.[4] A graph accompanying Figure 1 presents the total dollar value of loans

[3] When a loan funds, capital availability increases by 80% of the loan amount.
[4] Loans with balances of less the $250,000 are primarily older loans approaching maturity, and that have amortized below the $250,000 threshold.

within each loan-size range and presents a clearer picture of the impact of larger loans on CCRC's portfolio. The dollar value of loans with balances greater than $10 million was $0 in 2018 but surged to $94 million in 2022.

Figure 1: CCRC Portfolio by Loan Size (funded and forward commitments combined)

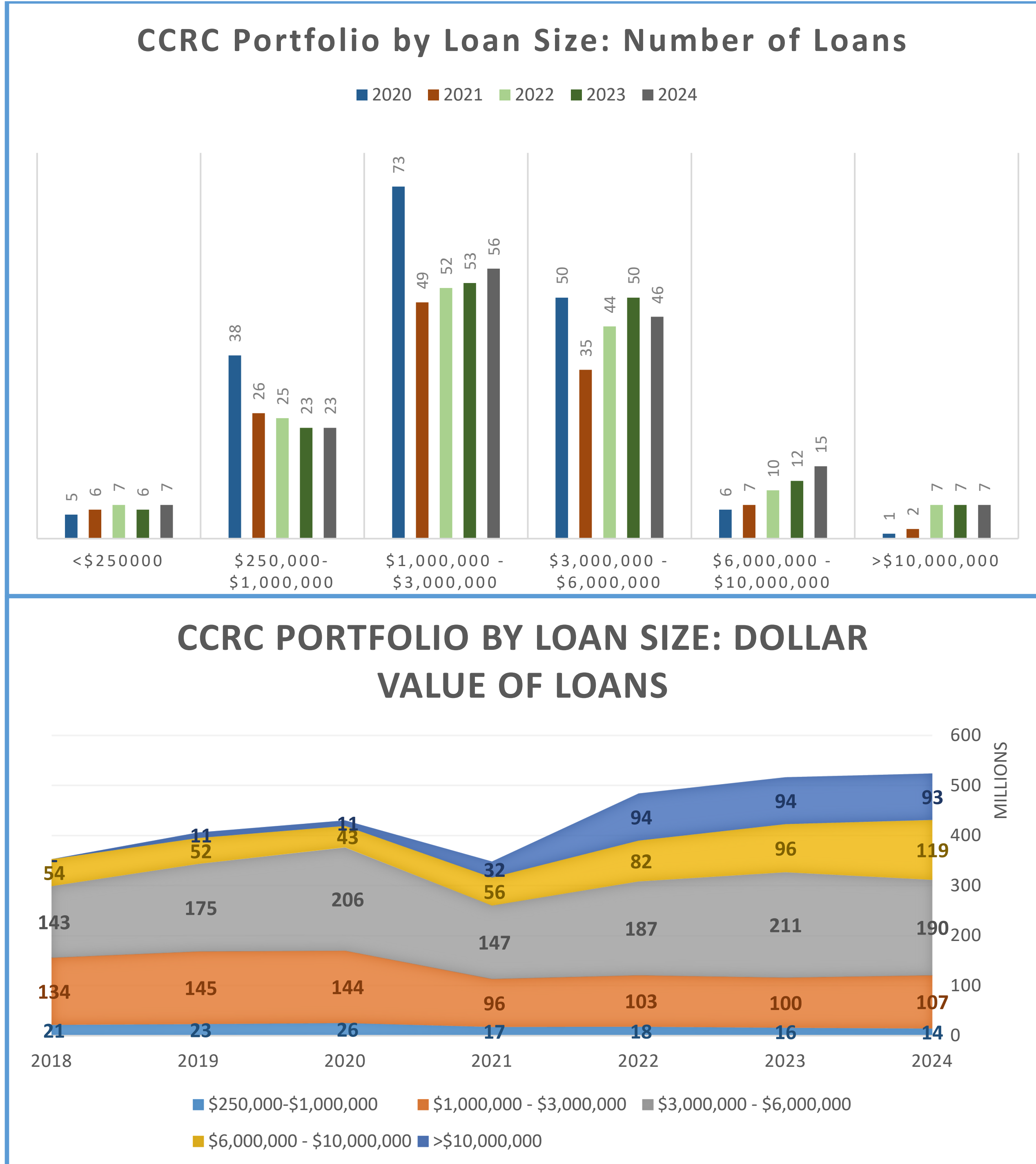
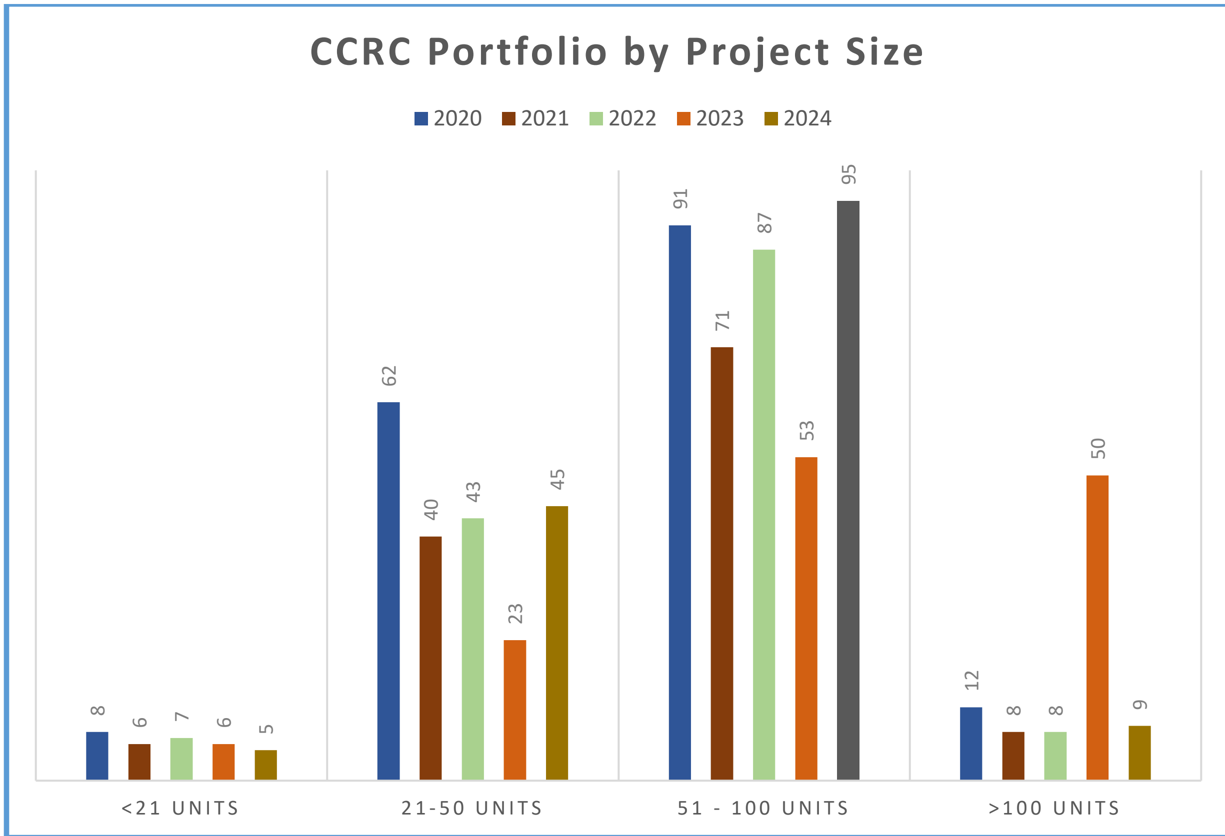


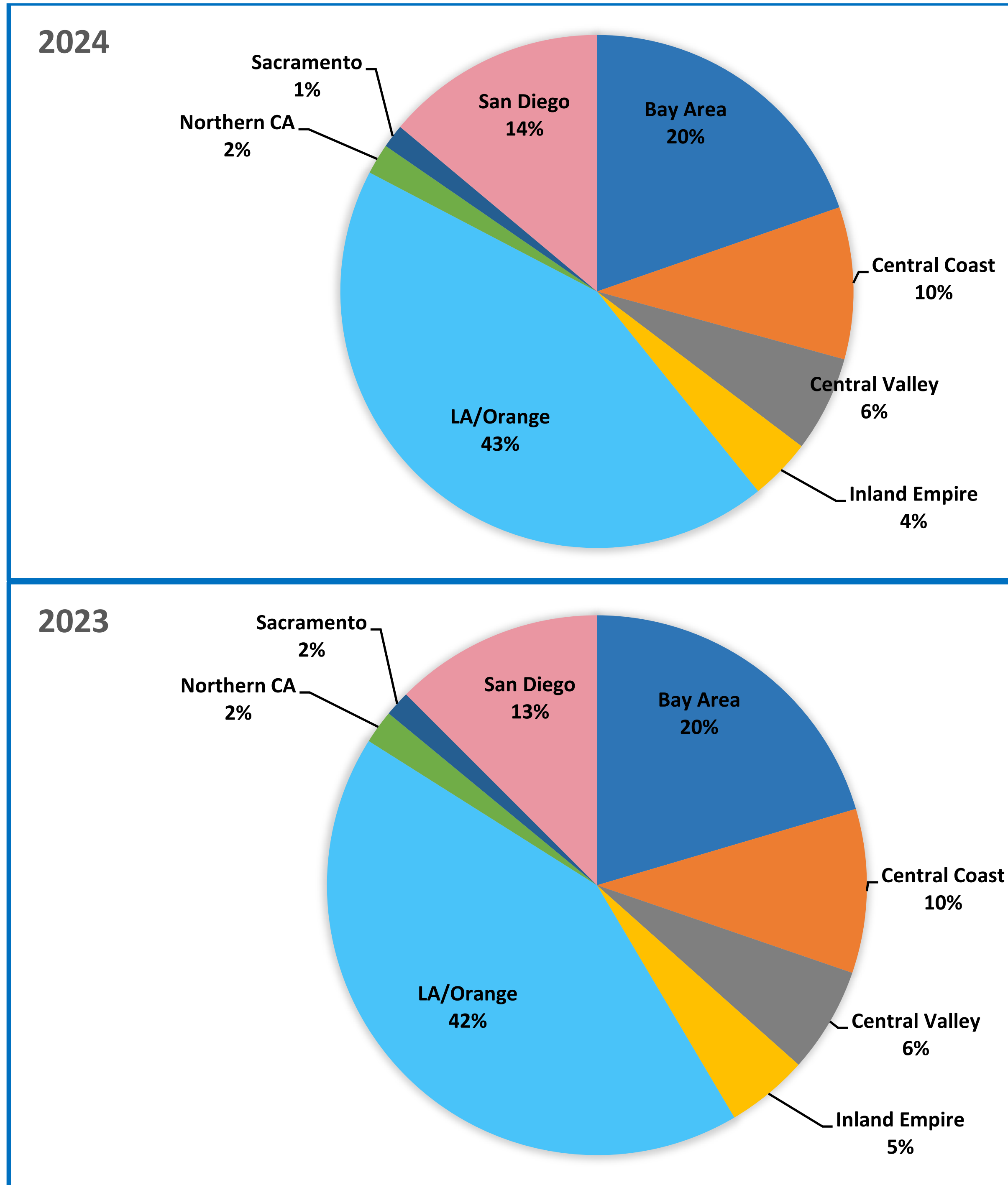
Figure 2: CCRC Portfolio by Project Size (funded and forward commitments combined)



1.2. Geographic Distribution

Figure 3 compares the 2023 and 2024 geographic distributions of CCRC's funded loans and forward commitments. 2023 and 2024 geographic distributions are nearly identical.

