



**MBA's COMMERCIAL REAL ESTATE FINANCE/MULTIFAMILY
HOUSING CONVENTION & EXPO**

Walt Disney World Swan And Dolphin, Orlando, Fla.

Small Loans

Market Overview

Randy Fuchs
Boxwood Means, Inc.

Tuesday, February 5

2:00 – 3:15 pm

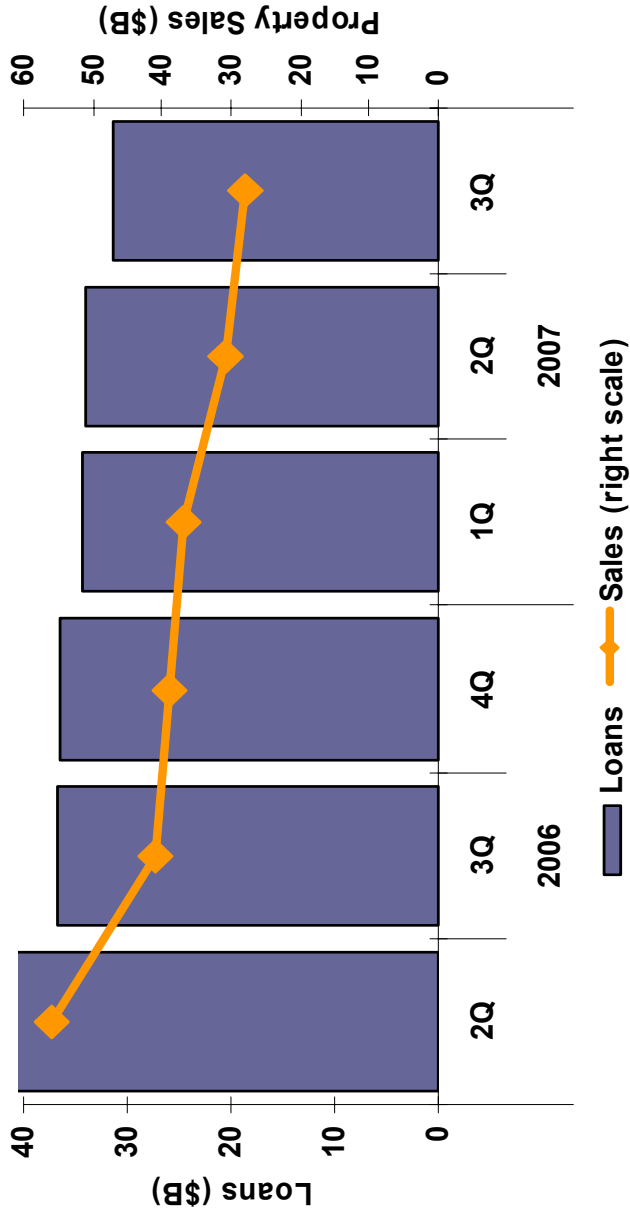


2007 Year in Review

- **Lower Volume – Thru 3Q07, \$100 Billion**
- **Property Sales Market Plummeted**
- **Major Players Vacated the Space**
- **Securitization Exit Largely Foreclosed**
- **Risks Elevated: Capital, Market, Collateral**
- **Delinquencies Manageable**
- **Market Bifurcation More Pronounced**



