

### QUESTION

### ANSWER

- 1 Regarding the reporting requirements listed in the third bullet point on page 69 of Version 5.0...the Interim and Fiscal Year-End reporting periods are discussed. Is this referring to new loans or all loans? Does this reporting supersede the quarterly reporting mentioned in the first bullet point on that same page?

For both questions, the intent is that it applies to all loans to the extent the current CMSA IRP standards can be applied to the individual PSA. For those pools where servicers are strictly adhering to older PSAs that don't necessarily allow them to revise reporting according to current IRP standards, they would need to comply with their PSA. There should be a note on this in the narrative...yes, actually it is in the opening paragraph: "This package constitutes an interim revision to the Current version 4.0 of the Commercial Mortgage Securities Association Investor Reporting Package (CMSA IRP) It should be utilized whenever the reporting requirements in a servicing agreement call for reporting according to the CMSA standard reporting package/IRP. In some servicing agreements, the reporting requirements define the CMSA standard reporting package/IRP "as it may be modified from time to time." While it is hoped the CMBS marketplace will adopt the CMSA IRP as its reporting standard, to the extent that a particular servicing agreement requires different reporting formats or different methodologies, the user should adhere to the terms of that servicing agreement."
- 2 There is a concern about the numeric fields in the IRP, such as interest rate, DSCR, etc. In the Loan Setup file, the Original Note Rate format is shown as .095. If the rate is 9.125%, it would be displayed as .091? Also, the Loan Periodic file shows the format for Current Note Rate as .09. This means that if an interest rate is 8.625%, it will show as .09? Finally, in the Property File, the DSCR fields are showing a format of 1.3. That means that coverage of 1.25 would show as 1.3.

Rates should be in decimal format in the data files and taken out as many decimal places as necessary. The Data Record Layouts show the rates going out 6 places, but in cases where we have larger rates, we take out to as many as needed to report the full rate. Besides, when you convert the file to .csv comma delimited, it drops any trailing zeros.

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3 Specifically, on page 73 of Version 5.0, the first bullet reads as follows:

You must explain the current FY variances for the current OSAR. It is not a requirement that the comments from prior FY's that appear on the OSAR must also be included at the bottom.

Variance of greater than 20% (either higher or lower) between the current full year and from the prior full year must be explained in the applicable comments section of the OSAR for the following line items:

- Effective Gross Income or Departmental Income
- Total Operating Expenses or Total General/unallocated
- Total Capital Items

For reporting of statements that are newer than the most recent prior full year, should the prior full year comments be displayed instead of the most recent comments?

For example, let's say it is 5/16/2007. We have a 12/31/2006 statement as well as a 3/31/2007 statement; both have been spread and are ready to be reported. If there is a comment for the 12/31/2006 statement as well as a comment for the 3/31/2007 statement, should the 12/31/2006 comments be shown instead of 3/31/2007?

Does the wording "Variance of greater than 20% (either higher or lower) between the current full year and from the prior full year must be explained" mean that year-end comments must always be shown, thus prohibiting us from displaying the interim comments? Are we to only display year-end comments?

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- 4 Per IRP 4.1, quarterly property financials don't require annualization, only normalization? Is that accurate?
- 5 Concerning "Interest Reserve Account", how the interest reserve amounts for January and Feb will be deposited into the Interest Reserve Account in an amount equal to one day's interest at the related Mortgage Rate. Is this figure reported anywhere in the IRP?
- 6 For loans which currently have a delinquency status of 7 or 9, what will they become when the new payment status is implemented?
- 7 Which types of reserve accounts should be classified as a Tenant Reserve (code 4) as opposed to a Leasing Reserve (code 11)? Referring to the Reserve Account Types for monthly reporting on this report.
- Annualization is allowed but should be footnoted as long as there is 6 months of data available.
- Deal level interest reserve account balances are not reported in any IRP reports. However, it is usually included in the remittance summary to the Trust and was incorporated into a new Remittance template in IRP Version 5.0.
- 7 and 9 were fka as In Foreclosure and REO respectively.
- Once the new payment status is implemented, it will depend on how delinquent the loans are or if the loan has ballooned as to which code is reported.  
Make sense?
- The choices become:
- A Payment Not Received But Still In Grace Period Or Not Yet Due
  - B Late Payment But Less Than 30 days Delinquent
  - 0 Current
  - 1 30-59 Days Delinquent
  - 2 60-89 Days Delinquent
  - 3 90+ Days Delinquent
  - 4 Performing Matured Balloon
  - 5 Non Performing Matured Balloon
- Use code 4 for any tenant specific reserves. Use 11 for the more general rollover reserves or TI/LC reserves.