Figure 3: Geographic Exposure by Region (funded and forward commitments combined)



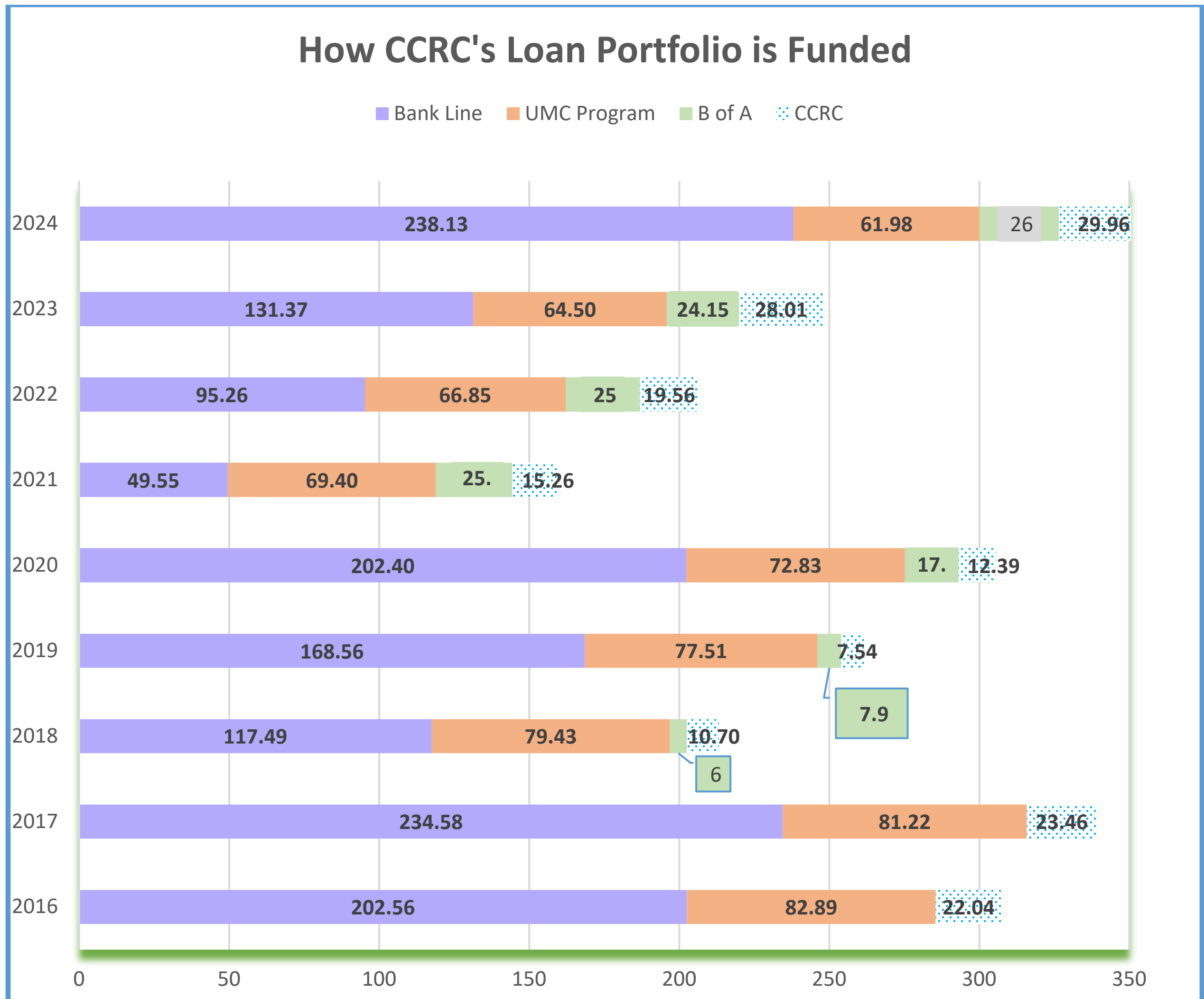
1.3. Portfolio Funding

As shown in Figure 4, CCRC taps four financing sources to fund its loan portfolio: the bank line of credit, UMC, B of A, and CCRC capital.

The November 2020 loan sale significantly influenced the composition of CCRC's funding sources. Loans funded through CCRC's bank line fell sharply from a pre-sale high of $205 million to a post-sale low of $26 million. Loan funding through this source subsequently rebounded, increasing to $49.55 million by fiscal year-end (FYE) 2021 and reaching $238.13 million by FYE 2024.

Similarly, CCRC's self-funded loans dropped to $1.4 million immediately after the 2020 loan sale. This category gradually recovered, growing to $19.56 million by the end of 2022 and to $29.96 million by FYE 2024.

Figure 4: CCRC Portfolio Funding Sources



2. Portfolio Risk Factors

This section of the Portfolio Analysis provides an assessment of portfolio risk factors. As has been the case historically, there were no delinquent P&I payments in 2024.

2.1. Risk Metrics

Table 6 stratifies standard risk metrics by loan funding source. With a few exceptions, CCRC loan proceeds per unit ($/DU) cover a small fraction of a project's per-unit total development cost. In our experience, LIHTC equity investors and subordinate lenders provide 80%-90% of the funding required to develop a project. This is a crucial reason for the strong performance of CCRC loans. LIHTC investors also serve an essential role in making CCRC loans safe investments. LIHTC investors have the financial resources and economic incentives necessary to support struggling projects and have reliably stood behind properties on those rare occasions when sponsors fail to provide needed support.

In aggregate, the portfolio has a weighted average DSCR of 1.23, lower than last year's figure of 1.30. The weighted average LTV ratio of 54% is marginally higher than 2023 ratio of 53%. At the fund level, the DSCR on bank-funded loans fell from 1.23 in 2023 to 1.20 in 2024. Bank Pool LTV remains unchanged at 58%. For CCRC loans, DSCR fell from 1.46 to 1.40, while LTV fell from 56% to 54%. Occupancy portfolio-wide remains steady at 96%.

Table 6: Risk Metrics

2024						
Risk Factor	**Bank Funded**	**UMC**	**B of A**	**CCRC Funded**	**Total Funded**	**Forwards**
1. Projects	57	42	7	18	124	30
2. Balance	$238,126,850	$61,975,558	$26,483,279	$29,957,282	$356,542,969	$ 167,328,695
3. $/DU	$62,880	$22,569	$59,247	$30,852	$44,843	$ 85,678
4. Coupon	4.86%	7.12%	5.63%	5.61%	5.37%	5.76%
5. DSCR	1.20	1.36	0.97	1.40	1.23	1.19
6. LTV	59%	46%	51%	47%	55%	56%
7. Occupancy	96%	97%	94%	94%	96%	N/A
8. Maturity	217	90	191	195	191	N/A
9. Age	24	159	50	36	51	N/A
10. Risk Rating	6.08	6.09	6.28	6.12	6.10	N/A
11. Loans >30 Yr Amort(1)	27	1	3	6	37	26
$ >30 Yr Amort	155,860,363	2,249,057	10,865,815	14,398,061	183,373,295	151,441,167
% $ >30 Yr Amort	65%	0%	41%	48%	51%	91%
Loans <30 Yr Amort(1)	18	7	4	8	37	3
$ <30 Yr Amort	46,574,274	2,155,790	3,988,784	13,305,049	66,023,897	8,793,528
% $ <30 Yr Amort	20%	3%	15%	44%	19%	5%
Loans =30 Yr Amort(1)	16	36	4	4	60	2
$ =30 Yr Amort	35,692,213	57,570,712	11,628,680	2,254,172	107,145,778	7,094,000
% $ =30 Yr Amort	15%	93%	44%	8%	30%	4%

2023						
Risk Factor	**Bank Funded**	**UMC**	**B of A**	**CCRC Funded**	**Total Funded**	**Forwards**
1. Projects	40	42	6	16	104	48
2. Balance	$131,365,028	$64,497,938	$24,149,601	$28,011,519	$248,024,086	$ 268,601,246
3. $/DU	$53,270	$23,488	$60,525	$31,298	$38,122	$ 84,069
4. Coupon	4.93%	7.12%	5.48%	5.53%	5.62%	5.11%
5. DSCR	1.23	1.50	0.97	1.46	1.30	1.20
6. LTV	58%	48%	52%	46%	53%	60%
7. Occupancy	96%	98%	96%	98%	97%	N/A
8. Maturity	192	102	182	195	168	N/A
9. Age	30	147	43	22	61	N/A
10. Risk Rating	6.09	6.08	6.32	6.00	6.10	N/A
11. Loans >30 Yr Ar	16	1	3	5	25	36
$ >30 Yr Amort	$83,653,946	$ 2,296,966	$11,065,948	$ 12,568,247	$ 109,585,106	$ 215,961,249
% $ >30 Yr Amort	64%	0%	46%	45%	44%	80%
Loans <30 Yr Amor	14	7	4	8	33	5
$ <30 Yr Amort	28,876,969	2,833,568	4,238,571	13,763,862	49,712,969	27,316,056
% $ <30 Yr Amort	22%	4%	18%	49%	20%	10%
Loans =30 Yr Amor	12	36	3	3	54	9
$ =30 Yr Amort	18,834,113	59,367,404	8,845,083	1,679,411	88,726,011	25,323,941
% $ =30 Yr Amort	14%	92%	37%	6%	36%	9%

Loans funded in FY 2024 account for 32% of the combined portfolio. For these newly funded loans, DSCRs are based on conversion underwriting projections rather than actual performance. Excluding loans funded in FY 2024, the weighted average DSCR falls to 1.21—a relatively low figure compared to historical results, where DSCRs have typically ranged between 1.30 and 1.35. This decline likely reflects rising operating expenses, particularly in insurance.

As averages, the indicators presented in Table 6 may obscure variances within the portfolio, potentially masking risks that a more granular analysis could reveal. Figure 5 (a scatterplot of LTV versus DSCR) and Table 7 (an LTV-DSCR matrix) provide additional insights into the LTV and DSCR characteristics of our loans. Each point on the scatterplot represents a project. In 2024, as in previous years, only one project fell within the upper-left quadrant—defined by intersecting lines marking DSCRs below 1.00 and LTVs above 100%. In October 2024, this loan was purchased at par by an investor as part of a larger acquisition of a portfolio of affordable housing properties.

