

February 21, 2003

Summary Minutes: International Committee
Sunday, February 2, 2003
1:00 PM – 2:00 PM
San Diego Convention Center
San Diego, California

Chair:

Jan S. Sternin
Senior Vice President
Midland Loan Services, Inc.

Vice Chairs:

Kenneth Gordon
Vice President
CDPQ Mortgage Corporation

Stephanie Petosa
Senior Director
Fitch Rating Agency

Henry J. Schwendiman
Principal
Bonneville Mortgage Company

MBA Staff Representative:

Leanne Tobias
Director, Commercial Real Estate Finance
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The International Committee of the Mortgage Bankers Association (MBA) met at 1:00 PM on Sunday, February 2, 2003, at MBA's Commercial Real Estate Finance/Multifamily Housing Convention in San Diego. The meeting was led by Committee Chair Jan Sternin, Senior Vice President of Midland Loan Services and by Vice Chairs Kenneth Gordon, Stephanie Petosa and Henry Schwendiman.

Ms. Sternin opened the meeting and thanked the Vice Chairs, all Committee members and all other attendees for their interest in the work of the Committee.

Ms. Sternin identified the Committee's focus for the coming year as a three-pronged strategy centering on **Identification**, **Education** and **Outreach**, and detailed the goals of each strategic approach.

The Committee will focus on identification of international sources of capital to be deployed in the U.S. commercial real estate market; education of mortgage bankers related to these emerging sources and how best to access them; and outreach by the Committee and its constituents to international commercial real estate finance sectors and international trade organizations based in the United States and overseas.

Ms. Petosa commented that the success of the strategy would entail developing a data base of U.S. and international contacts in the commercial real estate finance sector, and asked Committee members to actively supply contacts and issue-related information to the Committee and to MBA. Committee members and others interested in supplying data are encouraged to contact the Committee leadership or Leanne Tobias at MBA. Ms. Tobias can be reached at 202/557-2840 or at leanne_tobias@mbaa.org.

It was further noted that the MBA would begin to contact commercial attaches at Washington, D.C. diplomatic missions and the U.S. Department of Commerce in order to arrange meetings to discuss the ways to facilitate contact between MBA's members and sources of international commercial real estate capital.

Mr. Schwendiman and Ms. Sternin observed that a key component of education and outreach efforts to the international community will involve educating international investors on the nuances of the various American commercial real estate markets and key real estate lending products, including the CMBS market.

Additionally, the Committee will begin collecting pertinent economic research data for its members on relevant international issues. Kathleen Armstrong of Armstrong Advisory Group cited Torto Wheaton as a possible source for this information. Other potential information sources were identified as the International Department of the National Association of Homebuilders, the American Real Estate Society, the Overseas Private Investment Corporation and the records of the former International Foundation of the MBA, "Societas".

Ms. Sternin initiated a discussion which focused on what foreign interests might wish to gain from contact with MBA. Tahir Naseem of Guidance Investments observed that foreign nations, particularly developing countries, were particularly interested in gaining knowledge about how Americans evaluate commercial real estate loans and CMBS securities and in understanding the U.S. commercial mortgage business and business practices, in order to attract American investment. Additionally, Mr. Naseem speculated that many developing nations might be willing to guarantee loans in order to attract capital from the U.S. Christian Marabella of Marabella Commercial Finance agreed with Mr. Naseem's remarks, and noted that Peru and other Latin American nations were eager to attract American investment.

Ms. Sternin observed that American mortgage bankers could play a dual role, both attracting foreign capital to the United States and placing American capital in overseas real estate markets. She noted that mortgage bankers need to be aware of limitations placed on foreign investors with respect to dollar amounts and investment structures. Ms. Sternin further observed that overseas investors needed to be educated regarding the types of American real estate investment vehicles available, including the CMBS markets. Mr. Schwendiman noted that foreign investors would benefit from exposure to secondary geographic markets within the United States. It was suggested that MBA develop materials on these subjects for presentation at international trade conventions, perhaps in cooperation with MBA members who typically exhibit at such conventions.

Kenneth Gordon noted that international real estate transactions would be enhanced by the development of standard documents, including a Participation Agreement, a Loan Agreement, a Co-Lending Agreement and a Construction Loan Agreement. It was agreed that this work might be performed in collaboration with other MBA committees active in these areas.

Ms. Sternin thanked the Vice Chairs and all participants in the meeting for their insights and for their participation. The meeting was adjourned at 2:00 PM.

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