



Risk Rating Guidelines Instruction For 2017 Revision

- The Asset should be **evaluated on a quarterly basis**
- There are five **Risk Ratings**:
 - A – Excellent: The Asset is performing according to original projections
 - B – Average: The Asset is stable but slightly underperforming based on original projections
 - C – Weak: The Asset is unlikely to meet original operating or targeted projections. The Asset exhibits two or more of the characteristics outlined in the Risk Rating Guidelines and requires an additional level of oversight. In the case of DSC, Occupancy, Program Compliance, Recapture or Construction/Lease-Up, the one issue alone may be sufficient to warrant at least a “C” Rating
 - D – Moderate Risk: The Asset has deteriorated to a level where credits are at risk and there is significant risk of recapture. The Asset exhibits three or more of the characteristics outlined in the Risk Rating Guidelines and intense oversight
 - F – Significant Risk: Recapture is imminent
- An Asset that is rated a **“C” or below should be considered Watch List**
- An Asset whose operations are (\$3,000) or less in negative cash flow in any given quarter should show a declining trend in the following quarter before meeting the criteria to be added to the Watch List