Figure 5: DSCR-LTV Scatterplot (9/30/2024)

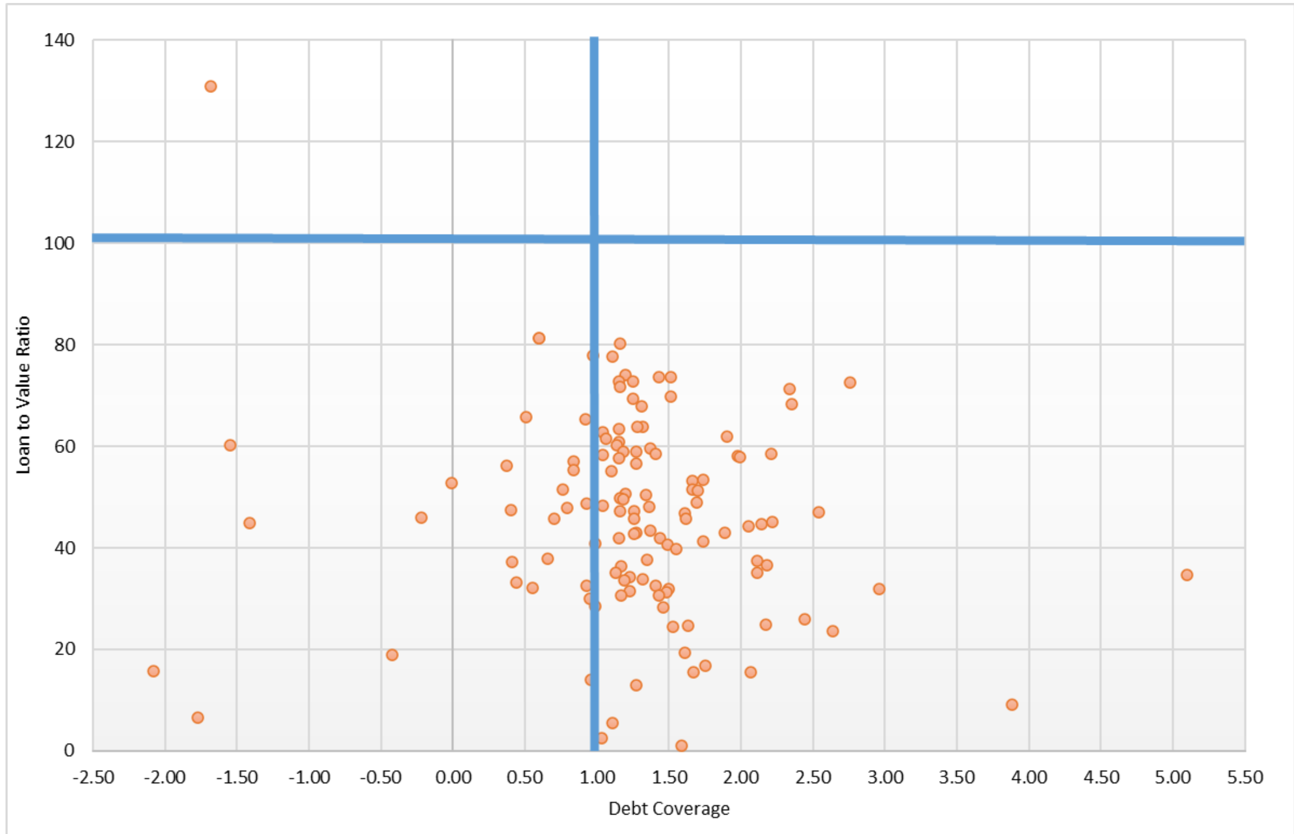


Table 7: DSCR-LTV Matrix (9/30/2024)

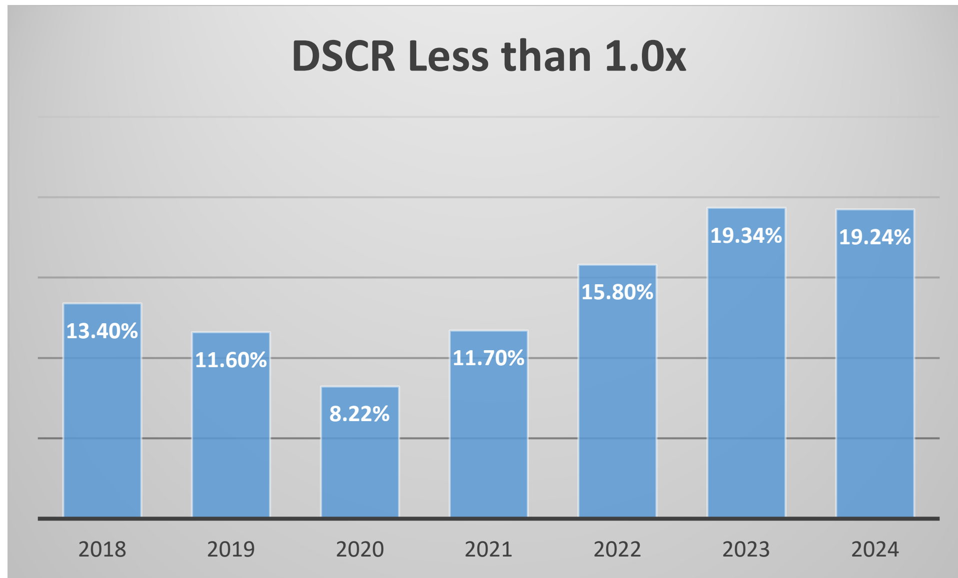
	Debt Service Coverage Ratio						
LTV	**Less than 1.0x**	**1.00-1.14**	**1.15--1.29**	**1.30-1.49**	**1.50 to 1.79**	**Greater than 1.79**	**Total**
0%--49.x%	39,035,658	5,149,160	68,492,029	17,482,401	23,390,976	15,454,562	**169,004,785**
50%-59.x%	12,268,556	2,842,293	18,635,424	8,625,167	7,030,891	6,902,926	**56,305,257**
60%-69.x	3,134,464	11,501,337	14,087,519	17,591,183	5,570,893	8,079,077	**59,964,473**
70%-79.x%	3,481,636	2,431,397	19,169,033	3,849,551	7,867,667	5,269,671	**42,068,956**
80%-89.x%	8,879,242	-	18,519,534	-	-	-	**27,398,776**
90%-99.x%	-	-	-	-	-	-	**-**
100%-200%	1,800,723	-	-	-	-	-	**1,800,723**
Total	**68,600,280**	**21,924,187**	**138,903,539**	**47,548,303**	**43,860,427**	**35,706,235**	**356,542,971**

Both the scatterplot and the matrix highlight that the most significant vulnerabilities in CCRC's portfolio involve low DSCRs. Based on 2023 audits, 33 properties, representing $68.6 million in combined loan balances (19% of the portfolio), had DSCRs below 1.00. This compares to 22 properties with $32.62 million in loan balances (also 19% of the portfolio) in 2023 and 18 properties with $33 million in loan balances (16% of the portfolio) in 2022.

The graph below illustrates changes in the percentage of the portfolio with DSCRs below 1.0x since 2018. The data clearly shows a steady increase in the relative volume (measured in dollars) of sub-1.0x DSCR loans since 2020. While the 2020–2024 period is arguably too brief to establish a definitive trend, we believe the graph reflects more than statistical noise. In our view, the data captures the cumulative impacts of the pandemic--including eviction moratoriums and bad-debt charge-offs, post-pandemic inflationary pressures such as increased security and staffing costs, and broader inflationary pressures on operating expenses.

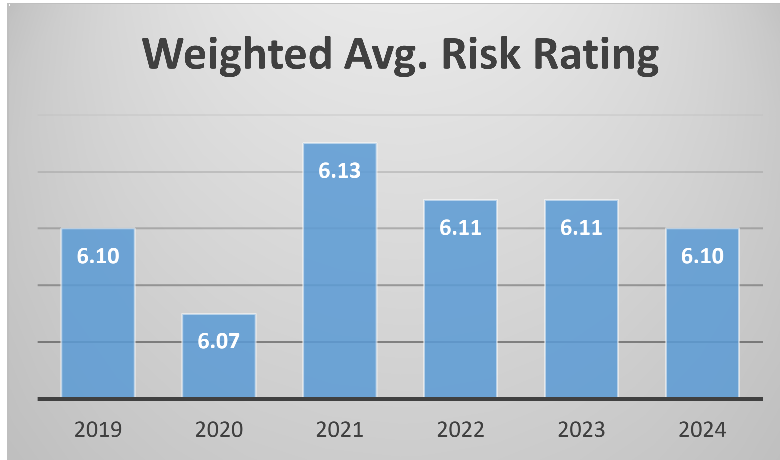
This data reflects a broader national trend. According to the Cohn Reznick 2023 Affordable Housing Credit Study, operating expenses for LIHTC properties increased by 12.1% between 2021 and 2022, and 23.2% of the national LIHTC portfolio operated below breakeven in 2022.

Although higher rents driven by rising AMIs have offset some of the inflation-driven expense increases, soaring insurance costs have overwhelmed property owners' ability to manage these challenges by boosting rents.



This analysis highlights a common characteristic of affordable housing underwriting: debt coverage often serves as the primary constraint on lending, limiting loan amounts well below LTV policy thresholds. Because LIHTC lending is constrained by DSCR, the typical LIHTC project lifecycle is frequently marked by occasional dips to or below the breakeven point.

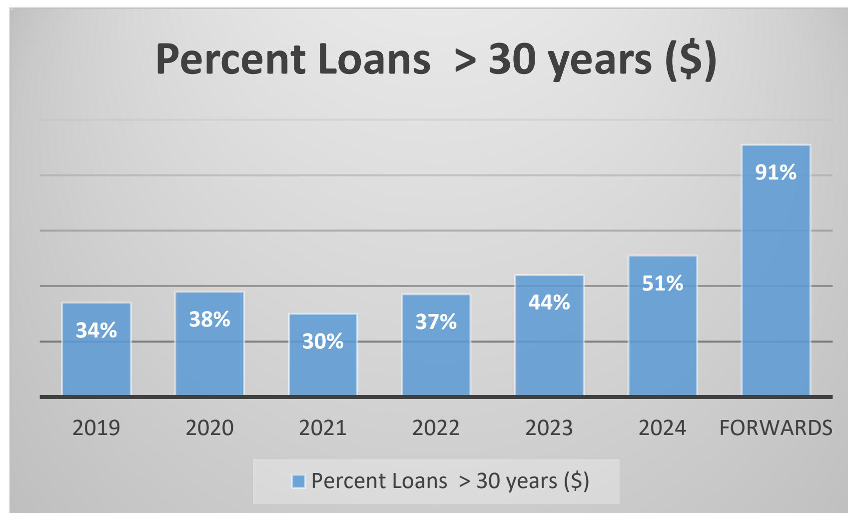
In Table 6, Metric 10 represents the weighted average loan risk rating. Loan risk ratings, assigned by CCRC as outlined in its Credit Policies and Procedures Manual, range from "6" (Pass) to "9" (Doubtful), with watch-rated loans assigned a 6.5. In FY 2024, the aggregate risk rating was 6.10. The graph below shows weighted average risk ratings since 2019.



