

# Commercial Mortgage

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THE WEEKLY UPDATE ON REAL ESTATE FINANCE AND SECURITIZATION **ALERT**

NOVEMBER 1, 2013

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## 21 INITIAL PRICINGS

## THE GRAPEVINE

**RAIT Financial** has hired **Rodney Shenman** as a senior vice president in its loan origination group. He started this week in the Philadelphia REIT's New York office, reporting to CMBS chief **Scott Davidson**. Shenman spent the last two years at **KeyBank Real Estate Capital**. Before that he was at **Centaur Properties** and **CIBC World Markets**.

**HFF** has hired **Jeffrey Harris** as a managing director in Atlanta. Harris, who started this week, will concentrate on lining up debt and equity for various types of commercial real estate deals. Harris most recently was an executive vice president and regional director with Atlanta apartment REIT **Post Properties**. He's also worked for developers **Grubb Properties** of Charlotte and **St. Joe Co.** of Watersound, Fla. Harris reports to **Mark Sixour**, co-head of HFF's Atlanta outpost.

After eight years at **Dechert**, commercial-mortgage attorney **Deron Green** joined

See **GRAPEVINE** on Back Page

## Auction's Secrecy Disrupts Trading of CMBS

Uncertainty surrounding the exact makeup of a \$3.2 billion distressed portfolio being auctioned by **CWCapital** has caused trading to dry up in the shorter-term senior classes of all legacy deals serviced by the company.

The logjam primarily involves securities that were issued with triple-A ratings and a weighted average life of 4-5 or 6-7 years. Such paper now typically trades at a premium, but will likely be paid off at par value once **CWCapital** liquidates the collateral.

Because it's unclear which **CWCapital**-serviced deals will be affected by the auction, buyers have become unwilling to pay a premium, and holders are reluctant to sell at par. As a result, trading has frozen.

"None of the short bonds from the 'A2' and 'A3' classes are trading right now," one CMBS portfolio manager said this week. "Liquidity has dried up completely,

See **SECRECY** on Page 10

## Unease Over Terror Insurance Rattles Market

The commercial mortgage market is getting early warning signs of the possible consequences if the federal backstop for terrorism insurance is allowed to expire at the end of next year.

**Zurich North America** told insurance brokers and consultants this week that starting in January, policyholders will be notified that their terrorism coverage could be altered, or premiums increased, if the government program lapses. A recent memo from **Liberty Mutual** was more direct, saying if the program isn't renewed, it will end coverage for certain terrorist acts.

A wave of similar warnings is expected in the coming months, as the industry waits to see if Congress acts before the Terrorism Risk Insurance Act (TRIA) expires on Dec. 31, 2014. For lenders, the uncertainty raises the prospect that borrowers will be unable to maintain current levels of coverage on collateral properties.

While most observers think the program will be reauthorized, it does face

See **RATTLES** on Page 12

## Rally Pushes Down Benchmark CMBS Spread

The rally in commercial MBS prices continued this week, while the long-awaited first "REO-to-rental" transaction hit the market.

The benchmark class of a \$904.4 million conduit offering led by **RBS** and **Wells Fargo** was being marketed yesterday at a spread of 95-bp area over swaps. That's down from 105 bp on the equivalent long-term, super-senior tranche of the previous conduit issue, a \$1.2 billion transaction that priced on Oct. 24 (COMM 2013-CCRE12).

If that pricing level holds, it will punch through an important psychological level for the market. No benchmark class has priced inside of 100 bp since early June (see Scorecard for CMBS Spreads on Page 20).

The collateral pool for the **RBS**-**Wells** offering, which could price as early as today, consists of loans contributed by the two lead banks and four other lenders: **Rialto Capital**, **Liberty Island**, **Basis Real Estate Capital** and **C-III Commercial Mortgage**.

One other multi-borrower deal hit the market this week — a \$1.1 billion offering

See **RALLY** on Page 16

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## Sutton Seeks Loan for NY Purchase

Investor **Jeff Sutton** is shopping for \$200 million of floating-rate debt to help finance his acquisition of three adjacent office buildings in Manhattan's SoHo District.