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8	In Version 4.1 there appears to be an incorrect statement. In the paragraph describing the Total Loan Report (page 8), the last sentence states "The report is not necessary if a single primary servicer does not exist for the Total Loan." Since the report is for the purpose of distributing information to other primary servicers, then shouldn't this sentence read that the report is not necessary if a single primary servicer does exist.	Preparation of the Total Loan Report can only be done if there is a single party responsible for the "total loan". We have found that it is typical that there is one primary servicer for a split loan and possibly multiple master servicers (one for each of the trusts that the loan pieces are deposited into). Preparation of the report is difficult if not impossible if there is more than one primary servicer. The IRP statement he refers to I believe is correct in the package. We indicate that the report is not necessary if a single primary servicer does not exist—meaning that if there are multiple primary servicers, the report is not prepared.
9	Is it the responsibility of the Special or the Master to put corrected mortgage loan information in the CSV report which is sent to the Master?	If it a corrected mortgage loan the special servicer drops it off the report (though it is my understanding that some SS keep them on their reports and some masters like that, it is not an IRP requirement).
10	Is there a place in the DD or the IRP where we have a formal definition for determination date?	No, it is defined per the servicing agreement.
11	The Data Dictionary for the setup field S21...shows LO(36), YM(38), 7(12) and O(3). What the 7 is for?	Prepayment Premium at 7% for 12 months.
12	Numerous places in IRP 4.1 and 5.0 refer to quarterly reporting of financial information on the NOIWS and the OSAR, such as Change Matrix item 21.5 of 5.0 and page 72 "The NOIWS and the OSAR should be completed by the Servicer on a quarterly basis." On the NOIWS, showing the quarterly information will just mean that the columns are related to numbers for that quarter - no problem other than the fact that nowhere on the report does it tell you that it is quarterly information, because the statement classification has been removed.	The intent is that the servicer will now normalize not only annual statements but also quarterly statements, and provide such information (including variance comments) on the NOIWS and the OSAR. "Most Recent" information is either Year to Date or Trailing 12, not just for a single quarter if you have more information that can be used to build your year to date or trailing 12. As an example, if you have year to date data that has been normalized (say covering Jan to June 2007) this same set of data should be reflected in the TTM/YTD column on the OSAR, and would be reflected through out the reporting

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On the OSAR, which column should contain the quarterly numbers. Should the quarterly numbers be displayed in the TTM/YTD field? Where else are the quarterly numbers to be reported? On the Watchlist report and the Comparative Financial Statement report there are columns for "Most Recent". Should this column contain the most recent quarterly statement (if available) or the most recent annual statement?? (We had been putting the most recent annual statement there such as 2006, then the preceding would be 2005, and second preceding would be 2004).

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package as your "most recent" financial data as defined in the data dictionary for "most recent" operating statement data fields.

- 13 Looking for details as to what is the Industry Standard for CO-OPERATIVE loans whether it should be added to the Watchlist based on CMSA IRP PRG. Under the CMSA IRP PRG, Co-Ops are excluded from the Watchlist for 1E & 1F. We've come across some issues where CO-OP loans are hitting the 4B criteria and we're not sure if we should be adding this to the Watchlist or exclude. Typically, the CO-OP loans are that individuals don't own the real estate, rather they own shares in the CO-OP corp., so they are considered very stable.

Co-ops should be excluded because their DSCR is normally around 1.0x. They would default for being under the 1.10x DSCR but should not default for the comparison but it is "and" so it would cause it to default.

- 14 Is there a standard form that is used when a primary is reconciling the bank accounts for the master? There is the Reconciliation of Funds but isn't that for the Trustee?

No standard form, but there should be some consistency between servicers.

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15	In the production of the Financial File, in the typical case where a borrower's financial statement has been normalized, should the financial file reflect only the normalized values (NOR) or should it reflect each of the normalized values (NOR), the adjustment to borrower's statements (ADJ) and the borrower's statements (BOR)?	The financial file specifications on page 52 detail a code for borrower (BOR), adjusted (ADJ) and normalized (NOR).
16	How are the financials which are spread by the servicers used and by who are they used? How would the Portfolio Managers use the analysis?	Used by investors and other parties including servicers to track and monitor the performance of the related collateral to expectations in addition to monitoring negative events (Watchlist triggers for loans that may potentially go to the special servicer and may ultimately result in a loss). The information can also be used by prospective investors. Portfolio Managers as part of a servicing unit would use this information for essentially the same reasons noted above.
17	In regards to the new "Servicer Remittance to Trustee" template, as Servicer, we send this template to the trustee so that they can better categorize remitted amounts, but does circulation of this template stop with trustee, or is the trustee going to post this with other CMSA reports to their website?	This is solely for the Trustee and will not be posted for Investors.
18	When did Fields 33-35 in the Bond Level CMSA file stopped reporting the DCR ratings, and started reporting DBRS?	This occurred in Version 4.0.
19	The Data Dictionary specifies that the current net rentable square feet area of a property as of the determination date. This field should be utilized for Office, Retail, Industrial, Warehouse, and Mixed Use properties. If there are multiple properties, and all the same Property Type, sum the values. If not all the same Property Type or if any are missing, then leave field empty. I am interpreting that even though	The reference to "multiple properties" relates to loan level reporting as contained with the Delinquent Loan Status Report. The NOIWS should reflect the related data at the property level.

