Investors and analysts increasingly value convenient access to information about structured finance securities and collateralized debt obligations, and U.S. Bank Corporate Trust Services is proud to provide what they need. “In October, we enhanced our Trust Investor Reporting (TIR) Web site,” says Jeff Emerson, vice president, Structured Finance Services. “Now there’s a new electronic distribution feature that allows registered users to receive the information they seek automatically, by email.”

Typically, investors want information about particular securities on a regular basis, such as weekly, monthly or quarterly. Now, rather than having to monitor the Web site for updated information — not knowing whether it has been posted yet — investors can have documents or notifications emailed to them as soon as they’re available.

Registered TIR Web site users can receive information about roughly 4,000 public and privately placed securities including asset-backed, mortgage-backed and commercial mortgage-backed securities and collateralized debt obligations (ABS, MBS, CMBS and CDO). A section called “My Portfolio” allows them to select the transactions that interest them.

“For public deals, we’ll email the documents that investors, analysts or clients request, if that’s what they choose,” Emerson says. “For private deals, we’ll send them a notification that the information is available. They have to visit the Web site and log in to see that information.” Those interested in public deals also have the option of receiving notices rather than the actual documents.

Information in Their “In” Boxes

Did You Know...

If you would prefer to have the Corporate Trust Connection delivered to you by email, please notify Traci Buse at marketing.corporatetrust@usbank.com. Please put “Email delivery” in the subject line. Indicate if you would like only email delivery or if you would like email delivery in addition to standard mail delivery. In the message, include your name, name of company or organization, mailing (post office) address and email address for future deliveries.

If you know of others who would like to receive a copy of our newsletter, please have them email Traci Buse with their request. We hope you enjoy reading Corporate Trust Connection.
Short- and Medium-Term Issues
Creative Financing Solutions Offer Attractive Alternatives

You may be familiar with municipal trusteeship and asset-backed securities services. However, there is an array of creative financing solutions available, including commercial paper, medium-term notes and other securities.

For Short-Term Needs …

Commercial paper (CP) is generally used by large corporations with high credit ratings to finance day-to-day working capital needs, such as accounts receivable and inventory. CP can provide an excellent short-term debt financing solution. Maturities are typically from two to 270 days. It is relatively inexpensive for the issuer, as it is often available at lower rates than bank financing. And, it offers a low-risk option for investors.

U.S. Bank Corporate Trust Services can act as Administrator in asset-backed CP and also handle large volumes of transactions for direct issuers, who choose to market their CP directly to investors rather than through a broker/dealer.

For Medium-Term Financing …

When your financing needs cannot be met by short-term CP, but you don’t want to commit to long-term debt, you may want to consider Medium-Term Notes (MTNs). MTNs allow an organization to receive debt funding on a regular basis and to help assure it has sufficient cash to meet daily needs, especially when securitizing assets. Typically, MTNs have maturities between two and five years.

Choosing U.S. Bank

To help meet the demands of our expanding customer base, U.S. Bank Corporate Trust Services has added staff uniquely qualified to handle corporate and municipal financing needs. “We’ve hired very experienced individuals with specific product knowledge who have added even more depth to our outstanding professional team,” says Dennis Calabrese, senior vice president and Northeast regional manager, corporate/municipal. “We’re thrilled that the quality service we provide has resulted in the addition of exciting new programs, many of which have been recommended by existing customers.”

Your Account Manager has the tools to help you implement the creative financing solutions you need. Call today for more information.

Tender Option Bonds – An Attractive Option for Issuers and Investors

Tender Option Bonds (TOBs) issued under a trust structure are an attractive investment vehicle in the synthetic securitization marketplace because they can be used so issuers can treat assets (tax-exempt municipal bonds) as off-balance-sheet investments. In addition, issuers can arbitrage the interest rate differential between the underlying asset and the floating receipts.

