



# MBA Commercial/Multifamily Capital Markets Conference

Thursday, November 29, 2007  
Washington, DC

Using Technology Now – Information Aggregation and  
Dissemination

Joe Beggins, *Moderator*  
GEMSA Loan Services

Dave Bodi  
Midland Loan Services, Inc./PNC Real Estate Finance

Steve Powel  
Situs Capital Services

Dan Szparaga  
Mortgage Bankers Association



**MISMO Commercial Data Standards**

**Liquidity. Innovation. Efficiency**

- Standards Released in February 2006
  - Servicing Transfer 1.0
- Standards Released in June 2007
  - Environmental Site Assessment (ESA) Summary 1.1
  - Work Order Request Response 1.1
  - Commercial Document Index 1.1
- Standards In Development or Planned
  - Conversion of the CMSA IRP to XML
  - Financial Statements
  - Rent Rolls and Lease Abstracts
  - Enterprise-Level Metrics
  - eMortgages for Commercial
  - Appraisals
  - Property Inspections
  - Insurance Data
  - Engineering Reports
  - Loan Boarding

## Focus on the Conversion of the CMSA IRP® From Excel to XML

- MISMO and the CMSA executed an Alliance Agreement in February 2005 to convert the Investor Reporting Package from Excel to XML using the MISMO architecture, framework and process
- MISMO demonstrated IRPx prototype in October 2006
- CMSA IRP Committee established an XML Subgroup in January 2007
- MISMO CMSA-IRP Workgroup held kickoff conference calls in 1Q07, and activity began in earnest in June 2007
- Anticipated implementation date is mid-2009
- The significance of this is that the data “back end” of the entire CMBS industry will run on a single, standards-based XML framework



# “Fire Drills”

Midland’s approach to the  
October 2007 California Fires

Presented to:  
Midland Senior Management

November 1, 2007

# Week of October 21, 2007

## **Multiple fires start in California In the Los Angeles and San Diego areas**

- Evacuation of 500,000 people
- Governor declares state of emergency in multiple counties
- FEMA declares disaster in 7 counties



Wes Schultz, CAL FIRE



**MIDLAND LOAN SERVICES**

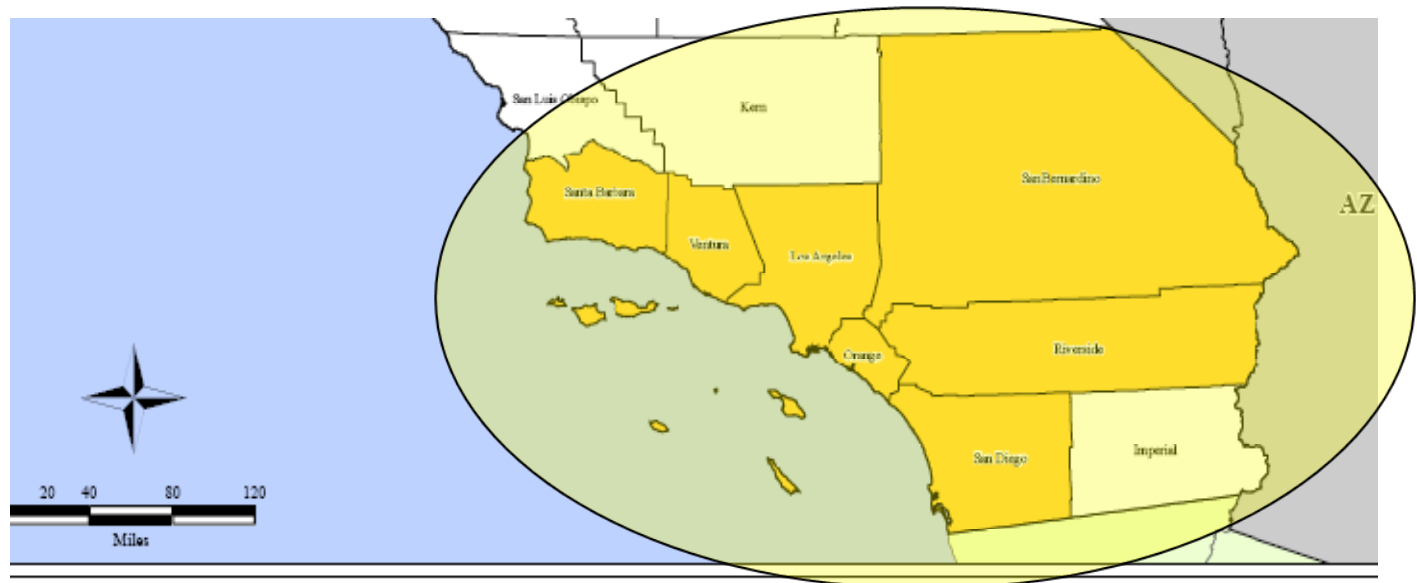
Member The PNC Financial Services Group

# Problem

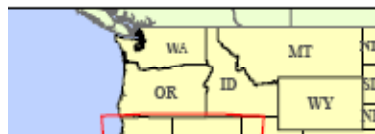
- Need to identify properties damaged by fires
- Support CMSA Significant Insurance Event Report

# Investor and Other Master Servicer Inquires

Based on FEMA disaster counties, but home to **13%** of all Midland Primary-Serviced U.S. Properties (2800 in MLS)