Sutton has agreed to buy the buildings, at 530-536 Broadway, for \$327 million from **Thor Equities** of New York.

**Meridian Capital**, which is Sutton's advisor, is pitching the five-year assignment to banks and other lenders with an allocation for floating-rate debt.

The 11-story buildings, at the northeast corner of Spring Street, were constructed in 1897. They encompass 188,000 square feet, including 30,000 sf of retail space on the lower two floors. The buildings connect through several floors and share some exits and mechanical systems.

Sutton's plans for the property are unknown, but his specialty is retail space.

Thor was part of a consortium that bought the buildings in 2007. Local investors **Yaron Jacoby** and **Uzi Ben Abraham** struck the deal, agreeing to pay \$190 million to **Schack & Schack Real Estate** of New York, and then brought in Thor as a 49% partner.

**Wachovia** provided \$200 million of debt to cover the purchase and a subsequent renovation. The debt package consisted of a \$110 million senior loan, a \$22.5 million senior mezzanine loan, a \$22.5 million intermediate mezzanine loan and a \$45 million junior mezzanine loan.

Thor bought out its partners' equity position in 2008 for \$15 million. It then paid off the junior mezzanine tranche a year later. The status of the remaining debt is unclear. The debt package matured in 2010, but had two one-year extension options.

In 2010, Thor flirted with selling the property, but postponed the move when fund operator **Zais Group** of Red Bank, N.J., shopped the \$22.5 million piece of intermediate mezzanine debt. Thor attempted to purchase that slice, but was outbid by an unidentified hedge fund. ❖

## SunTrust Adds Originators in DC Area

**SunTrust Bank** has hired several executives in recent weeks as it builds out its origination team in the Mid-Atlantic region.

The most recent addition is **Marshall Scallan**, a relationship manager who started this week. Scallan previously was an investment manager at **CapitalSource** of Chevy Chase, Md. Before that, he worked as an assistant project manager at developer **Eichberg Construction** of Gaithersburg, Md.

**Charles English** and **Craig Lockard** were hired during the past couple of weeks, also as relationship managers. English was a senior vice president at **Bank of America**, and Lockard had the same title at **Potomac Business Services**, a credit union-owned lender in Kensington, Md. Meanwhile, **Scott Cook**, formerly a director with **General Growth Properties** of Chicago, joined SunTrust as a portfolio specialist.

The recruits join two other relationship managers that help source and write commercial mortgages in the area stretching from Richmond, Va., to Baltimore. They report to **A. Jeffrey Jacobson**, senior vice president and Mid-Atlantic market man-

ager, who is based in Tysons Corner, Va. He was hired last year to lead an effort to expand SunTrust's activity in the region, as it moves beyond writing mid-size loans and participating in syndicated deals to leading financings and holding larger chunks of debt.

The wave of hiring "demonstrates our commitment to the Washington, D.C., and Baltimore markets," Jacobson said.

SunTrust likewise has made a push to expand its lending in New York. It hired several senior staffers there since late last year, luring a few executives who had helped lead **Credit Agricole's** business in New York. In August it hired senior vice president **Maria Kastanis**, who was a senior director with **ING Real Estate Finance** before the Dutch bank shut its U.S. lending business a little over a year ago. ❖

## UBS, Wells in Lead for Vornado Loan

**UBS** and **Wells Fargo** have the inside track to provide **Vornado Realty** with a \$450 million fixed-rate loan on the office building at 11 Penn Plaza in Midtown Manhattan.

The mortgage would be the first large-loan assignment landed by UBS' commercial MBS program since a leadership change in April. UBS would lead the seven-year loan, supplying 60% of the proceeds, with Wells funding the balance. If they nail down the assignment as expected, the two banks will securitize the loan in a stand-alone offering in December.

