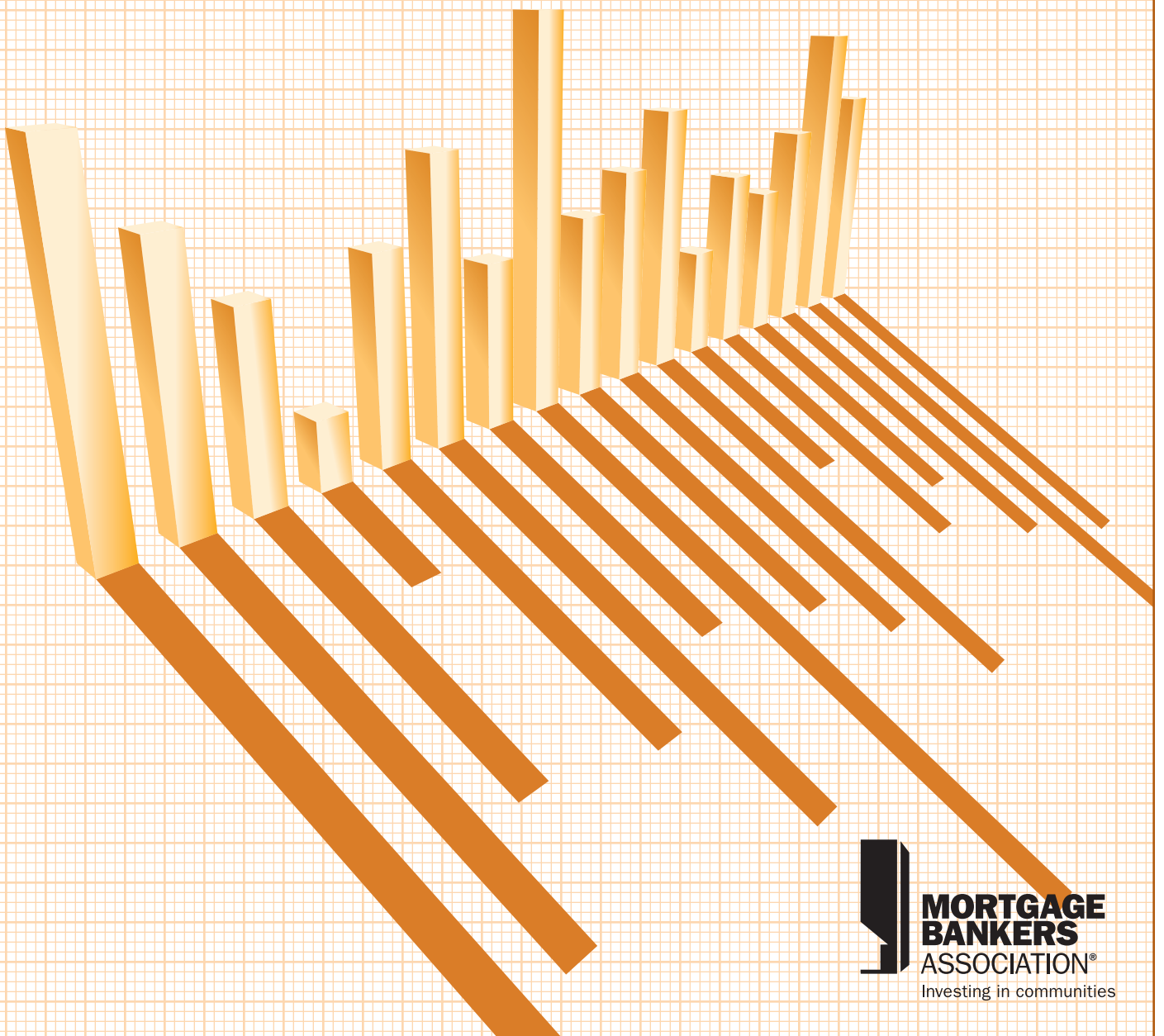


Q4 2009

MBA COMMERCIAL/MULTIFAMILY

MORTGAGE DELINQUENCY RATES

FOR MAJOR INVESTOR GROUPS



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**MORTGAGE
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Commercial/Multifamily Mortgage Delinquencies

Economic Fallout Continues to Impact Commercial Real Estate Markets/Delinquencies in 4th Quarter 2009

Fourth Quarter 2009

Delinquency rates continued to increase in the fourth quarter for most commercial/multifamily mortgage investor groups, according to the Mortgage Bankers Association's (MBA) Commercial/Multifamily Delinquency Report.