Location Map



Legend

Designated Counties

No Designation



**FEMA**

*ITS Mapping & Analysis Center  
Washington, DC*



**MIDLAND LOAN SERVICES**

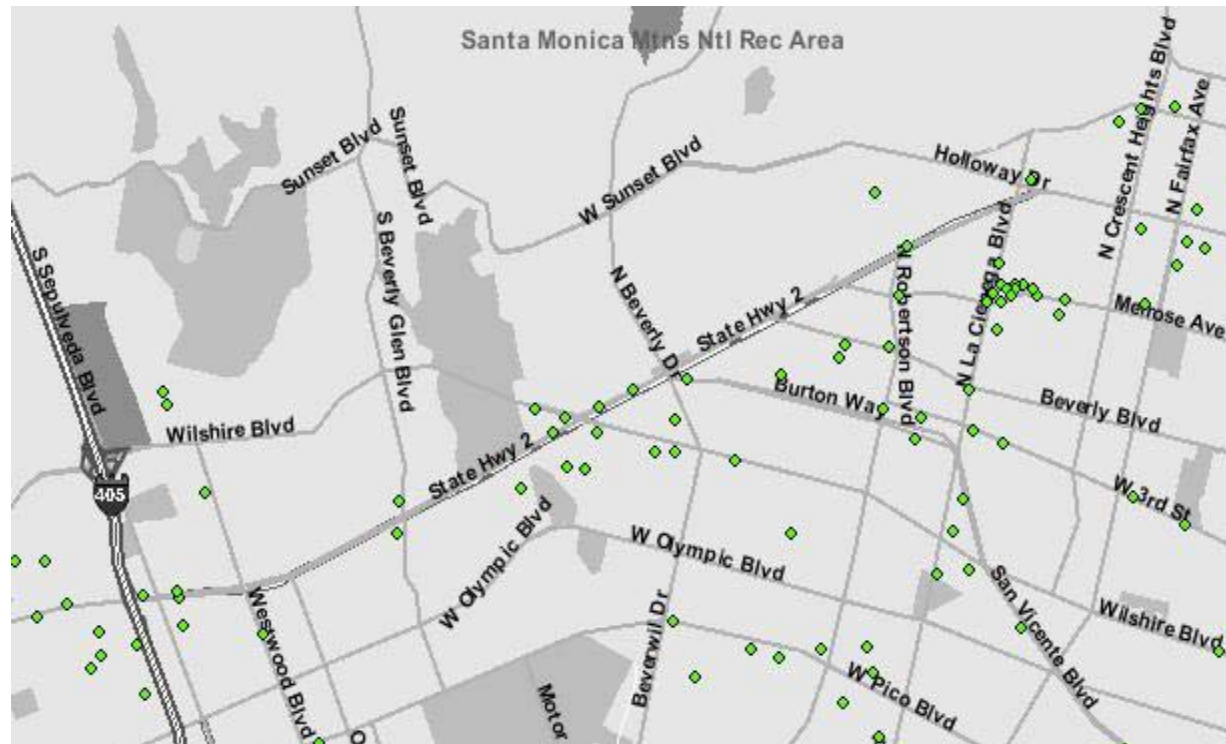
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# Planning a better approach

- “Go with the flow” approach may result in wasteful resource allocation
  - To cover the MLS Servicing database alone would require over 200 manhours
- Utilize existing technology and previous investment in mapping for just this type of event

# Midland's Best Practice Methodology

- Maintain locations of collateral at the street-level

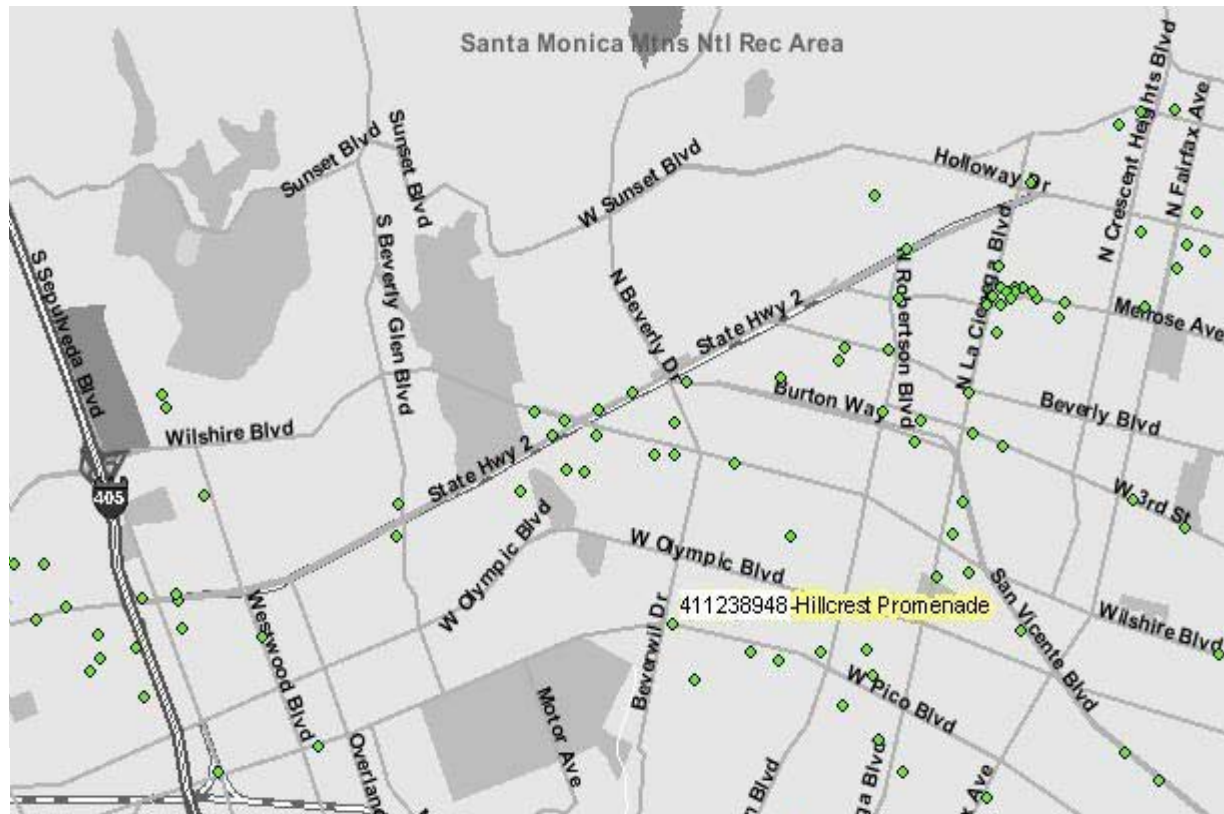


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# Midland's Best Practice Methodology

