

Edgar Filing: FEDERAL AGRICULTURAL MORTGAGE CORP - Form 8-K

FEDERAL AGRICULTURAL MORTGAGE CORP
Form 8-K
July 19, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 18, 2002

Federal Agricultural Mortgage Corporation

(Exact name of registrant as specified in its charter)

Federally chartered
instrumentality of
the United States

0-17440

52-1578738

(State or other jurisdiction of
incorporation or organization)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

1133 Twenty-First Street, N.W., Suite 600, Washington, D.C.

20036

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (202) 872-7700

No change

(Former name or former address, if changed since last report)

Item 7. Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits:

99 Press release dated July 18, 2002.

Item 9. Regulation FD Disclosure.

On July 18, 2002, the Registrant issued a press release to announce the Registrant's financial results for second quarter 2002. The press release is

Edgar Filing: FEDERAL AGRICULTURAL MORTGAGE CORP - Form 8-K

filed as Exhibit 99 hereto and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FEDERAL AGRICULTURAL
MORTGAGE CORPORATION

By: /s/ Jerome G. Oslick

Name: Jerome G. Oslick
Title: Vice President - General Counsel

Dated: July 19, 2002

EXHIBIT INDEX

Exhibit No.	Description	Page No.
99	Press Release Dated July 18, 2002	5

NEWS

FOR IMMEDIATE RELEASE
July 18, 2002

CONTACT
Jerome Oslick
202-872-7700

Edgar Filing: FEDERAL AGRICULTURAL MORTGAGE CORP - Form 8-K

Farmer Mac Achieves Record Earnings

Operating Earnings Per Share Up 50%

Washington, D.C. -- The Federal Agricultural Mortgage Corporation (Farmer Mac, NYSE: AGM and AGMA) today announced that it achieved record earnings for its second quarter, ended June 30, 2002. Diluted operating earnings per share grew to \$0.48, a 50 percent increase over second quarter 2001 diluted operating earnings per share of \$0.32. Operating income for the second quarter 2002 reached \$5.8 million and \$11.1 million for the year-to-date, compared to \$3.7 million and \$6.9 million for the same periods in 2001. Operating income, revenues and earnings per share are measures that exclude the effects of Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("FAS 133") and the net after-tax extraordinary gain of \$0.6 million recognized on the repurchase of a portion of the Company's debt in second quarter 2002. Net income for second quarter 2002, including the effects of FAS 133 and the extraordinary gain, was \$6.3 million or \$0.52 per diluted share.

Farmer Mac President and Chief Executive Officer Henry D. Edelman stated, "We are extremely pleased with the growth and performance of Farmer Mac as it achieved record operating earnings of \$0.48 per share. During the quarter, Farmer Mac added \$1.3 million to its loss reserves, loss experience and delinquencies are consistent with our expectations and our guarantee business continues to grow. In the quarter, we completed \$890 million of guarantee business and our guarantees outstanding surpassed the \$5 billion mark for the first time. This growth of our guarantee business, important as it is in enhancing lenders' liquidity and loan capacity, truly underscores the value that we provide for America's farmers, ranchers and agricultural lenders - increased availability of long-term mortgage financing at competitive rates. We believe that Farmer Mac is on track to meet or exceed the market analyst's current projection for its financial performance in 2002.

"Since the middle of the second quarter we have been subject to the efforts of admitted short sellers to depress the price of Farmer Mac's securities for their own gain. The activities of these short sellers have caused a substantial loss in stockholder value over a relatively compressed period of time - something that cannot be explained by any business development. Responding to the attention that has been focused on Farmer Mac, the Senate Agriculture Committee has sought the General Accounting Office's assistance `to ensure that Farmer Mac's mission continues to be met in a financially sound manner.' We welcome that investigation for the objective review it should afford us. Farmer Mac, unlike many companies, is subject to examination of its operations, as well as related internal controls, by a federal regulator that examines the Company with full access to all related information. Furthermore, we now have in place a risk-based capital ("RBC") standard that measures our capital adequacy, providing assurance that we stay within the risk parameters that the Congress expected of us. The Board and management are fully committed to building the value of Farmer Mac for our stockholders and the country's agricultural sector."

