

PROPOSED SOLUTIONS FOR COMMERCIAL UNDERWRITING  
May 30, 2002

UNDERWRITING PROCESS

1. Place Tom Turner in a more resource oriented function instead of a decision making function. Complex deals should be given to Tom to create solutions within certain parameters such as pricing and value.
2. Give the Underwriting team decision making capabilities and communicate that with the Loan Officers
3. Where the team is unable to appropriately underwrite the deal, the appeals process must be in place to resolve the issues. While Tom is invaluable in the analysis of such deals, he has difficulty dealing with his own authority, and should therefore, be used as a resource rather than a decision-maker.

STAFFING LEVEL

Add one more underwriter to the two that are currently approved for recruiting, for a total of 3. The underwriters should have a solid background in commercial real estate underwriting, and/or have some commercial appraisal background.

COMPENSATION

Commercial Underwriter: GR38 to GR40 with a midpoint of 64K  
Sr. Comm. Underwriter: GR 38/41/42 to GR42 with a midpoint of 85K

40% bonus paid Quarterly at 10% based on Earnings to Fixed for all investments except Jaguar Ventures, minus non-related impairments.

For 2002 fiscal year: 1Q - 0, 2Q - 10%

10% discretionary bonus based on peer evaluation paid annually

Total bonus potential of 50%