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<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

Next up we have Walker & Dunlop. Very pleased to have Willy Walker here and discuss the company. Willy, do you want to introduce Walker & Dunlop for those less familiar and discuss the ways in which you see the company growing over the next few years?

<<William M. Walker, Chairman and Chief Executive Officer>>

Great, thanks, Jade. Nice to be here with you. Thanks for your coverage of W&D and for KBW's assistance on lots of different stuff. Walker & Dunlop is a commercial real estate finance company based in Bethesda, Maryland, 28 offices across the country, did just under $18 billion of transaction volume in 2016 and of that transaction volume about 85% was focused on multifamily lending and we set out five years ago a strategic plan of being a top Fannie Mae, Freddie Mac and HUD lender over that five year period to be in the top five with all three of those sources of capital. We ended 2016 as Fannie's second largest partner, Freddy's third largest partner and HUD's fourth largest partner.

And over the past several years since going public, shareholders in W&D has gotten about 362% return on their investment in W&D. We have grown revenues, net income and EBITDA at a greater than 20% compound annual growth rate over the last three years, over the last five years and over the last ten years. So one of the things that I would put forth as an investor conference, so we can talk about investments, not our typical strategy, what we're talking to employees or recruits or what have you, but I find it to be incredible that a company that has grown for the last ten years at greater than 20% compound annual growth in revenues, net income and EBITDA and the range is between 20% and 40%, over the last three years we've grown earnings at over 40% on a compound annual growth rate, it is trading at a ten times multiple.

And if you look at us versus our competition, just take a peer group of CB, HF, and JLL, I know HF is coming in here next, those three peers of ours, who we compete with every single day over the last five years, not three, not one, but last five years, compound annual growth of net income for these three CB is at 16%, HF is at 15%, JLL is at 11%. Walker & Dunlop is at 36% compound annual growth in earnings over the last five years. All three of them are trading between 15 and 20 times trailing earnings. We're trading at 10. So as people sit around and say where are we in the cycle, where is the stock market valued, S&P 500 is I think 18 on forward numbers and 21 on trailing numbers, we are a 10 X PE company that is growing like weeds for not a year, not three years, not five years, but for a decade.

And so, I'd actually ask you as someone who has a market perform on Walker & Dunlop, how do you have a market perform on W&D, trading 10 times earnings versus our peer set, who you're going to interview today, who none of them have grown close to as fast as we have.

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

Well, I'll answer that. I look at – I don't look at the MSR gains. I exclude the MSR gains and I back out amortization and I adjust for that. So on a cash earnings metric, we do the same for the CBG they're also in the GSE business. We have the trading actually, I think buying, they had a slight premium. So I look at it on a cash earnings basis and also on an EBITDA basis…

<<William M. Walker, Chairman and Chief Executive Officer>>

So good EBITDA then. So last quarter, we did $15 million of EBITDA, skipping directly over 40s, directly over. So our last highest EBITDA was $36.5 million on a quarter and we did $50.1 million in Q1 of this year. So to that you do strip out non-cash revenues. So jumping to $50.1 million and projecting to The Street for 2017 with that very, very strong EBITDA, which we posted in Q1. How does that work?

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

Well, we do have market fund ratings on the other names you mentioned. So I guess maybe you can address this, the concern I have is that the pace of growth maybe unsustainable and at some point you know it's difficult to project to increased market share. And we do assume the GSE business will be flat to up low to mid single digits for this year. The volumes have been so strong in the last few years that it seems unsustainable to us. So, that's…

<<William M. Walker, Chairman and Chief Executive Officer>>

So, I actually – I sort of – I honestly with our clients laugh when people talking about the cycles. I literally laugh at them. Because I say to them when was the last time you accurately time the cycle? And as long as you are running your business with moderate leverage on the assets you're buying and you're buying good assets, you can't run the business the time. So you have been consistent in saying I think the end is coming for commercial real estate. I think volumes are going to fall off. It's going to come down. And up until now, you've been wrong, okay.

But the other issue to it is that I don't think that if you go talk to our clients and I had lunch yesterday with one of our big clients in D.C., and I said how is the world, how do you view it, okay, just someone who's got $8 billion of equity under management in all-in commercial real estate, I said how do you view it? He said what you can't put a number on is the confidence level that everyone has today. He said, people are investing and so as I've discussed with you after our last quarterly earnings call if you look at what happened when President Trump got elected and the change in attitudes came, everyone in the commercial real estate industry leading up to the election was saying if Hillary

Clinton gets elected it will be slow growth, low interest rates towards the end of the cycle I mean willing seller and a somewhat reluctant buyer.