- Maintain locations of collateral at the street-level

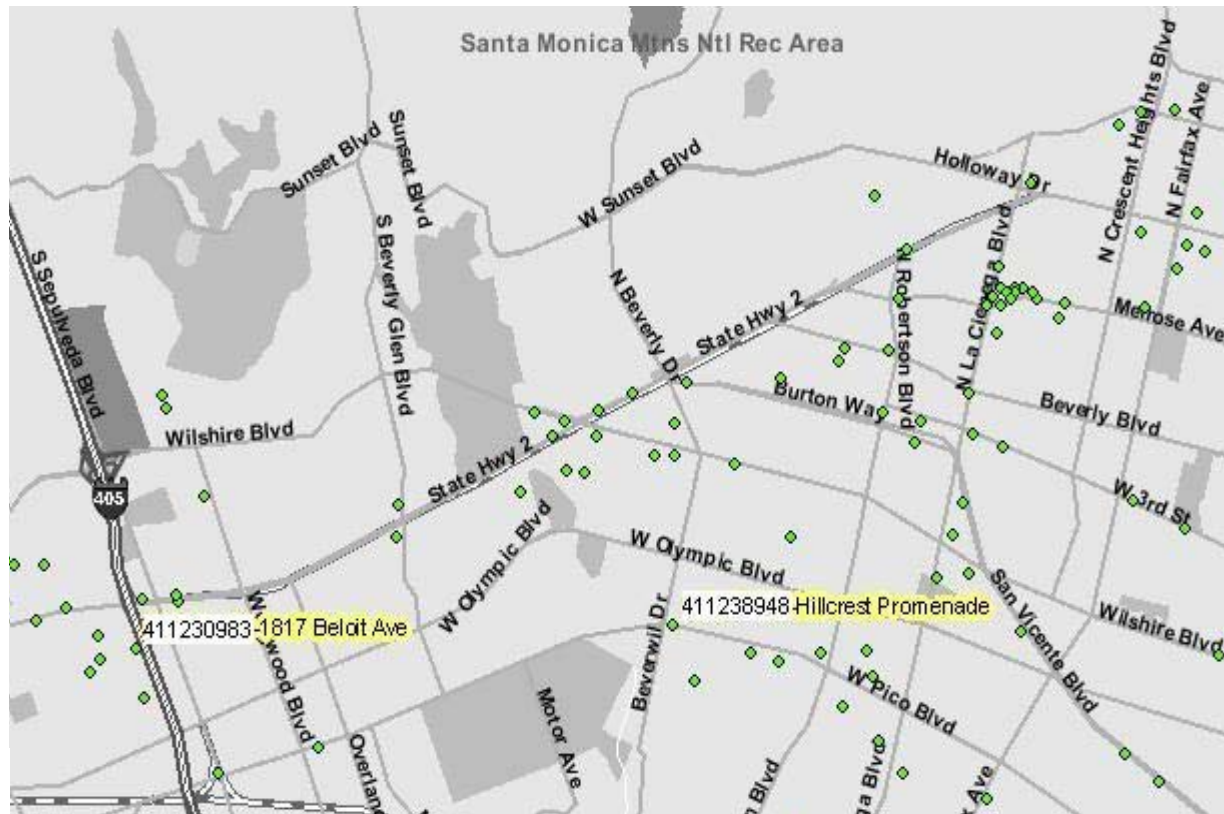


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# Midland's Best Practice Methodology

- Maintain locations of collateral at the street-level



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# Midland's Best Practice Methodology

- Maintain locations of collateral at the street-level
- Use mapping technology to view locations of collateral relative to real fires

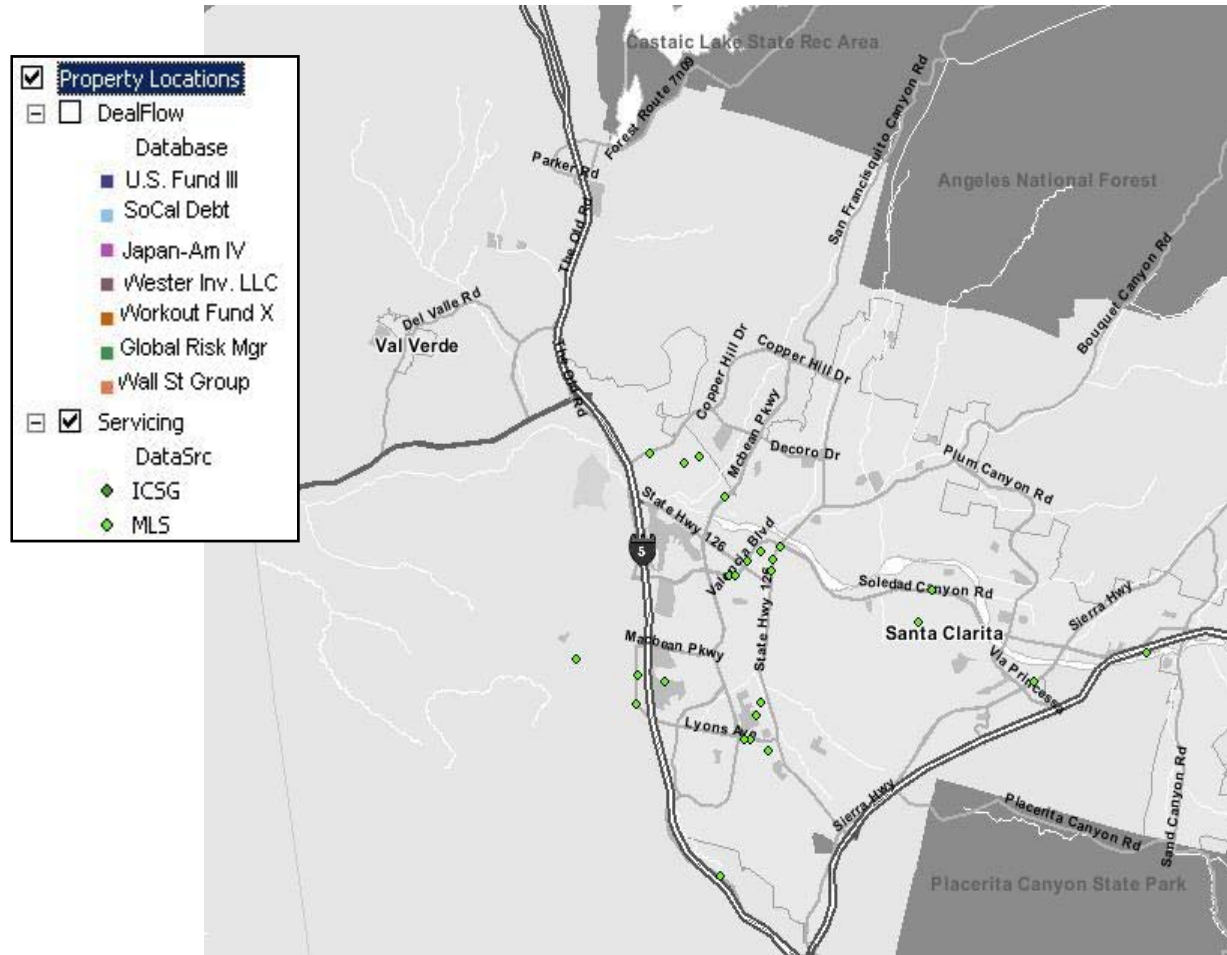
# Midland's Best Practice Methodology

- Maintain locations of collateral at the street-level
- Use mapping technology to view locations of collateral relative to real fires
- Leverage real fire data from government agencies