From an investor perspective, the floating rate receipt meets the need for short-term, tax-exempt, floating-rate securities, which qualify for money market fund investment under Rule 2a-7. It also offers the liquidity of the tender option. The residual receipt is attractive because if interest rates go down, the residual rate goes up. The residual holder has the ability to terminate the trust. Many of the trust issuers are also the residual receipt-holder because there is a tax benefit to the cash flows from the residual security under this type of trust.
The asset-backed securities (ABS) market has seen an increase in recent years of the number of primary servicers who default on their obligations to investors. Consequently, investors, rating agencies and trustees are placing more emphasis on back-up servicing. “It’s very common today for a back-up servicer to be named at the outset of the securitization,” says Joe Andries, senior vice president of U.S. Bank Portfolio Services.

“When U.S. Bank Portfolio Services acts as back-up servicer, we take our role seriously,” Andries declares. “We get involved from day one.” That means taking steps to become familiar with the portfolio and be ready to take over servicing. “In the event of a default, we often take over within a matter of days as a result of our preliminary preparation. With some other back-up servicers, a period of months may pass before they’re prepared to service the portfolio.”

Ready to Step In

Portfolio Services carefully prepares for each back-up servicing assignment a specific detailed transition plan that can be used in case of default. They establish and maintain readiness to service the portfolio by mapping data, individual portfolio monitoring and periodically visiting the primary servicer’s facilities:

- **Data mapping** ensures that the data received by Portfolio Services is accurate and in a format that both they and the primary servicer find acceptable so that data can be transferred and converted seamlessly if needed.
- **Individual portfolio monitoring** and analysis allows Portfolio Services to develop an understanding of the portfolio’s performance. It also provides information for investors about the overall performance of the primary servicer.
- **Periodic site visits** to the primary servicer are essential to the development of a precise transition plan. “Visits allow us to get as much information as possible,” Andries explains. “We meet with key people and discuss important components of the portfolio while they have an incentive to talk to us. Once a default happens, it’s often not as friendly an environment, and it’s much more difficult to obtain information.”

A Productive Partnership

Portfolio Services and Corporate Trust Services work together in partnership on many deals. “Together, we provide a valuable solution for the ABS market,” Andries says. To learn more about services available through U.S. Bank Portfolio Services, contact your Account Manager.

Upcoming Conference

U.S. Bank Corporate Trust Services will attend the CDO Summit in Laguna Niguel, Calif., Dec. 5 through 7. Hope to see you there!

Trust Investor Reporting...

In addition to cyclical payment reports, the TIR Web site provides information such as the offering documents, collateral level data and contact information. The Web site began operation in June 2003, and has been greeted enthusiastically, with 4,000 users currently registered. Now, with the addition of this “push” technology, users will enjoy even more convenience.

Serving You and Your Investors

This new feature helps you and your investors keep current on your mutual business interests. To learn more about it, contact your Account Manager.
Spotlight on the Connecticut Office

Hartford, Conn., is home to some of the nation’s leading financial and insurance institutions, as well as a regional office of U.S. Bank Corporate Trust Services.

“The Hartford office offers a full range of services for corporate and municipal customers,” says Andrea Turlo, vice president. “We’re proud to say that we’ve captured 80% of the municipal business in Connecticut. And, along with the Boston office, we specialize in lease deals, acting as either owner trustee or indenture trustee on a range of lease transactions that may include commercial aircraft, rail cars or financing projects. Acting as trustee on high-yield bond issues is a specialty as well.”

Leveraging a Sense of History

In a city with a rich sense of history, it is appropriate that the Hartford team also shares a rich history, both with each other and with their customers. “We have 25 employees here, including 16 account managers and support staff,” Turlo explains. “The account managers average about 20 years of experience each with several account managers serving our clients for over 25 years. That, and our extraordinary level of service, are key reasons that we’ve retained our customers for so long. In addition, many of our staff members are deeply involved in volunteer activities and community organizations, such as the YMCA.”

The Hartford office also includes a default specialist and a Trust Financial Management (TFM) group, which provides much of the processing and administration of cash- and asset-management functions. The TFM team averages 15 years of experience each.

“We’re proud of the extraordinary level of service we provide,” Turlo says. “And our customers recognize the value of a deep and long-lasting business relationship. It’s one reason they’ve been loyal to us through the years.”

To learn more about lease transactions or other financing options, as well as the full range of corporate trust products and services, please contact your Account Manager.

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