

ARC

Banks throughout the Midwest are increasingly using the ARC Loan Hedging program as short-term interest rates continue to rise. Here are a handful of strategies that our bank partners have been using.

STRATEGIES for using the ARC Loan Hedging Program:

1) INCREASE FEE INCOME

Here are some recent examples of hedge fees generated by banks using the ARC program:

- \$3 million owner occupied CRE loan, and bank received _____ \$41,000 Hedge Fee
- \$9 million industrial investor CRE loan, and bank received _____ \$60,500 Hedge Fee
- \$1.7 million agricultural loan, and bank received _____ \$23,000 Hedge Fee
- \$1 million C&I loan, and bank received _____ \$13,000 Hedge Fee

Hedge fees do not need to be disclosed to borrowers and are immediately recognized in income.

2) SIMPLE TO USE

Your bank does not change its loan documentation or process (we add a 4-page addendum to your note that fixes the rate for the borrower).

Your Borrower makes on fixed payment per month and the bank does not carry the risk. With our product you have the following advantages over using derivatives.

- NO CAPITAL ALLOCATION
- NO DERIVATIVE ACCOUNTING
- NO MULTIPLE SETTLEMENTS
- NO DODD FRANK REPORTING
- NO COLLATERAL
- NO ISDA DOCUMENTS

3) DIFFERENTIATE YOUR BANK

Almost every bank is offering 5-year fixed rates; you should be offering 7, 10, 12, 15 or 20-year fixed rate loans. To win business on the 5-year fixed rate, you must give up pricing or structure.

4) PROTECT CURRENT CUSTOMERS

PROTECT your best customers and current portfolio by offering them a long-term fixed rates with the ARC program. Your best customers are already in your portfolio.

5) USE OUR SALES SUPPORT

We train your lending and back-office staff and provide presentations for your lenders to use. We are also available to talk or meet with your borrowers as needed.