When Asset Management staff conduct Loan Reviews and assign risk ratings, distinguishing between temporary setbacks and deeper, long-term challenges can often be difficult. If the low DSCR trends noted earlier continue into the coming year, we anticipate an increase in weighted average risk ratings.

As mentioned earlier, loans funded in 2024 account for 32% of the combined portfolio. Since nearly all newly funded loans receive a risk rating of 6, their inclusion in the weighted average risk rating calculation tends to skew the results toward "6", However, when newly funded loans are excluded, the weighted average risk rating increases to 6.15.

Metric 11 in Table 6 highlights the number of loans with original amortization periods exceeding 30 years, along with the percentage of the total loan balance represented by these loans. The graph below tracks the trend in the proportion of loans with extended amortization periods. Notably, 91% of forward commitments now fall into this category, as illustrated by the graph. This shift underscores the growing prevalence of these loans, which have become a standard offering in the affordable housing market.



CCRC has had a long-standing policy for approving mortgages with 35-year amortizations on an exception basis. The policy states that a 35-year amortization should only be offered to a

strong sponsor with an accomplished property manager, a property location in urban/suburban markets with at least a 15% market rent advantage, a cash flow analysis that projects rising DCR and, if warranted, a satisfactory refinance analysis. In the past, CCRC approved loans under this policy as exceptions to standard credit policy. In September 2016, in response to the increasing demand for 35-year amortizations, CCRC approved an amendment to its Credit Policies and Procedures Manual that incorporates this policy. Accordingly, CCRC no longer designates 35-year amortizing loans as policy exceptions if they meet the criteria described above.

Finally, as noted in previous reports, CCRC strives to diversify risk across funding sources. However, the data in Table 6 do not provide clear evidence to support this objective. One reason is that the UMC portfolio is static, consisting of older loans that, as shown in Metric 9, are five times the age of the Bank Pool loans. Additionally, the CCRC and Bank of America portfolios are relatively small, offering insufficient data to draw statistically significant conclusions. Similarly, the 1.40 DSCR of the CCRC-funded portfolio appears to be a statistical anomaly without any discernible or meaningful underlying cause.

2.2. Geographic Stratification

Table 8 provides a summary of portfolio metrics by region. In some cases, the sample sizes are too small to draw definitive conclusions about regional market characteristics—particularly in Sacramento (2 projects) and Northern California (5 projects). Nonetheless, a few notable patterns emerge from the data.

The Inland Empire continues to exhibit relative weakness, based on risk ratings and DSCR. In FY 2024, 16% of loans (by dollar value) in this region were rated 7 or worse, showing slight improvement compared to 19% in 2023 and 24% in 2022. LA/Orange also saw progress, with the percentage of loans rated 7 or worse declining from 10% in 2023 to 6.6% in 2024.

In the Bay Area, the percentage of loans rated 7 or worse dropped from 6% in 2023 to 3.4% in 2024, but DSCR declined significantly from 1.39x to 1.13x. It is important to note that results for LA/Orange and the Bay Area are materially influenced by new projects, where DSCR and risk ratings are based on underwriting assumptions rather than actual performance. Even so, the downward trend in DSCR for the Bay Area may warrant closer scrutiny. One potential explanation, based on anecdotal evidence, is that the region has experienced above-average increases in operating expenses.

Table 8: Geographic Analysis

	Bay Area	Central Coast	Central Valley	Inland Empire	LA/Orange	Northern CA	Sacra-mento	San Diego
Count	22	7	15	9	49	5	2	15
Balance	91,189,981	12,022,243	17,759,618	15,741,754	157,912,889	10,170,752	767,039	50,978,693
% Total Balance	26%	3%	5%	4%	44%	3%	0.2%	14%
Units	1,488	256	1,000	780	2,967	285	109	1,066
$/DU	61,284	46,962	17,760	20,182	53,223	35,687	7,037	47,822
DSCR	1.13	1.43	1.53	1.11	1.17	0.42	0.69	1.62
LTV	55%	59%	50%	53%	53%	67%	12%	61%
Occupancy	95%	98%	96%	98%	96%	96%	95%	98%
Age	43	31	85	87	46	54	63	58
% Risk Rated 7 or Worse	3.44%	0.00%	0.00%	16.33%	6.61%	8.83%	19.05%	0.00%

2.3. Loan Concentrations

CCRC monitors its exposure to sponsors and LIHTC investors. These concentration levels are less critical for CCRC than they are for analyzing traditional lending portfolios because nearly all CCRC borrowers are stand-alone, single-asset entities that cannot provide cross-support to other properties. In addition, usually 90% of a LIHTC investor's equity has been funded before CCRC funds its permanent loan, and loans are non-recourse beyond the real estate security.

Table 9 provides an overview of CCRC's exposure to the top 10 sponsors in FY 2023 and FY 2024, measured by loan balances and commitments. Over this period, CCRC's total exposure to the top 10 sponsors remained relatively stable, decreasing slightly from 59% to 58%.

CCRC's lending policies cap sponsor exposure at $30 million, although higher caps may be approved by Loan Committee and Executive Committee for select sponsors. When recommending an increased cap, CCRC evaluates sponsor capacity by analyzing sponsor and related-party financial statements, REO schedules, and internal loan reviews. The $30 million cap replaced a $20 million limit established in 1989, when the total CCRC loan fund was $100 million. Today, with over $500 million in available credit (including the bank line, UMC, and Bank of America pools), the fourfold increase in lending capacity, combined with rising loan amounts and volume, makes it more likely that CCRC will seek approvals to raise the cap for individual sponsors.

To mitigate sponsor exposure risk, CCRC employs strategies such as loan sales and, on occasion, one-off assignments of forward commitments to other lenders. Even in cases of high exposure to a single sponsor, risk is typically distributed across numerous smaller loans. For example, as shown in Table 9, the $60.9 million exposure to our top-ranked sponsor is spread across 16 projects.

Forward commitments, which CCRC includes in its sponsor exposure calculations, accounted for 47% of year-end exposure.

Table 9: CCRC Exposure to Sponsors

2024 Rank	Sponsor	2024 Exposure	Number of Projects	% of Total Exposure	2023 Exposure	2023 Rank
1	[redacted]	60,946,083	16	12%	54,716,004	1
2	[redacted]	54,193,805	9	10%	50,376,681	2
3	[redacted]	50,262,614	11	10%	34,789,161	3
4	[redacted]	27,773,762	7	5%	26,651,882	5
5	[redacted]	27,419,331	9	5%	27,370,669	4
6	[redacted]	19,812,910	3	4%	13,289,095	11
7	[redacted]	17,497,266	5	3%	18,638,553	6
8	[redacted]	16,026,438	3	3%	16,359,657	7
9	[redacted]	15,477,004	2	3%	15,634,000	8
10	[redacted]	13,858,542	2	3%	13,025,000	10
	Top 10 Total	**303,267,754**		**58%**	**254,701,261**	**59%**

*2023 total exposure and percentage of total exposure based on 2023 top 10 sponsors.

Table 10 summarizes CCRC's exposure to LIHTC investors, affiliates of which serve as investor limited partners of CCRC borrowers. In FY 2024, the top 5 investors accounted for 70% of CCRC's total LIHTC investor exposure, compared to 73% in 2022. Wells Fargo accounted for 38% of CCRC's LIHTC investor exposure, compared to 35% in 2023 and 40% in 2022.

Table 10: CCRC Exposure to LIHTC Investors

2024 Rank	Tax Credit Investor	2024 Loan Exposure	% of Total Exposure	2023 Loan Exposure	2023 Rank
1	Wells Fargo	201,146,944	38%	190,018,749	1
2	National Equity Fund	58,573,593	11%	59,938,065	3
3	Bank of America	50,447,479	10%	69,618,143	2
4	US Bank	36,129,375	7%	51,849,119	4
5	Hudson Housing Capital	20,233,650	4%	20,652,161	5
	Top 5 Total	**366,531,040**	**70%**	**392,076,238**	**73%**

*2023 total exposure and percentage of total exposure based on 2023 top 5 investors.

2.4. Risk Ratings

Figure 6 highlights changes in the ratio of problem loans (rated 7 and above) to total funded loans. At the end of FY 2024, there were 9 problem loans in the portfolio. One loan, The Rivermark, was added to the list, while no loans were removed during the fiscal year. Additionally, we downgraded Brookfield Place from a rating of 7 to 8, reflecting increased risk.

Less than a month after the end of FY 2024, two problem loans were paid off: [redacted]. From a cash flow perspective, [redacted] was the worst-performing loan in our portfolio, making its payoff a meaningful improvement for overall portfolio performance.

Figure 6: Problem Loans as a Percent of Funded Portfolio

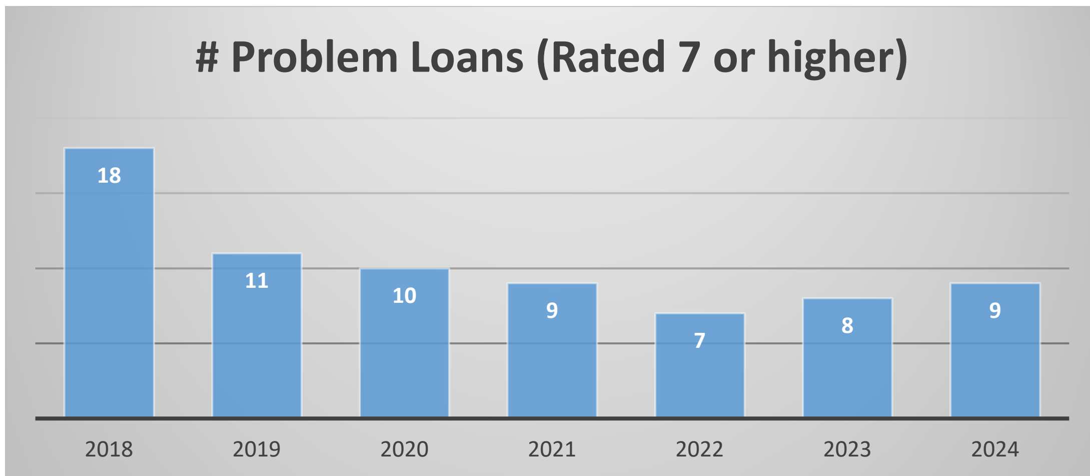
Problem Loans as a Percent of Loan Portfolio

Principal balance of problem loans as a percent of principal balance of funded loans

25.00%
20.00%
15.00%
10.00%
5.00%
0.00%

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Spec. Mention (7)	11.0%	12.9%	7.5%	7.2%	15.7%	13.4%	12.3%	9.7%	10.1%	7.6%	8.4%	4.0%	2.2%	3.7%	3.5%	5.1%	2.6%
Substandard (8)	2.5%	2.4%	4.4%	8.3%	5.5%	4.4%	4.7%	2.5%	2.1%	1.5%	2.3%	1.5%	1.8%	3.4%	2.5%	2.0%	2.2%

Doubtful/REO Substandard (8) Spec. Mention (7)



3. Loan Loss Reserve Adequacy

With last year's Portfolio Analysis, we began transitioning to a new methodology for calculating loan loss reserve adequacy. This change aligns with the Financial Accounting Standards Board's (FASB) 2016 introduction of the Current Expected Credit Loss (CECL) methodology for estimating allowances for credit losses. CECL became effective for CCRC in 2024, requiring us to adopt this methodology starting with the 2024 Audit. However, during the 2023 Audit and Portfolio Analysis, we took initial steps toward compliance with CECL standards, while leaving room for further revisions ahead of mandatory compliance in 2024.