Loan Volume Slips as Small-Cap Property Sales Slide

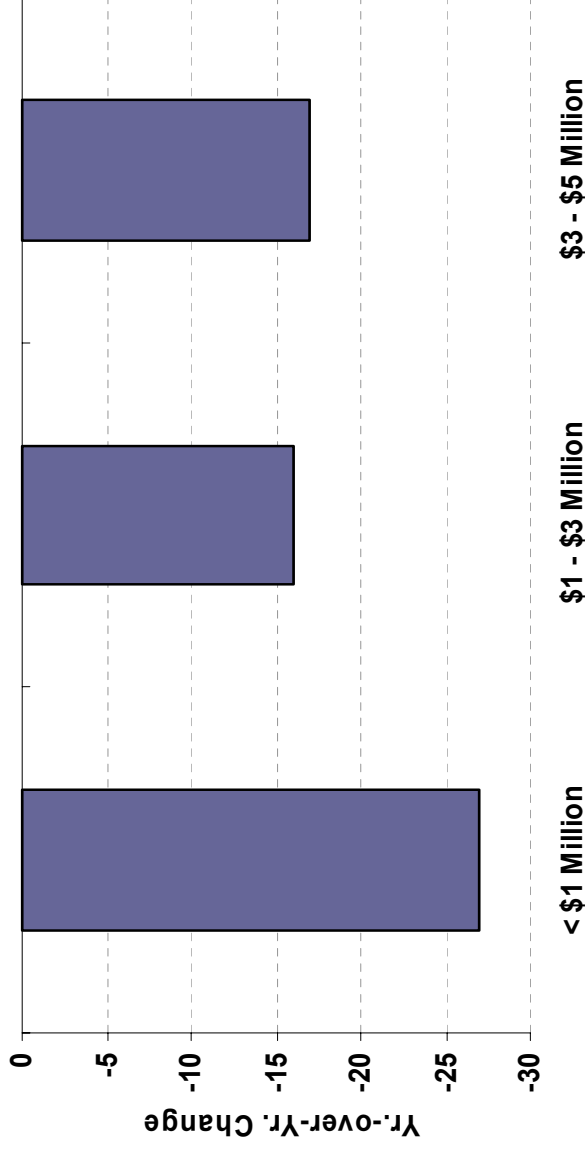


Source: Boxwood Means, Inc.