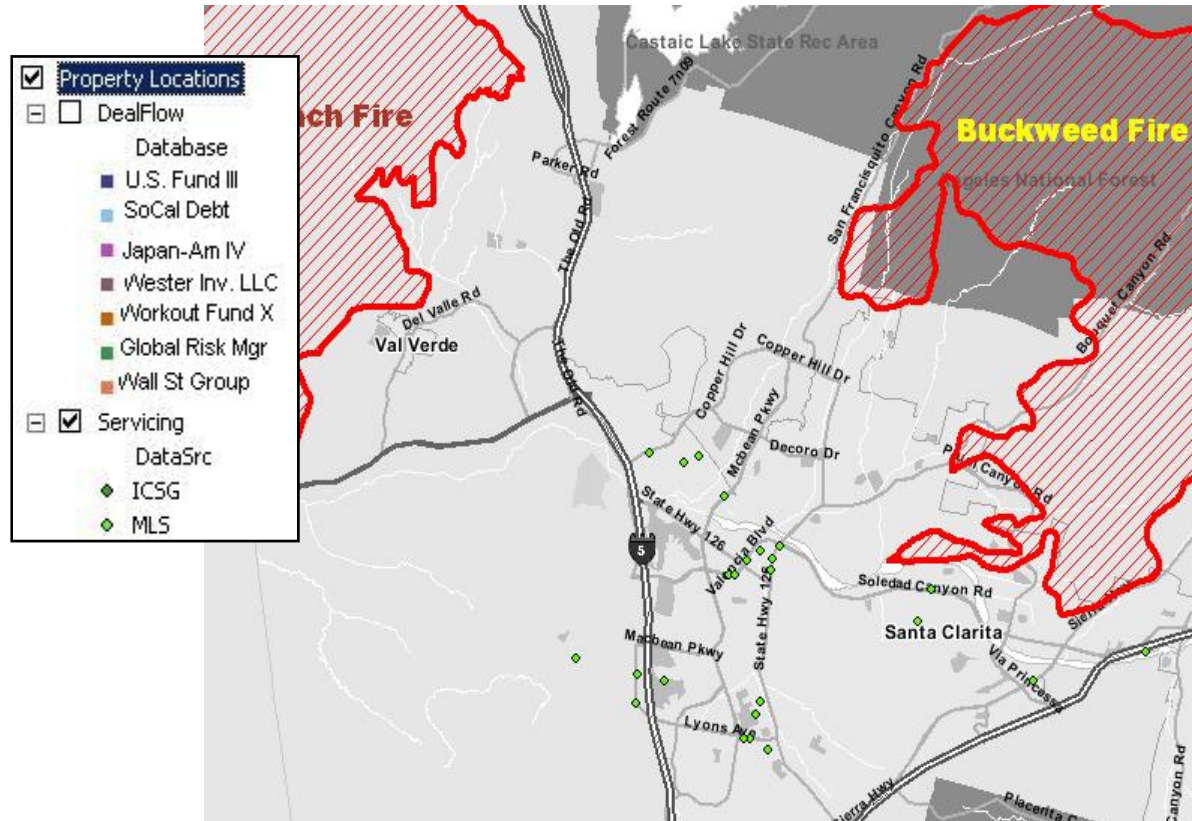
# Example: Santa Clarita Area

Properties added with base map



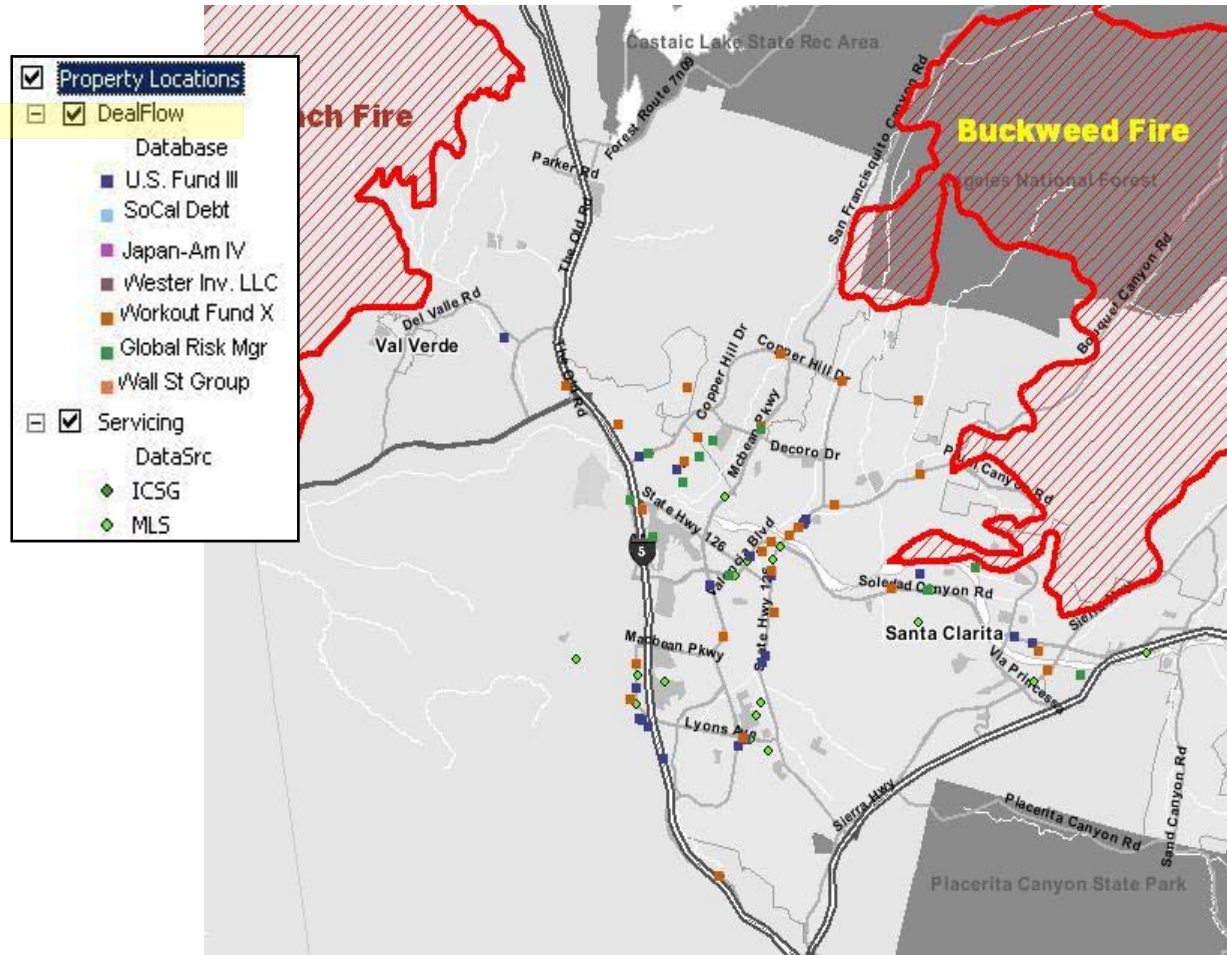
# Example: Santa Clarita Area

Add fire