



Institutional Loan Guarantee Insurance

For Every Commercial Real Estate Loan

“Like PMI for CRE Loans but better, and the new standard.” - Head of Major Money Center Bank

The Product

LGIS is the first patented (U.S. Patent No. 8,548,829) institutional-grade credit enhancement for individual commercial real estate loans; a substitute for personal guarantees that delivers **repayment with certainty** backed by an A-rated balance sheet.

Who Backs It

An insurance carrier rated **A.M. Best A- (Excellent)** for financial strength. Investment Grade Rated.

What It Costs

One-time premium of **8.25% + Rate-on-Line** on covered amount (typically < .90% per year of loan amount), paid at closing, usually by the borrower with the lender as named beneficiary. Pricing adjusts for equity tier and property type.

How Are Claims Paid

- Step 1** Borrower defaults; lender acquires fee-simple title and conducts an arm's-length foreclosure sale.
- Step 2** If net sale proceeds fall short, lender files a claim, paid up to policy limit **within 60 days** of complete filing.

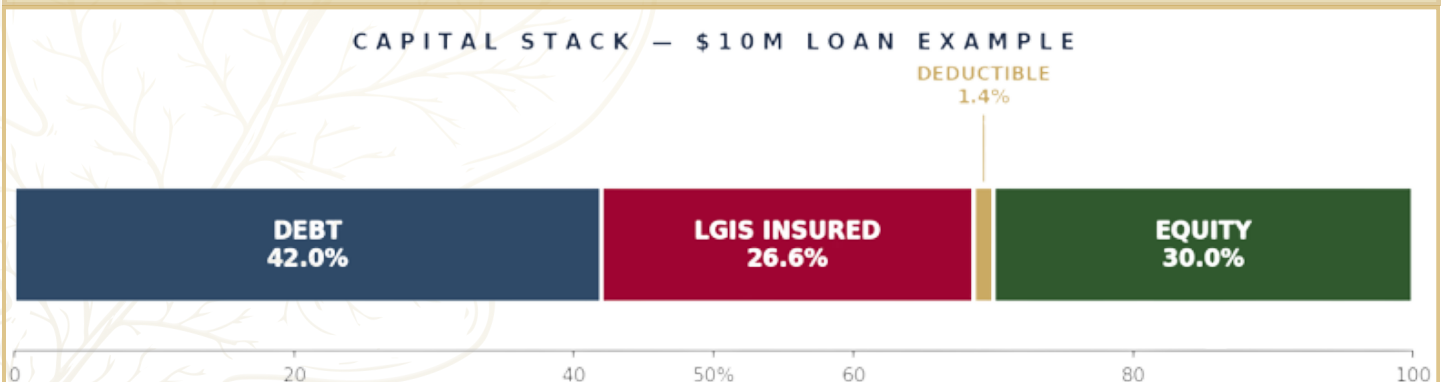
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How It Works

Equity Required	25% – 40% (most 25% – 30%; hotels higher)
Property Types	Office, Industrial, Retail, Apartments, Hotel,
Markets	1st & 2nd Tier MSAs (population > 1 million)
Loan Size	\$5M - \$200M
Loan Types	Construction, Value-Add, Acquisition, Modifications, Redevelopment, Refinance
Coverage	10% - 40% of loan amount, 2% deductible
Term	≤ 36 months, co-terminus with underlying loan. Extension available
Borrowers	Partnership, JV, Corporation, LLC, Individual

Capital Stack - How The Insurance Sits In The Loan



Three-step Underwriting Process

Step 1

Preliminary Review

Confirm the loan meets program parameters. Obtain a Preliminary Quote.

Step 2

Application

Submit lender-style underwriting package + application fee.

Step 3

Approval & Bind

Decision within 10 days; binder issued for closing.

For Bankers - Regulatory Relief, Relationship Retention, New Revenue

01 Eligible Guarantor

LGIS qualifies as an Eligible Guarantor under 12 CFR Part 217, full insured tranche treated at 20% RWA vs. 100% standard.

02 Capital Relief

Synthetic securitization treatment under SSFA delivers up to 76% RWA reduction, multiplying lender ROE on the same Tier 1 capital.

03 Concentration Relief

Insured exposures reduce reported CRE concentration ratios, directly addressing the 300% supervisory threshold flagged by examiners.

