

U.S. CMBS: Strong Real Estate Appreciation Drives Defeasance To Record Levels

AUTHORS:

Sandra M. Ruffin
VP-Senior Analyst
(212) 553-4074
Sandra.Ruffin@moodys.com

Gordon Sinclair
Associate Analyst
(212) 553-7149
Gordon.Sinclair@moodys.com

CONTACTS:

Tad Philipp
Managing Director
(212) 553-1992
Tad.Philipp@moodys.com

Brett Hemmerling
Investor Liaison
(212) 553-4796
Brett.Hemmerling@moodys.com

WEBSITE:

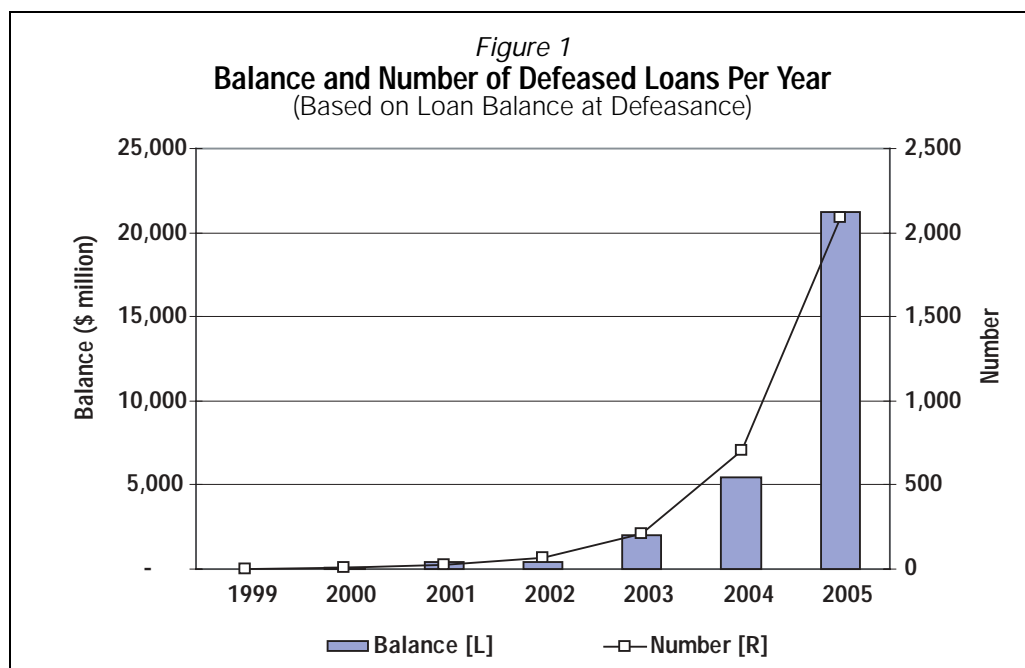
www.moodys.com

CONTENTS

- Overview
- Increases in Real Estate Values Fuel the Growth of Defeasance
- Defeasance Can be Measured In Several Different Ways
- Multifamily Represents Largest Share of Defeased Loans
- Defeased Loans Come in All Sizes
- Defeasance Increases with Seasoning
- Impact of Defeasance on Seasoned Pools
- Appendix 1: Supporting Study Data
- Appendix 2: CMBS Transactions with 15% or Greater Defeasance

OVERVIEW

The use of defeasance to unlock borrowers' equity embedded in real estate assets has grown at an unprecedented rate over the past several years. In 2005 Moody's undertook a comprehensive review of defeasance in CMBS transactions through year-end 2004¹. As of that time, outstanding defeased loans totaled \$9.3 billion and represented 3.9% of the conduit CMBS universe. Moody's has updated its study and identified 2,090 loans totaling \$21.2 billion that defeased in 2005, bringing the total balance of defeased loans to \$29.7 billion at year-end 2005. *Defeased loans now account for 12.4% of outstanding CMBS conduit issuance.* Defeasance activity in 2005 was quadruple that of 2004 and represented more than twice the total volume of defeasance that occurred in all prior years combined (see *Figure 1*).



¹ See Moody's Special Report, "[U.S. CMBS: Defeasance Benefits Borrowers and Investors](#)," April 1, 2005.



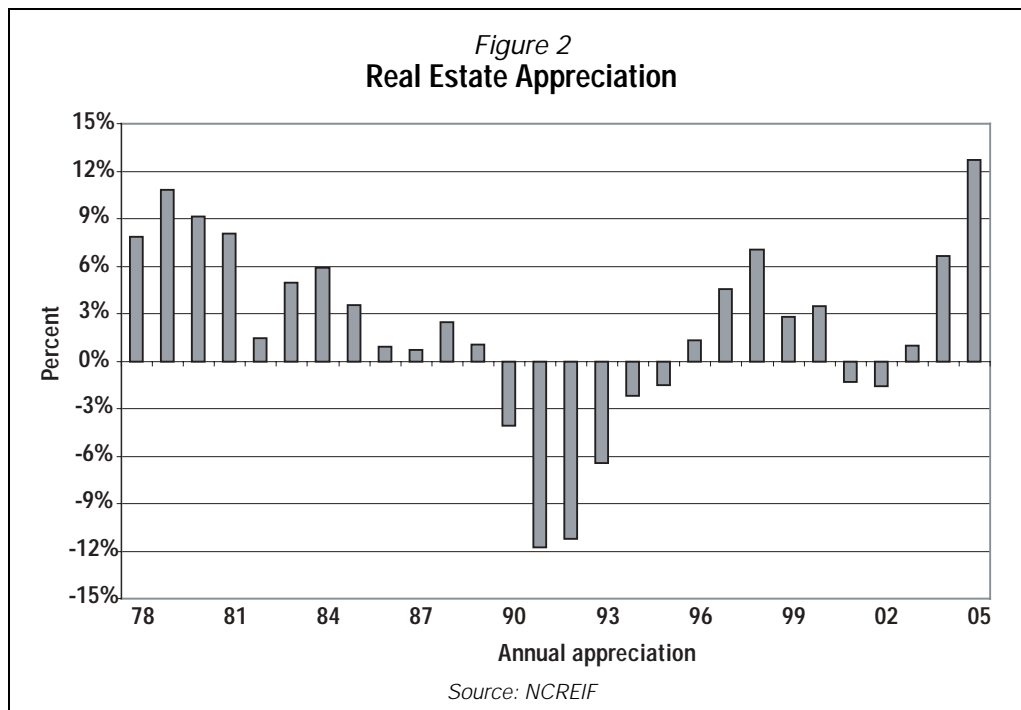
The growing use of defeasance has been fueled by strong real estate appreciation, a low interest rate environment and a growing base of loans eligible for defeasance. Although defeasance can be an expensive process — in some cases costing in excess of 20% of the outstanding loan balance — it is an attractive endeavor for many borrowers because of recent dramatic increases in property values.