areas from federal data sources, continually updated



# Example: Santa Clarita Area

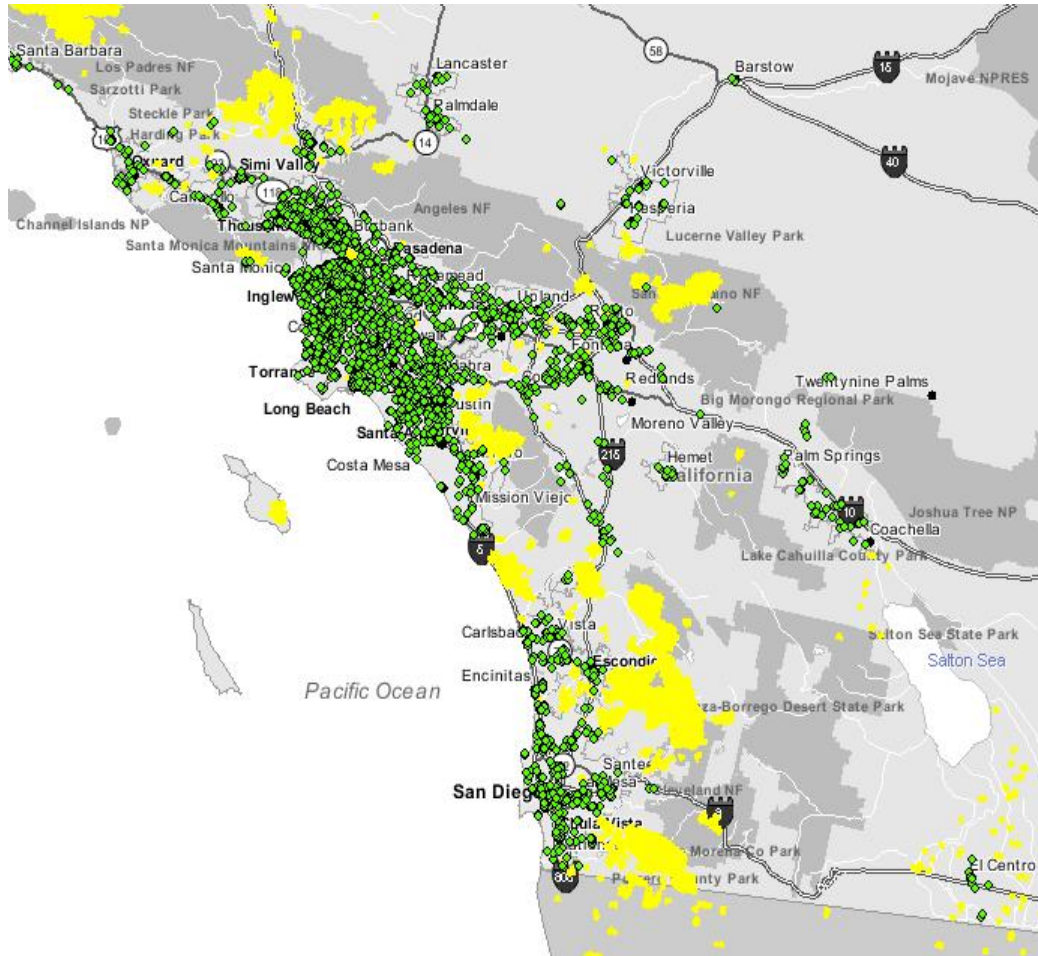
Add additional collateral locations from multiple sources