And all of a sudden for quite honestly to this day I don't know why because nothing we've seen out of the Trump administration would tell you that all the things that he said he's going to do, he's going to actually do, but the confidence level in the commercial real estate space and across the overall economy has changed dramatically, absolutely dramatically. And so, you can look at rent growth for instance and you can look at rent growth in the multifamily space and you can say okay the big REITs, all struggled to get 3% rent growth in 2016. Walker & Dunlop's portfolio, our servicing portfolio, which today is almost $65 billion, had 6% NOI growth in 2016.

So how is it that? Our borrowers had 6% rent growth across the country with a sample size of over 5,000 assets, 6% rent growth in our assets versus with just under 3% for the major REITs because our clients are going and finding smaller assets in secondary and tertiary markets. They're not just in major MSAs where you have new supply coming on. And so – and by the way, we just finished our seventh quarter, seventh quarter without a single loan being 60 days delinquent, not default 60 delinquent. So the servicing portfolio could not be better. We hit our time in the credit cycle, which is spectacular.

And so I sit there and I think about this well at some point things are going to slow down nothing that Walker & Dunlop has done in all the time that I've been running the company has been or slowing down. And by the way we're half a billion dollar a year going to a billion dollar a year revenue company. It's not like we are CD with 50,000 people trying to find that incremental dollar of revenue. We are a small very focused company in the largest commercial real estate asset class that has created this brand, but if you look at the quality of people coming to our summer conference just to give you kind of a data point, we go up to Sundance, Idaho in the summer time, I would look through of what principles are coming.

Back up three years ago, I would have dreamed to have this group of people coming. And so what does that do? It gives us the opportunity to finance properties like just this morning. We financed a property for Bozzuto, big HUD deal. It's a D4 contract. It doesn't 60 some odd million dollars. We haven't done much with Bozzuto. It's a fact that we have been in the market continued to work at and have created this plant. We now do a deal for Bozzuto this morning. And so, I don't think that investors have figured out that we have created the scale and the brand to continue to grow at a much more significant rate than any of our competitors. And we're clearly not getting credit for that in our multiple.

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

And so talking about incremental growth assuming the GSE volumes are up mid single-digits, where is the incremental growth is going to come from? Is this from larger accounts such as Bozzuto that you mentioned? Is it market share gains from as mentioned you’re number two with Fannie, number three with Freddie? Is it the market share gains within that or is it the brokered business and even investment sales?

<<William M. Walker, Chairman and Chief Executive Officer>>

So, first of all, we have been able to maintain somewhere between 10% and 12% market share with Fannie and Freddie for the past several years as they have continued to grow, okay. It’s been fantastic that we moved from three to two with Fannie and from four to three with Freddie this past year and at the same time they have both grown so significantly that we feel is – what you now have Jade is the top four agency lenders in stiff competition with one another. So, it’s CB, Wells Fargo, Walker & Dunlop and Berkadia. If you’re not one of those four and you might want to ask the next people who are up here about that. If you’re not one of those four, you’re not getting the opportunity…

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

We could co-moderate it…

<<William M. Walker, Chairman and Chief Executive Officer>>

You could, it would be great. I love it. If you’re not one of those four and you’re in the agency space, you’re not going to be invited to big deals, okay. And so, those four lenders I love being in that competitive set, love it, because we can differentiate ourselves every day from CB and from Wells. Berkadia is a tougher differentiation because for Berkadia is a very similar company they are walking down up. From a size it’s private owned by Berkshire Hathaway and Leucadia, but they’re a great competitor, but they’re very similar to us they’re very focused in our space to try and sell against CB or Wells with our size and focus is not that hard now.

They have the great advantage of a massive balance sheet with Wells Fargo and with their hands all over every one of our clients on CD, okay. But if we get in head-to-head competition with them, we can differentiate on service. We’re a company with 600 people, we can show them how we differentiate on the service and they’re in these huge companies where their loan is just another loan, if you will, or it’s just another piece of CB’s business.

