

August 10, 2002

**Summary Minutes, June 19, 2002**  
**Commercial & Multifamily Mortgage Administration Programs**  
**Hilton Atlanta**  
**Atlanta, Georgia**

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**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

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Chair Peter Lynch called the meeting to order at 4:30 p.m. He welcomed all those in attendance and introduced the Vice Chairs to the audience.

Mr. Lynch requested Ann Hambly of Prudential Asset Resources to provide an update on the Regional Servicing Forums. Ms. Hambly 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. She reported that the first forum hosted by Prudential Asset Resources on November 13, 2001, in Dallas, Texas, turned out to be a great success and attracted close to 60 servicing professionals. A second forum, hosted by GMAC Commercial Mortgage, was held in Philadelphia on April 9, 2002 and attracted approximately 85 participants representing 37 distinct entities. Further, Ms. Hambly informed the audience of dates and locations for the next three forums:

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, Bob Vestewig provided an update on the MBA Insurance Task Force. Mr. Vestewig, task force chair, reported that the MBA has recently formed a task force under the umbrella of Commercial Real Estate/Multifamily Board of Governors (COMBOG) and includes approximately 35 MBA members representing the CMBS, Portfolio and Multifamily segments of the industry. The task force is charged with defining all pertinent insurance issues, to analyze and evaluate areas of increased risk, to educate members, and to establish guidelines for the industry for dealing with these issues working in conjunction with other appropriate committees, task forces and groups. The following deliverables have been identified for the task force:

- a) Identification of current industry issues
- b) Survey of current practices
- c) Draft an "Useable Full Disclosure Certificate"
- d) Publish a "White Paper"

Mr. Vestewig reported that the task force will have a one-year life and is currently surveying current industry practices. The next task force conference call will be held in late June or early July 2002.

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 since September 2001 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.

Ms. Marquardt announced that the task force is releasing a "preliminary draft" of the best practices language and white paper in conjunction with the June Servicing Programs. She encouraged all those in attendance to provide comments on the draft within the next couple of months. The task force plans to present the final draft to COMBOG for endorsement in October 2002.

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. The MBA's whole loan side (consisting of several life company constituents) was led by Joanne Denver of D.L. Babson & Company and the CMSA sub-committee by Jeff Whitlatch of CapMark Services.

Mr. Hebert stated 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 watchlist 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.

Mr. Lynch then reported on the commercial USAP initiative. Mr. Lynch stated that the Asset Administration Committee leadership has held several discussions in the last year to assess the need for creating a separate USAP for the commercial servicing industry. Mr. Lynch stated that a MBA Working Group is currently working on revising the residential USAP. The Committee leadership will examine the revised residential USAP and form a task force to consider creating a separate commercial USAP. Ms. Hambly supported the creation of a separate commercial USAP considering the fact that the residential side is revising the current USAP that will be applied to commercial members as well.

Next, Mr. Lynch asked Bob Vestewig, Co-Chair, Promotion of the Property Inspection Form Task Force, to provide an update. Mr. Vestewig stated that 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 Invetus in order to continue efforts to promote the form. Mr. Vestewig reported that copies of the CD-ROM were distributed at the Philadelphia Regional Servicing Forum on April 9 and have also been made available to all June Servicing Program attendees.



Next, Mr. Tahir Naseem stated that the Capital Consortium is seeking Asset Administration Committee's endorsement on three distinct defeasance documents. Mr. Naseem reported that the documents were originated by the CMSA and were included in the meeting kit folders. Mr. Naseem requested all attendees to provide comments to the Committee leadership within the next couple of months. The Committee plans to present the documents for endorsement to COMBOG in October 2001.

Mr. Lynch introduced Mr. Doug Danko, Vice President, MERS Inc. Mr. Danko 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. Danko presented a brief overview of MERS and summarized efforts to raise funds for development of the commercial model. Mr. Danko 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, Wells Fargo and Bank of America have committed \$50,000 each, according to Mr. Danko.

Finally, Mr. Lynch informed the audience that the 2003 Commercial and Multifamily Mortgage Administration Programs would be held at the New Orleans Hilton Riverside in New Orleans, Louisiana from June 18-20.

The next Committee meeting will be held Sunday, October 20, 2002 in conjunction with MBA's Annual Convention in Chicago, Illinois.

The meeting adjourned at 5:30 p.m.

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