Net Interest Income

Net interest income was \$8.9 million for second quarter 2002 and \$16.4 million year-to-date, compared to \$6.4 million and \$11.9 million for the same periods in 2001. The net interest yield, which does not include guarantee fees for loans purchased prior to April 1, 2001 (the effective date of Statement of Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities ("FAS 140")), was 93 basis points for second quarter 2002, compared to 89 basis points for first quarter 2002 and 82 basis points for second quarter 2001. The net interest

Edgar Filing: FEDERAL AGRICULTURAL MORTGAGE CORP - Form 8-K

yields for second quarter 2002, first quarter 2002 and second quarter 2001 included the benefits of yield maintenance payments of 7 basis points, 7 basis points and 4 basis points, respectively. The effect of the adoption of FAS 140 for the second quarter 2002 was a reclassification of approximately \$0.7 million (7 basis points) of guarantee fee income as interest income. Adjusted for the effects of yield maintenance and excluding the effects of FAS 140, the net interest yields for second quarter 2002, first quarter 2002 and second quarter 2001 were 79 basis points, 82 basis points and 78 basis points, respectively.

Guarantee Fees

Guarantee fees were \$4.7 million for second quarter 2002, compared to \$4.6 million for first quarter 2002 and \$3.7 million for second quarter 2001. The relative increase in guarantee fees reflects an increase in the average balance of outstanding guarantees. Excluding the effects of the adoption of FAS 140 that reclassified \$0.7 million of guarantee fee income as interest income, guarantee fees for second quarter 2002 would have been \$5.4 million.

Operating Expenses

Operating expenses totaled \$3.0 million in the second quarter of 2002, compared to \$2.5 million for first quarter 2002 and \$2.8 million for second quarter 2001. The increase in operating expenses in second quarter 2002 primarily reflects an increase in legal and consulting fees. Operating expenses as a percentage of operating revenues were 22 percent for second quarter 2002, compared to 21 percent for first quarter 2002 and 28 percent for second quarter 2001.

Extraordinary Item

During second quarter 2002, Farmer Mac recognized a net after-tax extraordinary gain of \$0.6 million resulting from the repurchase of \$18.9 million of outstanding Farmer Mac debt.

Credit

As of June 30, 2002, Farmer Mac I loans purchased or guaranteed after the enactment in 1996 of changes to Farmer Mac's statutory charter ("post-1996 Act loans") covered by a Farmer Mac guarantee, both on- and off-balance sheet, that were 90 days or more past due, in foreclosure, in bankruptcy and REO (real estate owned) totaled \$60.4 million and represented 1.35 percent of the principal balance of all post-1996 Act loans, compared to \$87.1 million (2.32 percent) as of March 31, 2002, \$58.3 million (1.70 percent) as of December 31, 2001, and \$53.1 million (1.72 percent) as of June 30, 2001. (Farmer Mac assumes 100 percent of the credit risk on post-1996 Act loans; pre-1996 Act loans are supported by mandatory 10 percent subordinated interests that mitigate Farmer Mac's credit exposure.) From quarter to quarter, Farmer Mac anticipates fluctuations in the delinquencies, both in dollars and as a percentage of the outstanding portfolio, with higher levels likely at the end of the first and third quarters of each year due to the semi-annual payment characteristics of most Farmer Mac loans. The year-over-year increase in dollars is reflective of the continued maturation of a significant segment of Farmer Mac's portfolio of guarantees into its peak default years. The year-over-year decline in the ratio of delinquencies to outstanding guarantees is reflective of the growth of the portfolio.

Farmer Mac conducts a loan-by-loan analysis of its delinquencies to assess the value of the collateral supporting each individual loan relative to the total amount due, including principal, interest and advances. In the event that the updated or discounted collateral value does not support the total amount due, Farmer Mac specifically allocates reserves to the loan. Farmer Mac charges

Edgar Filing: FEDERAL AGRICULTURAL MORTGAGE CORP - Form 8-K

off losses against the reserve for losses when management believes a loss has occurred, but no later than when the Company takes possession of the property. As of June 30, 2002, Farmer Mac's loan-by-loan analysis of its \$60.4 million of delinquent loans and their updated or discounted collateral values indicated that \$14.4 million have insufficient collateral to cover the loan balance, accrued interest and expenses. Farmer Mac has specifically allocated \$2.8 million of reserves to those under-collateralized loans. Farmer Mac's loan-by-loan analyses indicated that the remaining \$46.0 million of delinquent loans were adequately collateralized, based on updated or discounted collateral values, and that the allocation of specific reserves to those loans was not necessary. As of June 30, 2002, after the allocation of specific reserves to under-collateralized loans, Farmer Mac had additional non-specific or general reserves of \$15.5 million, bringing total reserves to \$18.3 million.