04 SLTV Compliance

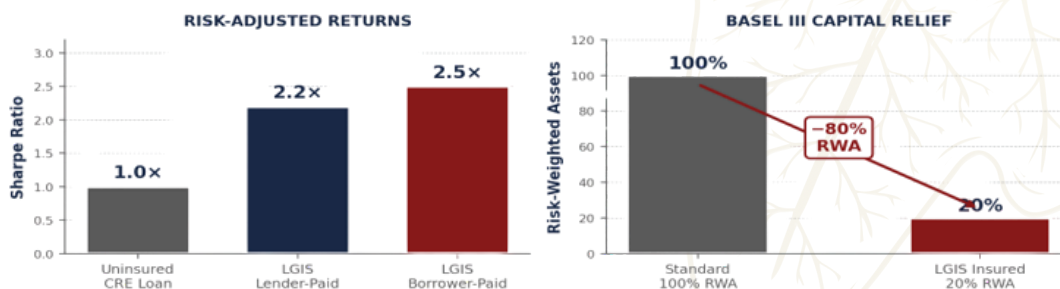
Insured portion is removed from supervisory loan-to-value calculations, bringing high-leverage loans inside Part 365 limits without restructuring.

05 No TDR Trigger

Modifications on LGIS-insured loans do not constitute Troubled Debt Restructurings; preserving accounting treatment, ratings, and capital through workouts.

Examiner Perspective

"The FDIC - and following them - the OCC - looks positively for anything to help mitigate risk."



Reviving The Loan Participation Market

Lead Bank

- 01** Earns origination fees plus (+) ongoing servicing while retaining the customer.
- 02** Frees concentration capacity to do more deals with top-tier sponsors.
- 03** Sells participations into a dramatically wider pool; banks with no appetite for unfamiliar markets become buyers when first-loss is insured.

Participant Banks

- 01** Acquire diversified, insured CRE exposure outside their footprint at 20% RWA.
- 02** Materially higher risk-adjusted yield vs. agencies, corporates, or municipals.
- 03** Solves the historical deal-breaker: a regulated A-rated insurer stands behind every loan, not just the lead's underwriting.

Beyond Banking - Other Applications Of The LGIS Policy

01 Life Insurance Companies

NAIC RBC capital relief: insured tranche moves from CM2 to CM1, a 48% capital reduction. Higher Schedule D yields than corporates with better Sharpe ratios.

02 Debt Funds & Their Bank Lenders

Banks lift warehouse advance rates from ~65% to ~85% while reducing exposure and earning regulatory relief. Funds expand AUM and management fees per dollar of equity. Life-co LPs get higher yields and RBC relief.

03 Title Insurance Companies

Cross-sell a high-value, patented LGIS policy alongside the commodity title product. Commission on a single LGIS policy can exceed the net profit on the related title policy - with no lingering underwriting liability.

04 Trading & Structured Finance

Bifurcate any insured loan into A and B pieces. Hold the insured B-piece for outsized risk-adjusted yield, sell at premium pricing, or finance with higher leverage at lower cost; three discrete profit pathways from a single underwriting.

05 Investment Banking - Stock Lift & M&A < 90 Days • Straight Math

CRE-concentrated banks trade at **30-50% discounts to tangible book value** versus clean peers. Placing LGIS on existing CRE loans cures the concentration ratio and frees Tier 1 capital, both inside 90 days. The re-rating from a 0.72x to a 1.40x TBV multiple, on the same loans and same earnings, is **arithmetic, not forecast**.

For The Issuer (Bank)

- 01** Concentration ratio (e.g., 380% → 220%) cured in 60-90 days, no asset sale, no dilutive raise.
- 02** At ≥30% coverage, full insured loan shifts to 20% RWA; frees Tier 1 capital ~3x the premium spent.
- 03** Re-rating to clean-peer multiple delivers 40-90%+ stock-price upside on the same earnings.

For M&A And The Banker

- 01** Cleaned-up balance sheet is a premium-priced acquisition target and a stronger acquirer with freed capital.
- 02** Concentration relief removes the regulatory friction that has stalled CRE-heavy bank deals since 2023.
- 03** Differentiated advisory pitch for KBW, Stephens, Piper Sandler, plus recurring M&A fees on unlocked deals.

For Distribution Partners: 7.5% gross commission on every bound policy. **Insurance brokers** add a high-value commercial line. **Mortgage brokers** win exclusive deals replacing personal guarantees. Referral partners earn 10% of the broker commission.