

MR. ROGERS, EXAM. BY MR. HEBERT

1 interjection of a federal loan guarantee into a project,
2 as you state, makes the "Banks' eyes glaze over..." and I
3 take it that that means that the bank, number one, sees
4 it as an attractive proposition; and, number two, may be
5 tempted to loan funds in circumstances where they would
6 otherwise not loan funds, and, therefore, obviously would
7 be using different criterion for their loan applications?

8 A. I agree with the first part of your statement and
9 not the second, because the commercial assessment of the
10 project goes well beyond the availability of the
11 guarantee. It says how viable is the company that is
12 undertaking the work. I mean, there's still -- there's
13 still a fair exposure of funds by the bank to the assets
14 and the activities of the operator.

15 Q. But you would agree with me that the very purpose of
16 the federal loan guarantee is to reduce those risks on
17 the part of the bank?

18 A. That's correct, but that's different than it
19 eliminates them or warps their judgment with respect to
20 proper commercial assessment. That I would not agree
21 with.

22 Q. All right. And with respect to -- can you give us
23 an example of a project where the government would
24 exercise an oversight responsibility?

25 A. Yes, I mentioned yesterday that if you had a