Based on Farmer Mac's loan-by-loan analyses, loan collection experience, and continuing provisions for the reserve for losses, Farmer Mac believes that ongoing losses will be covered adequately by the reserve for losses. During second quarter 2002, Farmer Mac charged off \$902,000 in losses against the reserve for losses. In certain collateral liquidation scenarios, Farmer Mac may recover amounts previously charged-off or incur additional losses, if liquidation proceeds vary from previous estimates. As of June 30, 2002, the weighted-average original loan-to-value ratio for all post-1996 Act loans was 49 percent, and the weighted-average original loan-to-value ratio for delinquent loans was 57 percent. Farmer Mac's provision for losses was \$2.0 million for second quarter 2002, compared to \$2.0 million for first quarter 2002 and \$1.4 million for second quarter 2001. As of June 30, 2002, Farmer Mac's reserve for losses totaled \$18.3 million, or 41 basis points of the outstanding post-1996 Act loans and AMBS, compared to \$17.0 million (45 basis points) as of March 31, 2002 and \$13.2 million (43 basis points) as of June 30, 2001.

Provision for Income Taxes

The provision for income taxes totaled \$2.6 million for second quarter 2002 and \$5.1 million year-to-date, compared to \$2.1 million and \$3.7 million for the same periods in 2001. Farmer Mac's effective tax rate for second quarter 2002 was 30.1 percent compared to 31.0 percent for first quarter 2002 and 33.1 percent for 2001. The reduction in the rate from the prior year reflects the effects of certain tax-advantaged investment securities.

Capital

Farmer Mac's core capital totaled \$176.2 million as of June 30, 2002, compared to \$126.0 million as of December 31, 2001 and \$134.0 million as of March 31, 2002. This increase reflects Farmer Mac's issuance of preferred stock on May 6, 2002, which added \$34.7 million to its core capital during second quarter 2002. The regulatory methodology for calculating core capital excludes the effects of Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities ("FAS 115"), and FAS 133. Farmer Mac's actual core capital balance as of June 30, 2002 exceeded the statutory minimum capital requirement of \$130.4 million by approximately \$45.8 million.

The FCA issued its final risk-based capital regulation for Farmer Mac on April 12, 2001 and the Company was required to meet the risk-based capital standards beginning on May 23, 2002. We have maintained a dialogue with FCA regarding the application of the regulation and the complex underlying economic model. Farmer Mac is in compliance with the risk-based capital standards under the regulation and we are confident that Farmer Mac will continue to be in compliance.

Edgar Filing: FEDERAL AGRICULTURAL MORTGAGE CORP - Form 8-K

The first application after the effective compliance date of the definitive risk-based capital stress test promulgated by the FCA ("RBC test") showed that Farmer Mac's actual regulatory capital of \$194.5 million was \$114.4 million in excess of the \$80.1 million risk-based capital requirement as of June 30, 2002. That RBC requirement was also \$50.3 million below the minimum capital requirement of \$130.4 million. The relevant measure for the RBC test is regulatory capital, which under the regulatory methodology is core capital plus loss reserves. Although the RBC test results show capital requirements below the statutory minimum, we still need to hold the higher of the statutory minimum capital requirement or the amount required to pass the RBC test.

Average return on common equity, excluding the effects of FAS 115, FAS 133 and the extraordinary item, was 16.9 percent for second quarter 2002, compared to 13.8 percent for second quarter 2001 and 16.4 percent for first quarter 2002.