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# The Midland Approach



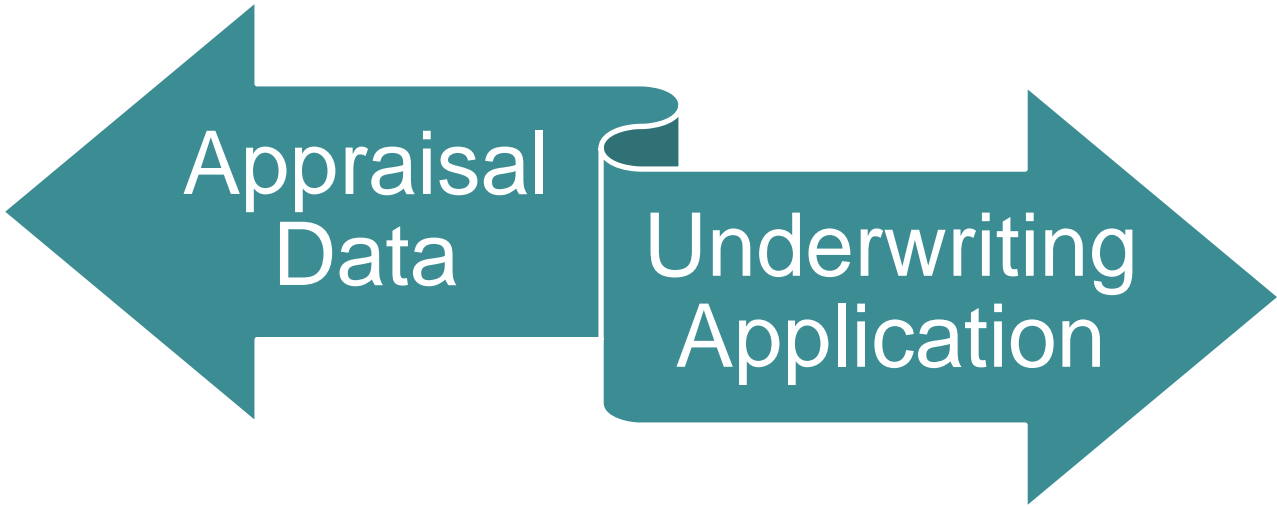
Use database of property locations and compare to actual fire locations to eliminate calls and prioritize borrower contact

# Midland Best Practice Approach

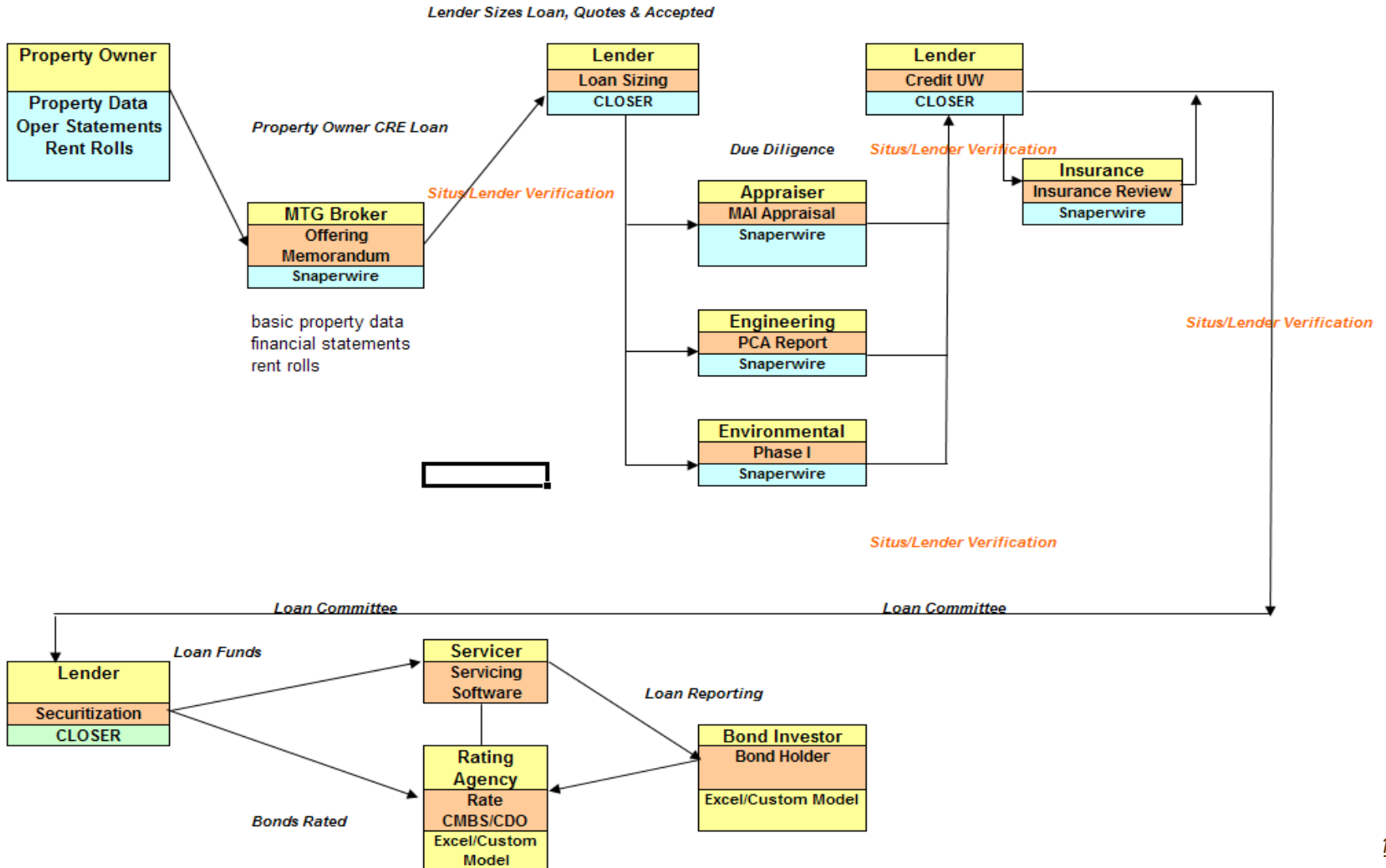
Please contact Bob Wolkowitz with questions.



## Situs Data Aggregation Methodology



## Data Aggregation Workflow





reportbuilder2.0

Reportbuilder 2.0 is a 2<sup>nd</sup> generation Commercial Appraisal Business Process Manager providing numerous advantages to the CRE market:

- Latest Commercial Appraisal Data Standards (CARS)
- .Net 2.0 and .ASP Integration.
- Full Integration with Word, Excel and MS SQL.
- Incorporate any current appraisal format leveraging word/excel.
- Stores subject information, comps, photos, and excel
- Organize Everything into One Data Source
- Web Service Integration for XML Feeds to other Applications
- Established leader within the Commercial Appraisal Industry.

