

Summary Minutes
Asset Administration Committee Meeting
Summary Minutes, October 14, 2001
Metro Toronto Convention Centre
Toronto, Ontario

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 thank Mark Hill for his leadership and hard work during the past year. Mr. Lynch pointed out that under Mr. Hill's chairmanship, the Asset Administration Committee held a successful Commercial and Multifamily Mortgage Administration Program in Chicago, in June 2001. In addition, the Committee released two guidelines (i.e. Loan Document Integrity Best Practices Report and Special Borrower Requests Checklists) which will promote streamlining of processes and procedures in the commercial real estate finance industry.

Mr. Lynch subsequently introduced Ms. Ann Hambly of Prudential Asset Resources, to provide an update with respect to the upcoming Regional Servicing Forum in Dallas on November 13, 2001. Ms. Hambly stated that a survey was conducted during the Asset Administration Programs in Chicago to gauge interest in Regional Servicing Forums as a supplement to the annual servicing program. Ms. Hambly reported that there was ample interest for such regional programs in order to provide technical training, networking opportunities and professional development for mid to lower level servicing professionals. Ms. Hambly stated that the MBA is planning to hold a total of three forums in the next twelve months and that the agenda for all the programs would be identical. The next two forums will be held on the East and West Coasts during the second and third quarters of 2002, respectively.

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 for placing loans on the Watchlist. Subsequently, the two sides came together and shared their lists to assess whether it would be feasible to create a single watchlist for both segments of the commercial industry. According to Mr. Hebert, surprisingly the two sides were not too far apart in triggers identified. However, the whole loan constituency preferred a portfolio review guideline as a screening method rather than a watchlist. Mr. Hebert stated that a watchlist has significant accounting implications for the whole loan side. Therefore, the two sides combined the two lists and decided to call it the "Portfolio Review Guidelines". Mr. Hebert further stated that the guidelines would serve as a watchlist for the CMBS industry and only as a review guideline for identifying problem loans for the whole loan industry.

Further, Mr. Hebert reported that the Portfolio Review Guidelines are available as a preliminary document and would be circulated to many of the larger life companies for comments and acceptance. The plan is to present the guidelines to COMBOG for approval in conjunction with CREF 2002.

Next, Mr. Hebert provided an update on the recently formed Pooling & Servicing Agreement (PSA) Article III Task Force. Mr. Hebert reported that the task force has been holding bi-weekly conference calls to come up with a "best language" guideline for all issues affecting servicers under the PSA. Mr. Hebert further stated that the task force is being led by Kathy Marquardt of GMAC Commercial Mortgage Corporation and 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.

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 is currently working with Sam Larsen of Inspectus, to develop a CD-ROM that will delineate all capabilities of the form. Mr. Vestewig reported that the CD-ROM would be released by November 2001 and mailed to all MBA lender and servicer constituents.

Next, Mr. Lynch introduced Mr. Bill Hultman, Executive Vice President, MERS Inc. Mr. Hultman updated the committee on recent efforts by the MERS Working Group to adapt the MERS registry system for the commercial industry. Mr. Hultman presented a brief overview of MERS (Mortgage Electronic Registration System) and summarized efforts to raise funds for development of the commercial model. Mr. Hultman 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. Hultman.

Mr. Lynch asked Mr. Hill to provide an update on recent efforts to create a Uniform Standard Attestation Program (USAP) for the commercial industry. Mr. Hill stated that the Asset Administration Committee leadership met in Washington with MBA's Audit & Internal Controls Subcommittee, on Tuesday, August 28, to assess the need for creating a separate USAP for minimum commercial servicing standards. Mr. Hill reported that the leadership has decided create a commercial USAP and came up with draft language which takes into account issues such as: rent rolls; UCC's; property inspections; special borrower requests; vendor maintenance; vendor management; and business continuity.

The Committee leadership plans to finalize draft language by December 2001. The draft language will be circulated to a large number of MBA commercial servicing constituents for comments prior to being submitted to American Institute of Certified Public Accountants (AICPA) for approval.

Finally, Mr. Lynch solicited panel topic ideas for the upcoming Commercial Real Estate Finance/Multifamily Housing Convention (CREF) being held in February 2002. The following topics were suggested by those in attendance: Disaster Recovery Procedures; Default Administration; Managing Borrower Expectations (CMBS vs. non-CMBS loans); and a Rating Agency Panel (to discuss rating of trustee's and guidelines for loan originators).

The next Committee meeting will be held Sunday, February 3, 2001 in Orlando, Florida, in conjunction with the CREF Convention.

The meeting adjourned at 10:00 a.m.