

March 1, 2002

Summary Minutes, February 3, 2002
Asset Administration Committee Meeting
Commercial Real Estate Finance/Multifamily Housing Convention
Walt Disney World Dolphin
Lake Buena Vista, Florida

Chair, Peter Lynch

Director, Nationwide Life Insurance Company

Vice Chair, James Hebert

Principal, CapMark Services, LP

Vice Chair, Shelley Hasskamp

Vice President and Manager, Dwyer-Curlett & Co.

Vice Chair, Robert P. Vestewig

Managing Director, GEMSA

Vice Chair, Deborah Rogan

Chief Operating Officer, CapStone Realty Advisors, LLC

Chair Peter Lynch called the meeting to order at 9:00 a.m. He welcomed all those in attendance and introduced the Vice Chairs to the audience.

Mr. Lynch went on to provide an update on the Regional Servicing Forums. Mr. Lynch stated that the forums are a supplement to the annual servicing programs and provide technical training, networking opportunities and professional development for mid-to- lower level servicing professionals. He reported that the first forum, hosted by Ann Hambly of Prudential Asset Resources on November 13, 2001, in Dallas, Texas, turned out to be a great success and attracted close to 60 servicing professionals. Further, Mr. Lynch informed the audience of dates and locations for the next four forums:

- Tuesday, April 9, 2002 Philadelphia (Sponsor: GMAC Commercial Mortgage)
- Tuesday, Sept. 17, 2002 Los Angeles (Sponsor: Washington Mutual)
- Tuesday, Nov. 19, 2002 Kansas City (Sponsor: Midland Loan Services)
- Tuesday, March 18, 2003 Atlanta (Sponsor: CapMark Services)

Next, Mr. James Hebert provided an update on the Portfolio Review Guidelines. Mr. Hebert reported that in February 2001 the Asset Administration Committee decided to join efforts with the Commercial Mortgage Securities Association (CMSA) to create a Watchlist for the commercial industry. Mr. Hebert stated that MBA's whole loan side (consisting of several life company constituents) was led by Joanne Denver, D.L. Babson & Company and the CMSA sub-committee by Jeff Whitlatch, CapMark Services. Mr. Hebert reported that the two sides initially decided to split up in order to come up with criteria and triggers. Subsequently, the two sides came together and shared their lists to assess whether it would be feasible to create a single list for both segments of the commercial industry. According to Mr. Hebert, surprisingly the two sides were not too far apart on the triggers identified, however, the differences in the general loan structures of the two constituencies dictated that any criteria developed could only be used as a guideline. The whole loan participants suggested the criteria be viewed as a screening method for the portfolio rather than a criteria for inclusion on a watch list. Mr. Hebert stated that a watch list has significant accounting implications for the whole loan industry and trying to develop hard and fast rules that would apply to both constituencies would not be possible. Therefore, the two sides combined the two lists and titled it as "Portfolio Review Guidelines". Mr. Hebert further stated that the guidelines could potentially serve as the basis for a watch list for the CMBS industry but that it would be determined on a deal by deal basis. On the whole loan industry side it would be used only as a tool for identifying problem loans in their portfolio that needed further investigation.

Mr. Hebert reported that several objections to the current draft guidelines had arisen within the CMBS constituency. He stated that the whole loan side would wait for the CMBS side to resolve their issues before the two sides could jointly move forward. Further, Mr. Hebert reported that the Portfolio Review Guidelines are available as a preliminary document and should be circulated to a larger audience for comment.

Next, Ms. Kathy Marquardt of GMAC Commercial Mortgage provided an update on the Pooling & Servicing Agreement (PSA) Article III Task Force. Ms. Marquardt reported that the task force has been holding bi-weekly conference calls to come up with a Best Language Guideline and a White Paper for all issues affecting servicers under the PSA. She stated that the goal is to produce a guideline that will

provide consistency in the language, incorporate various industry standards/guidelines already in place and revise certain sections of the PSA. Ms. Marquardt further stated that the task force includes representatives from the following MBA constituencies: master servicers, special servicers, attorneys, and rating agencies. The guideline is expected to be released by June 2002.