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the NOIWS is a property report, we should enter the Current Net Rentable Square Feet in reference to the whole loan (instead of the individual property) since "multiple properties" is used in the definition. Is this correct?

20 I was previously under the assumption that financials were never reported as annualized, only normalized. So if the statement covered 1/1/06 to 6/30/06, it was a 6 month statement that I would need to double it myself to compare to prior years. However, from what I can tell in Versions 4.0 and 5.0, the MS may annualize the data. We are seeing that some seem to be annualizing and others are not. The problem here is that there is no way to know if reported financials have been annualized without either digging into the statement history and comparing previously reported information to current or looking at the actual borrower statements or the OSARs themselves. When looking through thousands of loans, this is not practical. I see that in IRP 5 you added the "YA" code to identify an annualized YTD statement. However, that code has not been included in the financials file (only YTD, AN, TR, and UB). Why is there the continued difference in financial indicators between the two files? One would assume that a YTD statement from 1/1/06 to 6/30/06 would always be a 6 months statement (regardless of normalization)...however we are seeing lots that have been annualized.

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This brings up an issue that was discussed significantly during the IRP 4.1 process. You are correct that we did provide clearer parameters around when servicers could annualize statements in 4.1. This was primarily the result of discussions around annual statements since the goal there is to always compare 12 months of data. However, since there was consistency between servicers on this point, the guidance is applicable to either interim or fiscal. There are a number of ways to determine whether the annual numbers have been annualized including:

- Reading the NOIWS and OSAR as that should footnote any annualization adjustments.
- The reported statement dates in the financial file should reflect the dates of the statements reported by the borrower. If they were more than 6 months, the actual financial amounts would be annualized.

For interim statements, the guidance was not intended to suggest these amounts should be annualized, although some servicers do (there was inconsistency between servicers on this point). This could be identified by:

- The Most recent financial indicator in the property and loan periodic files will indicate whether the amounts have been annualized.

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- The financial statement beginning and end date should reflect the dates of the statements reported by the borrower.
- The number of months covered as reported on the OSAR would be greater than the number covered by the reported dates. In addition, footnotes on the OSAR should indicate any annualization.

The discrepancy you note between the financial and property files will be addressed in the too be released XML standard due to the significance on programming from a change like that.

21 If a property is 100% occupied by two tenants and both tenants are NNN, does this asset need to be moved to watch list if the DSCR is less than 1.10? I know single tenant, NNN properties are excluded from 1E and 1F.

Since it is 2 tenants it probably could also be excluded since they are both NNN.

22 Over the course of the past several months, we have seen several loans that were REO reverted back to 90+ Days Delinquent. Did [data provider] change its methodology on what is listed in the delinquency field? Did the servicers change how they are reporting that information? I'm somewhat concerned that anyone using [a data provider] for delinquency/REO/foreclosure numbers is not getting an accurate portrait. I think there is currently ONE REO loan listed out of the entire conduit universe.

The field in question, LPU 40 was changed to only report the payment status and not FCL or REO. There are many reasons why the IRP committee made the decision for this change. One of the underlying issues was that the field itself was mixing two separate data concepts—that of (1) how delinquent is the loan and (2) whether the special servicer is foreclosing or already managing the REO. The master servicer is the source for the delinquency but the special servicer is the source for the REO or FCL status which was often problematic from a reporting standpoint. To fully communicate the status between the special servicer and master servicer, in 5.0, the concepts were separated and the field was renamed from “Status of Loan” to “Payment Status of Loan”. As a result of this change, the special servicer no longer reports the field to the

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master servicer and the field is limited to payment status only as reported by the master servicer. The special servicer reports other fields to the master servicer that speak to the FCL or REO status. To determine whether a loan is REO, users should look to "REO Date" (LPU field 43) and if there is a date populated in this field, it is an REO loan. To determine which loans are in foreclosure, the user should look to "Workout Strategy" (L76)—a code of 2 (Foreclosure) or 10 (Deed in lieu of foreclosure) would indicate those assets where the special servicer is pursuing conversion of title to the Trust.

The Delinquent Loan Status Report was also modified to include only the payment status of loans (non-REO loans as the REO are reported separately on the REO Report). From the data file, users can still stratify the assets into the traditional "30-60-90-FCL-REO" buckets by placing all loans with a REO Date populated into the REO bucket, all loans without an REO date and with a workout strategy of 2 (FCL) or 10 (Deed in Lieu) into the Foreclosure bucket, and the remaining loans according to their payment status as reported in field LPU field 40. The workout strategy of Deed in Lieu is included as we determined that the point of the FCL bucket from an investor standpoint was to pre-determine which loans would ultimately become REO. Both foreclosure and deed in lieu would lead to REO. Please note that there is another field entitled "Foreclosure Start Date" however, that field is not used to determine which loans are in foreclosure as it is possible for the special servicer to have filed foreclosure, but to be actively pursuing another strategy, such as a modification. A loan in that position would not be expected to become REO.

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If you would like to read or share our published explanation on this topic, it is contained in the change matrix (Item No 12) that was published in the IRP 5.0 package.