The 1.1 million-square-foot building, across the street from Penn Station, is believed to be worth at least \$750 million. It is fully leased, with **Macy's** occupying almost 60% of the space.

In April, UBS promoted **David Nass** and **David McNamara** as co-heads of the CMBS team, following the defections of former chief **Ken Cohen** to **Bank of America** and several originators to **Rialto Capital** of Miami. The bank also hired **Chris LaBianca** as originations chief in May and added several originators over the summer, including managing director **Kevin Swartz**.

UBS is actively pursuing large-loan assignments, and has been in the mix of lenders bidding on a handful of big deals in recent weeks.

New York-based Vornado will use most of its loan proceeds to retire a \$330 million floater originated in late 2011 by **HSBC**, **Deka Bank** and **United Overseas Bank** of Singapore.

Macy's this year renewed its lease on 646,000 sf, which is used by its merchandising group. The retailer's flagship store is two blocks away. **AMC Networks** has a lease on 260,000 sf until 2017.

The building, at 150 West 32nd Street, was constructed in 1923 and renovated in 1991. It has a LEED silver certification. Vornado, which owns 9 million sf of office, retail and hotel space in the Penn Plaza district, acquired the property in 1997. ❖

**Planning Your Travel Schedule?** Check out the most comprehensive listing of upcoming conferences in real estate finance and securitization — in The Marketplace section of [CMAAlert.com](http://CMAAlert.com). Just click on "Conference Calendar."

## Freddie Pitches 'Fast Track' Loans

**Freddie Mac** has started promoting a program that permits some borrowers to lock in rates more quickly during the application process.

Under the effort, known as the "fast-track early rate-lock program," agency lenders commit to a rate 1-3 days after a borrower accepts a quote. Previously, borrowers couldn't lock in a rate until the lender partially underwrote the loan, which could take one to three weeks.

The move is evidently aimed at helping Freddie lenders compete more effectively with insurance companies, which often agree to terms quickly. In fact, the fast-track process is sometimes characterized as a "life-company execution."

The option is available to only a subsection of borrowers. For example, the property owner must be a repeat customer who secured a Freddie loan in the previous 18 months and must pass a preliminary audit. Loans cannot exceed \$50 million, and the multi-family property has to be in an approved market. A deposit is also required.

Freddie evidently has always had the ability to execute loan agreements in expedited fashion, but several lenders said it hadn't actively done so.

"It was never really done before," said one originator. "It's a new component to the current process. It's a new twist or a new angle on their current programs."

Under a separate "index-lock" program, Freddie gives bor-

rowers the option of locking in the portion of the loan coupon that is based on Treasury yields. Recently, Treasury yields have been much more volatile than loan spreads — the other component of mortgage rates. ❖

## Prime Finance Lends on Retail Center

**Prime Finance** has originated a \$45 million floating-rate mortgage on a Wisconsin shopping center.

The nonrecourse loan, which has a two-year term and three one-year extension options, is backed by the 288,000-square-foot Greenway Station in Middleton, about eight miles west of Madison. Prime, a New York fund operator, closed the mortgage this week.

The property is owned by a partnership between **Red Development** of Phoenix and **Dallas Police and Fire Pension**. The duo used most of the proceeds to retire an existing mortgage, with some funds also earmarked for leasing costs.

The shopping center, at 1650 Deming Way, was constructed in 2004. The major tenants include DSW, HomeGoods, Marshalls, Michaels and Erehwon Mountain Outfitter. ❖

## Advisory Shop Targets Conduit Lenders

A former loan underwriter at **Cantor Fitzgerald** and **Goldman Sachs** has opened a Dallas-area advisory shop that targets securitization lenders.

**Travis Tapella** launched **Carpe Realty** of Addison, Texas, this week. He previously spent five years at Goldman and two at Cantor, serving in the Dallas area for both companies.

The new firm offers loan sizing and underwriting, due diligence, staffing, report preparation and other advisory services to all types of lenders. It especially aims to work with securitization programs. "We have worked with every phase of the conduit lending process, from loan sourcing and origination to final closing and funding," Tapella said.