So as it relates to growth A) We’ll continue to grow our volumes with the agencies; but B) as you have seen we just completed our sixth acquisition by acquiring Deerwood in Q1, okay. Deerwood is a brokerage firm based right across the river in New Jersey. They will focus on the Manhattan market, which if you look at Walker & Dunlop the amount of originations we do in New York is frighteningly small for a company of our scale in the multifamily space. They’ll focus on the New York market, but more importantly they’ve not done a lot of multifamily in the past. They have relationships with multifamily borrowers, the multifamily borrowers want agency execution and they haven’t had an agency execution in the past. So what we can do is take a brokerage platform, that was doing about a $1 billion a year of general brokerage work. And if we can take $100 million, $200 million, $300 million of that billion and push it into Fannie, Freddie and HUD, it's wildly accretive to us.

So that's been the strategy for the past couple of years as we have gone out and bought brokerage firms. We think we've paid good prices for the brokerage firms. And anything we can do to convert their deal flow from being just brokerage through those CMBS or life insurance company execution to the agencies is wildly accretive to us.

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

And how many other such boutiques are there? There are dozens or…

<<William M. Walker, Chairman and Chief Executive Officer>>

Not to scale that we are aiming as far as growing up…

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

I'd love the other ones.

<<William M. Walker, Chairman and Chief Executive Officer>>

So we had been careful as it relates to cultural fit and then also not try and overlap. Okay. So there are 22 mortgage banks out there that are correspondents to Walker & Dunlop, but if they have a loan that that they want agency to quote on, they bring it to us. So there are already 22 of those firms out there that we have existing relationships with. Up until now I want to check this, we have not – no, Johnson Capital that we acquired was a correspondence to Walker & Dunlop, [indiscernible] (12:40).

So there are plenty of them out there, but you've got to get the right group of people and we also need the right scale. I mean we don't need a 2% or 10% mortgage brokerage shop that's doing a couple of hundred million dollars a year, we've got to get real scale.

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

And how would you describe Walker & Dunlop's overall culture, you mentioned the emphasis on service quality, I know efficiency is a huge push for you guys in terms of timing to close deals. How would say the overall cultural to describe the culture for us.

<<William M. Walker, Chairman and Chief Executive Officer>>

We spend a lot of time on the culture. The culture is not cutthroat but extremely competitive. And so I would put forth you every single day every one of our loan originators which is now 130, 140 there's a leader board. On the right-hand side of our sales force is dashboard and it shows every single one of them where they rank every day. So if you stop that leader board you can put your feet up and say things are good, but guess what even those top five fight ferociously to see who's going to win at the end of the year.

And we're constantly working to push people up. I think one of the most exciting things Jade is when we bring in new companies and someone who's been a $100 million to $200 million year originator, they get on the WD platform the next thing you know they're doing $200 million, to $300 million, and $300 million to $400 million. And it's the platform, it's the service and it's the brand. And I keep saying this to investors and people still don't get it, which is we've gotten the brand to a certain size, that is allowing us to do deals within the past we couldn't.

When we signed up the Blackstone J.V. six weeks ago, one of our big investors called me up and said congratulations on the on the J.V. with Blackstone. I said thank you very much, it's a great deal. He said no that's an amazing partner for you, you've been talking about, you told everyone you're going to do it and you did it, you're doing with Blackstone. And he said did it ever strike you that five years ago Blackstone probably wouldn't answer your phone call? And I said you know what that doesn't that is exactly right, that five years ago Blackstone wouldn't have answered my phone call and today we're in a joint venture with them.

That brand, the ability to go and fight for these bigger deals, it's showing up in our numbers and showing up in the opportunities that we're being presented with. And people still sit around to go that. Market might kick down and they may not be able to keep up and keep going. Nothing we've done over our history. And Ian has been an investor for a long time, nothing we've done in our history has shown that when faced with a challenge we're just going to say, ah let's just hang out and wait for the cycle to come back.

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

Do want to talk about the GSEs who are on the marketplace. And I mean with the Trump agenda seemingly stalled something JC performers is feasible, but just that is a question we often get asked, how do you see that plan?

<<William M. Walker, Chairman and Chief Executive Officer>>

So the president announced yesterday that June is Homeownership Month. It's sounding very much like George W. Bush back in, I think, it was 2001 called for us to have an ownership society. And we also what happened as far as home ownership in America given that stimulus and given the role the agency has played, et cetera, et cetera. I'm not trying to say that we're going to get back into that same position, but this is Homeownership Month. If the President really wants to push Homeownership, he's not going to do anything with the agencies. Period end of statement, okay.

