

Burton J. (Joe) Francis
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PROFESSIONAL EXPERIENCE:

1999 to Present

Vice President
ESSEX FINANCIAL GROUP, Inc.
Denver, Colorado

- Essex is an “old-line”, full service mortgage banking firm specializing in commercial loan originations for insurance companies, banks, pension funds and other institutional investors on an exclusive and semi-exclusive basis. Essex also provides loan servicing and asset management functions for a number of its correspondent lenders, with a current servicing portfolio of over \$750,000,000. My primary responsibilities include the cultivation of new borrower relationships, and the on-going origination and production of commercial mortgage loans ranging in size from \$500,000 to \$100,000,000 for placement with a wide variety of life insurance companies, conduits, and savings banks.

1995 to 1999

Director, Investor Development
STANCorp MORTGAGE INVESTORS, LLC
Portland, Oregon

- StanCorp Mortgage Investors, LLC (SMI, LLC) is a wholly owned investment subsidiary of StanCorp Financial Group (ticker ‘SFG’), formerly known as Standard Insurance Company. The company demutualized and formed SFG in 1999, and is a publicly traded company on the NYSE.

SMI, LLC, founded in January 1996, is in the business of sourcing, originating, underwriting, closing, participating, and servicing small (\$500K - \$3M) commercial mortgage loans for the its investor clients, including The Standard Insurance Company. SMI, LLC is considered to be one of the best small loan commercial lenders in the country, with annual production volume in excess of \$900 Million, and a total portfolio size of \$2.4 Billion.

In 1995 I was promoted from the production side by Eric Parsons, the current President and CEO of SFG who was then Chief Investment Officer and Department Head for Real Estate, to assist in the formation of SMI, LLC, and was given the task of establishing and then coordinating all new secondary market activities for the new company. These activities included the purchase and sale of whole loans, both individually and on a portfolio basis, in addition to the sale of participating interests to its investor clients in SMI, LLC’s on-going, new commercial loan originations. During this time I grew assets under management for clients other than Standard from zero to over \$450 million, and sold or participated over \$650 million in loans to outside investors.

1991 to 1995

Senior Mortgage Loan Officer
STANDARD INSURANCE COMPANY
Portland, Oregon

- My primary responsibility was to generate a high volume of commercial mortgage loans that fit the investment criteria for the Company by working through and with an exclusive network of correspondent mortgage banking firms. In 1993 I was chosen to spearhead Standard’s nationwide expansion in the small commercial mortgage loan origination market, and add to its traditional stronghold in the 14 western states.

1991 to 1995

Senior Mortgage Loan Officer cont.

- I was instrumental in the selection and training of each new mortgage banker correspondent added during this period, as well as, for jumpstarting their production pipelines and helping Standard geographically diversify its commercial mortgage loan portfolio. Standard now originates loans in over 38 states through an exclusive correspondent network of 60+ mortgage banking firms. Throughout this period I was consistently a top producer for Standard, both in terms of dollar volume and number of loans produced. In both this position and the Director position I excelled at forming productive, long-lasting relationships with all my clients.

1988 to 1991

**Senior Accountant
STANDARD INSURANCE COMPANY
Portland, Oregon**

- I began my career with Standard in the corporate accounting department as a junior accountant. I was promoted quickly, and eventually wound up as the lead accountant reconciling all of Standard's stock, bond and real estate portfolios until my transition to the Real Estate Finance Department in Standard's Investment Division in 1991.

1983-1987

**Customer Service Representative
First National Bank of Boulder & Bank Western**

- I paid for my college by working full-time, including Saturdays, at the above institutions. I started out as a line teller at Bank Western, and then moved to FNB as a Senior Teller and processing consumer loan requests for autos, boats, etc.

EDUCATION:

1983-1987 B.S. (Finance Major; Accounting Minor), University of Colorado – Boulder

Miscellaneous

- Congressional Appointment - United States Military Academy, West Point, NY (1982)
- Completed and Passed 9 of 10 Appraisal Institute Courses
- Fellow Designation, Life Management Institute

CIVIC & BUSINESS ACTIVITIES:

Volunteer, Denver Active 20-30 (The group focuses on working with underprivileged children)

Volunteer, Habitat for Humanity

Volunteer, Junior Achievement

Volunteer Member of Mt. Hood Ski Patrol (1989-1998)

PERSONAL:

I am a native of Colorado, born and raised in Steamboat Springs. An avid outdoorsman and sportsman, I particularly enjoy skiing, golfing, camping, fishing and hunting. I also enjoy renovating and remodeling homes in both Oregon and Colorado that I've either lived in or held for investment. And most importantly, I look forward to being married in the late spring 2005. Jennifer and I plan to start a family immediately thereafter.

