

WHITE PAPER

A10 ADVISORY SERVICES

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Two areas comprise A10's comprehensive advisory practice: lender services and borrower services.

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BANK ACQUISITION DUE DILIGENCE

In today's market, the FDIC is slowly selling failed financial institutions in various forms, but primarily in "loss-share" arrangements. The acquiring bank assumes partial liability for losses above an FDIC derived threshold. Thus the losses are "shared" by the acquiring bank and the FDIC.

In this process, the FDIC typically allows a very limited amount of time for due diligence. Prior to a bid, it also limits the number of people who can be on site at the to-be failed institution to conduct loan and file document due diligence.

A10 Capital has developed a format and approach for a systematic review of the loans and loan files to best determine the estimate of loss in any given portfolio with the limited time available. Our team has conducted numerous such reviews in the past and can augment an acquiring bank team to make the short on-site due diligence as effective as possible.

Let the experience of large-scale loan due diligence available from A10 Capital enhance your next bank acquisition efforts.

BENEFITS

- » A10 Capital has proven expertise in completing due diligence on large loan portfolios, including distressed assets.
- » Our legal resources are cost effective and trained to identify material loan documentation issues.
- » Many banks do not have sufficiently qualified resources on staff, as A10 Capital does, to adequately screen a large bank acquisition.

LOAN WORKOUT CONSULTING SERVICES

Consider engaging A10 Capital as your workout partner before adding special assets staff or pulling sales officers off the front line. A10 Capital's experienced workout professionals can help you deal with complicated, time-consuming, troubled loans, or we can work directly with your borrower to analyze operational deficiencies and make recommendations for a turnaround.

Our team brings more than 25 years of loan workout and turnaround experience to each assignment, including work with Resolution Trust Corporation (RTC) troubled assets during the early 1990s. The team has been involved in more than 100 bankruptcy cases in jurisdictions throughout the United States. A10 Capital has deep experience working out commercial real estate loans, C&I (business) loans, equipment loans, restaurant loans, agricultural loans, and corporate aircraft loans.

WHY OUTSOURCE TO A10 CAPITAL?

When you partner with A10 Capital, you get immediate access to a professional, experienced workout team for a temporary price. Avoid the long-term expense of staffing a special assets department, and keep revenue-producing sales officers on the line instead of reassigning them to deal with problem loans. A10 Capital also acts as a third-party buffer so that aggressive foreclosure and collection actions won't damage a bank's reputation or standing in the community.

EXPERIENCE MATTERS

Experienced workout professionals are hard to find. Training calling officers and pulling them from other clients is time consuming and comes with huge opportunity costs. By outsourcing your special assets needs to A10 Capital, you get an experienced workout department at your disposal, ready to hit the ground running. And all of our workout pros have the kind of resume that puts regulators at ease.

NOT CONVINCED YET?

Give us a trial run. We'll review your portfolio, analyze your loan files and complete collateral assessments for a reasonable flat fee. We'll deliver a detailed analysis of what you've got and expert recommendations for workout strategies. We can also run cash flow models to predict the outcome of each loan and holding in your portfolio. If you're happy with the work and ready for us to move forward with workout services—great! If not, you'll still have a comprehensive analysis and game plan you can use to execute your own strategy.

BENEFITS

- » Variable cost: pay only for what you need
- » Instant access to a highly experienced workout team
- » Keep your sales officers on the line, generating revenue
- » Avoid reputation risk in the community by having A10 Capital tactfully handle aggressive foreclosure and collection actions
- » Maintain better capability to manage special asset workload overflow
- » Retain a strong workout team with resumes that give regulators comfort
- » Enjoy confidence in a team that has handled over 100 bankruptcy cases throughout the country
- » A10 Capital is not a bank and will keep your troubled situation in strict confidence from other peer banks

FAQ'S

What types of loans does A10 Capital provide loan workout consulting for?