The second thing is as you correctly say with the legislative agenda on tax reform, Dodd-Frank reform, NAFTA, everything else basically stalled, the idea that they can even get the GSE reform is I think fanciful at this point. But at the same time, as they talk about the President pushing homeownership this month, they did say, and Treasury Secretary, Mnuchin is still pushing for GSE reform in this administration. There's no doubt that they'd like to do it, whether they can actually get to it, I don't know. I'm having dinner with Bob Corker next Tuesday and I will be very curious to here what Senator Corker has to say.

So, I think the GSEs right now, the real – there's actually there's a Moelis call this morning, which I'll be very interesting, they've come up with some white paper "representing the shareholders at Fannie and Freddie", I think it's at 10 o'clock or 11 o'clock this morning that Moelis is doing a conference call to talk about what the future of the GSEs will look like. I don't think that the Mortgage Bankers Association white paper is that great to be honest with you on what the GSEs all look like. At the end of the day, Jade, the people who say GSE reform don't really know what they want to reform.

So if you ask Bob Corker and Senator Warner or ask Senator Warner, what it looks like, it's very different from where they were back in 2010. It's very different. So I don't – I think there's more of – let's figure out the fact that they are probably going to have to come to the treasury and draw some capital at some point, that's all set up, that's going to be – there's no issue whatsoever then drawing capital. But the multifamily businesses are consistently looked at as the model, or what they'd like to do as single family, private capital in front of public capital. And as it relates to regulator now watch there until January of 2019, I would put out there that, when and if now what goes in January 2019, that's an event that we will look at very carefully as it relates to who the Trump administration would put into that role

But I had dinner with Tim Mayopoulos, CEO Fannie Mae last week, right before the Bloomberg article came out, it's a GSE reform and DOA. And Tim basically said, from our view, there are people talking about it, it's going to be very hard to get anything out there. And I would put forth the biggest concern from my standpoint is spot legislation to try and change the GSEs, in other words just a piece of legislation that talks about salaries or talks about markets that they ought to be lending. And there's something that doesn't look at the GSEs in a holistic way, and just sort of says, okay, yes, that makes sense. The people who are in the GSE should make more money than people inside in the federal government since there's a federal government backstop, let's just pass some piece of legislation that for pre-tails their salaries. And that type of legislation could be very damaging in the long-term, but not in the short-term as it relates to guarantee and our ability to do business.

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

As there been any pushback from any members of Congress that you're aware of with respect to the size and market share gains, that GSEs experienced within the multifamily business, the broadening of the excluded categories? And just how significant role they play?

<<William M. Walker, Chairman and Chief Executive Officer>>

To my knowledge, none. You may have seen some Congress man or women comment on it. I've seen nothing.

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

And just overall what's your sense of the political environment and Congress's ability to pass things such as tax reform and I mean the market seems to have maintained level of optimism, that you're alluded to earlier about confidence and, say, commercial real estate. But still people don't think that there's much of a likelihood of those things getting passed. What would you say?

<<William M. Walker, Chairman and Chief Executive Officer>>

I think that's probably correct. I think at some point, you're going to face Republicans in Congress looking at their polling numbers in October or November saying, I'm up for election a year from now, and my numbers aren't good, and the American people put Trump in office to get something done, and let's work with the White House to get something done.

But unfortunately the White House hasn't put in place all the legislative affairs, people that they need in places like the Treasury Department to really start working on legislation. They've thought that they can do this top down approach where Secretary Mnuchin says something. Congress is going to pick up on it and will just run with it. Any of these things like GSE reform require huge numbers of hours of staffers focusing and liaising with the Legislative Affairs Offices on Capitol Hill to get stuff going.

And the Trump administrations sort of walked in and just said, we don't need many people, and we can sort of say, go, do that, and it just happened, and that's just not the way Washington works. And so without making the investment in people and nominations and getting people into those positions, and then starting the real legislative process to work the gives and takes, it's hard to see them getting anything done.

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

Any questions from the audience? Maybe while people think of something…

Q&A

<Q>: Thanks. Given the growth what is your capital management strategy, if you use – if your multiple stays here at 10 times? Thanks.

<A – William M. Walker>: So as you probably saw in Q1, we did a lot – we ended the year with over $100 million in cash on the balance sheet and then in Q1 for paying taxes, paying bonuses, buying gear and couple of other things, and also funding interim loans on our balance sheet, that number came down to a little bit over $50 million. We have been building back up our cash balances in Q2 quite significantly given the amount of EBITDA and cash flow that we're generating right now.