Other potential clients would include regional lenders as well as larger institutions, such as agency lenders, commercial banks, fund operators, REITs and insurers. The firm also can advise property owners on financing.

"Our platform is customized to what the client wants," Tapella added. "If someone wants work done on an interim, or project, basis because they are going into a busy season or they are opening a new location, we can provide that."

Carpe could eventually expand to provide asset-management services for investors, Tapella said. ❖



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## MBA Weighs In on Risk Retention

The **Mortgage Bankers Association** has told federal regulators that a provision introduced in their proposed final risk-retention rules for securitizations would be “unworkable” for commercial MBS.

At issue is a limit on the cashflow to B-piece buyers that step in to relieve issuers from keeping “skin in the game.”

The rule would “severely restrict any type of interest payments” to those investors, said **George Green**, an associate vice president of commercial/multi-family policy at the MBA. That

would remove any incentive for B-piece buyers to assume the risk-retention responsibility. The trade group wants that provision eliminated. Alternatively, Green said, the regulators should turn to a modified version of a different option that they suggested in their request for public comment.

The six regulatory bodies charged with applying the Dodd-Frank Act to the securitization industry unveiled their latest proposal Aug. 28. Regulators hope to finalize the measure within a few months, and it would take effect for CMBS two years later.

The rules would generally require issuers to retain 5% of their securitizations, but for CMBS issuers that responsibility could be assumed by a B-piece buyer that agrees to hold the so-called horizontal risk for at least five years. Two buyers could also satisfy the risk-retention requirement by holding pari-passu slices of the bottom 5%. If they hold less, CMBS issuers could make up the difference by retaining a piece of every tranche.

The latest proposal dropped a provision that would have blocked issuers from capturing their profits up front, by requiring that excess interest payments go into a “premium capture cash reserve account” that couldn’t be touched until all bonds with principal balances were paid off. But in removing that, the regulators put in a new limit on payments to B-piece buyers.

Under the proposal, when B-piece buyers fill the risk-retention role, their monthly payments couldn’t exceed the amount of principal repayments to other bondholders in the same transactions. This would be problematic, according to the MBA, because many CMBS mortgages are interest-only for some or all of their term, and others amortize on a 25- or 30-year schedule — so that most principal isn’t repaid until maturity.

“It’s intended to be a governor on cashflows going to the B-piece holder, but it doesn’t account for the cashflow structure of CMBS,” Green said in an interview.

Since regulators were previously

See RISK on Page 9



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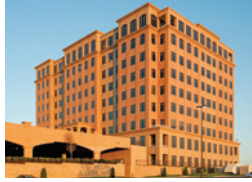


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*5-Year Fixed Rate Financing*

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## US Bank Funds Calif. Medical Offices

**U.S. Bank** has provided \$263.5 million of debt on two portfolios of medical-office properties in Southern California.

The bank originated a \$200 million loan on a cluster of five buildings in Beverly Hills totaling 234,000 square feet, along with a \$63.5 million mortgage on another 194,000 sf at three properties in other Los Angeles and San Diego suburbs.

The larger note has a seven-year term and the other runs for five years. The floating-rate loans were swapped to fixed rates for at least a portion of their terms. **Jones Lang LaSalle** helped arrange the financing, which closed this week, for **G&L Realty**, a medical-office specialist in Beverly Hills.

The Beverly Hills loan was initially funded at \$176.5 million, with the rest available to be drawn down later. The five collateral properties are all within a square block in the Golden Triangle district. All five have street-level retail space. They are:

- A 78,000-sf building at 436 North Bedford Drive. Built in 1989, it has a 325-space garage.
- A 57,000-sf property at 435-439 North Bedford Drive. Built in 1950 and renovated in 2008.
- A 51,000-sf building at 9675 Brighton Way. Built in 1946 and renovated in 1988.
- A 42,000-sf building at 416 North Bedford Drive. Built in 1946 and renovated in 1987.
- A 334-space garage at 415 North Bedford Drive. Built in 1955, that building includes 6,000 sf of retail space.