Interest Rate Risk

The most comprehensive measure of Farmer Mac's interest rate risk is the sensitivity of our Market Value of Equity ("MVE") to parallel yield curve shocks. As of June 30, 2002, a uniform or "parallel" increase of 100 basis points across the entire U.S. Treasury yield curve would increase MVE by 3.6 percent, while a parallel decrease of 100 basis points would decrease MVE by 5.4 percent. Net Interest Income ("NII") sensitivity, a shorter-term measure of interest rate risk, demonstrates a similar lack of exposure to interest rate movements. As of June 30, 2002, a uniform or "parallel" increase of 100 basis points would increase NII by 9.4 percent, while a parallel decrease of 100 basis points would decrease NII by 8.6 percent. We also measure the sensitivity of both MVE and NII to a variety of non-parallel interest rate shocks. MVE and NII are even less sensitive to these non-parallel shocks. Finally, our duration gap, a static measure of interest-rate risk, was minus 2.9 months as of June 30, 2002. Our MVE tests demonstrate the effectiveness of our asset-liability match over the life of our assets and liabilities on a present value basis

The economic effects of derivatives, including interest rate swaps, is included in our MVE analysis. Farmer Mac enters into contracts in which the Company pays fixed rates of interest and receives floating rates of interest from counterparties. These "floating-to-fixed interest rate swaps" are used to adjust the characteristics of our short-term debt to match more closely the cash flow and duration characteristics of our longer-term mortgages, thereby reducing interest rate risk, and also to derive an overall lower effective fixed rate cost of borrowing than would otherwise be available in the conventional debt market. As of June 30, 2002, Farmer Mac had \$675.1 million notional amount of floating-to-fixed interest rate swaps for terms ranging from 2 to 15 years.

Farmer Mac uses derivative instruments as an end-user for hedging purposes, not for speculative purposes. All of Farmer Mac's derivative transactions are conducted through standard, collateralized agreements that limit Farmer Mac's potential credit exposure to any counterparty. As of June 30, 2002, Farmer Mac had no uncollateralized net exposure to any counterparty.

Derivatives and Financial Statement Effects of FAS 133

Farmer Mac accounts for its derivatives under FAS 133, which became effective January 1, 2001. The implementation of FAS 133 resulted in significant accounting changes to both the Company's income statement and balance sheet. During second quarter 2002, the reduction in net after-tax income resulting from FAS 133 was \$149,500, and the net after-tax decrease in accumulated other comprehensive income was \$14.6 million. For first quarter 2002, the increase in net after-tax income and the net after-tax increase in accumulated other comprehensive income resulting from FAS 133 were \$145,000 and \$3.2 million,

Edgar Filing: FEDERAL AGRICULTURAL MORTGAGE CORP - Form 8-K

respectively. For second quarter 2001, the reductions in net after-tax income and accumulated other comprehensive income resulting from FAS 133 were \$102,000, and \$3.3 million, respectively. Accumulated other comprehensive income is not a component of Farmer Mac's regulatory core capital. Management believes that reporting financial results by reference to operating income, revenues and earnings per share (excluding the effects of FAS 133) provides a more accurate comparison of Farmer Mac's financial performance to previous presentations.

Forward-Looking Statements

In addition to historical information, this release includes forward-looking statements that reflect management's current expectations for Farmer Mac's future financial results, business prospects and business developments. Management's expectations for Farmer Mac's future necessarily involve assumptions, estimates and the evaluation of risks and uncertainties. Various factors could cause actual events or results to differ materially from those expectations. Some of the important factors that could cause Farmer Mac's actual results to differ materially from management's expectations include uncertainties regarding: (1) the rate and direction of the development of the secondary market for agricultural mortgage loans; (2) the effect on the agricultural economy resulting from low commodity prices, weak demand for U.S. agricultural products and crop damage from natural disasters; (3) the effect on the agricultural economy of federal assistance for agriculture provided for in the recently enacted farm bill; (4) the possible effect of the risk-based capital requirement which could, under certain circumstances, be in excess of the statutory minimum capital level; (5) the possible establishment of additional statutory or regulatory restrictions on Farmer Mac, such as restrictions on Farmer Mac's investment authority; (6) the outcome of the pending investigation of Farmer Mac by the General Accounting Office; and (7) Farmer Mac's continuing access to the debt markets at favorable rates and terms. Other factors are discussed in Farmer Mac's Annual Report on Form 10-K for the year ended December 31, 2001, as filed with the Securities and Exchange Commission ("SEC") on March 27, 2002, Farmer Mac's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, as filed with the SEC on May 15, 2002 and Farmer Mac's Current Report on Form 8-K as filed with the SEC on May 30, 2002. The forward-looking statements contained herein represent management's expectations as of the date of this release. Farmer Mac undertakes no obligation to release publicly the results of any revisions to the forward-looking statements included herein to reflect events or circumstances after today, or to reflect the occurrence of unanticipated events, except as otherwise mandated by the SEC.