Not all Loan Buckets are Created Equal

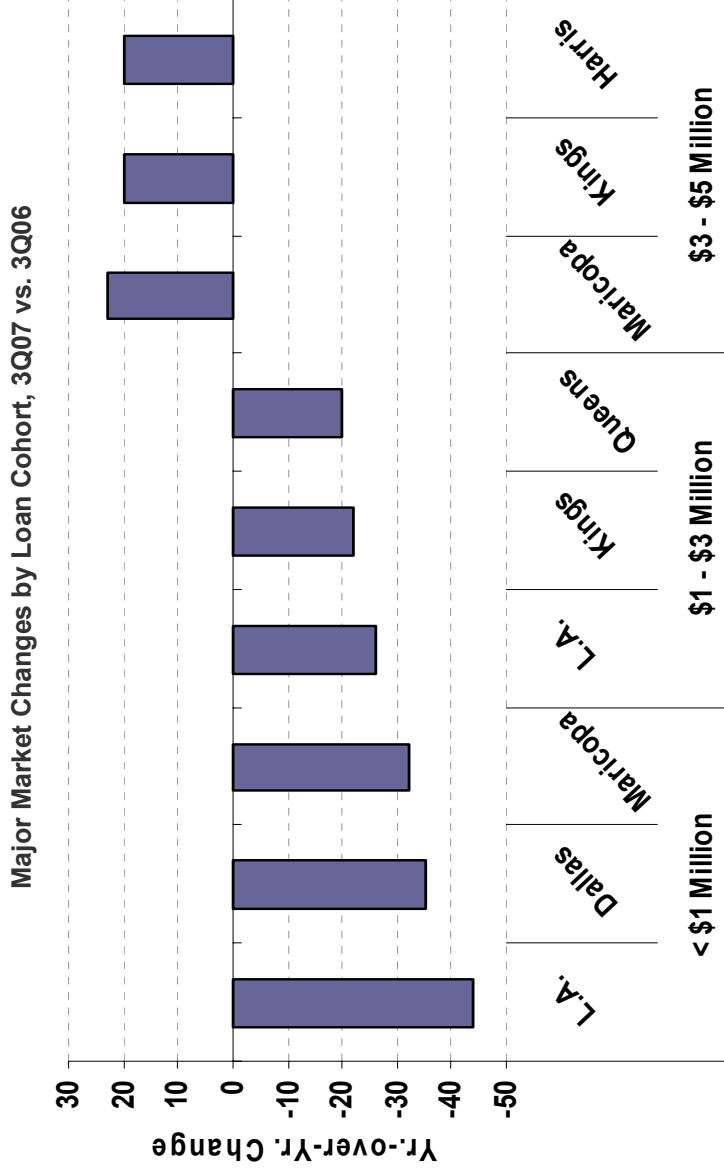
Loan Volume, 3Q07 vs. 3Q06



Source: Boxwood Means, Inc.



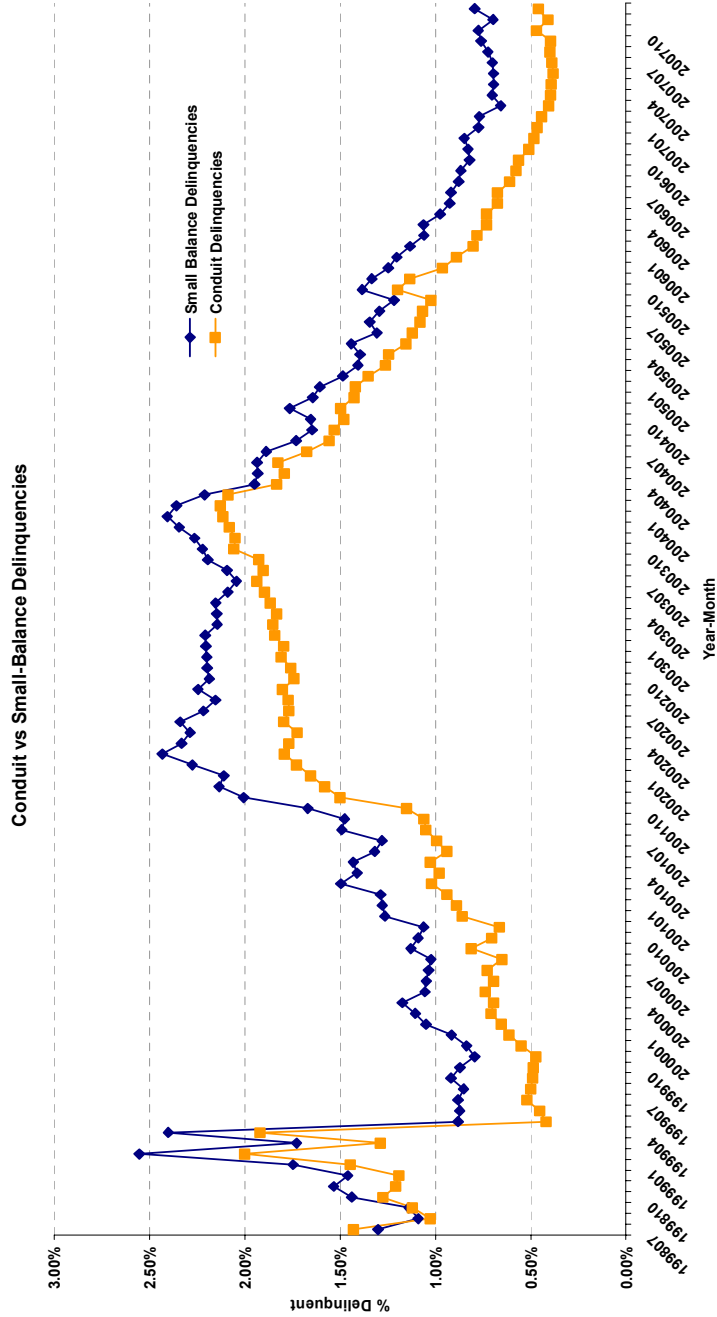
Where the Small Loans Are (n't)



Source: Boxwood Means, Inc.