Subject: Updated Project Atlas Budget

Date: 6/3/2004, 1:15 PM

From: Bjfrancis13@aol.com

To: SpencerCYoung@aol.com

Spencer:

Attached please find a more detailed and robust operating budget based on my estimations. Due to my lack of recent securitization experience, I'm still guessing on the operational revenues (i.e. securitization margins) over and above the application fees generated by on-going loan generation activity. However, the expenses section detailing the compensation and non-compensation related direct expenses I feel pretty good about. The same goes for the loan volume and staffing numbers.

Anyway, it took me some time to refine the numbers and pull together what I would consider to be current and reliable market data to work with. What you received first was just a plain old "brain-dump", so I hope updated budget is more helpful to your purposes.

Please let me know if you have any questions whatsoever.

Respectfully,

: JF

(720) 371-2500 - cell

 [Atlas Budget v6-3-04.pdf \(57KB\)](#)

2004

LOAN VOLUME

	September-04	October-04	November-04	December-04	YE 2004 Totals
Number of Loas Placed Under Application	5	9	13	15	42
Number of Loans Closed	0	0	0	6	6
Monthly Loan Volume	\$ -	\$ -	\$ -	\$ 12,000,000	\$ 12,000,000
YTD Loan Volume	\$ -	\$ -	\$ -	\$ 12,000,000	

STAFFING NEEDS

Loan Underwriters Needed	1	1	1	1	
Loan Analysts Needed	2	2	2	2	
Loan Closers Needed	1	1	1	1	
Loan Servicers Needed	1	1	1	1	
Clerical Staff Needed	0	0	0	0	
In-House Counsel	0	0	0	0	
Director of Internal Operations	0	0	0	0	
Regional Directors needed	0	0	0	0	
TOTAL STAFF	5	5	5	5	

Actual Space Rented in SF	2,500	2,500	2,500	2,500	
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REVENUES

Application Fee Revenues	\$ 50,000	\$ 90,000	\$ 130,000	\$ 150,000	\$ 420,000
Extra Spread Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from Operation	\$ -	\$ -	\$ -	\$ 210,000	\$ 210,000
TOTAL REVENUES	\$ 50,000	\$ 90,000	\$ 130,000	\$ 360,000	\$ 630,000
	#DIV/0!	#DIV/0!	#DIV/0!	3.00%	5.25%

EXPENSES

EXPENSES - COMPENSATION: DIRECT

Account name					
Salaries & Wages	\$ 39,792	\$ 39,792	\$ 39,792	\$ 39,792	\$ 159,167
Overtime Wages	\$ -	\$ -	\$ -	\$ -	\$ -
Temporary/Contract Labor	\$ -	\$ -	\$ -	\$ -	\$ -
Pre-Tax FICA	\$ 2,984	\$ 2,984	\$ 2,984	\$ 2,984	\$ 11,938
Employee Benefits	\$ 2,708	\$ 2,708	\$ 2,708	\$ 2,708	\$ 10,833
Total Compensation Expenses - Direct	\$ 45,484	\$ 45,484	\$ 45,484	\$ 45,484	\$ 181,938
Number of Employees	5	5	5	5	

