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**FOR IMMEDIATE RELEASE**

**CMSA Supports Development of U.S. Covered Bond Marketplace**

*FDIC Proposed Rule Should Include Commercial Mortgage and CMBS Collateral*

**New York, NY-- July 2, 2008** -The Commercial Mortgage Securities Association (CMSA) supports the development of a U.S. covered bond market, as proposed by the Federal Deposit Insurance Corporation (FDIC). CMSA urges inclusion of high quality commercial mortgage loans and commercial mortgage-backed securities (CMBS) in the final rule, as outlined in CMSA's comment letter to the FDIC.

The FDIC has proposed a regulatory framework to promote the development of the covered bond market in the United States, based on the positive and widespread market experience with these securities in Europe, to provide an additional source of capital market liquidity for Insured Depository Institutions (IDI). Currently, FDIC only considers residential mortgage backed securities in its proposal.

"Including commercial loans as collateral for covered bonds will support enhanced liquidity for mortgage finance without increasing the risks to the Deposit Insurance Fund," said Dottie Cunningham, CEO of CMSA. "We believe covered bonds will provide a desirable funding strategy even following a recovery of the commercial securitization market."

Covered bonds are securities issued by a bank and backed by a dedicated group of loans known as a "cover pool." Based on the high quality of the loans in the cover pool and the strength of the issuing banks, most covered bonds receive high credit ratings of double- or triple-A. The bonds are obligations of the issuing bank, and the issuer retains control over the assets.

CMSA plans to hold follow-up meetings with banking regulators such as the Office of the Comptroller of the Currency and the Federal Reserve Board on this issue.

CMSA's response to FDIC can be found at:  
<http://www.fdic.gov/regulations/laws/federal/2008/08c115coverbond.pdf>

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### **ABOUT CMSA**

Commercial Mortgage Securities Association (CMSA) is an international trade association dedicated to promoting the ongoing strength, liquidity and viability of commercial real estate capital market finance worldwide. With about 400 member companies worldwide, CMSA offers unparalleled leadership in the commercial real estate markets. Our diverse membership base spans the globe and represents the full range of the industry's market participants, from senior executives at the largest money-center banks and investment banks, rating agencies, insurance companies, and investors to service providers. Member driven, CMSA is dedicated to insightful, forward thinking that encourages vision, innovation and continuous professional growth for market participants. It is committed to being responsive to its members and providing them a culture of collaboration, collegiality, open and inclusive dialogue, consensus building and respect for diverse views.

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