Because of the increasing importance of defeasance in CMBS and its impact on the credit quality of seasoned pools, Moody's has updated its original study to include 2005 defeasance activity. Briefly, our key findings are as follows:

- In 2005, loans totaling \$21.2 billion defeased, bringing the total universe of defeased loans outstanding at year-end 2005 to \$29.7 billion, up from \$9.3 billion at year-end 2004. Defeasance volume in 2005 was four times greater than 2004 volume.
- Loans secured by multifamily properties represent approximately 30% of defeased loans, by outstanding balance, followed by retail at 24% and office at 23%. When defeasance is viewed in the context of the full conduit CMBS universe, multifamily and lodging are more frequently represented among defeased loans than among all conduit loans.
- Approximately 74% of defeased loans, by loan count, are less than \$10 million in size. However, these loans only represent 28% of the defeasance when measured by loan balance rather than number of loans. By loan count, only 7% of defeased loans are greater than \$25 million, but by loan balance these loans represent 43% of all defeased loans.
- The largest share of defeasance, by balance, has occurred in transactions securitized during the period from 1998 through 2001.
- Approximately 7% of defeased loans are from the 2003 vintage, by balance, even though 2005 was the first year in which loans from this vintage were allowed to defease.

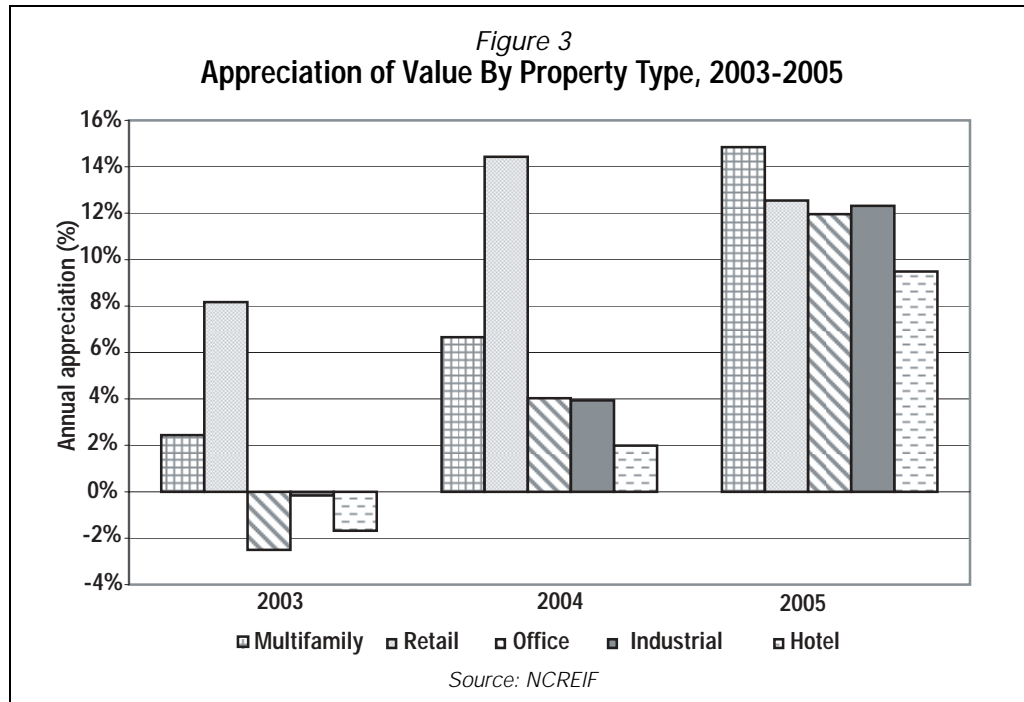
INCREASES IN PROPERTY VALUES FUEL THE GROWTH OF DEFEASANCE

The recent rapid increase in commercial real estate values has been a major factor fueling the surge in defeasance. As measured by NCREIF,² 2005 was a record-breaking year for capital appreciation in the asset class, as illustrated in *Figure 2*. The 12.7% annual growth in value in 2005 was the greatest since the inception of the data series in 1978.



² The National Council of Real Estate Investment Fiduciaries (NCREIF) calculates the total return to real estate, both quarterly and annually. The total return is the sum of a capital appreciation component (represented here) and an income return component.

Furthermore, 2005 was a year of robust growth in value across all property types. Indeed, last year was the breakout year, with an increase in value of approximately 10%-15% occurring for all property types (see *Figure 3*).



By contrast, office, industrial and hotel properties posted a decline in values in 2003, while multifamily showed a modest increase. In 2003, only retail assets boasted a reasonably strong growth in value. In 2004, retail was again the leader, while the other four property types showed positive, but less noteworthy gains.

The hearty value appreciation of 2005 has meant that borrowers can afford the costs of defeasance and still capture attractive gains by unlocking the equity embedded in their real estate assets. Multifamily and retail, in particular, have shown cumulative three-year value gains of 25% or more, allowing borrowers of these property types the opportunity to recover most or all of the equity they used to purchase their properties just three years ago.

DEFEASANCE CAN BE MEASURED IN SEVERAL DIFFERENT WAYS

Moody's study examines defeasance within the full CMBS universe as of year-end 2005. We have identified 3,144 defeased loans from 250 CMBS pools, including conduits, single borrower and large loan transactions.³ As with its previous defeasance study, Moody's has examined defeasance along several parameters, including property type, loan size and vintage.

For most parameters, data is presented by *balance*, which represents the outstanding dollar balance of defeased loans, as well as by *loan count*, which represents the number of outstanding defeased loans. Observations may differ depending on whether one views a particular parameter by balance or loan count. It is therefore appropriate to include both measures when the data is available. For example, loans of greater than \$100 million represent less than 1% of defeased loans by loan count. When looked at by loan balance, however, loans in this category represent 18% of all defeased loans. This demonstrates that it is possible for a small number of loans to represent a relatively significant share of all defeasance.