3.1. Overview of CECL

CECL is a new accounting standard for estimating allowances for credit losses on financial instruments. It requires financial institutions to project credit losses based on the expected collectability of cash flows over the entire term of a loan. Unlike the previous methodology, CECL requires a broader range of reasonable and supportable information to inform credit loss estimates, including historical, current, and forecasted data.

For rental housing, CECL necessitates an assessment of a range of factors, including tenant payment history, vacancy rates, market conditions, and economic trends. These factors collectively inform allowance values. In many cases, such assessments could result in lower valuation estimates and higher loan-to-value (LTV) ratios. Under our old methodology, LTV did not factor directly into the calculation of loan loss allowances. However, LTV will play a significant role in our new approach, which is a primary reason why the overall allowance will decrease.

The methodology outlined below remains broadly consistent with what was presented in the 2023 Portfolio Analysis. However, since its introduction, we have developed internal guidelines to streamline the implementation of this new procedure. These guidelines will ensure smoother adoption of CECL standards while maintaining compliance with FASB requirements.

3.2. New Loan Loss Reserve Procedure

Our new Loan Loss Reserve procedure replaces the formula used in previous years with a model that incorporates additional variables and portfolio data. As in prior years, we will continue to validate the model's reserve calculation by comparing it to "floor" (best-case) and "ceiling" (worst-case) scenarios. This approach ensures the model's results are reasonable when evaluated against a range of potential outcomes.

Key Changes in the Loan Loss Reserve Methodology

The new calculation methodology introduces three significant changes:

1. Lower Loan Loss Provision Factors – These factors have been adjusted to align with CECL's forward-looking approach.
2. Loss Severity Calculation Tied to LTV – The severity of a potential loss will now be directly tied to a project's loan-to-value (LTV) ratio.
3. Individual Impairment Determinations (IID) – Management will assign IID assessments to a subset of loans rated "7" or higher, where a special provision is deemed necessary. Additionally, an IID will be conducted for every loan at conversion.

Annual Review and Updates

In recognition of CECL's requirement that loan loss provisions reflect both current and historical market conditions, we will review and, if necessary, revise calculation factors on an annual basis. To facilitate this process, we propose incorporating this review into the annual Loan Portfolio Analysis.

New Loss Provision Factors

The table below compares our historic Loan Loss Provision Factors with our recommended updates.

Rating	Historic Loan Loss Provision Factor	New Loan Loss Provision Factor
6	1%	.57%
6W	1%	1%
7	5%	3% or Special Provision
8	15%	15% or Special Provision
9	Special Provision	Special Provision
10	Full Write-off	Full Write-off

The most significant change to the Provision Factors is the reduction of the factor for "6"-rated loans from 1% to 0.57%. This adjustment is based on the Affordable Housing Credit Study published in 2021 by Cohn Reznick, which reported a nationwide cumulative foreclosure rate of 0.57% over the 35-year history of the LIHTC program. While this figure is still higher than CCRC's historic loss rate of 0.08%, it is important to note that historic foreclosure rates and loss rates are not directly comparable.

For "6W" (watchlist) loans, we have maintained the 1% Provision Factor. For "7" (special mention) rated loans, we have reduced the factor to 3%, while keeping the factor for "8"-rated loans at 15%. For both "7" and "8"-rated loans, we reserve the right to adjust Provision Factors as circumstances warrant, in accordance with special provision procedures discussed in Section C: Individual Impairment Determinations (IID). The Loan Workout Committee, a subcommittee of the Loan Committee, will review and approve the assignment of special provisions for these loans.

Annual Review

To ensure alignment with CECL guidelines, which require continuous assessments of market conditions and trends, we will conduct an annual review of Provision Factors. If warranted, these factors will be revised as part of this review. We plan to continue using Cohn Reznick's LIHTC study as a primary source for updates, as this report is updated regularly. However, we will also incorporate other reliable data sources, such as reports from Fannie Mae, Freddie Mac, and internal portfolio data, to inform our assessments.

Understanding Provision Factors and Loss Severity

Provision Factors represent management's probability assessment of loan default. For example:

- For "6"-rated loans, we assign a 0.57% probability of default.
- For "8"-rated loans, absent a Special Provision determination, we assign a 15% probability of default.

Once a probability of default has been established, the next step is to estimate the potential loss severity. This involves a valuation-based analysis to project the magnitude of loss in the event of default.

B. Loss Severity Calculation

The purpose of the loss severity calculation is to estimate potential losses resulting from a foreclosure sale. Our formula is as follows:

Loss on Sale = (50% of Appraised Value) – (Deferred Maintenance) – (Principal Balance of Loan)

The **50% Appraised Value Discount** (or "haircut") is a broad-brush adjustment that accounts for factors likely to reduce foreclosure sale proceeds, such as:

- **Foreclosure transaction and holding costs.**
- **Liquidation sale (fire sale) discount.**
- **Appraised Value Adjustments**– Recognizing that most appraisals will be outdated, and the circumstances leading to foreclosure often coincide with declines in property value. It is important to bear in mind that by the time a property moves into foreclosure it will likely have a new appraisal. In this instance, the application of a 50% discount could lead to an overestimate of losses. However, our proposed policy also allows us to override the calculated provision by applying a "special provision" for these loans.

Like the Loss Provision Factor, the Appraised Value Discount will be reviewed annually to ensure it reflects current market conditions and aligns with CECL guidelines.

For loans rated "7" or "8" that are subject to Individual Impairment Determinations (IID), management may adjust the Appraised Value Discount as part of the impairment review process. This flexibility allows for more precise calculations when circumstances warrant.

C. Individual Impairment Determination (IID)

At management's discretion and with Loan Workout Committee approval, CCRC may assign Special Provision amounts to selected loans rated "7" or "8." The decision to assign a Special Provision and determine its amount will be guided by criteria outlined in CCRC's Credit Policies and Procedures. These criteria include a range of operating performance, sponsorship, and economic factors, such as:

- **Operating Performance**: Cash flow, DSCR, vacancy, and bad debt
- **LTV Ratio**
- **Reserve Balances**
- **Property Condition**
- **Neighborhood Conditions**
- **Sponsorship Capacity**
- **LIHTC Compliance Period Status**
- **Balloon Payments**: Size and number of years to maturity.

Process for Assigning Special Provisions

Based on their **Loan Reviews**, CCRC Asset Managers will recommend whether a loan should be individually impaired and, if applicable, the amount of the provision. The **Special Provision Amount** will be calculated by adjusting one or both of the following:

1. **Loan Loss Provision Factor**
2. **Appraised Value Discount**

Example Application of IID

Consider an "8"-rated loan with a higher probability of default than the 15% assumed in our standard model. This determination might stem from concerns about a weak sponsor managing a poorly performing project, coupled with an imminent balloon payment in a high-interest-rate environment. In this case:

- We might increase the Loan Loss Provision Factor from 15% to, say, 40% to reflect the heightened risk of default.
- Additionally, we might adjust the Appraised Value Discount to reflect more accurate, current property valuation data.

The ability to assign Individual Impairments ensures CCRC can tailor loss estimates to specific circumstances, allowing for a more precise and proactive approach to risk management.

D. Loan Loss Provision Model – Formula Derived Provision Amount

We calculate the provision for loan losses using the model shown in Exhibit III. The model integrates with FICS and can be run in both Excel and Crystal Reports, enabling seamless updates. By linking to FICS, the allowance for loan losses can be updated in real time to reflect new loan fundings, repayments, and rating changes as they occur.

3.3. Historical Loss Rate and Worst-Case Loss Expectation – Floor and Ceiling

Calculating the Floor: Historical Loss Rate

As shown in Exhibit II, on the line titled "Charge-offs, Real Estate Write-Downs, Losses on Loan Sales," CCRC has experienced only three loss events in its mortgage history—two foreclosures and one loan sale at a credit discount. Notably, the most recent of these events occurred over 19 years ago. Accordingly, we have limited data with which to analyze the factors contributing to loan defaults and recovery rates.

Since its inception, CCRC's total mortgage losses amount to $976,794, or just 0.08% of total loan originations over the organization's 35-year history (hereafter referred to as "CCRC's historical loss rate").

Performance Context: LIHTC Industry Comparison

CCRC's performance aligns with trends in the LIHTC industry, as documented in in Cohn Reznick's ongoing LIHTC industry surveys.[5]

- **Cohn Reznick 2021 Survey:** This study of over 30,000 LIHTC properties reported a cumulative foreclosure rate of 0.57%, despite finding that approximately 12% of LIHTC properties operated below breakeven in 2020.

- **Cohn Reznick 2023 Survey**: The foreclosure rate fell to 0.50%; however, 23.2% of the national LIHTC portfolio incurred an operating deficit in 2022, reflecting increasing pressures on the industry.

CCRC's portfolio has generally performed well relative to these metrics. However, as discussed in Section 2.1, the dollar value of CCRC loans operating below breakeven rose to over 19% in 2023 and 2024. This increase can be attributed to factors such as the pandemic, rising insurance costs, and inflationary pressures. These drivers were not fully evident in Cohn Reznick's 2020 data but are starkly evident in their 2023 report.

Calculating the Ceiling: Worst-Case Loss Expectation

We calculate the ceiling by adding a worst-case liquidation value for loans rated "7" or higher to an allowance figure calculated by applying CCRC's historic loss rate to its portfolio of pass rated loans. The liquidation value for a loan is based on the premise that the loan collateral will be liquidated, with foreclosure proceeds serving as the only source of repayment. The liquidation value is calculated as follows:

1. **Determine NOI**: Use the average NOI for the past three years. [6]
2. **Apply a Capitalization Rate**:
    - **8% cap rate** for coastal properties.
    - **9% cap rate** for inland properties.

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[5] "Affordable Housing Credit Study: A Comprehensive Affordable LIHTC Property Performance Report", Cohn Reznick LLP, November 2021 and November 2023.

[6] CCRC staff determine NOI by reviewing the 3 most recent audits or, if there is not an audit, the most recent financial statements.