# Using Technology Now – Information Aggregation and Dissemination

ReportBuilder 2.0

File Tools Go Window Help

Home File Summary Enron Tower

### Enron Tower

Quick Tasks

- Save Changes
- Save And Close File
- Clone File
- Open Main Template

Documents

Sections








- Setup
- Assignment
- Property**
- Site
- Improvements
- Taxes and Zoning
- Area Analysis
- Land Value
- Cost Approach
- Sales Approach
- Income Approach
- Rental Comp Analysis
- Reconciliation
- Photos/Images

File Information Data

Property

|                    |  |               |        |
|--------------------|--|---------------|--------|
| Property Name      | Enron Towers   |               |        |
| Dev. Name          | Cesar Pelli & Associates and Kendall/Heaton Associates |               |        |
| Property No.       | 654645   |               |        |
| Address            | 1500 Louisiana   |               |        |
| Address 2          |  |               |        |
| City               | Houston  |               |        |
| State              | TX   | Zip           | 888958 |
| County             | Allegheny  |               |        |
| Census Tract       | 654654   |               |        |
| Property Type      | Lodging & Hospitality                                  |               |        |
| Property Sub-Type  | Medical Center   |               |        |
| Property Sub-Class | High Rise  |               |        |
| Owner Type         | Owner type here  |               |        |
| Owner Name         | Simon Properties                                       |               |        |
| Market Type        | Suburban   |               |        |
| Submarket Type     | Airport District                                       |               |        |
| MSA                | MSA Here   |               |        |
| Map Latitude       | 54   | Map Longitude | 54     |

Property Photos Non-Realty Comments/Descriptions

|  |  |  |   |
|--|--|--|---|
| Photo 1<br><br>Caption:  | Photo 2<br><br>Caption:  | Photo 5<br><br>Caption:  | Photo 6<br><br>Caption: |
| Photo 3<br><br>Caption: | Photo 4<br><br>Caption: | Photo 7<br><br>Caption: | Photo 8<br><p>(Right click to load an image...)</p><br>Caption:   |



Closer is a 3<sup>rd</sup> generation Pipeline Management/Underwriting system providing numerous advantages to the CRE market:

- MS Excel Based Underwriting
- Structured Loan Support
- Intuitive Interface for Managing Work Flow
- Customized Reports with Word, Excel and/or Adobe Acrobat
- Role-Based Security for Third Party Access
- Processing Flow/Document Checklists with Integrated Document Management
- Web Service Integration for XML Feeds to other Applications
- .Net 2.0 Technology
- Experienced Leadership Team Focused on Flexibility



## Data being Imported from Appraisal

- **Collateral Detail**

Property Name  
Address, City, State Zip  
MSA, CBD

- **Report Detail**

Vendor, Report Date  
Interest Appraised  
Reconciled Value – As Is  
As Stabilized

- **Valuation Summary**

Cost Approach Value  
Income Approach DCF Value  
Discount Rate  
Terminal Cap  
Income Direct Cap  
Cap Rate Applied

- **Occupancy & Income Data**

Physical Occupancy  
Economic Occupancy  
Potential Gross Income  
Vacancy

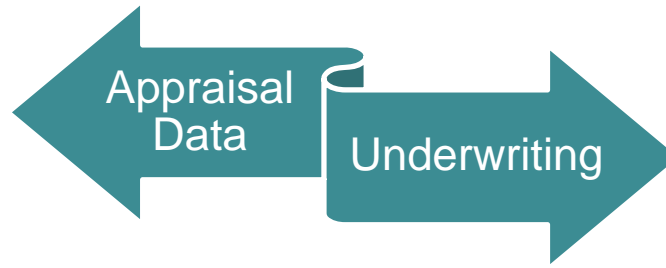
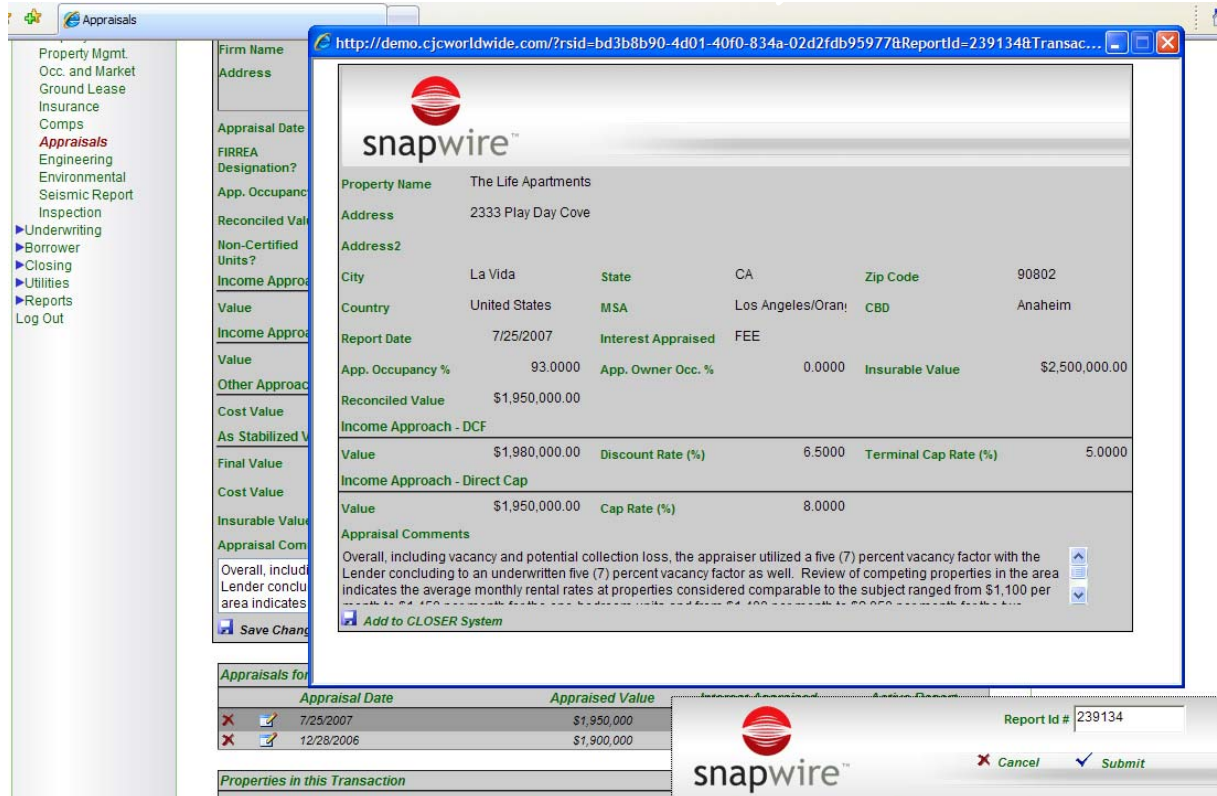
- **Appraisal Comments**