We present our analysis of defeasance in several ways.

- A specific parameter may be presented as the share it represents of *total defeased* loans. For example, when looking at defeasance by property type, multifamily loans represent 30% of all defeased loans by loan balance. The universe of *total defeased* loans includes all outstanding defeased loans as of year-end 2005, i.e., 3,144 loans with an aggregate year-end 2005 balance of \$29.2 billion.

³ Data for this study was provided by Commercial Defeasance, Wachovia Securities, Newman & Associates, Chatham Financial, Waterstone Capital Advisors, and Trepp.

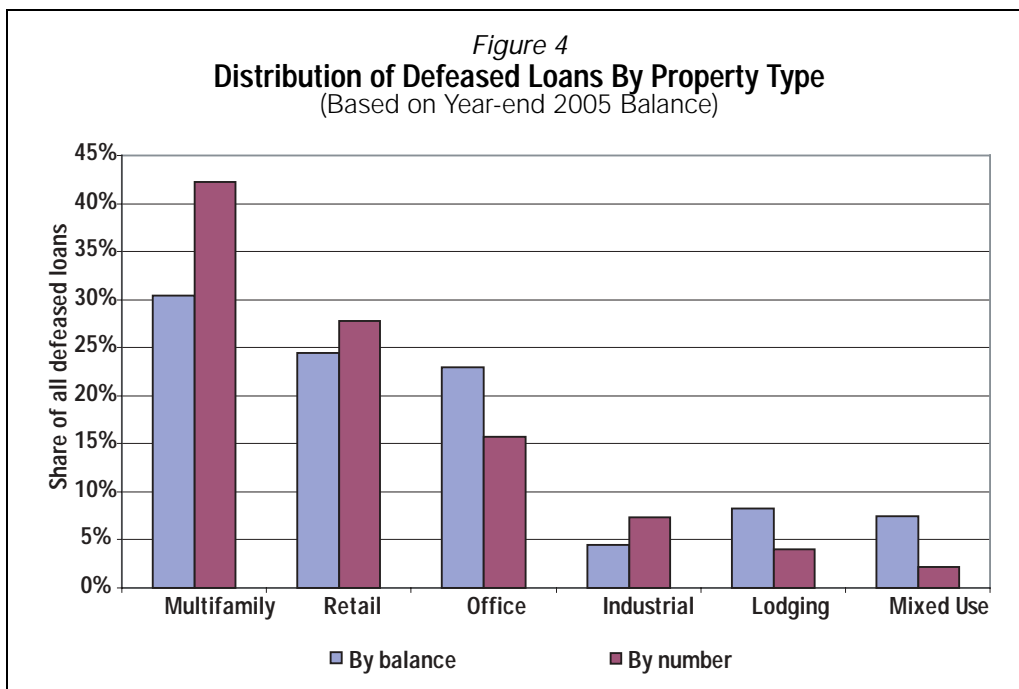
- A specific parameter may be presented as a ratio — expressed as an index — between the share of a particular parameter for *defeased conduit loans* relative to the share of that same parameter for *all conduit loans*. For example, if loans secured by multifamily properties represent 40% of defeased conduit loans but only 20% of all conduit loans, then the multifamily property type would have an index measure of 200. For this analysis, the relevant conduit universe includes all fixed rate conduit pools securitized from 1997 through 2003 (34,498 loans representing \$215.2 billion at year-end 2005). *The universe of defeased conduit loans from these vintages total 3,034 loans or \$26.9 billion and represent approximately 12.4% of all conduit loans.*
- Another way of looking at a particular parameter is to convey it as a ratio — expressed as an index — between the share of a particular parameter for loans that defeased in 2005 relative to the share of that same parameter for loans that defeased between 1995 and 2004. For example, if loans secured by lodging represent 10% of all loans that defeased in 2005, but 5% of all loans that defeased in prior periods, i.e., between 1995 and 2004, then the lodging property type would have an index measure of 200. The comparison of 2005 defeasances to the defeasances that occurred from 1995 to 2004 is based on the universe of *total defeased loans* as defined above. Analyzing defeasance in this manner allows one to discern trends over time.

A summary of our analysis is presented in the following sections. In most cases the data is presented as of year-end 2005, except where expressly noted. Detailed study data is available in Appendix 1.

MULTIFAMILY REPRESENTS LARGEST SHARE OF DEFEASED LOANS

Loans secured by multifamily, retail and office properties represent the largest share of total defeased loans. Multifamily accounts for 30%, by balance, followed by retail at 24% and office at 23% (see *Figure 4*). If one looks at property type distribution by number of loans rather than by loan balance, then the distribution among property types shifts. Multifamily and retail each represent a higher share, with 42% and 28%, respectively, while office represents a considerably smaller share, with 16%. This reflects the fact that, on average, defeased loans secured by multifamily and retail properties have lower dollar balances than defeased loans secured by office properties.

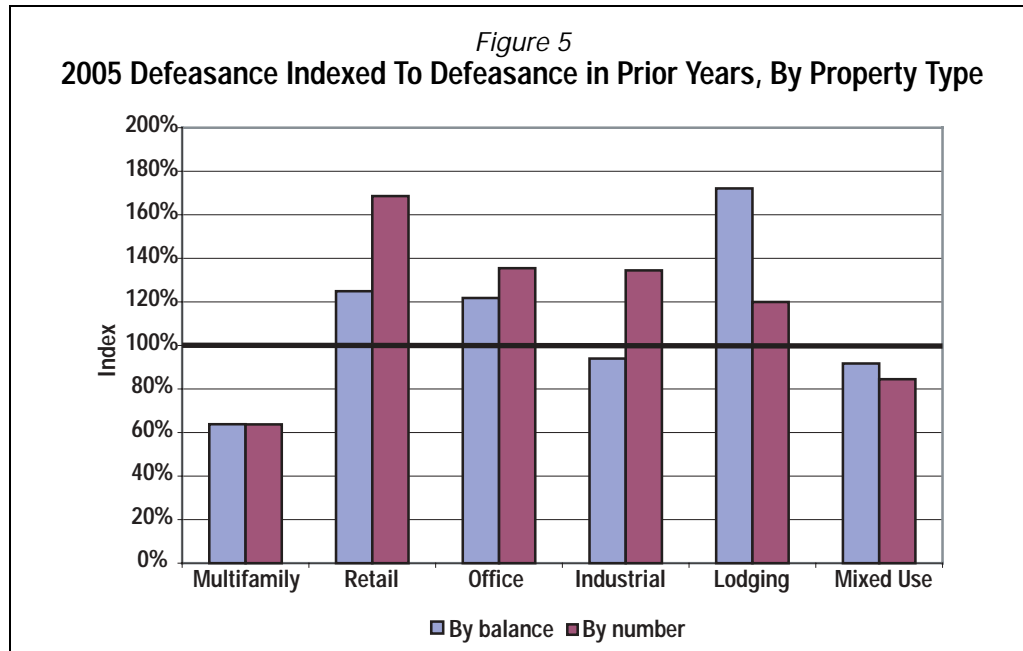
One of the more interesting property types to examine is mixed use. This property type represents a relatively small share of all defeasance — only 2.1% by loan count and 7.5% by balance. However, two large properties are included in this category — Rockefeller Center (\$1.2 billion) and Library Tower (\$178 million) — that together account for almost 5% of all defeased loans, by loan balance. Rockefeller Center, which defeased in 2005, is the largest defeasance to date.