Between the third and fourth quarters, the 30+ day delinquency rate on loans held in commercial mortgage-backed securities (CMBS) rose 1.63 percentage points to 5.69 percent. The 60+ day delinquency rate on loans held in life company portfolios decreased 0.04 percentage points to 0.19 percent. The 60+ day delinquency rate on multifamily loans held or insured by Fannie Mae rose 0.01 percentage points to 0.63 percent. The 90+ day delinquency rate on multifamily loans held or insured by Freddie Mac increased 0.04 percentage points to 0.15 percent. The 90+day delinquency rate on loans held by FDIC-insured banks and thrifts rose 0.49 percentage points to 3.92 percent.

"The ongoing impact of the economic fallout on commercial real estate markets continued to drive up commercial and multifamily mortgage delinquencies for most investor groups in the fourth quarter," said Jamie Woodwell, MBA's Vice President of Commercial Real Estate Research.

"Continued job losses, consumer restraint and a lack of household growth all sustained the pressure on commercial real estate operations and mortgages during the fourth quarter."

Construction and development loans are not included in the numbers presented here, but are included in many regulatory definitions of 'commercial real estate' despite the fact that they are often backed by single-family residential development projects rather than

by office buildings, apartment buildings, shopping centers or other income-producing properties.

The analysis incorporates the same measures used by each individual investor group to track the performance of their loans. Because each investor group tracks delinquencies in its own way, delinquency rates are not comparable from one group to another.

Based on the unpaid principal balance of loans (UPB), delinquency rates for each group at the end of the fourth quarter were as follows:

- CMBS: 5.69 percent (30+ days delinquent or in REO);
- Life company portfolios: 0.19 percent (60+days delinquent);
- Fannie Mae: 0.63 percent (60 or more days delinquent)
- Freddie Mac: 0.15 percent (90 or more days delinquent);
- Banks and thrifts: 3.92 percent (90 or more days delinquent or in non-accrual).

The MBA analysis looks at commercial/multifamily delinquency rates for five of the largest investor-groups: commercial banks and thrifts, commercial mortgage-backed securities (CMBS), life insurance companies, Fannie Mae and Freddie Mac. Together these groups hold more than 80 percent of commercial/multifamily mortgage debt outstanding.

Differences between the delinquency measures are detailed in Appendix A.

CHART 1. COMMERCIAL/MULTIFAMILY MORTGAGE DELINQUENCY RATES AMONG MAJOR INVESTOR GROUPS



Selected delinquency rates at the end of the period

NOTE: Delinquency rates shown are NOT comparable between investor groups. These rates show how performance of loans for each investor groups has varied over time, but cannot be used to compare one investor group to another.