And having formed the Blackstone joint venture a lot of the loans that we've been using on capital to fund are now going to move into the Blackstone JV, which is going to require us to put less capital into that. So clearly at – Ken, I've just sort of made a case at the beginning that a 10 times earnings of our stocks all appears to do extremely cheap. We have a share buyback plan that was authorized by our board last year and the real issue there is we've been so focused on growing the platform, that we've made investments in the business rather than just going out and buying back stock.

We have at certain times bought back stock to buy a overhang for instance when Fortress had a big position in the company, we bought back some of their stock when CB had a big position in the company, we bought back some of their stock. But at the end of the day, I think markets are rationale, I think markets will see this. And if we continue to put up the numbers that we're expecting to continue to put up, I think the multiple will take care of itself. We announced earnings it got up to a 14 times, it drifted back office once we announced earnings and got to $52 a share, it's drifted back down.

But at the end of the day, we want to make sure that we're doing right by our investors. Steve has been extremely good on both capital management as well as buybacks at certain times. We've done extremely well on buying back stock, but there's no explicit strategy to seize our capital buyback or stock.

<Q – Jade Rahmani>: Ken?

<Q>: Thanks. Really the pathway to a $2 billion in revenue in 2020 and I guess now it's about 3.5 years – 2.5 years I guess is remaining.

<A – William M. Walker>: Yes.

<Q>: Is pretty staggering and thought provoking, middle of their color as to the moving parts to get there particularly as it relates to maybe some inorganic opportunities and the need to fund that with either debt or incremental equity.

<A – William M. Walker>: So we have set the objective as you all know to get $1 billion in revenues by 2020. To get there we got to take our annual originations from having done almost $18 billion last year to $30 billion to $35 billon. If you do that, you will have a servicing portfolio that's over $100 billion by then. And then we've also put out that we want to build an $8 billion to $10 billion asset management business in the process. And the forming of the joint venture with Blackstone in queue at the beginning of this quarter is sort of if you will exhibit A on that strategy.

I would put forth to you that – I mean, it's back to – I think we have consistently been very good at setting these very ambitious goals, focusing on them and going delivering on them. So if you said 4.5 years ago, do you really think you can move up in the league tables from being number eight with Fannie Mae, being number nine with Freddie Mac and being outside of the top 10 with HUD to being a top five lender, you'd sit there and say, wow, how you're going to get there. I didn't have a perfect roadmap on how we were going to get to being a top five, but along the whole 4.5 years later – 4.25 quarter years later, we were number two with Fannie, number three with Freddie and number four with HUD.

So this team has had a long track record of setting very ambitious goals, putting the people in the focus on it and executing on them. And so if you say to me, do you know exactly what your path is going to be to getting to $1 billion of revenues. To be perfectly honest with you, I have a good sense of what we have to do, but there's no – it's not going to be linear, but we will continue to hire people.

So one of the other things I think a lot of people missed – and Jade, this would – I mean, one of things you track is, how many originators we have on the platform, and how big our feet on the street is. If you look at the growth we did in 2016, when people like you were saying, the market is about to turn, it's going to go down, the cycle is about to end. If we read your research, I wouldn't have hired anybody in 2016. And instead we grew our origination sales force by 25% in the year.

And so while everyone else was standing still, we moved forward. And guess what? Here we are in 2017 with huge amounts of bill volume. So I think that at the end of the day, we've been very good at being somewhat contrarian. When Fortress said we're out of the agency business, because the GSEs are going to be reformed. Wes Edens is one smart dude. West called me and said, you want to buy CWCapital from us. We were dialed into what was going on in Washington, we said, we'd love to buy it.

So we bought CW from Fortress in 2012, right. Look at what CW did to us, it moved us from number eight and number seven with Fannie and Freddie to number one with Fannie and number four with Freddie. So we have been very good at, A, setting really ambitious targets. B, putting the team to executing on those targets, and C, quite honestly not sitting there, looking at the market and saying, all right, we're going to wait for some macro trends. We're still a small company.

And so execution in our world is not sitting back and saying it's going to be a good year for commercial real estates or a bad year for commercial real estates. It's sitting there saying, let's go get that incremental client, let's hire that incremental person and we will continue to grow the platform.