Defeasance of Loans Secured by Lodging Increases Significantly in 2005

Some interesting shifts occurred in property type distribution of defeased loans in 2005 compared to prior years. This is evident when one examines 2005 defeasance indexed to defeasance from prior periods (see *Figure 5*). In 2005 the share of multifamily loans declined compared to its share in previous years (26.0% by balance in 2005 compared to 40.7% in previous years), while the share of lodging increased (9.5% by balance in 2005 compared to 5.5% in previous years). By balance, the share of loans secured by office and retail also increased in 2005 compared to their respective shares in previous years.

The shift in the share among various property types in 2005 defeasance compared to prior periods is at least partly due to the fact that value appreciation for different property types has occurred differently over time. As we discussed in an earlier section, multifamily property values began to pick up before many of the other property types due to cap rate compression, whereas the recovery of the hotel sector has been comparatively recent.



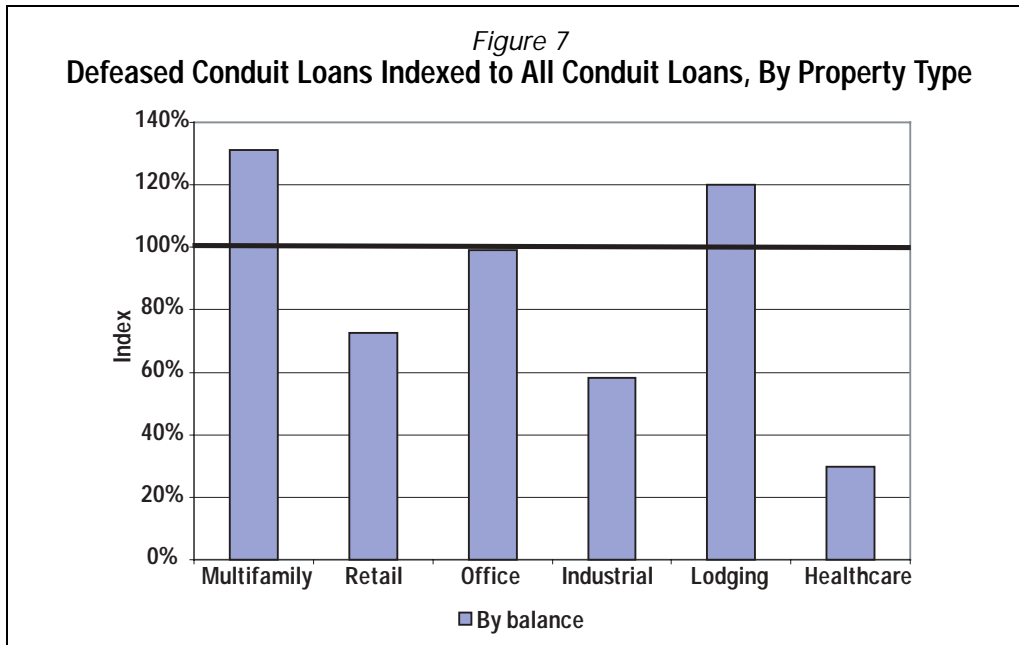
Approximately 16% of Conduit Loans Secured by Multifamily Have Defeased

When defeasance is viewed in the context of the full universe of conduit loans, multifamily is the property type with the highest share of defeasance (see *Figure 6*). Approximately 16% of all conduit loans secured by multifamily properties have defeased. Even though lodging represents a small smaller share of defeasance compared to other property types, a high percentage of conduit loans secured by lodging properties have defeased — approximately 15%. Defeasance represents a proportionately smaller share of other property types.

Another way to view defeasance in the context of the full conduit universe is to index *defeased conduit loans* to all conduit loans (see *Figure 7*). Multifamily and lodging are the only property types more frequently represented among defeased loans that they are among conduit loans, at approximately 1.3 times for multifamily and 1.2 times for lodging. Healthcare, by contrast, has been one of the most troubled property classes included in CMBS and has the least share of defeasance.

