

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a Greek letter alpha symbol in gold on a dark red background.

Care Investment Trust Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you sir. (Operator Instructions) Your first question comes from Jason Deleeuw - Piper Jaffray.

Jason Deleeuw - Piper Jaffray

The loans held for sale, the valuation allowance, how are the loans performing? Are they still all current and do you plan on selling any more of these loans in the near term?

F. Scott Kellman

That's a great question. The loans are all remain current. And in fact, one of the interesting things is that we sold two loans and both of the loans that we sold were among our strongest performers, so when we talk about portfolio coverage's and you see that our portfolio coverage's are maintaining the same level that they were before, you note that the remaining portfolio has to be trending upward in terms of the strength of the portfolio to maintain that level of coverage. So in truth the portfolio seems to actually be getting stronger as opposed to weaker.

The mark is really not a mark that relates to the collectability of the income relating to these loans. The mark is necessitated by the determination that we are no longer certain that we will hold these assets to maturity. So at that point you have to go out and determine what these assets would bring in the market if you were to make the determination that you were to sell them tomorrow. And as we all know, there is no market. So while we – if we decided to sell them tomorrow, we would take a hit most likely in the marketplace and that's what we attempted to ascertain and estimate in terms of the mark. I have no belief that there is any impairment and we haven't taken any impairment in terms of the collectability of these assets.

In terms of whether we intend to sell any more, we've basically created a fortress balance sheet at this point to sustain the vagaries of the current market environment. And whether we sell any additional assets will be a determination by our board as to whether the redeployment of that cash would be beneficial or more beneficial to shareholder value in terms of possibly doing other things with the cash, or whether there was another investment that we could make that was absolutely compelling. But right now, the board has not made a determination that they would sell any more assets. But they haven't ruled it out as well.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.