EXPENSES - NON-COMPENSATION: DIRECT

Account name					
Rent	\$ 12,900	\$ 4,300	\$ 4,300	\$ 4,300	\$ 25,800
Legal - General Counsel	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 4,000
Mortgage Expense - Recording Fees	\$ -	\$ -	\$ -	\$ 900	\$ 900
Mortgage Expense - Other	\$ -	\$ -	\$ -	\$ 500	\$ 500
Employee Education, Training, Etc.	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 5,200
Travel - Meals and Entertainment	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 20,000
Travel - Airfare, Hotels, Car Rental, Etc.	\$ 9,200	\$ 9,200	\$ 9,200	\$ 9,200	\$ 36,800
Telephone - LAN-Internet, Local & Long Distance, Voicemail, etc.	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 5,000
Telephone - Cellular	\$ 300	\$ 300	\$ 300	\$ 300	\$ 1,200
Office Equipment Leases (Color Copier/Scanner, B/W Copier, Postage Meter, Etc)	\$ 1,750	\$ 1,750	\$ 1,750	\$ 1,750	\$ 7,000
Postage	\$ 300	\$ 300	\$ 300	\$ 300	\$ 1,200
Express Delivery/Courrier Service	\$ 613	\$ 1,103	\$ 1,593	\$ 1,838	\$ 5,145
Supplies	\$ 300	\$ 500	\$ 700	\$ 800	\$ 2,300
Computers, Software, Licensing, etc.	\$ 22,500	0	0	0	\$ 22,500
Minor Equipment	\$ 375	\$ 375	\$ 375	\$ 375	\$ 1,500
Furniture / Fixtures / Equipment	\$ 17,500	\$ -	\$ -	\$ -	\$ 17,500
Printing / Graphics	\$ 675	\$ 675	\$ 675	\$ 675	\$ 2,700
Books / Periodicals	\$ 125	\$ 125	\$ 125	\$ 125	\$ 500
Association Dues, Bureau Fees, Club Dues, Etc	\$ 625	\$ 625	\$ 625	\$ 625	\$ 2,500
Sundry General & Miscellaneous	\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250	\$ 13,000
TOTAL NON-COMPENSATION EXPENSES - DIRECT	\$ 78,963	\$ 31,053	\$ 31,743	\$ 33,488	\$ 175,245

3rd Party Costs to Close Loans	\$ -	\$ -	\$ -	\$ 78,000	\$ 78,000
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Cost to Securitize Loans	\$ -	\$ -	\$ -	\$ 66,000	\$ 66,000
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TOTAL EXPENSES	\$ 124,447	\$ 76,537	\$ 77,227	\$ 222,972	\$ 501,183
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NET INCOME / (LOSS) FROM OPERATIONS	\$ (74,447)	\$ 13,463	\$ 52,773	\$ 137,028	\$ 128,818
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YTD INCOME / (LOSS) FROM OPERATIONS	\$ (74,447)	\$ (60,984)	\$ (8,211)	\$ 128,818	
	#DIV/0!	#DIV/0!	#DIV/0!	1.14%	

2005

LOAN VOLUME

	January-05	February-05	March-05	April-05	May-05	June-05	July-05	August-05	September-05	October-05	November-05	December-05	YE 2005 Totals
Number of Loas Placed Under Application	16	18	20	22	24	26	27	29	30	32	33	35	312
Number of Loans Closed	10	13	14	15	17	19	21	23	24	25	27	28	236
Monthly Loan Volume	\$ 20,000,000	\$ 26,000,000	\$ 28,000,000	\$ 30,000,000	\$ 34,000,000	\$ 38,000,000	\$ 42,000,000	\$ 46,000,000	\$ 48,000,000	\$ 50,000,000	\$ 54,000,000	\$ 56,000,000	\$ 472,000,000
YTD Loan Volume	\$ 20,000,000	\$ 46,000,000	\$ 74,000,000	\$ 104,000,000	\$ 138,000,000	\$ 176,000,000	\$ 218,000,000	\$ 264,000,000	\$ 312,000,000	\$ 362,000,000	\$ 416,000,000	\$ 472,000,000	

STAFFING NEEDS

Loan Underwriters Needed	2	2	2	2	2	3	3	3	3	3	3	3	
Loan Analysts Needed	2	2	2	2	2	2	2	2	2	2	2	2	
Loan Closers Needed	1	1	1	2	2	2	2	2	2	2	2	2	
Loan Servicers Needed	1	1	1	1	1	1	1	1	2	2	2	2	
Clerical Staff Needed	1	1	1	1	1	1	1	1	1	1	1	1	
In-House Counsel	0	0	0	0	0	0	0	0	0	0	0	0	
Director of Internal Operations	0	0	0	0	0	0	0	0	0	0	0	0	
Regional Directors needed	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL STAFF	7	7	7	8	8	9	9	9	10	10	10	10	

Actual Space Rented in SF	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	
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REVENUES