Figure 6
Share of Conduit Loans Defeased, by Property Type

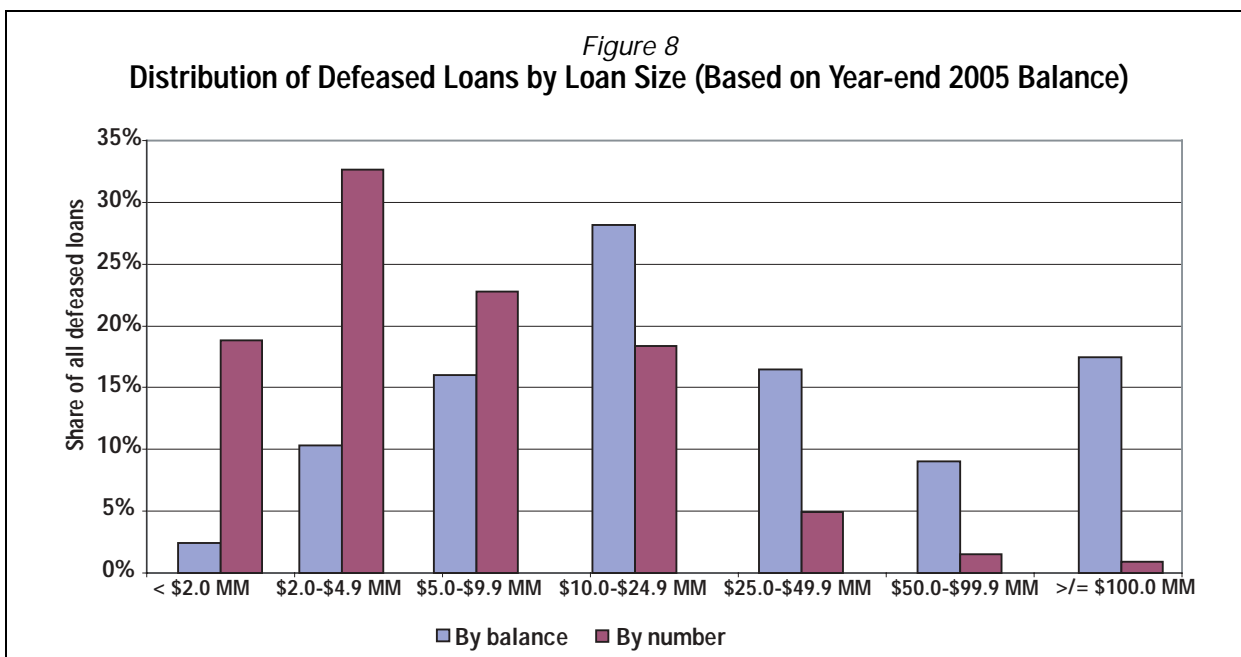
Property Type	% Defeased
Multifamily	15.8
Retail	9.2
Office	11.8
Industrial	7.2
Lodging	14.8
Healthcare	3.7



DEFEASED LOANS COME IN ALL SIZES

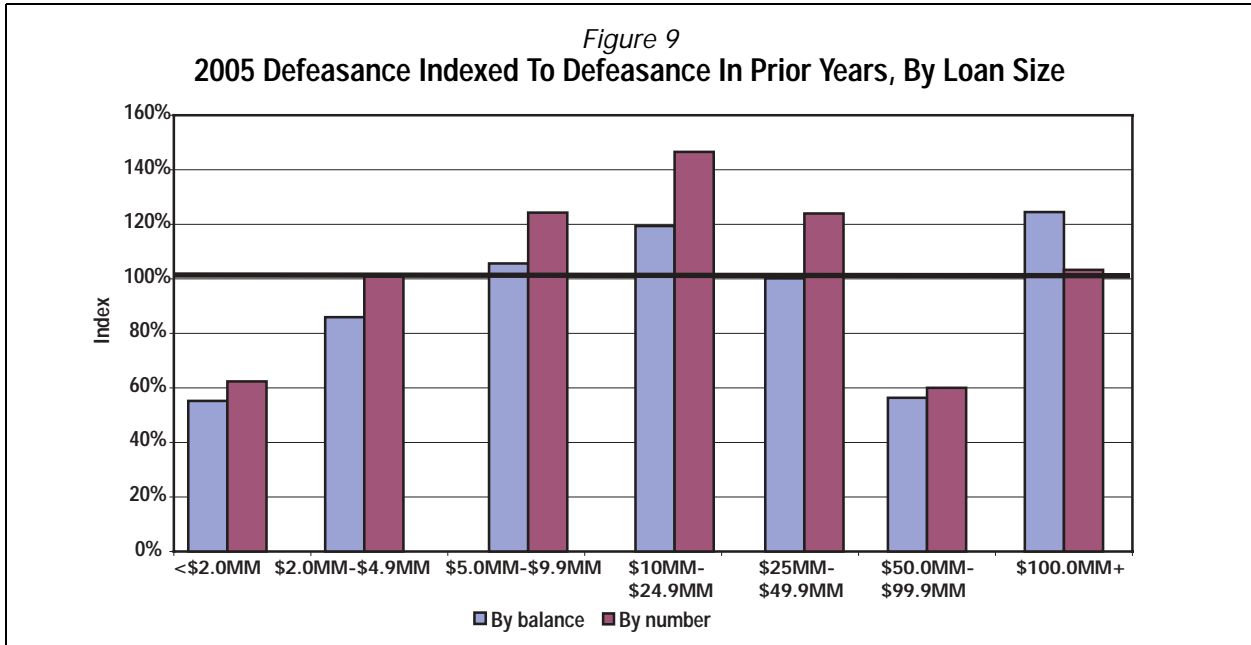
The largest share of defeased loans, at 28% (by balance), is represented by loans that are between \$10 and \$24.9 million in size (see *Figure 8*). The next largest share is represented by loans of over \$100 million, which represent 17.5%, by balance, of all defeased loans.

By number, however, approximately 74% of defeased loans fall below \$10 million in size. In fact, almost 19% of all defeased loans by loan count are less than \$2 million. It is interesting to note that despite the high costs of defeasance, which includes several fixed cost components, cost has not deterred borrowers of small loans from pursuing defeasance.



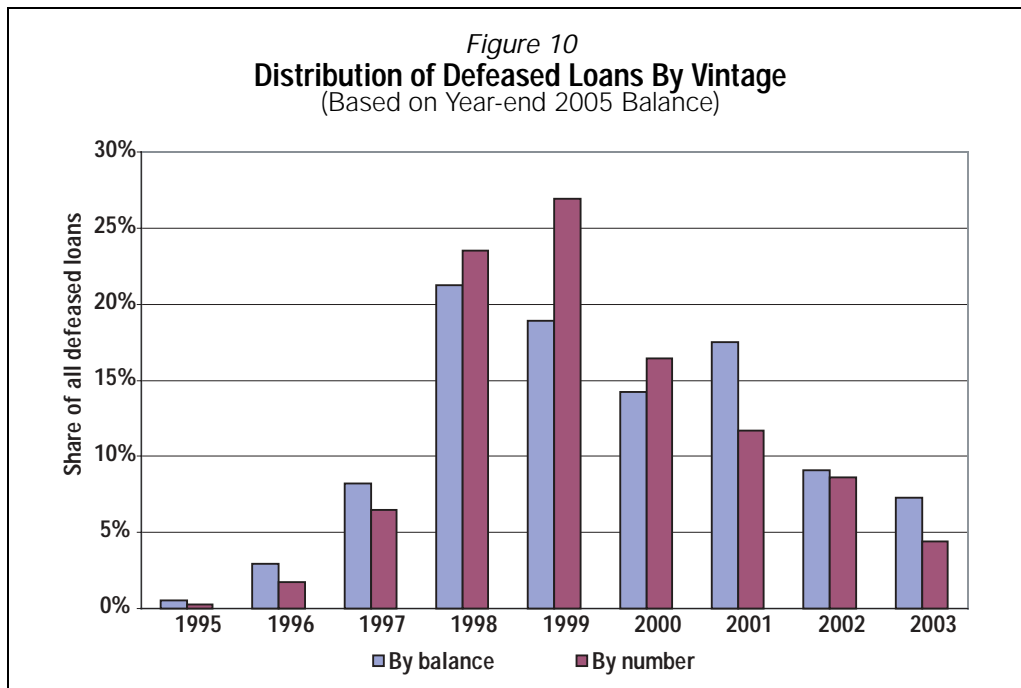
A Greater Share of Large Loans Defeased in 2005