Many of our loan workout consulting assignments are for distressed commercial real estate loans. However, our team also has extensive experience in working out restaurant loans, equipment loans, aircraft loans, agricultural loans, and C&I loans.

How does A10 Capital typically staff each loan workout consulting assignment?

At a minimum, each loan workout consulting assignment will have a team comprised of (1) a relationship manager, (2) a lead workout professional, (3) a legal professional, and (4) a financial/market analyst. This team structure is expanded for larger loan workout consulting assignments.

What does a typical loan workout consulting assignment entail?

Our loan workout assignments are typically broken into two phases:

- » Initial assessment of the loan and development of the workout strategy. This phase includes full file review, documentation review, collateral assessment, title and lien search updates and evaluation, and loan workout plan preparation, including engaging and overseeing any necessary third-party reports (i.e., appraisal, environmental, etc.), and preparation of a detailed workout plan.
- » Execution of the agreed-upon loan workout plan

You're welcome to hire A10 Capital for either or both phases listed above. Our menu approach gives you the option to choose the type of services that best fit your needs.

How much does it cost to hire A10 Capital?

The cost depends on the complexity of the situation and what you are asking us to do (assessment, plan preparation, plan execution). Because of our experience handling problem loans, we are usually able to recover more in a shorter period of time than our competitors. In addition, our loan workout services eliminate the opportunity costs that result from having to pull a sales professional off the line to handle a time-consuming loan workout. Accordingly, our results more than pay for the cost of our services in most cases.

How does A10 Capital keep banks informed of the progress?

A10 Capital can communicate as frequently or as infrequently as you prefer. At a minimum, we provide status updates for each special asset on a quarterly basis.

What about reporting and review of the workout for regulators?

Our special asset team has extensive experience working well with regulators. The resumes of our workout professionals and the execution of our detailed workout plan reassure regulators that our clients are proactively working towards an effective resolution. We can tailor our reports to your needs and are willing to meet with any examiner at your request to discuss our analysis and progress.

Can A10 Capital lease up and sell my property?

Yes. A10 Capital will bid out your property to a number of commercial real estate brokerage firms to ensure you get the highest quality and lowest price service. By design, we don't handle the leasing and selling of properties internally, This is to avoid any conflict of interest.

LOAN SERVICING

Are you looking for proactive loan management from an experienced third party? Let A10 Capital's team put our expertise with top-tier institutional investors and more than \$3 billion of commercial loan securitizations to work for you. Our experienced professionals use proven systems and processes to offer loan servicing for performing loans, defaulted loans, and real estate owned (REO) properties.

OUR CLIENTS

We service loans for a variety of clients, including:

- » Distressed debt buyers
- » Performing loan buyers
- » Family offices
- » Hedge funds
- » Portfolio lenders
- » Individual investors
- » Private equity firms
- » Pension funds
- » East coast lenders that hold loan assets in the West

LOANS WE SERVICE

Our expertise spans a wide variety of loan types such as:

- » Commercial real estate loans
- » C&I loans (business loans)
- » Equipment loans
- » Agriculture loans
- » Restaurant loans
- » Franchise loans
- » Corporate aircraft loans

Our servicing team proactively manages your loans, staying engaged and involved to mitigate your risk instead of merely reacting after a loan has gone into default.

Thanks to our existing infrastructure, A10 Capital can cost-effectively handle all your loan servicing needs, saving you the expense and disruption of building or managing in-house loan servicing tasks.

PERFORMING LOANS - PRIMARY SERVICING

If you have a portfolio of performing loans or are planning to purchase performing loans, let A10 Capital take the lead in organizing the portfolio and managing the loan servicing process. From boarding loans to processing loan payoffs, A10 Capital's team provides a broad range of expert services.