3. **Deduct Deferred Maintenance**: Subtract any deferred maintenance costs identified during the latest loan review.
4. **Account for Quick Sale Discount**: Multiply the result by **90%** to reflect a quick-sale discount.

This liquidation value is intentionally conservative. It assumes:

- High capitalization rates,
- No contribution from remaining tax credits,
- No sponsor support, and
- No potential value increase from converting the property to market rate.

The results of this analysis are detailed in **Exhibit IV**.

3.4. Loan Loss Reserve Calculations

Table 13 compares the floor and ceiling calculations for 2024 and 2023 with the formula allowance. The most significant factor in the reduction of the allowance from $1,006,432 in FY 2023 to $475,344 in FY 2024 was the repayment of the Riverview Apartments loan. In FY 2023, CCRC's provision for the Riverview Apartments loan accounted for $754,194 of the total allowance. With the loan repaid, this substantial provision is no longer reflected in the FY 2024 allowance calculation.

Table 11: Allowance for Loan Losses Calculation

	$ at 9/30/24	Percent of Loan Portfolio	$ at 9/30/23	Percent of Loan Portfolio
FLOOR	264,760	.07%	201,919	.08%
CEILING	10,594,109	2.97%	9,591,662	3.87%
MODEL (formula)	475,344	.13%	1,006,432	.41%
RECOMMENDED	475,344	.13%	1,006,432	.41%

3.5. Allowance for Loan Losses Recommendation

This year we recommend that the Loan Committee adopt CCRC’s formula reserve **$475,344** as CCRC’s provision for loan losses. It amounts to 0.13% of the funded loan portfolio and 6% of all classified loans (rated 8 and above).

RECOMMENDATION

That the September 30, 2024, Allowance for Loans be set at $475,344 CCRC’s formula provision.

CCRC LOAN COMMITTEE

Date Approved by Loan Committee: **November 25, 2024**

Exhibit I: CCRC Exposure by County (commitments and funded loans)

September 30, 2024

County	2024 CCRC Exposure	2023 % of CCRC Exposure	2023 CCRC Exposure	2023 % of CCRC Exposure
Alameda	33,225,927	6.34%	33,928,735	6.57%
Butte	898,288	0.17%	941,711	0.18%
Colusa	758,373	0.14%	773,451	0.15%
Contra Costa	528,369	0.10%	550,997	0.11%
Fresno	20,135,020	3.84%	20,299,948	3.93%
Imperial	1,937,256	0.37%	1,961,497	0.38%
Kern	4,685,329	0.89%	4,810,430	0.93%
Kings	885,382	0.17%	910,258	0.18%
Los Angeles	169,679,701	32.39%	164,829,469	31.91%
Madera	410,803	0.08%	433,927	0.08%
Nevada	6,805,355	1.30%	6,894,302	1.33%
Orange	57,579,316	10.99%	54,578,186	10.56%
Placer	1,180,368	0.23%	1,222,716	0.24%
Riverside	13,015,271	2.48%	17,769,568	3.44%
Sacramento	3,391,900	0.65%	3,391,900	0.66%
San Bernardino	7,479,919	1.43%	7,648,948	1.48%
San Diego	71,435,068	13.64%	62,613,606	12.12%
San Luis Obispo	2,041,079	0.39%	2,057,873	0.40%
San Mateo	6,211,181	1.19%	7,755,988	1.50%
Santa Barbara	8,896,282	1.70%	9,027,784	1.75%
Santa Clara	19,816,039	3.78%	18,733,116	3.63%
Santa Cruz	38,539,000	7.36%	38,539,000	7.46%
Solano	5,570,893	1.06%	5,834,700	1.13%
Sonoma	37,487,642	7.16%	39,323,905	7.61%
Stanislaus	3,316,637	0.63%	3,449,263	0.67%
Tulare	2,440,446	0.47%	2,722,162	0.53%
Ventura	1,084,883	0.21%	1,157,458	0.22%
Yolo	4,435,939	0.85%	4,464,436	0.86%
TOTAL	**523,871,664**	**100.00%**	**$516,635,332**	**100%**

Exhibit II: CCRC Loan Portfolio History

CCRC LOAN PORTFOLIO SELECTED STATISTICS

Years Ending September 30	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Gross Loans Receivable	7,491,392	23,957,301	37,439,866	52,353,133	65,675,483	96,170,974	109,498,875	128,153,437	145,247,818	153,117,276	121,131,143	117,037,502	122,380,677
Loans Originated	7,501,250	16,535,047	13,667,629	36,626,344	21,034,796	34,580,350	14,634,369	20,835,393	18,984,435	9,611,339	10,223,837	19,474,122	46,556,605
Cash from Loan Fees	411,737	671,004	379,599	593,710	664,749	803,468	613,511	508,795	303,268	460,212	1,400,594	1,230,692	912,645
Increase in Deferred Revenue	130,329	251,060	72,522	(100,193)	251,857	(828)	48,296	(174,667)	(374,399)	142,939	1,264,701	436,468	(431,383)
Loan Interest Income	152,766	1,265,908	2,928,047	4,508,267	4,785,820	6,201,690	8,621,892	9,657,944	11,426,930	12,322,426	12,086,650	8,837,656	9,180,613
Gross Yield		8.05%	9.54%	10.04%	8.11%	7.66%	8.38%	8.13%	8.36%	8.26%	8.81%	7.42%	7.67%
Allowance for Loan Loss		239,573	374,399	523,531	1,193,065	1,369,517	1,942,268	2,522,827	2,544,754	2,913,060	2,525,225	2,836,485	2,980,991
Provision Expense		239,573	134,826	149,132	669,534	664,288	572,751	624,559	21,927	368,306	(387,835)	311,260	144,506
Charge Offs, RE Writedowns, Losses on Loan Sales, RE Operations				69,823		511,902	435,274	(135,794)	(259,358)	-	-	-	-
Allowance as a % of Loans		1.00%	1.00%	1.00%	1.82%	1.42%	1.77%	1.97%	1.75%	1.90%	2.08%	2.42%	2.44%
Provision Exp as a % of Loans Originated		1.45%	0.99%	0.41%	3.18%	1.92%	3.91%	3.00%	0.12%	3.83%	-3.79%	1.60%	0.31%
Hypothetical Losses at 50 bps	18,728	78,622	153,493	224,482	295,072	404,616	514,175	594,131	683,503	745,913	685,621	595,422	598,545

* "Loan Losses" defined as Charge Offs, Real Estate Writedowns, Losses on Loan Sales, and Real Estate (REO) Operations expense

Exhibit II
CCRC Loan Portfolio History

CCRC LOAN PORTFOLIO SELECTED STATISTICS

Years Ending September 30	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gross Loans Receivable	123,618,574	96,341,236	87,477,174	102,079,598	150,740,036	165,920,508	156,055,161	188,525,489	206,767,098	193,960,971	218,841,367	169,138,795
Loans Originated	17,088,336	29,062,973	45,313,728	29,644,854	50,404,151	53,975,233	66,956,019	35,131,239	48,998,597	32,212,379	46,617,639	36,001,272
Cash from Loan Fees	1,627,832	2,358,489	1,276,129	241,134	846,412	1,137,839	795,743	1,273,771	1,943,082	614,217	1,359,431	1,085,063
Increase in Deferred Revenue	554,541	1,543,448	59,683	(85,820)	344,278	117,993	(130,566)	634,754	394,752	106,941	(73,762)	(293,466)
Loan Interest Income	9,193,155	7,759,131	7,256,808	6,667,105	8,764,705	10,275,234	12,904,008	11,754,672	13,923,571	12,917,882	13,348,527	13,869,800
Gross Yield	7.47%	7.06%	7.90%	7.03%	6.93%	6.49%	8.02%	6.82%	7.04%	6.45%	6.47%	7.15%
Allowance for Loan Loss	3,019,913	2,331,030	1,639,133	1,943,084	2,482,024	2,978,184	3,462,271	3,614,312	5,058,947	5,074,654	5,129,536	5,289,968
Provision Expense	38,922	(709,379)	(691,898)	303,951	538,939	496,160	484,087	152,041	1,444,635	15,706	54,882	160,433
Charge Offs, RE Writedowns, Losses on Loan Sales, RE Operations	-	354,947	-	-	-	-	-	-	-	-	-	-
Allowance as a % of Loans	2.44%	2.42%	1.87%	1.90%	1.65%	1.79%	2.22%	1.92%	2.45%	2.62%	2.34%	3.13%
Provision Exp as a % of Loans Originated	0.23%	-2.44%	-1.53%	1.03%	1.07%	0.92%	0.72%	0.43%	2.95%	0.05%	0.12%	0.45%
Hypothetical Losses at 50 bps	614,998	549,900	459,546	473,892	632,049	791,651	804,939	861,452	988,231	1,001,820	1,032,006	969,950

* "Loan Losses" defined as Charge Offs, Real Estate Writedowns, Losses on Loan Sales, and Real Estate (REO) Operations expense

Exhibit II
CCRC Loan Portfolio History

CCRC LOAN PORTFOLIO SELECTED STATISTICS												
Years Ending September 30	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**TOTAL**	**AVERAGE**
Gross Loans Receivable	191,770,405	233,505,402	266,767,721	142,323,288	192,349,390	240,442,042	97,797,487	147,181,422	192,048,694	303,491,477		125,830,761
Loans Originated	43,721,671	$46,896,937	$39,483,911	$30,594,985	61,071,879	57,757,941	54,886,294	54,106,294	49,638,198	115,586,342	1,315,416,388	
Cash from Loan Fees	1,504,961	1,492,076	1,928,835	1,383,460	2,253,640	4,544,893	2,297,584	2,803,285	1,671,168	1,326,207		
Increase in Deferred Revenue	307,015	563,167	812,618	115,316	(112,288)	536,060	996,683	1,236,913	(115,794)	(1,335,247)		
Loan Interest Income	10,992,080	13,430,636	14,940,186	8,832,555	9,538,253	11,385,642	5,437,703	6,619,535	8,618,702	12,392,546		
Gross Yield	6.09%	6.32%	5.97%	4.32%	5.70%	5.26%	3.22%	5.40%	5.08%	5.50%		
										-		
Allowance for Loan Loss	4,653,072	5,228,325	5,137,234	3,545,251	3,605,430	2,213,071	2,590,421	3,077,465	1,006,432	475,344		
Provision Expense	(643,367)	575,253	(91,091)	(1,591,983)	60,180	(1,392,359)	377,350	487,044	(2,071,033)	(531,088)		
Charge Offs, RE Writedowns, Losses on Loan Sales, RE Operations	-	-	-	-	-	-	-			-	976,794	
										-		
Allowance as a % of Loans	2.43%	2.24%	1.93%	2.49%	1.87%	0.92%	2.65%	2.09%	0.52%	0.16%		
Provision Exp as a % of Loans Originated	-1.47%	1.23%	-0.23%	-5.20%	0.10%	-2.41%	0.69%	0.90%	-4.17%	-0.46%		
					Total Provision Expense as a % of Total Originations ===================>						0.00%	
					Total Historical Loan Losses* As a Percentage of Total Originations =====>						0.074%	
					Total Historical Loan Losses* As a Percentage of Average Loans Receivable Originations====>							0.78%
										-		
Hypothetical Losses at 50 bps	902,273	1,063,190	1,250,683	1,022,728	836,682	1,081,978.58	845,598.82	612,447.27		1,238,850.43	23,627,187	

