

**Asset Administration Committee Meeting
Summary Minutes, June 20, 2001
Sheraton Chicago Hotel & Towers
Commercial & Multifamily Mortgage Administration Programs**

Chair, Mark A. Hill

Senior Vice President, Laureate Capital, LLC

Vice Chair, James Hebert

Principal, CapMark Services, LP

Vice Chair, Lisa Traylor

Vice President, First Union Capital Markets Group

Vice Chair, Peter Lynch

Director, Loan Administration, Nationwide Life Insurance Company

Vice Chair, Deborah Rogan

Chief Operating Officer, CapStone Realty Advisors, LLC

Chair Mark A. Hill 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. Hill further welcomed everyone to MBA's Seventh Annual Commercial & Multifamily Mortgage Administration Programs. Mr. Hill stated that to date, there were 342 participants registered for the Conference and 302 for the workshops. Mr. Hill went on to invite everyone to attend the "Opening General Session" on Thursday, June 21, 2001. The session features Roger Dow, Senior Vice President and General Sales Manager for Marriott International and co-founder of the Service/Quality Leadership Forum 2000. In addition, Mr. Hill invited everyone to come along for the dinner cruise at the Navy Pier, sponsored by USFN, also to be held on Thursday, June 21, 2001.

Next, Deborah Rogan, Chair, Special Borrower Requests Checklists Task Force, provided an update on the efforts of the group in the last four months. Ms. Rogan reported that the task force had recently finished a series of document checklists, to aid servicers in the CMBS and whole loan marketplace process special borrower requests. Ms. Rogan stated that the checklists are designed to provide the industry with a guideline and promote efficiency in the marketplace. Ms. Rogan reported that the checklists were approved by MBA's Commercial Real Estate/Multifamily Finance Board of Governors ("COMBOG") on June 12, 2001. Ms. Rogan stated that the final product would be available on MBA's website no later than July 15, 2001 and that the task force envisions the checklists to be dynamic and encourages comments from the servicing industry.

Mr. Hill next requested Joanne Denver, Chair, Portfolio Lender Watchlist Task Force, to provide an update on their efforts in the last few months. Ms. Denver reported that the portfolio lender group had recently finished identifying triggers for various criteria for placing loans on the watchlist. Ms. Denver stated that the CMBS side had also finished identifying their triggers and the two sides recently exchanged lists. Surprisingly, Ms.

Denver stated that the two sides are not far off in triggers identified. Ideally, the goal of the task force is to attempt to hash the variances with the CMBS side and have one "watchlist" for the industry. However, Ms. Denver stated that if the two sides are not able to merge the two lists, then there would be two separate lists issued for each side of the industry. Further, Ms. Denver stated that the whole loan side watchlist will soon be distributed to a dozen life company constituents for comments.

Next, Mr. Hill asked Bob Vestewig, Co-Chair, Promotion of the Property Inspection Form Task Force, to provide an update. Mr. Vestewig reported that 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?

Mr. Vestewig stated that 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. Mr. Vestewig stated that the task force is going to continue to promote the form to commercial lenders and servicers and is considering new ways to solicit the two constituencies.

It was reported that the following firms have adopted the form within their companies: First Union; Nationwide; StanCorp; Woodmen of the World; Canada Life; and J.P. Morgan. In addition, the fact that some of the major servicing vendors are in the process of incorporating the form into their software should facilitate more companies adopting the form as a standard.

Next, Mary Anne Ashmore, Co-Chair, Loan Document Integrity Joint Task Force, gave an update on the "Best Practices" Report. Ms. Ashmore stated that the Joint Task Force had recently completed the report as a solution to the defective/incomplete loan files in the CMBS industry. Ms. Ashmore stated that COMBOG endorsed the report on June 12, 2001 and CMSA's Executive Committee on June 13, 2001. The report will be available on both the MBA and CMSA websites by July 6, 2001.

Mr. Hill next introduced Daniel McLaughlin of MERS, Inc., to provide a brief overview of MERS (Mortgage Electronic Registration System). Mr. McLaughlin explained that MERS is an electronic registry system which currently operates strictly in the residential industry, resulting in the elimination of the need to do assignments once the loan has been originated in the name of MERS as nominee and mortgagee in the land records. MERS is a creation of the MBA, Freddie Mac and Fannie Mae and each party currently holds one-third Class A stock in MERS. Mr. McLaughlin stated that their goal is to register every real estate loan on the MERS registry. Currently there are 4 million residential loans registered with MERS, at a rate of 12,000 loans per day.

Mr. McLaughlin reported that MERS has been approached by an MBA/CMSA Joint Working Group to explore adopting MERS for the commercial industry. Mr. McLaughlin indicated that MERS is currently working closely with this group, which is comprised of a wide spectrum of CMBS industry participants. MERS has presented the working group with a proposal of business requirements for the commercial marketplace, a copy of which is

being provided to all servicers attending the conference on June 21-22, 2001. The model takes into account the differences between the residential and commercial industries, such as cross-collateralized loans and will provide a document checklist for each loan registered on the MERS system. Finally, the working group is currently in the funding stage and looking to the larger CMBS issuers to invest in the commercial business model. MERS is pleased to report that Bear Stearns has already committed \$50,000.00 as an investment to build the commercial model.

Next, Mr. Hill discussed possible future initiatives that might fall under the umbrella of the Asset Administration Committee. First, the discussion turned to possibly forming a task force to investigate the formulae for yield maintenance calculations. The group decided to turn the initiative over to the Loan Origination Committee, as it was more of a "front end" loan documentation matter, rather than a "back end", servicing issue.

Second, Mr. Hill discussed the fact that the Committee will be exploring the possibility of forming a task force to revise Article III of the Pooling & Servicing Agreement ("PSA"), an agreement prevalent in the CMBS industry. Mr. Hill mentioned that the Committee has recently been approached with the idea from Ann Hambly of Prudential Mortgage Capital Company and Kathy Marquardt of GMAC Commercial Mortgage Corporation.

Finally, Mr. Hill discussed another idea recently proposed by Ms. Hambly. Ms. Hambly has suggested that perhaps there is a need in the industry to hold regional servicing forums in addition to MBA's Annual Commercial & Multifamily Mortgage Administration Programs. The Regional Servicing Forums would be hosted by a senior servicing leader in the industry. The objective is to provide technical and professional training for all levels of servicing professionals, regionally. Mr. Hill stated that a survey was conducted during the "HR Topics" workshop, held earlier in the day in conjunction with the Servicing Managers Workshop, to gauge interest and participation if such Regional Forums were to be held.

Next, Mr. Hill mentioned that the Asset Administration Committee has recently been approached by MBA's Audit & Internal Controls Subcommittee to revise the Uniform Single Audit Program ("USAP") to include minimum standards for servicing of commercial/multifamily loans. The committee leadership is going to participate in a conference call in the near future with the subcommittee to assess the feasibility of this initiative.

Mr. Hill stated that the 2002 Commercial & Multifamily Mortgage Administration Programs will be held in Atlanta, from June 19-21, at the Hilton.

Finally, Mr. Lynch brought up the idea of holding correspondent meetings at the Annual Asset Administration Programs. Mr. Lynch stated that programs were large enough now that they lend servicers with an ideal opportunity to arrange correspondent meetings. Mr. Hill stated that the Asset Administration Committee leadership would consider this idea in planning the 2002 programs.

The next Committee meeting will be held Sunday, October 14, 2001 in Toronto, Canada, in conjunction with the 2001 Fall Commercial/Multifamily Fall Executive Forum.

The meeting adjourned at 5:30 p.m.

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