Regional Summary  
Neighborhood Summary  
Market Overview

- **Comp Data**

Sales Comparables  
Rent Comparables

## Snapwire into CLOSER

Property Name: The Life Apartments  
Address: 2333 Play Day Cove  
City: La Vida, State: CA, Zip Code: 90802  
Country: United States, MSA: Los Angeles/Oran, CBD: Anaheim  
Report Date: 7/25/2007, Interest Appraised: FEE  
App. Occupancy %: 93.0000, App. Owner Occ. %: 0.0000, Insurable Value: \$2,500,000.00  
Reconciled Value: \$1,950,000.00  
Income Approach - DCF  
Value: \$1,980,000.00, Discount Rate (%): 6.5000, Terminal Cap Rate (%): 5.0000  
Income Approach - Direct Cap  
Value: \$1,950,000.00, Cap Rate (%): 8.0000  
Appraisal Comments: Overall, including vacancy and potential collection loss, the appraiser utilized a five (7) percent vacancy factor with the Lender concluding to an underwritten five (7) percent vacancy factor as well. Review of competing properties in the area indicates the average monthly rental rates at properties considered comparable to the subject ranged from \$1,100 per month to \$1,400 per month for the subject property and from \$1,100 per month to \$2,000 per month for the subject property.

| Appraisal Date | Appraised Value |
|----------------|-----------------|
| 7/25/2007      | \$1,950,000     |
| 12/28/2006     | \$1,900,000     |

Report Id #: 239134  
Cancel Submit



## Data Integrated into CLOSER

11/23/2007

CLOSER
APPRAISALS

BRETT WILLIAMS

THE LIFE APARTMENTS

- Transaction
- Loan Detail
- Collateral
  - Property Info
  - Property Mgmt.
  - Occ. and Market
  - Ground Lease
  - Insurance
  - Comps
  - Appraisals**
  - Engineering
  - Environmental
  - Seismic Report
  - Inspection
- Underwriting
- Borrower
- Closing
- Utilities
- Reports
- Log Out

### Appraisal Details

**Appraisal Firm Information**

Active Report

✓ Change Entity
✎ Edit Entity
✕ Remove Entity

|           |   |        |        |
|-----------|---|--------|--------|
| Firm Name | CB Richard Ellis                                    |        |        |
| Address   | 1234 Main Street<br>Suite 400<br>New York, NY 10002 | Tax ID | XXXXXX |

|                      |  |                    |                                    |                    |  |
|----------------------|--|--------------------|------------------------------------|--------------------|--|
| Appraisal Date       | <input type="text" value="7/25/2007"/>   | Type               | <input type="text" value="As Is"/> | Interest Appraised | <input type="text" value="Fee Simple"/>  |
| FIRREA Designation?  | <input type="text" value="Yes"/>         | USPAP Conformance? | <input type="text" value="Yes"/>   | MAI Designation    | <input type="text" value="Yes"/>         |
| App. Occupancy %     | <input type="text" value="93.00"/>       | App. Owner Occ. %  | <input type="text" value="0.00"/>  | Insurable Value    | <input type="text" value="\$2,500,000"/> |
| Reconciled Value     | <input type="text" value="\$1,950,000"/> | Value As Of Date   | <input type="text"/>               | Termite Rpt Req.?  | <input type="text"/>                     |
| Non-Certified Units? | <input type="text"/>                     |                    |                                    |                    |  |

**Income Approach - DCF**

|       |  |                   |                                     |                       |                                     |
|-------|--|-------------------|-------------------------------------|-----------------------|-------------------------------------|
| Value | <input type="text" value="\$1,980,000"/> | Discount Rate (%) | <input type="text" value="6.5000"/> | Terminal Cap Rate (%) | <input type="text" value="5.0000"/> |
|-------|--|-------------------|-------------------------------------|-----------------------|-------------------------------------|

**Income Approach - Direct Cap**

|       |  |              |                                     |
|-------|--|--------------|-------------------------------------|
| Value | <input type="text" value="\$1,950,000"/> | Cap Rate (%) | <input type="text" value="8.0000"/> |
|-------|--|--------------|-------------------------------------|

**Other Approach Values**

|            |                                  |                      |                                  |            |                                  |
|------------|----------------------------------|----------------------|----------------------------------|------------|----------------------------------|
| Cost Value | <input type="text" value="\$0"/> | Sales Approach Value | <input type="text" value="\$0"/> | Land Value | <input type="text" value="\$0"/> |
|------------|----------------------------------|----------------------|----------------------------------|------------|----------------------------------|

**As Stabilized Values**

|                 |                                  |                      |                                  |                  |                                  |
|-----------------|----------------------------------|----------------------|----------------------------------|------------------|----------------------------------|
| Final Value     | <input type="text" value="\$0"/> | DCF Value            | <input type="text" value="\$0"/> | Direct Cap Value | <input type="text" value="\$0"/> |
| Cost Value      | <input type="text" value="\$0"/> | Sales Approach Value | <input type="text" value="\$0"/> | Land Value       | <input type="text" value="\$0"/> |
| Insurable Value | <input type="text" value="\$0"/> |                      |                                  |                  |                                  |

**Appraisal Comments**

Overall, including vacancy and potential collection loss, the appraiser utilized a five (7) percent vacancy factor with the Lender concluding to an underwritten five (7) percent vacancy factor as well. Review of competing properties in the area indicates the average monthly rental rates at properties considered comparable to the subject ranged from \$1,100

## Questions for Consideration

- What is working well in gathering data from origination through underwriting and closing to servicing and on to information dissemination?
- What is not working as well as it could and why?
- Is there an end vision for the automation of data capture and flowing data through the deal lifecycle?
- How far away are we from reaching this vision?
- If we reached this vision what bottom-line impact would it have on our industry?
- What is lacking in reaching this vision?
- What is data exchange and where are we on automated data exchange?
- What are data standards and why are they important? What is the update on MISMO, OSCRE and other standards?



## Q & A / Discussion



# Questions and Answers