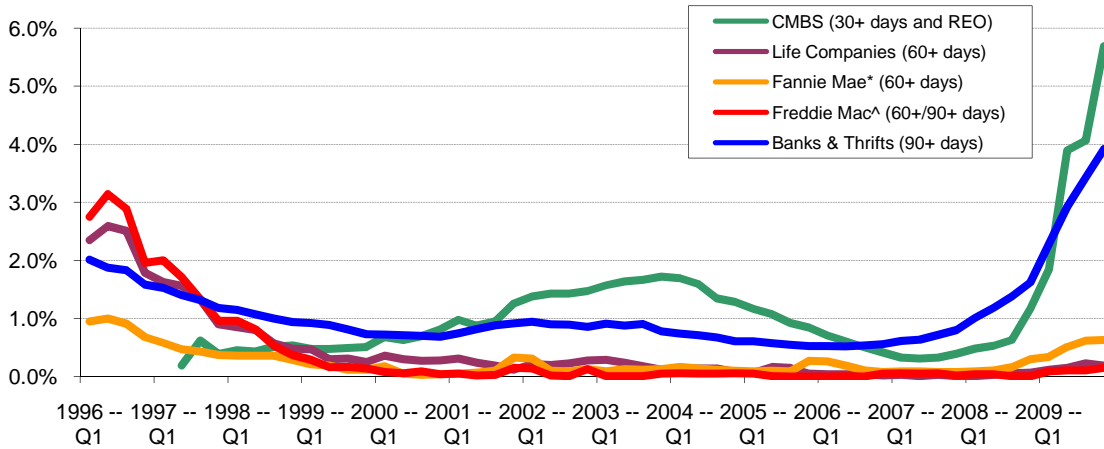
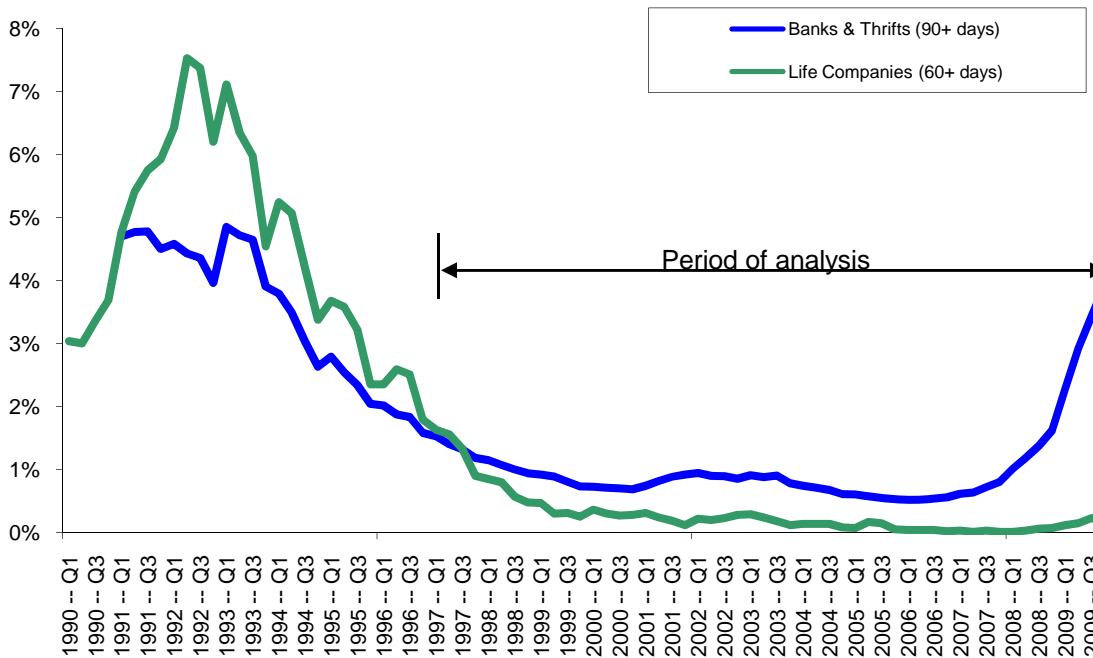


CHART 2. COMMERCIAL/MULTIFAMILY MORTGAGE DELINQUENCY RATES AMONG BANKS AND LIFE COMPANIES

Selected delinquency rates at the end of the period



Sources: Wachovia Capital Markets, LLC and Intex Solutions, Inc., American Council of Life Insurers, Fannie Mae, Freddie Mac, OFHEO and Federal Deposit Insurance Corporation

COMMERCIAL/MULTIFAMILY MORTGAGE DELINQUENCY RATES AMONG MAJOR INVESTOR GROUPS



Selected delinquency rates at the end of the period

NOTE: Delinquency rates shown are NOT comparable between investor groups. These rates show how performance of loans for each investor groups has varied over time, but cannot be used to compare one investor group to another.