Overall Delinquencies Remain Low

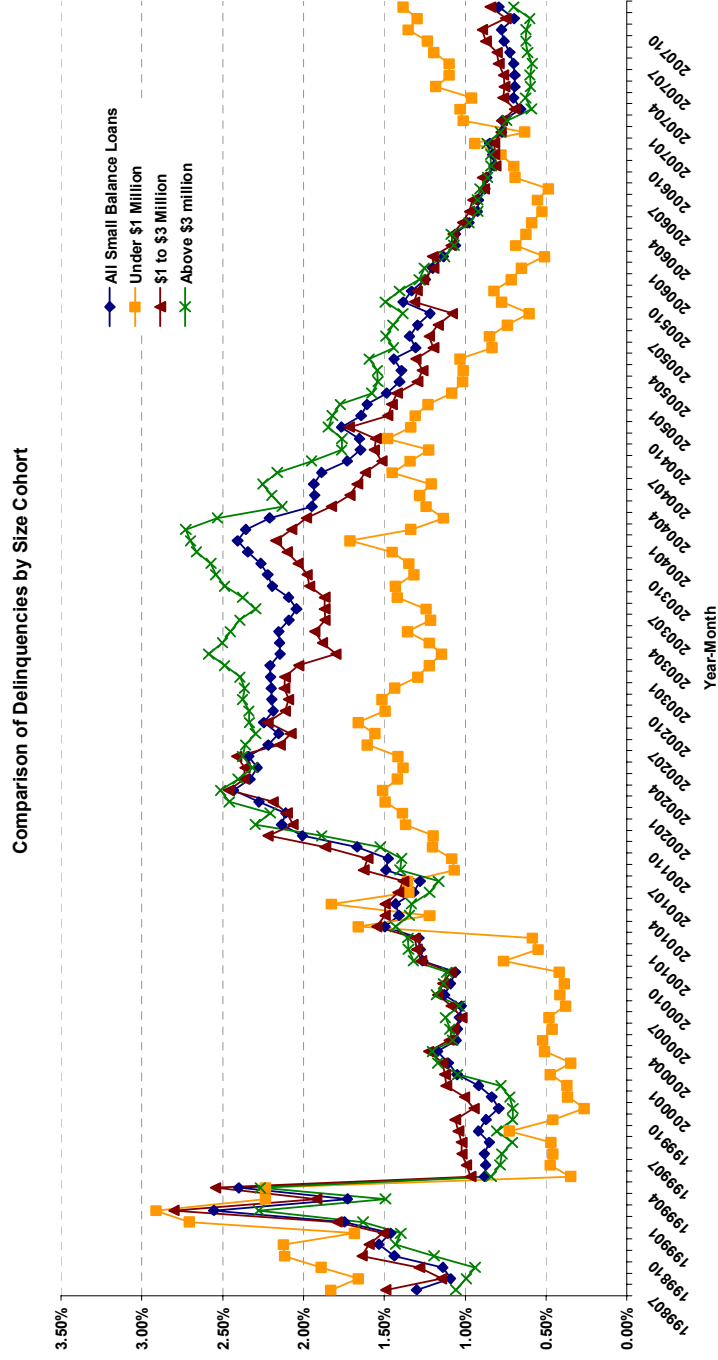


Source: Trepp, LLC.

Small Loans



...But the Performance of Smallest Loans is Worsening



Source: Trepp, LLC



Reading Tea Leaves – 2008 Outlook

- **Volume Will be Good, Not Great**
- **Refinance Market – the Place to Be for Originators**
- **Portfolio Trading Will be Busy**
- **Prospect for Small Loan Segment Tied to Residential**
- **The New Normal: Solid Underwriting of Borrower & Collateral**
- **Keep a Watchful Eye on Delinquencies**



Thank You!

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Small-Balance Research Experts

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