Farmer Mac is a stockholder-owned instrumentality of the United States chartered by Congress to establish a secondary market for agricultural real estate and rural housing mortgage loans, and to facilitate capital market funding for USDA guaranteed farm program and rural development loans. Farmer Mac's Class C and Class A common stocks are listed on the New York Stock Exchange under the symbols AGM and AGMA, respectively. Additional information about Farmer Mac (as well as the Form 10-K, Form 10-Q and Form 8-K referenced above) is available on Farmer Mac's website at www.farmermac.com. The conference call to discuss Farmer Mac's second quarter 2002 earnings and this press release will be webcast on Farmer Mac's website beginning at 11:00 a.m. eastern time, Friday, July 19, 2002, and an audio recording of that call will be available for two weeks on Farmer Mac's website after the call is concluded.

Edgar Filing: FEDERAL AGRICULTURAL MORTGAGE CORP - Form 8-K

Federal Agricultural Mortgage Corporation
Consolidated Balance Sheets

	(in thousands)	
	June 30, 2002	December 31, 2001
	----- (unaudited)	----- (audited)
Assets:		
Cash and cash equivalents	\$ 479,585	\$ 437,831
Investment securities	977,474	1,007,954
Farmer Mac guaranteed securities	1,655,356	1,690,376
Loans	837,102	199,355
Real estate owned	2,489	2,457
Financial derivatives	721	15
Interest receivable	63,076	56,253
Guarantee fees receivable	5,051	6,004
Prepaid expenses and other assets	16,720	16,963
Total assets	\$ 4,037,574	\$3,417,208
Liabilities and stockholders' equity:		
Notes payable:		
Due within one year	\$ 2,661,792	\$2,233,267
Due after one year	1,086,671	968,463
Total notes payable	3,748,463	3,201,730
Financial derivatives	35,035	20,762
Accrued interest payable	30,744	26,358
Accounts payable and accrued expenses	19,997	18,037
Reserve for losses	18,327	15,884
Total liabilities	3,852,566	3,282,771
Stockholders' equity	185,008	134,437
Total liabilities and stockholders' equity	\$ 4,037,574	\$3,417,208

Federal Agricultural Mortgage Corporation
Consolidated Statements of Operations
(in thousands, except per share amounts)

	Three Months Ended		Six Months
	June 30, 2002	June 30, 2001	June 30, 2002
	----- (unaudited)	----- (unaudited)	----- (unaudited)
Interest income:			
Investments and cash equivalents	\$ 10,612	\$ 17,148	\$ 20,938
Farmer Mac guaranteed securities	22,541	28,481	45,560
Loans	10,394	740	14,193
Total interest income	43,547	46,369	80,691
Interest expense	34,641	39,947	64,315
Net interest income	8,906	6,422	16,376

Edgar Filing: FEDERAL AGRICULTURAL MORTGAGE CORP - Form 8-K

Gains/(Losses) on financial derivatives and trading assets	(230)	(159)	(6)
Other income:			
Guarantee fees	4,723	3,669	9,290
Miscellaneous	368	116	760
Total other income	5,091	3,785	10,050
Total revenues	13,767	10,048	26,420
Expenses:			
Compensation and employee benefits	1,324	1,496	2,580
Regulatory fees	197	245	393
General and administrative	1,499	1,107	2,592
Total operating expenses	3,020	2,848	5,565
Provision for losses	2,022	1,394	4,038
Total expenses	5,042	4,242	9,603
Income before income taxes	8,725	5,806	16,817
Income tax provision	2,630	2,091	5,135
Net income before cumulative effect of change in accounting principles and extraordinary item	6,095	3,715	11,682
Cumulative effect of change in accounting principles, net of tax	-	-	-
Extraordinary gain, net of tax	583	-	2,203
Net income	6,678	3,715	13,885
Preferred stock dividends	336	-	336
Net income available to common stockholders	\$ 6,342	\$ 3,715	\$ 13,549
Earnings per share:			
Basic earnings per share	\$ 0.55	\$ 0.33	\$ 1.17
Diluted earnings per share	\$ 0.52	\$ 0.32	\$ 1.12
Earnings per share before cumulative effect of change in accounting principles and extraordinary item:			
Basic earnings per share	\$ 0.50	\$ 0.33	\$ 0.98
Diluted earnings per share	\$ 0.48	\$ 0.32	\$ 0.94
Operating earnings per share:*			
Basic earnings per share	\$ 0.50	\$ 0.33	\$ 0.96
Diluted earnings per share	\$ 0.48	\$ 0.32	\$ 0.92

* operating earnings per share excludes the effects of FAS 133 and extraordinary item

Federal Agricultural Mortgage Corporation
Supplemental Information

The following tables present quarterly and annual information regarding loan purchases and guarantees, outstanding guarantees and delinquencies.