Application Fee Revenues	\$ 160,000	\$ 180,000	\$ 200,000	\$ 220,000	\$ 240,000	\$ 260,000	\$ 270,000	\$ 290,000	\$ 300,000	\$ 320,000	\$ 330,000	\$ 350,000	\$ 3,120,000
Extra Spread Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from Operation	\$ 350,000	\$ 455,000	\$ 490,000	\$ 525,000	\$ 595,000	\$ 665,000	\$ 735,000	\$ 805,000	\$ 840,000	\$ 875,000	\$ 945,000	\$ 980,000	\$ 8,260,000
TOTAL REVENUES	\$ 510,000	\$ 635,000	\$ 690,000	\$ 745,000	\$ 835,000	\$ 925,000	\$ 1,005,000	\$ 1,095,000	\$ 1,140,000	\$ 1,195,000	\$ 1,275,000	\$ 1,330,000	\$ 11,380,000
	2.55%	2.44%	2.46%	2.48%	2.46%	2.43%	2.39%	2.38%	2.38%	2.39%	2.36%	2.38%	2.41%

EXPENSES

EXPENSES - COMPENSATION: DIRECT

Account name													
Salaries & Wages	\$ 60,875	\$ 60,875	\$ 60,875	\$ 66,417	\$ 66,417	\$ 74,042	\$ 74,042	\$ 74,042	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 857,583
Overtime Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temporary/Contract Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pre-Tax FICA	\$ 4,566	\$ 4,566	\$ 4,566	\$ 4,981	\$ 4,981	\$ 5,553	\$ 5,553	\$ 5,553	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 64,319
Employee Benefits	\$ 3,792	\$ 3,792	\$ 3,792	\$ 4,333	\$ 4,333	\$ 4,875	\$ 4,875	\$ 4,875	\$ 5,417	\$ 5,417	\$ 5,417	\$ 5,417	\$ 56,333
Total Compensation Expenses - Direct	\$ 69,232	\$ 69,232	\$ 69,232	\$ 75,731	\$ 75,731	\$ 84,470	\$ 84,470	\$ 84,470	\$ 91,417	\$ 91,417	\$ 91,417	\$ 91,417	\$ 978,235
Number of Employees	7	7	7	8	8	9	9	9	10	10	10	10	

EXPENSES - NON-COMPENSATION: DIRECT

Account name													
Rent	\$ 4,300	\$ 4,300	\$ 4,300	\$ 4,300	\$ 4,300	\$ 4,300	\$ 4,300	\$ 4,300	\$ 4,300	\$ 4,300	\$ 4,300	\$ 4,300	\$ 51,600
Legal - General Counsel	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 15,000
Mortgage Expense - Recording Fees	\$ 1,500	\$ 2,000	\$ 2,100	\$ 2,300	\$ 2,600	\$ 2,900	\$ 3,200	\$ 3,500	\$ 3,600	\$ 3,800	\$ 4,100	\$ 4,200	\$ 35,800
Mortgage Expense - Other	\$ 800	\$ 1,000	\$ 1,100	\$ 1,200	\$ 1,300	\$ 1,500	\$ 1,600	\$ 1,800	\$ 1,800	\$ 1,900	\$ 2,100	\$ 2,100	\$ 18,200
Employee Education, Training, Etc.	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 19,500
Travel - Meals and Entertainment	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 107,500
Travel - Airfare, Hotels, Car Rental, Etc.	\$ 13,800	\$ 13,800	\$ 13,800	\$ 13,800	\$ 13,800	\$ 18,400	\$ 18,400	\$ 18,400	\$ 18,400	\$ 18,400	\$ 18,400	\$ 18,400	\$ 197,800
Telephone - LAN-Internet, Local & Long Distance, Voicemail, etc.	\$ 1,750	\$ 1,750	\$ 1,750	\$ 2,000	\$ 2,000	\$ 2,250	\$ 2,250	\$ 2,250	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 26,000
Telephone - Cellular	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 6,450
Office Equipment Leases (Color Copier/Scanner, B/W Copier, Postage Meter, Etc)	\$ 2,450	\$ 2,450	\$ 2,450	\$ 2,800	\$ 2,800	\$ 3,150	\$ 3,150	\$ 3,150	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 36,400
Postage	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
Express Delivery/Courier Service	\$ 1,960	\$ 2,205	\$ 2,450	\$ 2,695	\$ 2,940	\$ 3,185	\$ 3,308	\$ 3,553	\$ 3,675	\$ 3,920	\$ 4,043	\$ 4,288	\$ 38,220
Supplies	\$ 800	\$ 900	\$ 1,000	\$ 1,100	\$ 1,200	\$ 1,300	\$ 1,400	\$ 1,500	\$ 1,500	\$ 1,600	\$ 1,700	\$ 1,800	\$ 15,800
Computers, Software, Licensing, etc.	\$ 9000	\$ 0	\$ 0	\$ 4500	\$ 0	\$ 4500	\$ 0	\$ 0	\$ 4500	\$ 0	\$ 0	\$ 0	\$ 22,500
Minor Equipment	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 4,500
Furniture / Fixtures / Equipment	\$ 7,000	\$ -	\$ -	\$ 3,500	\$ -	\$ 3,500	\$ -	\$ -	\$ 3,500	\$ -	\$ -	\$ -	\$ 17,500
Printing / Graphics	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 9,000
Books / Periodicals	\$ 175	\$ 175	\$ 175	\$ 200	\$ 200	\$ 225	\$ 225	\$ 225	\$ 250	\$ 250	\$ 250	\$ 250	\$ 2,600
Association Dues, Bureau Fees, Club Dues, Etc	\$ 875	\$ 875	\$ 875	\$ 1,000	\$ 1,000	\$ 1,125	\$ 1,125	\$ 1,125	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 13,000
Sundry General & Miscellaneous	\$ 4,550	\$ 4,550	\$ 4,550	\$ 5,200	\$ 5,200	\$ 5,850	\$ 5,850	\$ 5,850	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 67,600
Total Non-Compensation Expenses - Direct	\$ 60,885	\$ 45,930	\$ 46,475	\$ 56,820	\$ 49,565	\$ 67,060	\$ 59,683	\$ 60,528	\$ 70,450	\$ 63,095	\$ 63,818	\$ 64,263	\$ 708,570