	CMBS (30+ days and REO)	Life Companies (60+ days)	Fannie Mae* (60+ days)	Freddie Mac^ (60+/90+ days)^	Banks & Thriffs (90+ days)
Year-end					
1996 -- Q4	n.a.	1.79%	0.68%	1.96%	1.58%
1997 -- Q4	0.39%	0.90%	0.37%	0.96%	1.18%
1998 -- Q4	0.54%	0.48%	0.29%	0.37%	0.94%
1999 -- Q4	0.51%	0.25%	0.12%	0.14%	0.73%
2000 -- Q4	0.81%	0.28%	0.04%	0.04%	0.69%
2001 -- Q4	1.26%	0.12%	0.33%	0.15%	0.92%
2002 -- Q4	1.47%	0.28%	0.13%	0.13%	0.86%
2003 -- Q4	1.72%	0.12%	0.13%	0.05%	0.78%
2004 -- Q4	1.29%	0.08%	0.10%	0.06%	0.61%
2005 -- Q4	0.85%	0.05%	0.27%	0.00%	0.53%
2006 -- Q4	0.41%	0.02%	0.08%	0.05%	0.56%
2007 -- Q4	0.39%	0.01%	0.08%	0.02%	0.80%
2008 -- Q4	1.17%	0.07%	0.30%	0.01%	1.62%
2009 -- Q4	5.69%	0.19%	0.63%	0.15%	3.92%
Quarter-end					
2006 -- Q4	0.41%	0.02%	0.08%	0.05%	0.56%
2007 -- Q1	0.33%	0.03%	0.09%	0.06%	0.62%
2007 -- Q2	0.31%	0.01%	0.09%	0.05%	0.64%
2007 -- Q3	0.33%	0.03%	0.08%	0.06%	0.72%
2007 -- Q4	0.39%	0.01%	0.08%	0.02%	0.80%
2008 -- Q1	0.48%	0.01%	0.09%	0.04%	1.01%
2008 -- Q2	0.53%	0.03%	0.11%	0.04%	1.18%
2008 -- Q3	0.63%	0.06%	0.16%	0.01%	1.38%
2008 -- Q4	1.17%	0.07%	0.30%	0.01%	1.62%
2009 -- Q1	1.85%	0.12%	0.34%	0.09%	2.28%
2009 -- Q2	3.89%	0.15%	0.51%	0.11%	2.92%
2009 -- Q3	4.06%	0.23%	0.62%	0.11%	3.43%
2009 -- Q4	5.69%	0.19%	0.63%	0.15%	3.92%

Sources: Wachovia Capital Markets, LLC and Intex Solutions, Inc., American Council of Life Insurers, Fannie Mae, Freddie Mac, OFHEO and Federal Deposit Insurance Corporation.

^ In June 2008, Freddie Mac began reporting multifamily delinquencies as those loans 90+ days delinquent. Prior to that time the reported numbers are for loans 60+ days delinquent. Data are available for life companies, FDIC-insured banks and thrifts, Fannie Mae and Freddie Mac since 1996 and CMBS since 1997. *December figures are not available from Fannie Mae for the years 2000 to 2004. Figures for November are used instead.

APPENDIX A

SOURCES & MEASURES OF DELINQUENCIES

Commercial Mortgage-backed Securities (CMBS)

Source: Wachovia Capital Markets, LLC and Intex Solutions, Inc.

The delinquency rate for CMBS loans covers loans 30+ days delinquent, including those in foreclosure, and real estate owned (REO). The CMBS rate is the only one to include REO in either the numerator or the denominator. This series includes all private-label (non-Ginnie Mae, Fannie Mae or Freddie Mac issued) deals that are currently outstanding, including both fixed- and floating-rate deals.

Life Companies

Source: American Council of Life Insurers

The delinquency rate for life insurance company loans covers loans 60+ days delinquent, including those in foreclosure, and does not include real estate owned (REO) in either the numerator or the denominator.

Fannie Mae

Source: Fannie Mae Monthly Volume Summary and Office of Federal Housing Enterprise Oversight Annual Reports to Congress

The delinquency rate for multifamily loans either held in portfolio or securitized and guaranteed by the company covers loans 60+ days delinquent, including those in foreclosure, and does not include real estate owned (REO) in either the numerator or the denominator. The company was unable to provide December delinquency figures for the years 2000 to 2004, so the fourth quarter numbers presented for those years are November, rather December, figures.

Freddie Mac

Source: Freddie Mac Monthly Volume Summary and Office of Federal Housing Enterprise Oversight Annual Reports to Congress

The delinquency rate for multifamily loans either held in portfolio or securitized and guaranteed by the company covers loans 60+ days delinquent, including those in foreclosure, and does not include real estate owned (REO) in either the numerator or the denominator. Freddie Mac notes that their delinquency rate “[e]xcludes mortgage loans whose original contractual terms have been modified under an agreement with the borrower as long as the borrower complies with the modified contractual terms.” As an example, after Hurricane Katrina, Freddie Mac modified a number of loans affected by the storms.

FDIC-insured Banks & Thrifts

Source: Federal Deposit Insurance Corporation

The delinquency rate for FDIC banks and thrifts covers loans 90+ days delinquent, including those in foreclosure and in non-accrual status, and does not include real estate owned (REO) in either the numerator or the denominator. The universe of loans covered by this series also includes a large number of “owner-occupied” commercial loans – loans supported by the income of the resident business rather than by rent and lease payments. In a 2007 analysis by MBA of the ten banks with the largest commercial mortgage portfolios, approximately half, in dollar volume, of their commercial (non-multifamily) loan portfolio was comprised of these “owner-occupied” properties.



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