A greater number of large loans defeased in 2005 compared to prior periods. From 1999 through 2004, eight loans of over \$100 million defeased, totaling \$1.2 billion, compared to 16 loans of over \$100 million, totaling \$3.8 billion in 2005. The largest defeased loan in 2005 — and the largest defeased loan in the CMBS market — is the Rockefeller Center loan which had a balance of \$1.2 billion at the time it defeased. *Figure 9* presents 2005 defeasance by loan size indexed to defeasances from prior years.



DEFEASANCE INCREASES WITH SEASONING

The largest share of defeased loans, by balance, has occurred in transactions securitized in the period 1998 through 2001, accounting for an aggregate 72% of all defeased loans (see *Figure 10*). Only 12% of all defeased loans are from earlier vintages and 16% of all defeasances are from pools securitized in 2002 and 2003. The concentration of defeasance in pools from 1998 through 2001 stems from the fact that defeasance was not generally available for earlier pools while the collateral securing the loans from pools securitized after 2001 has had less time for value appreciation.



Approximately 19% of Loans from Pools Securitized in 1999 Have Defeased

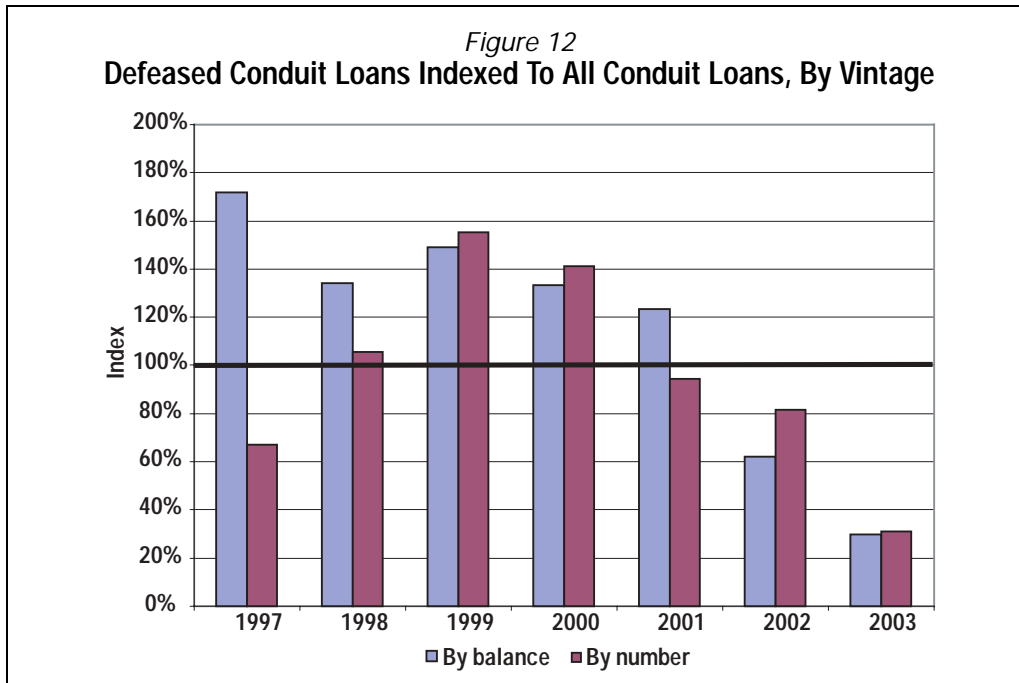
Figure 11

Share of Conduit Loans Defeased, by Vintage

Vintage	% Defeased
1997	17.9
1998	15.8
1999	18.5
2000	17.5
2001	16.3
2002	8.2
2003	3.9
All Vintages	12.4

Over 50% of defeased loans, by balance, are in pools securitized in 1999 through 2001 (see *Figure 11*). The vintage with the largest share of defeasance, by balance, is 1999, with a 19% share. Only 4% of the loans from the 2003 vintage have defeased.

Another way to view defeasance in the context of the full conduit universe is to index defeased conduit loans against all conduits (see *Figure 12*). Starting with the 1999 vintage, when the defeasance option became common in loan documents, there is a clear trend toward a higher incidence of defeasance as loans become more seasoned.



IMPACT OF DEFEASANCE ON SEASONED POOLS

The dramatic increase in defeasance in 2005, and to a lesser extent 2004, has had a major impact on Moody's upgrades of seasoned pools in 2005. Defeasance clearly has an impact on the credit quality of CMBS transactions as in many cases below-investment grade real estate collateral is replaced by U.S. government securities. The effect of defeasance on specific pools varies by the percentage of the pool defeased, the credit quality of the loans being defeased and the performance of the remaining non-defeased collateral and will be the subject of future Moody's research.

APPENDIX 1: SUPPORTING STUDY DATA

Table 1

Defeasance By Balance and Loan Count Per Year

Year of Defeasance	\$ Balance at Defeasance	% Balance	No. of Loans	% Loans
1999	5,607,376	0.0	1	0.0
2000	122,861,584	0.4	10	0.3
2001	419,081,162	1.4	25	0.8
2002	442,415,790	1.5	67	2.2
2003	2,032,740,113	6.9	212	6.8
2004	5,450,023,824	18.4	701	22.6
2005	21,185,020,837	71.4	2,090	67.3
TOTAL*	29,657,750,686	100%	3,106	100%

* Data is based on loan balances at defeasance for all outstanding defeased loans as of year-end 2005. Approximately 1% of defeased loans are missing data for year of defeasance and loan balance at defeasance.