* "Loan Losses" defined as Charge Offs, Real Estate Writedowns, Losses on Loan Sales, and Real Estate (REO) Operations expense

Exhibit III: Loan Loss Provision Model

Loan No	Loan Name		Prin Bal	LnClass	Restricted Val	DeControl Val	Appr Dt	LTV	DefMaint	Valuation Discount	Liquidation Val (50% App val)	Liqu Proceeds	Factor	Provision	LnStatus
			19,579	6.0	4,350,000	5,300,000	7/25/1994	45	-	50%	2,175,000	2,155,421	0.57%	-	Bank-Perm
			14,187	6.0	1,270,000	1,670,000	9/19/1994	1	-	50%	635,000	620,813	0.57%	-	Bank-Perm
			70,507	6.0	2,750,000	1,500,000	2/3/2015	3	-	50%	1,375,000	1,304,493	0.57%	-	Bank-Perm
			61,079	6.0	433,986	1,550,000	4/24/1996	14	-	50%	216,993	155,914	0.57%	-	Bank-Perm
			321,431	6.0	1,030,000	960,000	7/1/2010	31	-	50%	515,000	193,569	0.57%	-	CCRC/PSP
			257,234	6.0	1,030,000	3,020,000	8/22/2002	25	5,700	50%	512,150	254,916	0.57%	-	CCRC-Perm
			1,043,550	6.0	2,400,000	2,800,000	2/4/2005	43	-	50%	1,200,000	156,450	0.57%	-	CCRC/PSP
			617,662	6.0	1,830,000	2,340,000	5/17/2004	34	-	50%	915,000	297,338	0.57%	-	CCRC-Perm
			592,307	6.0	2,400,000	6,530,000	8/14/2003	25	-	50%	1,200,000	607,693	0.57%	-	CCRC/PSP
		(1)	898,288	7.0	2,000,000	2,600,000	4/30/2004	45	1,250	50%	999,375	101,087	0.00%	-	CCRC/PSP
		(1)	1,800,723	8.0	1,375,000	1,725,000	6/14/2013	131	-	50%	687,500	(1,113,223)	0.00%	-	Bank-Perm
			528,369	6.5	3,370,000	2,640,000	8/11/2006	16	-	50%	1,685,000	1,156,631	1.00%	-	CCRC/PSP
			1,298,167	6.0	3,550,000	4,450,000	6/27/2008	37	-	50%	1,775,000	476,833	0.57%	-	CCRC/PSP
		(2)	1,385,285	8.0	2,620,000	5,740,000	6/23/2009	53	-	50%	1,310,000	(75,285)	50.00%	(37,642)	Bank-Perm
		(2)	2,651,682	6.5	5,450,000	6,725,000	4/5/2012	49	-	50%	2,725,000	73,318	50.00%	-	Bank-Perm
			2,179,415	6.0	4,100,000	4,175,000	3/30/2012	53	-	50%	2,050,000	(129,415)	0.57%	(738)	CCRC/PSP
		(2)	3,134,464	8.0	5,200,000	5,575,000	6/26/2009	60	-	50%	2,600,000	(534,464)	20.00%	(106,893)	Bank-Perm
			2,083,920	6.0	3,775,000	4,325,000	3/15/2010	55	-	50%	1,887,500	(196,420)	0.57%	(1,120)	CCRC/PSP
			2,249,057	6.0	4,775,000	5,175,000	9/14/2010	47	-	50%	2,387,500	138,443	0.57%	-	CCRC/PSP
			2,686,561	6.0	7,650,000	14,950,000	11/24/2008	35	-	50%	3,825,000	1,138,439	0.57%	-	CCRC/PSP
			1,093,070	6.0	2,125,000	4,150,000	6/12/2009	51	-	50%	1,062,500	(30,570)	0.57%	(174)	CCRC/PSP
			1,808,528	6.0	3,000,000	4,050,000	4/10/2009	60	200	50%	1,499,900	(308,628)	0.57%	(1,759)	CCRC/PSP
			304,883	6.0	5,475,000	5,475,000	1/3/2011	6	-	50%	2,737,500	2,432,617	0.57%	-	CCRC/PSP
			392,323	6.0	1,050,000	2,050,000	9/11/2010	37	-	50%	525,000	132,677	0.57%	-	CCRC/PSP
			2,087,208	6.0	4,325,000	4,125,000	5/12/2011	48	-	50%	2,162,500	75,292	0.57%	-	CCRC/PSP
			410,803	6.0	900,000	2,125,000	4/9/2010	46	-	50%	450,000	39,197	0.57%	-	CCRC/PSP
			4,294,794	6.0	7,200,000	7,800,000	12/16/2009	60	-	50%	3,600,000	(694,794)	0.57%	(3,960)	CCRC/PSP
			684,156	6.0	1,950,000	3,425,000	12/14/2009	35	-	50%	975,000	290,844	0.57%	-	CCRC/PSP
			885,382	6.0	1,600,000	2,800,000	3/25/2010	55	-	50%	800,000	(85,382)	0.57%	(487)	CCRC/PSP
			1,781,546	6.0	5,475,000	5,225,000	1/24/2009	33	-	50%	2,737,500	955,954	0.57%	-	CCRC/PSP
			1,461,029	6.0	3,675,000	3,850,000	11/4/2009	40	-	50%	1,837,500	376,471	0.57%	-	CCRC/PSP
			1,588,662	6.0	3,400,000	5,100,000	1/12/2010	47	-	50%	1,700,000	111,338	0.57%	-	CCRC/PSP
			1,284,704	6.0	2,900,000	5,725,000	12/11/2009	44	-	50%	1,450,000	165,296	0.57%	-	CCRC/PSP
			609,248	6.0	1,040,000	2,630,000	1/19/2012	59	-	50%	520,000	(89,248)	0.57%	(509)	CCRC/PSP
			2,971,576	6.0	5,800,000	8,675,000	12/29/2009	51	-	50%	2,900,000	(71,576)	0.57%	(408)	CCRC/PSP
			3,192,407	6.0	6,650,000	11,450,000	8/25/2009	48	-	50%	3,325,000	132,593	0.57%	-	CCRC/PSP
			1,871,326	6.0	3,903,640	3,903,640	12/23/2009	48	-	50%	1,951,820	80,494	0.57%	-	CCRC/PSP
			2,513,363	6.0	4,300,000	6,800,000	12/28/2009	58	-	50%	2,150,000	(363,363)	0.57%	(2,071)	CCRC/PSP
			584,617	6.0	3,750,000	3,750,000	12/7/2010	16	-	50%	1,875,000	1,290,383	0.57%	-	CCRC/PSP
			2,514,436	6.0	5,325,000	5,425,000	8/28/2012	47	-	50%	2,662,500	148,065	0.57%	-	CCRC/PSP
			1,107,987	6.0	2,575,000	3,250,000	8/25/2010	43	-	50%	1,287,500	179,513	0.57%	-	CCRC/PSP
			2,410,207	6.0	7,400,000	9,475,000	7/2/2012	33	-	50%	3,700,000	1,289,793	0.57%	-	CCRC/PSP
			738,429	6.0	2,125,000	4,275,000	8/1/2012	35	-	50%	1,062,500	324,071	0.57%	-	CCRC/PSP
			1,616,997	8.0	2,880,000	3,770,000	10/1/2012	56	-	50%	1,440,000	(176,997)	15.00%	(26,550)	CCRC/PSP
			1,614,534	6.0	3,300,000	4,825,000	7/20/2012	49	-	50%	1,650,000	35,466	0.57%	-	CCRC/PSP
			162,927	6.0	1,050,000	3,290,000	9/4/2010	16	-	50%	525,000	362,073	0.57%	-	CCRC/PSP
			769,337	7.0	4,075,000	6,675,000	1/20/2011	19	-	50%	2,037,500	1,268,163	3.00%	-	CCRC/PSP
			1,960,569	6.0	4,560,000	10,400,000	1/7/2011	43	-	50%	2,280,000	319,431	0.57%	-	CCRC/PSP
			692,560	6.0	2,675,000	4,350,000	9/13/2012	26	-	50%	1,337,500	644,940	0.57%	-	CCRC/PSP
			1,003,890	6.0	1,775,000	2,500,000	9/2/2010	57	-	50%	887,500	(116,390)	0.57%	(663)	CCRC/PSP
			2,959,662	6.0	5,025,000	5,900,000	4/13/2011	59	-	50%	2,512,500	(447,162)	0.57%	(2,549)	CCRC/PSP
			723,333	6.5	2,175,000	5,600,000	8/4/2011	33	-	50%	1,087,500	364,167	1.00%	-	CCRC/PSP
			146,136	7.0	2,200,000	6,260,000	11/26/2012	7	-	50%	1,100,000	953,864	3.00%	-	CCRC-Perm
			5,221,232	6.0	10,150,000	11,100,000	5/29/2018	51	-	50%	5,075,000	(146,232)	0.57%	(834)	Perm - BA
			1,879,900	6.0	3,520,000	7,090,000	11/15/2016	53	-	50%	1,760,000	(119,900)	0.57%	(683)	Perm - BA
			4,957,992	6.0	7,590,000	7,590,000	10/15/2019	65	-	50%	3,795,000	(1,162,992)	0.57%	(6,629)	Perm - BA
			620,903	6.0	4,760,000	4,760,000	2/9/2018	13	-	50%	2,380,000	1,759,097	0.57%	-	CCRC-Perm
			3,988,784	6.0	12,430,000	3,620,000	1/17/2018	32	-	50%	6,215,000	2,226,216	0.57%	-	Perm - BA
			2,073,887	6.5	2,550,000	7,750,000	4/19/2019	81	-	50%	1,275,000	(798,887)	1.00%	(7,989)	Bank-Perm
			3,764,683	7.0	10,125,000	10,125,000	1/3/2018	37	-	50%	5,062,500	1,297,817	3.00%	-	Perm - BA
			3,088,356	6.0	6,900,000	7,630,000	2/1/2018	45	-	50%	3,450,000	361,644	0.57%	-	CCRC-Perm
			2,526,504	6.0	7,375,000	11,025,000	6/1/2020	34	-	50%	3,687,500	1,160,996	0.57%	-	CCRC-Perm
			1,937,256	6.0	4,625,000	4,625,000	1/18/2019	42	-	50%	2,312,500	375,244	0.57%	-	CCRC-Perm