G&L put the properties up for sale last year via Jones Lang, but the offering was unsuccessful. At the time, the five buildings were 97% leased on average, mostly to private-practice physicians, plastic surgeons and other specialists serving wealthy clients. A sixth property that was included in that listing — 45,000 sf at 435 North Roxbury Drive — isn't in the collateral pool for the new loan.

The second loan from U.S. Bank is backed by the 74,000-sf Sherman Oaks Medical Plaza in Sherman Oaks, which was built in 1956 and renovated in 1983; the 65,000-sf Regents Medical Center in La Jolla, constructed in 1989 and renovated in 1994; and the 51,000-sf Lyons Avenue Medical Building in Santa Clarita, developed in 1990 and renovated in 1998.

Proceeds from the two loans allowed G&L to defease two securitized loans written in 2006. **Morgan Stanley** and an arm of **Principal Real Estate Investors** were listed as the originators, but the word at the time was that U.S. Bank funded part of the debt. A \$142.5 million interest-only loan backed by four of the Beverly Hills buildings and the Sherman Oaks, La Jolla and Santa Clarita properties went into a pooled transaction that year (MSC 2006-HQ9). A \$46.8 million mortgage on 436 North Bedford Drive was securitized the next year (MSC 2007-TOP 25). The interest-only loans had 6.2% coupons and 2016 maturity dates.

The seven properties backing the larger of the 2006 loans produced net operating income of \$1.9 million last year, and were 77% leased on average as of March 31, according to a servicer report. ❖

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**Risk ... From Page 6**

flexible about the premium-capture reserve requirement and a number of other issues, “we’re hopeful that they’ll be as responsive to similar concerns” about the B-piece cashflow, he added.

The regulators — the **FDIC, Federal Housing Finance Agency, Federal Reserve, HUD, SEC** and **Treasury Department** — wrote in their proposal that they “continue to believe that limits are necessary to establish economically meaningful horizontal risk retention that better aligns the sponsor’s incentives with those of investors.”

In its 67-page comment letter, filed on Oct. 24, the MBA said it is “concerned that any regulatory regime that limits or impedes interest and principal payments to CMBS investors could have significant unintended consequences.”

If the restriction can’t be eliminated, the MBA favors a proposed alternative that would allow B-piece buyers to receive their proportionate share of interest and principal payments. But the distributions should be based on the face amount of the bonds held by B-piece investors, rather than fair value as proposed, the trade group wrote, to account for the fact that B-piece buyers typically purchase the securities at steep discounts.


The **CRE Finance Council**, in its own comment letter, called for a similar change. The group said that, as proposed, the cashflow restriction “will completely undermine the viability of CMBS B-Piece retention.”

The issue of par versus fair value points up other major concerns raised in the comments submitted by the council, the MBA and other industry groups. No matter who holds the risk, regulators want the 5% requirement to be based on fair market value under Generally Accepted Accounting Principles, which effectively means that the retention threshold is tied to overall deal proceeds.

The result is that B-piece

buyers would have to acquire bonds further up the credit curve than they currently do, pushing into investment-grade territory. To meet their yield targets, they would insist on discounts that would force issuers to trim profits or raise loan rates.


Both the MBA and CRE Finance Council asked regulators to consider allowing separate investors to jointly satisfy the risk-retention requirement by taking senior and junior pieces of the bottom 5%. “Without this change, the creation of new and novel CMBS investor structures would be required solely for regulatory compliance purposes,” the MBA wrote. ❖




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**Secrecy ... From Page 1**

and this paper was very sought-after before.”

The impact is broad, because CWCcapital is the biggest special servicer. The assets up for sale account for only about one-fifth of its special-servicing portfolio, so trading is being affected in many transactions that won't be involved in the auction.

As of the end of September, CWCcapital was special servicer of 762 loans with an aggregate balance of \$18.6 billion, according to **J.P. Morgan**. That equaled 37% of the industry's total special-servicing balance.