A10 Capital provides the following primary servicing functions on an a la carte basis:

- » Board loans
- » Invoice and collect payments (usually via ACH auto debit)
- » Manage insurance renewals
- » Track tax payments
- » Process loan accounting and payoffs
- » Facilitate reconveyances
- » Create 1099 paperwork
- » Monitor loan status
- » Analyze markets and financial statements
- » Inspect and evaluate collateral

DEFAULTED LOANS - SPECIAL SERVICING

A10 Capital is uniquely qualified to help you manage the complex process of resolving loans in default. Depending on your specific needs, we can provide everything from forbearance agreements to bankruptcy processing. Our years of workout experience can help you successfully navigate these difficult processes to maximize recoveries and protect your investment.

A10 Capital's Special Servicing team specializes in all aspects of troubled loan servicing, so we can:

- » Structure and negotiate forbearance agreements
- » Develop and execute workout strategies such as:
 - Loan restructure
 - Foreclosure
 - Deed in lieu of foreclosure
 - Receivership
 - Bankruptcy
- » Liquidate collateral
- » Provide attorney retention and oversight
- » Develop litigation strategy
- » Manage litigation
- » Manage third-party information oversight (appraisals, environmental, PCA's etc.)
- » Provide REO asset management
- » Perform assessment
- » Perform financial analysis
- » Develop strategy to maximize recovery
- » Determine and manage maintenance requirements
- » Manage leasing activities

- » Provide monthly reporting
- » Manage legal matters
- » Develop marketing plan
- » Engage sales professionals to market asset
- » Monitor and manage marketing process
- » Close sale

REO ASSET MANAGEMENT

A10 Capital provides asset management services for your bank's Real Estate Owned (REO) properties. To maximize the property's potential, our asset management team performs many of the functions that large commercial real estate owners would.



UNIQUELY QUALIFIED

We currently own and manage properties ranging from Class A office buildings in major metropolitan cities to residential developments in rural communities, making us uniquely qualified to optimize your property. Among other property assets, our team has owned, managed, and developed the following:

- » 8.7 million sq. ft. of improved office, retail, and industrial property
- » Approximately 2,000 apartment units
- » More than 40,000 acres with development plans for 25,000 homes and home sites
- » Approximately \$400 million of single and multifamily homes

BENEFITS

- » Seasoned and experienced REO/special assets team
- » Tried and true game plan for resolving troubled assets
- » Our veteran paralegal staff streamlines legal work
- » Plug-and-play solution, minimizing ramp-up time
- » More cost effective than hiring dedicated REO/special assets personnel (variable cost)
- » Decreased reputational risk within your community
- » Current personnel stay focused on jobs they were hired to do

PROACTIVE LOAN & PORTFOLIO REVIEW

In today's dynamic marketplace, banks need innovative ways to stay ahead. To help you proactively manage your loan portfolio and mitigate losses, A10 Capital's experienced lending and workout professionals can help re-underwrite loans based on forward-looking trends. We prioritize your holdings, dividing your portfolio into green, yellow, and red categories, thus enabling you to closely monitor loans that have the greatest risk of loss.

LOOKING THREE CARS AHEAD

We provide a forward-looking projection for each loan to help you develop appropriate loss mitigation strategies well before a loan goes into default. Appraisals are not the best way to identify credit challenges because they are based upon historical data that may not be relevant in today's market. Relying on appraisals alone is akin to relying on the rear view mirror to drive forward. Our services give you the ability to look three cars ahead and make adjustments in plenty of time to avoid a possible crash.

CUSTOMIZED STRESS TESTING

A10 Capital can also develop customized stress test models on a variety of complex commercial loans. Our models enable us to run simulations on your portfolio and see how various factors will impact future performance. These models—also utilized by various rating agencies, including Standard and Poor's—offer loan-level inputs that can be rolled up into a broader portfolio view. For example, on commercial real estate loans we can run stress scenarios that model the impact of changes in capitalization rates, vacancy factors, and lease rates.

WHY UTILIZE A10 CAPITAL?

A10 Capital has more than 100 years of combined commercial real estate and lending experience. In addition to offering a highly experienced team, A10 Capital has independent data sources and relationships in your markets that enable us to identify the trends that might impact the value of your portfolio. Regulators will also gain the comfort of seeing that your portfolio is scrubbed by an independent expert.

