

# Commercial Mortgage Updates

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# CMSA

- International trade organization for organizations involved in the commercial real estate capital markets
- Mission: “to improve liquidity of commercial real estate debt securities through access to the capital markets”



# Initiatives

- Terrorism insurance
- CMSA investor reporting package
- Educational seminars: CMBS 101, 201 and 301
- CMBS loan documents best practices

# CMBS Loan Documents Best Practices

Committee formed in response to

- Lack of focus on curing defects
- Impact on processing foreclosures
- Cost to trust of curing document defects

# Concerns Addressed by “Best Practices”

- Loan checklist
- Core documents
- Critical documents
- Exception reports

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## Remedies for Non-compliance

- Officer's certification to the trustee
- Officer's certification and loan-specific indemnification
- Seller provides indemnification from credit-worthy entity (LOC)
- Repurchase only if risk of loan in pool is not financially reasonable

# Standardization

## Language in PSA

- Trustee reports
- Indemnification
- Servicing procedures related to assumptions, modifications, partial releases

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# MERS for CMBS

- Initial funding by Wells Fargo, Bear Stearns, Banc of America, GE Real Estate, and GMAC
- Basically the same as MERS for residential loans
- Will eliminate most repurchase risk due to assignment defects
- Launched in August 2003



Questions?

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*Thank you!*