<Q>: [Question Inaudible]

<A – William M. Walker>: So if you look at Q1, most commercial real estate investors saw rates start to move at the end of last year and didn't see cap rates moving. And as a result, there was a big spread on data. And Ken as you accurately talked about in Q1, investment sales volumes fell off across the industry in Q1. Ours didn't, we actually – Q1 to Q1 grew our investment sales quite a bit, but the industry fell off. That did ask GAAP has basically come back in or probably more tellingly, the buyers have basically said, I can't wait for cap rates to adjust I got to move forward and I'll make this work. And so what we've seen is we've seen Q2 from an investment sales standpoint is very active. And then the lending was very active in Q1 and continues to be very active in Q2.

So I would put forth to you that, I wouldn't be surprised if there are some of the big private equity firms are out there looking at big portfolios, you saw Starwood take milestone private in Q1. And I wouldn't be surprised if we see some other large transactions, because there's a huge amount of equity capital sitting on the sidelines, still waiting to be deployed. And in this kind of environment, in Q1 people could have sat back and said, really think it's overpriced, I'm going to wait and see whether there's adjustment. Now they haven't seen that adjustment and rates have stayed low, people are saying it's time to get out of it, let's go.

<Q – Jade Rahmani>: Have you seen any mix shift away from, say, the top 10 MSAs where – I mean, to build a new apartment in a major MSA, it's just like a rental, it's unaffordable because the land prices, labor. And so there's a shift in the secondary market. So are you seeing that trend? Is that driving your borrower?

<A – William M. Walker>: So one of the nice things about W&D is that we do a ton of lending in those secondary and tertiary markets. We don't do a lot of big graphing last year in Manhattan; so as related, delivers huge amounts of volume in Hudson Yards. We're not waiting for that incremental for NATO deal for instance that might either not get bought or might not get sold, because Hudson Yards has supplied a huge amount of new inventory, right.

So we're doing – our average loan size last year was $18 million, $17 million, $18 million. We're doing just as we're doing big deals, like that Bozzuto deal I talked about this morning, have $65 million, which isn't a mega deal, but it's a good sized deal. We're also doing that standard $12 million, walk up multifamily loan in some secondary treasury market. And that's where investors have found value.

That's why we had 6% NOI growth in our portfolio in 2016, when the overall market was struggling to get to 3%, because in that overall market we got a lot of inventory here in New York, is not getting – is having put out concessions, it's not getting the rent growth that they develop yet. That's not Walker & Dunlop stable of clients. We're moving into it very quickly as you can see by the client base that we have, but that's all just greedy as we continue to grow. That's not the kind of core business.

Whereas any major change in San Francisco or New York, I mean CB this is – I mean, this is their backyard. Wells Fargo this is well as their backyard. So I think that does make a difference for a company like ours that has real feet on the street in with smaller borrowers, who are trying to be nimble as it relates to where they can find opportunity.

<Q – Jade Rahmani>: And within the servicing portfolio, do you have a sense for the – you mentioned the 6% NOI growth, what rank growth was and what – how occupancy performs like year-over-year?

<A – William M. Walker>: That 6% number is across the entire portfolio. And then you can look at certain markets, so for instance our portfolio in Salt Lake, which is a very hot market last year. In Salt Lake we had negative NOI growth in our portfolio last year. You sit there and say, wow, is that a buying opportunity for our clients? But our cohort of loans had negative just less than 1% rent growth last year. The same time everyone thinks, California is completely overbought, oversold there's no rent growth left; in Sacramento last year our 16 loans had 11% rent growth, a 11% in Sacramento. So as we're talking our clients like, do you want to go invest in Sacramento where we saw 11% rent growth in 2016, or do you want to go buy in Salt Lake, where we had negative 1%.

If you look at the CoStar data on those two markets, it's nothing close to what Walker updated, nothing close. So as we talk to our clients, we're trying to help them understand where there are pockets of opportunity. And I would put forth to you, that is one of the other opportunities that we have, as it relates to our insight in data into our portfolio, and working with our clients to find opportunities for them to buy and working with them then on the financing of those buys, they're a huge opportunity for us. Haven't figured it out yet, we are very much focused on trying to figure that out.

<Q – Jade Rahmani>: And as occupancy, did it increase in the overall portfolio year-on-year?

<A – William M. Walker>: We don't know what occupancy was. I will swag it and say, we are probably around 93% or 94%, but I can get you that number.

<<Jade Rahmani, Analyst, Keefe, Bruyette & Woods, Inc.>>

Okay. Any other audience questions, some of our sales guys who pick on my commercial real estate forecast? Well, thanks so much. It's been interesting as always.

<<William M. Walker, Chairman and Chief Executive Officer>>

Thank you, Jade. Thank you very much.