Farmer Mac Purchases and Guarantees

Farmer Mac I

Loans & AMBS	LTSPC	Farmer Mac II	Total
--------------	-------	---------------	-------

(in thousands)

For the quarter ended:

Edgar Filing: FEDERAL AGRICULTURAL MORTGAGE CORP - Form 8-K

June 30, 2002	\$551,690	\$280,904	\$ 57,769	\$890,363
March 31, 2002	74,875	338,821	39,154	452,850
December 31, 2001	62,953	237,292	51,056	351,301
September 30, 2001	69,561	246,472	42,396	358,429
June 30, 2001	85,439	499,508	57,012	641,959
March 31, 2001	48,600	49,695	47,707	146,002
For the year ended:				
December 31, 2001	266,553	1,032,967	198,171	1,497,691
December 31, 2000	442,246	373,202	193,505	1,008,953

Farmer Mac Outstanding Guarantees (1)

Farmer Mac I					
Post-1996 Act					
Loans & AMBS (2)	LTSPC	Pre-1996 Act	Farmer Mac II	Total	
(in thousands)					
As of:					
June 30, 2002	\$ 2,180,948	\$ 2,336,886	\$ 37,873	\$617,503	\$ 5,173,210
March 31, 2002	1,655,485	2,126,485	41,414	592,836	4,416,210
December 31, 2001	1,658,716	1,884,260	48,979	595,156	4,187,011
September 30, 2001	1,605,160	1,731,861	58,813	608,944	4,004,784
June 30, 2001	1,572,800	1,537,061	65,709	579,251	3,754,821
March 31, 2001	1,466,443	1,083,528	72,646	549,003	3,171,610

Farmer Mac Loans and AMBS Held in Portfolio

	Fixed Rate	5-to-10-Year ARMs & Resets	1-Month-to-3-Year ARMs	Total Held in Portfolio
(in thousands)				
As of:				
June 30, 2002	\$ 1,016,997	\$892,737	\$ 516,892	\$2,426,626
March 31, 2002	751,222	797,780	350,482	1,899,484
December 31, 2001	764,115	790,948	302,169	1,857,232

Edgar Filing: FEDERAL AGRICULTURAL MORTGAGE CORP - Form 8-K

Post-1996 Act Loan Delinquencies (4)

	Delinquencies	Outstanding Guarantees	Percentage
(dollars in thousands)			
As of:			
June 30, 2002	\$ 60,431	\$ 4,489,735	1.35%
March 31, 2002	87,097	3,754,171	2.32%
December 31, 2001	58,279	3,428,176	1.70%
September 30, 2001	71,686	3,318,796	2.16%
June 30, 2001	53,139	3,089,460	1.72%
March 31, 2001	67,134	2,562,374	2.62%

Distribution of Post-1996 Act Loan Delinquencies
As of June 30, 2002

(dollars in thousands)		
Original LTV Ratio	Delinquencies	Percentage
0.00% to 40.00%	\$ 5,813	10%
40.01% to 50.00%	9,816	16%
50.01% to 60.00%	21,498	36%
60.01% to 70.00%	22,021	36%
70.01% to 80.00%	1,283	2%
Total	\$ 60,431	100%

Distribution of Post-1996 Act Loan Delinquencies
As of June 30, 2002

(dollars in thousands)			
Loan Origination Date	Delinquencies	Outstanding Guarantees	Delinquency Rate
Before 1994	\$ 2,324	\$ 722,068	0.32%
1994	862	167,325	0.52%
1995	4,254	153,527	2.77%
1996	14,310	360,862	3.97%
1997	13,724	414,808	3.31%
1998	13,485	696,792	1.94%
1999	9,047	768,622	1.18%
2000	2,338	423,335	0.55%
2001	87	575,172	0.02%
2002	-	207,224	0.00%
Total	\$ 60,431	\$ 4,489,735	1.35%