3rd Party Costs to Close Loans	\$ 130,000	\$ 169,000	\$ 182,000	\$ 195,000	\$ 221,000	\$ 247,000	\$ 273,000	\$ 299,000	\$ 312,000	\$ 325,000	\$ 351,000	\$ 364,000	\$ 3,068,000
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Cost to Securitize Loans	\$ 110,000	\$ 143,000	\$ 154,000	\$ 165,000	\$ 187,000	\$ 209,000	\$ 231,000	\$ 253,000	\$ 264,000	\$ 275,000	\$ 297,000	\$ 308,000	\$ 2,596,000
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TOTAL EXPENSES	\$ 370,117	\$ 427,162	\$ 451,707	\$ 492,551	\$ 533,296	\$ 607,530	\$ 648,152	\$ 696,997	\$ 737,867	\$ 754,512	\$ 803,234	\$ 827,679	\$ 7,350,805
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NET INCOME / (LOSS) FROM OPERATIONS	\$ 139,883	\$ 207,838	\$ 238,293	\$ 252,449	\$ 301,704	\$ 317,470	\$ 356,848	\$ 398,003	\$ 402,133	\$ 440,488	\$ 471,766	\$ 502,321	\$ 4,029,195
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YTD INCOME / (LOSS) FROM OPERATIONS	\$ 139,883	\$ 347,720	\$ 586,013	\$ 838,462	\$ 1,140,166	\$ 1,457,636	\$ 1,814,484	\$ 2,212,486	\$ 2,614,620	\$ 3,055,108	\$ 3,526,874	\$ 4,029,195	
	0.70%	0.80%	0.85%	0.84%	0.89%	0.84%	0.85%	0.87%	0.84%	0.87%	0.90%	0.85%	

2006

LOAN VOLUME

	January-06	February-06	March-06	April-06	May-06	June-06	July-06	August-06	September-06	October-06	November-06	December-06	YE 2006 Totals
Number of Loans Placed Under Application	36	37	38	39	40	41	42	42	42	43	43	44	487
Number of Loans Closed	29	31	32	33	34	35	36	36	37	38	38	38	417
Monthly Loan Volume	\$ 58,000,000	\$ 62,000,000	\$ 64,000,000	\$ 66,000,000	\$ 68,000,000	\$ 70,000,000	\$ 72,000,000	\$ 72,000,000	\$ 74,000,000	\$ 76,000,000	\$ 76,000,000	\$ 76,000,000	\$ 834,000,000
YTD Loan Volume	\$ 58,000,000	\$ 120,000,000	\$ 184,000,000	\$ 250,000,000	\$ 318,000,000	\$ 388,000,000	\$ 460,000,000	\$ 532,000,000	\$ 606,000,000	\$ 682,000,000	\$ 758,000,000	\$ 834,000,000	