Exhibit III: Loan Loss Provision Model

Loan Name		Prin Bal	LnClass	Restricted Val	DeControl Val	Appr Dt	LTV	DefMaint	Valuation Discour	Liquidation Val (50% App val)	Liqu Proceeds	Factor	Provision
		1,901,940	6.0	3,275,000	5,075,000	11/14/2018	58	-	50%	1,637,500	(264,440)	0.57%	(1,507)
		2,057,043	6.0	4,920,000	4,920,000	9/28/2018	42	-	50%	2,460,000	402,958	0.57%	-
		2,092,540	6.0	3,550,000	5,630,000	10/18/2018	59	-	50%	1,775,000	(317,540)	0.57%	(1,810)
		1,640,957	6.5	3,575,000	4,250,000	1/10/2019	46	-	50%	1,787,500	146,543	1.00%	-
		5,511,703	6.0	8,775,000	5,350,000	10/1/2018	63	-	50%	4,387,500	(1,124,203)	0.57%	(6,408)
		5,561,814	6.0	8,975,000	7,425,000	2/1/2019	62	-	50%	4,487,500	(1,074,314)	0.57%	(6,124)
		12,521,808	6.0	25,270,000	15,480,000	5/25/2021	50	-	50%	12,635,000	113,192	0.57%	-
		3,669,663	7.0	5,575,000	10,425,000	5/4/2021	66	-	50%	2,787,500	(882,163)	3.00%	(26,465)
		3,524,620	6.0	18,200,000	16,800,000	12/12/2018	19	-	50%	9,100,000	5,575,380	0.57%	-
		758,373	6.0	1,300,000	1,870,000	12/30/2019	58	-	50%	650,000	(108,373)	0.57%	(618)
		2,195,782	6.0	5,380,000	5,740,000	3/3/2019	41	-	50%	2,690,000	494,218	0.57%	-
		1,179,416	6.0	3,930,000	3,930,000	12/27/2018	30	-	50%	1,965,000	785,584	0.57%	-
		719,114	6.0	2,930,000	5,410,000	9/7/2019	25	-	50%	1,465,000	745,886	0.57%	-
		3,210,576	6.0	8,500,000	8,700,000	1/29/2019	38	-	50%	4,250,000	1,039,424	0.57%	-
		531,761	6.0	1,670,000	7,000,000	7/11/2019	32	-	50%	835,000	303,239	0.57%	-
		2,561,054	6.0	9,080,000	4,920,000	8/13/2019	28	-	50%	4,540,000	1,978,946	0.57%	-
		2,431,397	6.0	3,130,000	3,130,000	4/25/2019	78	-	50%	1,565,000	(866,397)	0.57%	(4,938)
		1,436,469	6.0	8,575,000	8,575,000	10/11/2018	17	-	50%	4,287,500	2,851,031	0.57%	-
		1,822,281	6.0	7,750,000	1,500,000	3/4/2019	24	-	50%	3,875,000	2,052,719	0.57%	-
		4,181,106	6.0	6,800,000	8,850,000	2/14/2019	61	-	50%	3,400,000	(781,106)	0.57%	(4,452)
		3,690,855	6.0	8,960,000	13,750,000	9/10/2019	41	-	50%	4,480,000	789,145	0.57%	-
		9,213,783	6.0	14,430,000	15,180,000	1/13/2020	64	-	50%	7,215,000	(1,998,783)	0.57%	(11,393)
		1,385,862	6.0	3,680,000	5,260,000	2/27/2020	38	-	50%	1,840,000	454,138	0.57%	-
		6,805,355	6.5	8,370,000	5,470,000	7/24/2019	81	2,000	50%	4,184,000	(2,621,355)	1.00%	(26,214)
		1,488,338	6.0	2,050,000	8,840,000	3/18/2021	73	-	50%	1,025,000	(463,338)	0.57%	(2,641)
		272,458	6.0	2,990,000	1,250,000	2/24/2022	9	-	50%	1,495,000	1,222,542	0.57%	-
		3,227,379	6.0	5,650,000	6,590,000	2/25/2020	57	-	50%	2,825,000	(402,379)	0.57%	(2,294)
		4,391,738	6.0	5,850,000	8,800,000	2/17/2020	58	-	50%	2,925,000	(1,466,738)	0.57%	(8,360)
		3,481,636	6.0	4,475,000	6,725,000	2/17/2020	78	-	50%	2,237,500	(1,244,136)	0.57%	(7,092)
		2,517,262	6.0	3,680,000	7,410,000	2/10/2020	68	-	50%	1,840,000	(677,262)	0.57%	(3,860)
		4,083,711	6.0	6,700,000	6,280,000	10/5/2020	61	-	50%	3,350,000	(733,711)	0.57%	(4,182)
		3,233,438	6.0	6,800,000	4,400,000	2/16/2020	48	7,500	50%	3,396,250	162,812	0.57%	-
		1,180,368	6.5	3,700,000	6,100,000	3/19/2020	32	-	50%	1,850,000	669,632	1.00%	-
		5,412,910	6.5	19,000,000	10,070,000	11/3/2022	28	-	50%	9,500,000	4,087,090	1.00%	-
		5,075,455	6.0	6,850,000	5,500,000	1/13/2021	74	-	50%	3,425,000	(1,650,455)	0.57%	(9,408)
		7,867,667	6.0	10,675,000	13,025,000	2/19/2021	74	-	50%	5,337,500	(2,530,167)	0.57%	(14,422)
		869,900	6.0	2,770,000	3,330,000	12/23/2020	31	-	50%	1,385,000	515,100	0.57%	-
		3,849,551	6.0	5,220,000	16,200,000	2/26/2021	74	-	50%	2,610,000	(1,239,551)	0.57%	(7,065)
		6,170,534	6.0	14,450,000	15,875,000	11/21/2022	43	-	50%	7,225,000	1,054,466	0.57%	-
		4,003,227	6.0	8,050,000	8,150,000	1/10/2020	50	-	50%	4,025,000	21,773	0.57%	-
		1,032,187	6.0	3,360,000	2,830,000	7/7/2023	31	-	50%	1,680,000	647,813	0.57%	-
		2,255,598	6.0	6,700,000	7,500,000	10/20/2022	34	-	50%	3,350,000	1,094,402	0.57%	-
		3,925,968	6.0	10,800,000	10,890,000	8/9/2020	36	-	50%	5,400,000	1,474,032	0.57%	-
		3,781,333	6.0	5,300,000	9,350,000	3/31/2021	71	-	50%	2,650,000	(1,131,333)	0.57%	(6,449)
		2,980,785	6.0	7,350,000	5,550,000	9/1/2023	41	-	50%	3,675,000	694,215	0.57%	-
		2,724,016	6.0	4,720,000	4,380,000	3/5/2021	58	-	50%	2,360,000	(364,016)	0.57%	(2,075)
		3,001,025	6.0	6,360,000	6,360,000	1/17/2021	47	-	50%	3,180,000	178,975	0.57%	-
		1,817,011	6.0	3,610,000	6,770,000	9/20/2021	50	-	50%	1,805,000	(12,011)	0.57%	(68)
		8,032,004	6.0	17,550,000	16,000,000	10/14/2020	46	-	50%	8,775,000	742,996	0.57%	-
		8,377,400	6.0	12,320,000	12,420,000	10/30/2020	68	-	50%	6,160,000	(2,217,400)	0.57%	(12,639)
		5,570,893	6.0	7,980,000	9,780,000	8/7/2021	70	-	50%	3,990,000	(1,580,893)	0.57%	(9,011)
		9,855,315	6.0	19,460,000	14,000,000	2/15/2021	51	-	50%	9,730,000	(125,315)	0.57%	(714)
		4,937,299	6.0	7,120,000	10,610,000	11/15/2021	69	-	50%	3,560,000	(1,377,299)	0.57%	(7,851)
		18,519,534	6.0	23,050,000	37,040,000	6/12/2021	80	-	50%	11,525,000	(6,994,534)	0.57%	(39,869)
		9,150,219	6.0	14,350,000	14,100,000	10/20/2021	64	-	50%	7,175,000	(1,975,219)	0.57%	(11,259)
		7,597,578	6.0	10,425,000	13,450,000	7/16/2021	73	-	50%	5,212,500	(2,385,078)	0.57%	(13,595)
		7,801,380	6.0	12,300,000	19,900,000	7/14/2023	63	-	50%	6,150,000	(1,651,380)	0.57%	(9,413)
		1,762,983	6.0	3,850,000	3,340,000	2/18/2022	46	-	50%	1,925,000	162,017	0.57%	-
		7,000,000	6.0	22,900,000	13,400,000	8/28/2023	31	-	50%	11,450,000	4,450,000	0.57%	-
		4,516,000	6.0	6,200,000	8,500,000	12/29/2021	73	-	50%	3,100,000	(1,416,000)	0.57%	(8,071)
		1,980,000	6.0	2,760,000	4,330,000	5/23/2024	72	-	50%	1,380,000	(600,000)	0.57%	(3,420)
#N/A													
Loan Paid off in October 2024		356,542,969											(475,344)
Special Provision											Total Classified Loans		6.0%

Exhibit IV: Worst Case Loss Expectations for Criticized and Classified Loan

Loan No	Loan Name	Fund Dt	Principal Balance	Rate	Rating	LstRevEnd Dt	Audited Fins	3-Year Average NOI	Cap Rate	Capitalized Value	Deferred Maintenance	Estimated Value	LTV	Liquidation Value: Quick Sale Adjustment 10% Discount	Worst Case Loss[2]
		1/11/2007	898,288	715.00%	7	06/24	12/31/2023	-28,195	9%	(313,278)	1,250	-			89,829
		12/18/2012	769,337	698.00%	7	07/24	12/31/2023	-19,164	9%	(212,933)		-			76,934
		3/3/2016	146,136	475.00%	7	03/24	12/31/2023	25,471	9%	283,015		283,015	52%	254,713	-
		11/10/2020	3,764,683	526.00%	7	05/24	12/31/2023	192,370	8%	2,404,621		2,404,621	157%	2,164,159	1,600,524
		8/18/2021	3,669,663	536.00%	7	06/24	12/31/2023	96,523	8%	1,206,542		1,206,542	304%	1,085,888	2,583,776
		6/7/2007	1,800,723	685.00%	8	05/24	12/31/2023	-285,580	9%	(3,173,115)		-			1,800,723
		8/11/2009	1,385,285	675.00%	8	06/24	12/31/2023	41,460	8%	518,254		518,254	267%	466,429	918,856
		12/21/2009	3,134,464	500.00%	8	05/24	12/31/2023	2,195	8%	27,438		27,438		24,694	3,109,770
		11/08/2012	1,616,997	700.00%	8	06/24	12/31/2023	35,752	8%	446,900		446,900	362%	402,210	161,700
			17,185,575									TOTAL			**10,342,111**
												Allowance for pass rated loans			**251,998**
												Worst Case Loss Expectation			**10,594,109**

[1]Loans paid off in October 2024

[2] PSP/Umc Loans: losses capped at 10% of loan blanace.