The workout strategies of servicers directly drive bond values, which depend in large part on how long paper is expected to remain outstanding. If coupons are above prevailing yields, creditworthy securities will trade at a premium, with prices gradually reverting back to par value as maturity nears. But an unexpected move to auction collateral will abruptly wipe out any premium commanded by the associated bonds.

On Oct. 10, CWCcapital announced its intention to sell \$3.2 billion of distressed mortgages and foreclosed properties, but didn't identify specific assets. Analysts at multiple investment banks did some sleuthing and named the assets they think will be included in the auction. But their lists don't match up exactly, so uncertainty about the makeup remains.

The trading of long-term super-seniors from CWCcapital-

serviced transactions has also been affected, but to a lesser degree. While prices dropped immediately after CWCcapital's announcement, they have since retraced most of that ground. Such bonds are less vulnerable to prepayment from the auction because they are lower in the queue for payback.

For example, CWCcapital's sale is believed to include a large amount of collateral for a \$7.6 billion offering floated by **RBS** and **Goldman Sachs** (GSMS 2007-GG10). That deal's long-term super-seniors, now rated A3/BBB-/A by **Moody's**, **S&P** and **Fitch**, were trading at a spread of 160 bp over swaps before the auction was announced. The spread then spiked to the mid-170s, but fell back to 164 bp this week.

CWCcapital's auction will be conducted in two steps. **CBRE** will oversee the sale of \$2.6 billion of troubled loans and foreclosed properties in the office, retail and hotel sectors. **Auction.com** will handle the offering of \$665 million of debt and properties in the industrial, hotel, multi-family and self-storage sectors.

All told, roughly 130 assets are involved. CBRE has divided its 67 assets into nine pools based on performance, location and size. Investors may bid on individual assets, pools, combinations of pools or the entire portfolio. Initial offers are due Nov. 13, and final bids will be collected on Dec. 11. Auction.com will take bids on the other assets Dec. 9-11.

CWCcapital said it won't publicly disclose the assets up for sale because it “wants to avoid situations in which unapproved parties interfere with property operations and/or contact borrowers.” People familiar with the auction said, for example, that tire-kickers would start showing up at properties and causing disruptions, such as by taking pictures and quizzing owners, property managers or tenants about operating performance.

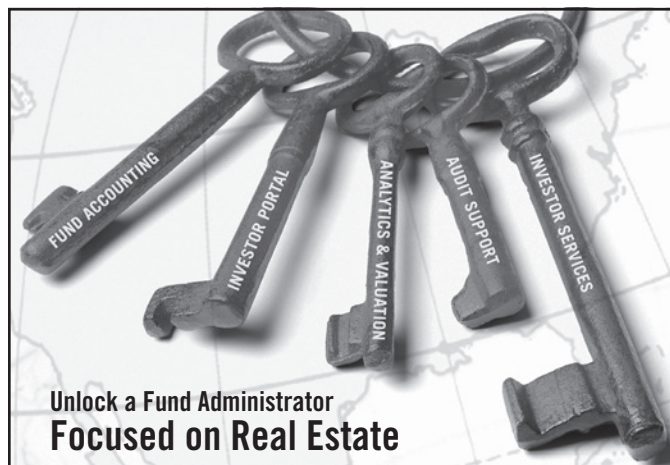
CWCcapital's decision against publicly disclosing the assets has drawn withering criticism from investors. While potential bidders can get a list of the assets if they sign confidentiality agreements, CMBS portfolio managers are reluctant to do so because they would receive nonpublic information that would bar them from trading the affected bonds.

And while the lists compiled by analysts presumably are largely correct, investors maintain they should be given accurate details promptly and shouldn't be forced to rely on guesswork.

With bulk sales of CMBS collateral by servicers likely to become more common in the wake of rising property prices and strong demand for distressed assets, investors expressed concern about the precedent, saying that nondisclosure might become the norm for sales by CWCcapital and other special servicers.