STAFFING NEEDS

Loan Underwriters Needed	4	4	4	4	4	4	4	4	4	4	4	4	
Loan Analysts Needed	2	2	2	2	2	2	2	2	2	2	2	2	
Loan Closers Needed	2	2	2	2	2	2	2	2	2	2	2	2	
Loan Servicers Needed	2	2	2	2	2	2	2	2	2	2	2	2	
Clerical Staff Needed	1	1	1	1	1	1	1	1	1	1	1	1	
In-House Counsel	0	0	0	0	0	0	0	0	0	0	0	0	
Director of Internal Operations	0	0	0	0	0	0	0	0	0	0	0	0	
Regional Directors needed	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL STAFF	11	11	11	11	11	11	11	11	11	11	11	11	

Actual Space Rented in SF	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
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REVENUES

Application Fee Revenues	\$ 360,000	\$ 370,000	\$ 380,000	\$ 390,000	\$ 400,000	\$ 410,000	\$ 420,000	\$ 420,000	\$ 420,000	\$ 430,000	\$ 430,000	\$ 440,000	\$ 4,870,000
Extra Spread Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from Operation	\$ 1,015,000	\$ 1,085,000	\$ 1,120,000	\$ 1,155,000	\$ 1,190,000	\$ 1,225,000	\$ 1,260,000	\$ 1,260,000	\$ 1,295,000	\$ 1,330,000	\$ 1,330,000	\$ 1,330,000	\$ 14,595,000
TOTAL REVENUES	\$ 1,375,000	\$ 1,455,000	\$ 1,500,000	\$ 1,545,000	\$ 1,590,000	\$ 1,635,000	\$ 1,680,000	\$ 1,680,000	\$ 1,715,000	\$ 1,760,000	\$ 1,760,000	\$ 1,770,000	\$ 19,465,000
	2.37%	2.35%	2.34%	2.34%	2.34%	2.34%	2.33%	2.33%	2.32%	2.32%	2.32%	2.33%	2.33%

EXPENSES

EXPENSES - COMPENSATION: DIRECT

Account name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE Total
Salaries & Wages	\$ 87,625	\$ 87,625	\$ 87,625	\$ 87,625	\$ 87,625	\$ 87,625	\$ 87,625	\$ 87,625	\$ 87,625	\$ 87,625	\$ 87,625	\$ 87,625	\$ 1,051,500
Overtime Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temporary/Contract Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pre-Tax FICA	\$ 6,572	\$ 6,572	\$ 6,572	\$ 6,572	\$ 6,572	\$ 6,572	\$ 6,572	\$ 6,572	\$ 6,572	\$ 6,572	\$ 6,572	\$ 6,572	\$ 78,863
Employee Benefits	\$ 5,958	\$ 5,958	\$ 5,958	\$ 5,958	\$ 5,958	\$ 5,958	\$ 5,958	\$ 5,958	\$ 5,958	\$ 5,958	\$ 5,958	\$ 5,958	\$ 71,500
Total Compensation Expenses - Direct	\$ 100,155	\$ 100,155	\$ 100,155	\$ 100,155	\$ 100,155	\$ 100,155	\$ 100,155	\$ 100,155	\$ 100,155	\$ 100,155	\$ 100,155	\$ 100,155	\$ 1,201,863
Number of Employees	11	11	11	11	11	11	11	11	11	11	11	11	