Mr. Bob Vestewig then reported on the commercial USAP initiative. Mr. Vestewig stated that the Asset Administration Committee leadership had met earlier in the day to assess the need for creating a separate USAP for the commercial servicing industry. He stated that the meeting was a follow up to a gathering held in Washington with MBA's Audit & Internal Controls Subcommittee, on Tuesday, August 28, 2001. Mr. Vestewig stated that subsequent to the Washington meeting, the leadership had come up with a draft commercial USAP which takes into account issues such as: rent rolls; UCC's; property inspections; special borrower requests; vendor management; and business continuity.

Further, Mr. Vestewig stated that the leadership has identified a few issues which need to be resolved before moving forward with this initiative. He reported that as a next step, the leadership would be holding conversations with the American Institute of Certified Public Accountants (AICPA) to attempt to resolve these issues. The leadership will provide a progress report at the next Committee meeting in June 2002.

Next, Mr. Lynch asked Bob Vestewig, Co-Chair, Promotion of the Property Inspection Form Task Force, to provide an update. Mr. Vestewig reported that the task force had recently sent a survey to approximately 130 lenders to gauge the adoption of the MBA form in the industry. There were four basic questions asked on this survey:

1. Are you aware of the form?
2. Are you using the form?
3. If no, would you consider using the form?
4. Do you give permission for someone from the task force to discuss the form?

The task force got 41% of the surveys back and was somewhat disappointed that more people did not respond. Mr. Vestewig stated that from the responses received, most of the industry is aware of the form but only a few have adopted it as a standard within their respective entities.

The task force has recently introduced a CD-ROM delineating all capabilities of the form. The CD-ROM was created jointly by the MBA and Inspectus in order to continue efforts to promote the form. Mr. Vestewig stated that subsequent to CREF, a copy of the CD-ROM would be distributed to many of MBA's servicing and lending constituents. Mr. Vestewig also stated that a copy was being provided to all Committee meeting attendee's. Inspectus provided a review and live demonstration of the form.

Mr. Lynch introduced Mr. Daniel McLaughlin, Executive Vice President, MERS Inc. Mr. McLaughlin updated the committee on recent efforts by the MERS (Mortgage Electronic Registration System) Working Group to adapt the MERS registry system for the commercial industry. Mr. McLaughlin presented a brief overview of MERS and summarized efforts to raise funds for development of the commercial model. Mr. McLaughlin stated that the total cost for building the commercial model is projected to be about \$500,000. To support the cost of development, MERS through the Working Group is approaching issuers of commercial mortgage securities and requesting that they commit to and invest in this initiative. Each investor would receive a commercial return on their investment and have a seat at the table in the final development of the system. To date, Bear Stearns and Wells Fargo have committed \$50,000 each, according to Mr. McLaughlin.

Mr. Lynch briefly informed the audience that the Committee leadership is once again looking to have a keynote speaker at the Commercial & Multifamily Mortgage Administration Programs in June. Mr. Lynch mentioned that last year's speaker, Roger Dow of Marriott International, was a great success and really contributed to the success of the programs. Mr. Lynch stated that the leadership was considering several candidates and would finalize the most suitable speaker in the next few weeks. A list of the topics being considered for the June conference was discussed and Mr. Lynch made a request for additional topics from the membership.

Finally, Tahir Naseem provided a report on the Revised UCC Article 9 Transition Rules. Mr. Naseem reported that Gary Goodman, Esq., of Akin, Gump, Strauss, Hauer & Feld, has graciously submitted an article with case studies on the transition rules. The article can be accessed via MBA's Web site: www.mortgagebankers.org.

The next Committee meeting will be held Wednesday, June 19, 2002 in conjunction with the Asset Administration Workshops and Conference, June 19-21, 2002, Atlanta Hilton, Atlanta, Georgia.

The meeting adjourned at 10:00 a.m.

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