Table 2

Defeasance by Property Type

Property Type	\$ YE 2005 Balance	% Balance	No. of Loans	% Loans
Multifamily	8,851,343,716	30.4	1,329	42.3
Retail	7,103,471,127	24.4	873	27.8
Office	6,694,883,715	23.0	494	15.7
Industrial	1,336,013,581	4.5	231	7.3
Lodging	2,411,242,227	8.3	125	4.0
Healthcare	227,650,837	0.8	14	0.4
Mixed Use	2,190,208,870	7.5	67	2.1
Mixed Pool	316,095,735	1.1	11	0.4
TOTAL*	29,130,909,808	100.0%	3,144	100%

Data is based on year-end 2005 loan balance.

Table 3

Defeasance By Loan Size

Loan Size (\$MM)	\$ Original Balance	% Original Balance	\$ YE 2005 Balance	% Balance	No. of Loans	% Loans
< \$2.0	781,582,575	2.4	707,727,599	2.4	591	18.8
\$2.0-4.9	3,340,880,208	10.4	3,014,517,063	10.3	1,027	32.7
\$5.0-9.9	5,021,165,310	15.6	4,647,545,117	16.0	716	22.8
\$10.0-14.9	3,737,630,717	11.6	3,422,317,868	11.7	309	9.8
\$15.0-19.9	2,857,605,276	8.9	2,646,389,303	9.1	167	5.3
\$20.0-24.9	2,363,192,410	7.3	2,143,529,509	7.4	105	3.3
\$25.0-49.9	5,308,217,895	16.5	4,813,491,512	16.5	154	4.9
\$50.0-99.9	3,036,521,307	9.5	2,626,373,436	9.0	47	1.5
> \$100.0	5,731,867,115	17.8	5,109,018,400	17.5	28	0.9
TOTAL*	32,178,668,814	100%	29,130,909,808	100%	3,144	100%

Table 4
Defeasance By Vintage

Vintage	\$ YE 2005 Balance	% Balance	No. of Loans	% Loans
1995	160,312,472	0.6	9	0.3
1996	846,974,224	2.9	54	1.7
1997	2,412,971,204	8.3	203	6.5
1998	6,174,838,185	21.2	740	23.5
1999	5,586,525,952	19.2	846	26.9
2000	4,168,627,576	14.3	517	16.4
2001	5,072,731,697	17.4	367	11.7
2002	2,683,495,410	9.2	270	8.6
2003	2,024,433,088	6.9	138	4.4
TOTAL	29,130,909,808	100%	3,144	100%

Table 5
Comparison of Conduit Universe and Defeased Loan Universe by Property Type

CONDUIT UNIVERSE			DEFEASED UNIVERSE			
Property Type	\$ YE 2005 Balance (000)	% Balance	No. of Loans	% Loans	\$ YE 2005 Balance (000)	% Balance
Multifamily	54,445,610	25.3	1,302	43.0	8,633,285	32.2
Retail	71,283,323	33.1	842	27.8	6,613,395	24.7
Office	52,707,379	24.5	480	15.8	6,396,104	23.9
Industrial	18,511,062	8.6	225	7.4	1,303,219	4.9
Lodging	11,574,594	5.4	103	3.4	1,861,779	6.9
Healthcare	2,602,002	1.2	11	0.4	87,515	0.3
Other	4,037,091	1.9	71	2.2	1,897,676	7.1
TOTAL	215,161,062	100%	3,034	100%	26,792,976	100%

Table 6
Comparison of Conduit Universe and Defeased Loan Universe by Vintage

CONDUIT UNIVERSE					DEFEASED UNIVERSE			
Vintage	No. of Loans	% Loans	YE 2005 Balance (000)	% Balance	No. of Loans	% Loans	YE 2005 Balance (000)	% Balance
1997	2,095	6.1	10,762,509	5.0	198	6.6	1,926,298	7.2
1998	6,985	20.2	34,954,306	16.3	731	24.1	5,531,781	20.6
1999	6,312	18.3	29,042,859	13.5	813	26.8	5,385,609	20.1
2000	4,340	12.6	23,797,450	11.1	517	17.0	4,168,628	15.6
2001	4,687	13.6	31,455,450	14.6	367	12.1	5,072,731	18.9
2002	4,268	12.4	32,898,900	15.3	270	8.9	2,683,495	10.0
2003	5,811	16.8	52,249,590	24.2	138	4.5	2,024,433	7.6
TOTAL	34,498	100%	215,161,062	100%	3,034	100%	26,792,976	100%