EXPENSES - NON-COMPENSATION: DIRECT

Account name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YE Total
Rent	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900	\$ 6,900	\$ 82,800
Legal - General Counsel	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 18,000
Mortgage Expense - Recording Fees	\$ 4,400	\$ 4,700	\$ 4,800	\$ 5,000	\$ 5,100	\$ 5,300	\$ 5,400	\$ 5,400	\$ 5,600	\$ 5,700	\$ 5,700	\$ 5,700	\$ 62,800
Mortgage Expense - Other	\$ 2,200	\$ 2,400	\$ 2,400	\$ 2,500	\$ 2,600	\$ 2,700	\$ 2,700	\$ 2,700	\$ 2,800	\$ 2,900	\$ 2,900	\$ 2,900	\$ 31,700
Employee Education, Training, Etc.	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 22,800
Travel - Meals and Entertainment	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 150,000
Travel - Airfare, Hotels, Car Rental, Etc.	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 276,000
Telephone - LAN-Internet, Local & Long Distance, Voicemail, etc.	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 2,750	\$ 33,000
Telephone - Cellular	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 9,000
Office Equipment Leases (Color Copier/Scanner, B/W Copier, Postage Meter, Etc)	\$ 3,850	\$ 3,850	\$ 3,850	\$ 3,850	\$ 3,850	\$ 3,850	\$ 3,850	\$ 3,850	\$ 3,850	\$ 3,850	\$ 3,850	\$ 3,850	\$ 46,200
Postage	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
Express Delivery/Courier Service	\$ 4,410	\$ 4,533	\$ 4,655	\$ 4,778	\$ 4,900	\$ 5,023	\$ 5,145	\$ 5,145	\$ 5,145	\$ 5,268	\$ 5,268	\$ 5,390	\$ 59,658
Supplies	\$ 1,800	\$ 1,900	\$ 1,900	\$ 2,000	\$ 2,000	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,200	\$ 2,200	\$ 2,200	\$ 24,600
Computers, Software, Licensing, etc.	\$ 4500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,500
Minor Equipment	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 4,500
Furniture / Fixtures / Equipment	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500
Printing / Graphics	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 830	\$ 9,960
Books / Periodicals	\$ 275	\$ 275	\$ 275	\$ 275	\$ 275	\$ 275	\$ 275	\$ 275	\$ 275	\$ 275	\$ 275	\$ 275	\$ 3,300
Association Dues, Bureau Fees, Club Dues, Etc	\$ 1,375	\$ 1,375	\$ 1,375	\$ 1,375	\$ 1,375	\$ 1,375	\$ 1,375	\$ 1,375	\$ 1,375	\$ 1,375	\$ 1,375	\$ 1,375	\$ 16,500
Sundry General & Miscellaneous	\$ 7,150	\$ 7,150	\$ 7,150	\$ 7,150	\$ 7,150	\$ 7,150	\$ 7,150	\$ 7,150	\$ 7,150	\$ 7,150	\$ 7,150	\$ 7,150	\$ 85,800
Total Non-Compensation Expenses - Direct	\$ 84,265	\$ 76,988	\$ 77,210	\$ 77,733	\$ 78,055	\$ 78,578	\$ 78,800	\$ 78,800	\$ 79,100	\$ 79,523	\$ 79,523	\$ 79,645	\$ 948,218

3rd Party Costs to Close Loans	\$ 377,000	\$ 403,000	\$ 416,000	\$ 429,000	\$ 442,000	\$ 455,000	\$ 468,000	\$ 468,000	\$ 481,000	\$ 494,000	\$ 494,000	\$ 494,000	\$ 5,421,000
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Cost to Securitize Loans	\$ 319,000	\$ 341,000	\$ 352,000	\$ 363,000	\$ 374,000	\$ 385,000	\$ 396,000	\$ 396,000	\$ 407,000	\$ 418,000	\$ 418,000	\$ 418,000	\$ 4,587,000
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TOTAL EXPENSES	\$ 880,420	\$ 921,143	\$ 945,365	\$ 969,888	\$ 994,210	\$ 1,018,733	\$ 1,042,955	\$ 1,042,955	\$ 1,067,255	\$ 1,091,678	\$ 1,091,678	\$ 1,091,800	\$ 12,158,080
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NET INCOME / (LOSS) FROM OPERATIONS	\$ 494,580	\$ 533,857	\$ 554,635	\$ 575,112	\$ 595,790	\$ 616,267	\$ 637,045	\$ 637,045	\$ 647,745	\$ 668,322	\$ 668,322	\$ 678,200	\$ 7,306,920
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YTD INCOME / (LOSS) FROM OPERATIONS	\$ 494,580	\$ 1,028,437	\$ 1,583,072	\$ 2,158,184	\$ 2,753,974	\$ 3,370,241	\$ 4,007,286	\$ 4,644,331	\$ 5,292,076	\$ 5,960,398	\$ 6,628,720	\$ 7,306,920	
	0.85%	0.86%	0.87%	0.87%	0.88%	0.88%	0.88%	0.88%	0.88%	0.88%	0.88%	0.89%	0.88%