BENEFITS

- » From a loss mitigation perspective, proactively managing loans is significantly more effective than reacting to a loan that has already gone into default

- » Pre-examination check-up: identify your problem loans before the regulators find them
- » Knowing what lies ahead helps you make more informed decisions, rather than reacting to borrower demands

BANKRUPTCY & RECEIVERSHIP

If you or your clients are facing bankruptcy or litigation, the experts at A10 Capital can help you and your legal team achieve the best possible outcome. With our extensive experience resolving bankruptcy, litigation, and receivership cases, we can analyze the situation, prepare strategies, and negotiate workable solutions in what can otherwise be difficult circumstances.

SERVICES

A10 Capital provides comprehensive services to cover every aspect of the bankruptcy and receivership process, including:

- » Obtaining and transitioning all pertinent files and documents from the debtor
- » Assessing the situation and the assets involved
- » Developing a strategic business plan for maximum asset recoveries
- » Managing litigation
- » Stabilizing and optimizing residential assets
- » Processing entitlements, including preservation of entitlements, project re-design and re-entitlement
- » Governmental agency interaction and processing
- » Stabilizing and optimizing commercial assets
- » Ensuring retention of tenants
- » Repositioning property
- » Construction management and oversight
- » Providing direction and oversight for:
 - On-site property managers
 - Leasing agents
 - Sales brokers
- » Working out loans with third-party lenders
- » Devising and implementing an optimal exit strategy
- » Managing residential lot sales, including structuring rolling takedowns, joint ventures, profit participations, and outright sales
- » Completing and selling residential standing inventory

NO CONFLICTS OF INTEREST

To make absolutely sure there are no conflicts of interest in any of our bankruptcy and receivership assignments, A10 Capital requires that none of the assets involved have ever been—or ever will be—financed or acquired by our lending or investments groups.

We act solely as an advisor to our clients in bankruptcy and receivership assignments. At the same time, we are able to offer our clients the added value of our unique perspective on the markets thanks to our team's experience in A10 Capital's other lines of business.

SECURED LENDERS

For many secured lenders, bankruptcy is an unfamiliar and challenging process. Having an experienced partner who

understands your needs and concerns can make the crucial difference in reaching the most favorable outcome possible.

Working with you and your bankruptcy counsel, A10 Capital will resolve questions and facilitate effective, confident communication between all parties. We have negotiated successfully in more than 100 bankruptcy cases and worked with attorneys in jurisdictions throughout the U.S. We can help you navigate through the process in even the most challenging circumstances.

Turn to A10 Capital for secured lender services that include:

- » Analyzing potential bankruptcy treatment
- » Negotiating cash collateral orders
- » Negotiating adequate protection payments
- » Analyzing disclosure statements
- » Analyzing plans of reorganization
- » Negotiating plan treatment

UNSECURED CREDITORS

Many unsecured creditors committees struggle with the frustrations of missing information, poor communication, and high advisory fees. At A10 Capital, we take pride in our ability to communicate clearly and effectively, and deliver the kind of relevant information our unsecured creditor clients can actually use.

And we make absolutely sure our advisory fees are commensurate with the value we provide. That's why A10 Capital chooses not to bill on an hourly basis. Instead, we prefer a flat monthly fee with incentives for actual performance, not just for showing up.

We excel in difficult situations and specialize in Chapter 11 liquidations, liquidating trusts, and assisting trustees in Chapter 7 liquidations.

BORROWER WORKOUT & TURNAROUND STRATEGIES

The general decline in the commercial real estate markets has resulted in severe distress for many commercial real estate owners and investor groups. Our team helps borrowers save their properties from lender foreclosure. We develop creative and unique workout, turnaround, and restructuring strategies that other investor groups, asset managers, and attorneys have never contemplated. Our strategies leverage A10 Capital's significant loan workout experience, and in some cases even involve infusing fresh capital if that's what it takes to restructure a property.