APPENDIX 2: FULL UNIVERSE OF CMBS TRANSACTIONS WITH 15% OR MORE DEFEASANCE

Pool Name	Pool Balance @ YE 2005	Defeased Balance @ YE 2005	No. Defeased Loans	Defeasance % of Pool Balance
GSMS 2001-ROCK (Rockefeller Center)	\$1,174,493,014	\$1,174,493,014	1	100%
MSDWC 2000-1345 (1345 Ave of the Americas)	\$429,833,662	\$429,833,662	1	100%
MCMT 1999-C1 (Meristar Hotel Portfolio)	\$295,849,847	\$295,849,847	1	100%
LTT 1998-1 (Library Tower)	\$178,248,264	\$178,248,264	1	100%
CMPT 1999-ZC1 (Assisted Living Portfolio)	\$122,204,907	\$122,204,907	1	100%
CMPT 2001-ZC1 (Shore Club Hotel)	\$96,852,735	\$96,852,735	1	100%
NASC 1996-MD5	\$603,242,027	\$507,466,035	8	84%
ASC 1997-MD7	\$270,839,221	\$220,259,960	4	81%
MSC 1997-XL1	\$383,348,750	\$199,150,000	2	52%
LLL 1997-LLI	\$569,680,829	\$231,100,000	2	41%
CDCMT 2002-FX1	\$606,436,605	\$244,693,433	9	40%
ASC 1997-D4	\$1,011,897,301	\$387,415,956	32	38%
JPMC 2000-C9	\$600,585,469	\$227,815,088	20	38%
CSFB 1997-C2	\$967,850,962	\$341,557,957	35	35%
CMAC 1998-C2	\$2,005,679,383	\$699,913,648	13	35%
CMAT 1999-C2	\$690,297,712	\$233,333,301	26	34%
LBUBS 2001-C7	\$1,192,263,427	\$402,653,075	16	34%
ASC 1996-D3	\$474,706,475	\$150,675,112	20	32%
CSFB 1998-C2	\$1,514,848,670	\$477,931,627	51	32%
MSC 1998-XL1	\$657,754,873	\$207,187,086	2	31%
DLJCM 1999-CG3	\$779,683,797	\$242,235,738	24	31%
ASC 1995-MD4	\$325,198,853	\$97,729,859	1	30%
LBCMT 1999-C1	\$1,299,540,608	\$390,099,987	33	30%
BSCMS 2000-WF1	\$701,688,917	\$209,900,850	28	30%
GMAcc 2000-C1	\$773,318,701	\$221,555,609	29	29%
NASC 1995-MD3	\$107,356,118	\$30,691,517	1	29%
FUCMT 1999-C1	\$901,879,510	\$252,690,968	37	28%
GMAcc 1999-C2	\$814,903,432	\$227,414,722	29	28%
CSFB 2000-C1	\$1,002,559,948	\$276,521,613	19	28%
ASC 1996-D2	\$323,276,740	\$83,680,165	23	26%
CCMSC 2000-2	\$677,048,922	\$173,995,581	17	26%
CASC 1998-D7	\$1,011,392,789	\$250,620,731	44	25%
ASC 1996-MD6	\$431,930,453	\$102,414,650	2	24%
CCMSC 1997-2	\$431,504,238	\$101,020,252	16	23%
NASC 1998-D6	\$3,276,604,825	\$767,052,685	74	23%
GMAcc 1999-C3	\$962,411,622	\$223,010,893	24	23%
BSCMS 1999-C1	\$409,292,065	\$92,842,335	22	23%
CSFB 1998-C1	\$1,906,278,551	\$419,032,547	38	22%
ASC 1997-D5	\$1,449,236,982	\$318,538,494	35	22%
PMCF 2001-ROCK	\$839,316,871	\$183,982,387	15	22%
JPMC 1999-C8	\$542,758,282	\$118,825,219	11	22%
LBUBS 2001-C2	\$1,226,132,220	\$260,904,513	22	21%
FUNBC 2001-C2	\$900,997,476	\$189,133,652	15	21%
JPMCC 2001-CIB2	\$901,463,488	\$188,409,580	24	21%
GSMS 1998-GLII	\$1,195,169,679	\$248,164,068	3	21%
CSFB 2001-CP4	\$1,119,487,025	\$231,070,451	14	21%
DLJCM 1998-CG1	\$1,172,189,810	\$236,180,578	37	20%
CSFB 2001-CK3	\$942,159,693	\$189,230,196	15	20%

Pool Name	Pool Balance @ YE 2005	Defeased Balance @ YE 2005	No. Defeased Loans	Defeasance % of Pool Balance
BSCMS 1998-C1	\$608,070,967	\$120,336,631	32	20%
DLJCM 1999-CG1	\$1,048,430,952	\$206,830,062	46	20%
CSFB 1997-C1	\$796,769,205	\$155,489,582	18	20%
GMACC 2000-C3	\$1,235,337,414	\$240,137,826	28	19%
LBUBS 2002-C4	\$1,388,725,011	\$267,560,070	10	19%
BACM 2000-1	\$604,932,446	\$115,588,478	18	19%
MSC 1998-CF1	\$701,083,691	\$133,027,147	15	19%
CSFB 1999-C1	\$937,936,272	\$175,376,168	15	19%
HFCMC 2000-PH1	\$821,101,411	\$148,854,542	20	18%
JPMC 1999-PLS1	\$145,782,402	\$26,162,782	7	18%
NLFC 1999-1	\$956,305,153	\$171,550,056	53	18%
GMACC 1999-C1	\$1,082,841,550	\$193,656,997	36	18%
CMFUN 1999-1	\$1,290,744,381	\$229,704,009	38	18%
FUNCM 1999-C2	\$931,757,180	\$164,045,198	28	18%
FULBA 1998-C2	\$2,425,272,374	\$418,974,109	90	17%
DLJCM 1999-CG2	\$1,377,517,967	\$227,996,876	38	17%
COMM 1999-1	\$1,129,516,548	\$186,701,536	37	17%
DMARC 1998-C1	\$1,118,230,694	\$184,648,361	18	17%
DLJCM 1998-CF2	\$900,227,582	\$145,836,924	32	16%
FUBOA 2001-C1	\$1,140,068,770	\$180,991,337	26	16%
GMACC 1998-C2	\$1,984,588,882	\$314,736,855	44	16%
LBUBS 2002-C1	\$1,159,576,450	\$183,211,657	12	16%
BSCMS 2001-TOP2	\$823,206,215	\$128,760,430	9	16%
SBM7 2000-C2	\$639,026,580	\$99,736,718	25	16%
BACM 2000-2	\$798,967,090	\$124,357,834	20	16%
PSSF 1999-C2	\$632,116,225	\$97,280,460	20	15%
CMAT 1999-C1	\$1,935,757,388	\$294,683,641	34	15%
PNCMA 2000-C2	\$953,208,758	\$144,369,656	13	15%
CSFB 2001-CKN5	\$968,669,104	\$146,236,915	14	15%
JPMC 2000-C10	\$636,884,920	\$95,208,155	22	15%
CCMSC 2000-3	\$682,062,930	\$101,844,707	10	15%
MSDWC 2002-HQ	\$631,280,129	\$93,545,449	7	15%
FUNBC 2002-C1	\$685,748,671	\$101,614,449	11	15%
GMACC 2001-C2	\$684,809,640	\$101,312,614	9	15%
FUNBC 2000-C1	\$695,334,460	\$102,847,002	15	15%
LBUBS 2000-C4	\$878,077,395	\$128,453,925	25	15%
GMACC 2002-C1	\$667,331,745	\$97,097,386	14	15%
TOTAL	\$76,368,994,300	\$19,204,351,092	1,807	

Doc ID# SF71889

© Copyright 2006, Moody's Investors Service, Inc. and/or its licensors and affiliates including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved. **ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.** All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. **NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.** Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moody.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Moody's Investors Service Pty Limited does not hold an Australian financial services licence under the Corporations Act. This credit rating opinion has been prepared without taking into account any of your objectives, financial situation or needs. You should, before acting on the opinion, consider the appropriateness of the opinion having regard to your own objectives, financial situation and needs.