ASSUMPTIONS

Average Loan Size	\$	2,000,000		
Average Balance	\$	1,722,234	\$	14,136
Average Spread vs. UST		1.75%	\$	1,572,668
			\$	427,332
				42,733.21
Average Loan Life		7	Years	Est. Avg. Balance 1,722,234.15
Prepayment Calculation Method		Yield Maintenance		

Attorney Costs per basic "No Changes" closing	\$3,500
Attorney Costs per hour beyond basic closing	\$250
% of deals requesting to negotiate documents	60%
Number of Hours billed per 'negotiated' loan closed	15

Cost to Securitize	0.55%
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Revenues from Operation are estimates only based on capitalizing the average spread vs UST x Monthly Loan Volume
 For example: (1.75% x 25,000,000 = \$437,500)

Salary & Production Assumptions

Assumptions	Maximum # of Deals Closed/Mo	Maximum # of Deals Quoted/Mo	Maximum # of Deals Serviced/Mo	Average Salary
Director - Western Region				\$ 125,000
Loan Underwriter	25	90		\$ 85,000
Loan Analyst				\$ 55,000
Loan Closer	20			\$ 60,000
Servicing Manager			25	\$ 65,000
Clerical Staff				\$ 45,000
Director of Internal Operations (<i>future growth position</i>)				\$ 110,000
Regional Director (<i>future growth position</i>)				\$ 95,000
Employee Benefits Costs per Employee per Year	\$	6,500		

Space Planning Assumptions

	SF
Director - Western Region	250
Loan Underwriters	190
Loan Analysts	130
Loan Closers	130
Loan Servicers	190
Clerical Staff	100
Director of Internal Operations	250
Employee Benefits	220
<i>Total Square Footage</i>	1460
<i>Average Per Employee</i>	190
<i>+30% for Common Areas</i>	250

Rent & Space Management Assumptions

Rent Per SF - Year 1	\$	19.00	NNN, including CAMS
Rent Per SF - Year 2	\$	19.50	NNN, including CAMS
Rent Per SF - Year 3	\$	20.00	NNN, including CAMS
Rent Per SF - Year 4	\$	20.50	NNN, including CAMS
Rent Per SF - Year 5	\$	21.00	NNN, including CAMS
Rent Per SF - Year 6	\$	21.50	NNN, including CAMS
Rent Per SF - Year 7	\$	22.00	NNN, including CAMS
Average Lease Rate	\$	20.50	

FF & E - One-time charge	\$	8,000.00	per new employee
FF & E - On-going	\$	750.00	per employee (includes software, licenses, subscriptions, etc)
Telecommunications (Internet, Phone, Fax & Copiers)	\$	0.85	per SF
Training, Travel & Entertainment	\$	50,000.00	per year per underwriter & head of operations (includes conventions, travel, associations, etc)

3rd Party Costs to Close Loan

Appraisal	\$	3,500.00
Phase I	\$	1,500.00
PCR	\$	1,500.00
PML	\$	250.00
Legal - Basic "No-Changes" Closing	\$	3,500.00
Flood	\$	25.00
Tax Contract	\$	225.00
Admin / Misc	\$	2,500.00
Total 3rd Party Costs to Close Loan	\$	13,000.00

Borrower Paid Costs

Underwriting / Closing / 3rd Party Reports - Flat Fee	\$	10,000.00
Legal - Additional Charges (\$250 per hour x 15 hours)	\$	3,750.00
Survey	\$	2,000.00
Title	\$	3,500.00

Travel, Training & Entertainment Assumptions

Number of trips	3	per month per U/W & RM
Number of Nights Away	8	per month per U/W & RM
Travel - Airfare, Hotels, Car Rental, Etc.	\$	4,600.00 per month per U/W & RM
Travel - Meals & Entertainment	\$	2,500.00 per month per U/W & RM
MBA Conference (<i>Total cost per employee to attend</i>)	\$	4,500.00 annual per U/W & RM
Training Courses: MBA, Appraisal Institute, Vendors, Etc.	\$	3,750.00 1.5 courses/training session per year per analyst, closer, & servicer @ \$3,000 per course/session