“There will be more of these [auctions], I can assure you of that,” said one buy-side analyst. “And this is getting us off on the wrong foot.”

**Frank Innaurato**, who runs surveillance of CMBS deals for **Morningstar**, said the backlash from investors reflects broader frustration because servicers have been inconsistent about disclosing the expected timetable for liquidating assets. He noted that monthly servicer reports generally are better



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See **SECURITY** on Page 12

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## Secrecy ... From Page 10

at providing information on pending loan modifications and foreclosures. "From a surveillance standpoint, the special servicers in some cases are just not being as detailed as they could be," Innaurato said.

The huge size of CWCapital's offering has also revived long-running complaints about real and perceived conflicts of interest between senior noteholders and B-piece holders, which control special servicers. Senior investors who paid a premium for bonds in deals affected by the auction now stand to suffer a loss, prompting them to grouse about CWCapital's motivation.

Some investors noted that by liquidating assets now, CWCapital will assure that the holders of the junior tranches of the affected deals receive accrued interest, because their claim is senior to the repayment of principal. By contrast, if the junior bonds were to default down the road, their holders would lose accrued interest. For the assets in the auction, CWCapital is believed in most cases to be acting as special servicer on behalf of third parties, rather than for its own account.

Some senior investors also contended that CWCapital might be seeking to cement its position as special servicer of the involved transactions in order to continue receiving servicer fees. They said the liquidation of large batches of assets in one fell swoop might cause enough losses to wipe out all but the triple-A classes, at which point the removal of a special servicer becomes difficult for investors to orchestrate.

Conversely, some bondholders said CWCapital might have been motivated to reap windfall resolution fees now, rather than miss out on them later should it lose control of the special-servicing rights.

CWCapital declined to comment on the investor assertions. Some observers defended special servicers in general as being in the impossible position of having to keep all parties happy. They noted the irony that a few years ago, senior bondholders were castigating servicers because they weren't liquidating assets promptly. These observers also contended that the strong rebound in asset values makes it entirely logical to step up dispositions. ❖

## Rattles ... From Page 1

resistance from some House members who argue that it was intended to be a temporary response to the 9/11 attacks, not a permanent fixture. In any event, action isn't expected until late next year. Since most property insurance policies have one-year terms, many and perhaps most existing policies will come up for renewal before the fate of the program is known.

The backstop is designed to kick in if terrorism causes \$100 million or more in aggregate losses within a single year. Once an insurance company made payouts amounting to 20% of its earned premiums from terrorism policies, the government would cover 85% of additional losses. That reduces the potential risk to insurers so they can provide coverage with relatively low premiums. For many property owners, about 2% of their property and casualty premiums are now allocated to terrorism coverage, insurance consultants said.

More than 60% of property owners have terrorism coverage, according to **Marsh Global Analytics**. Nearly all owners of large properties in major metropolitan areas have such policies. Lenders often require terrorism insurance, and rating agencies factor it into their evaluation of loans for commercial MBS deals.

But without the federal program, coverage is expected to become far more difficult and costly to obtain. **Aon** has estimated that more than 85% of insurers would stop covering terrorism risk if the backstop ended.

"After 9/11, before Congress enacted TRIA, you saw all the primary providers step away from this space," said one insurance pro. "It was taken over by a second tier of companies, which basically charged an arm and a leg for terrorism coverage."

For example, he said, one owner of a large office property in Manhattan bought a terrorism policy that cost \$5 million. "Think about that," he said. "If you plan to buy a building like that and hold it for five years, that means you have to find a way to pay \$25 million just for your terrorism insurance during that time."

One lender at a commercial bank said his team recently added a requirement to new mortgages that anticipates sharp premium increases. Borrowers must agree that, in the event the federal program expires, they will buy as much terrorism insurance as possible for up to twice the current premium rate.

A **Deloitte** report this month noted: "In the case of TRIA's

See **RATTLES** on Page 15

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## Rattles ... From Page 12

non-renewal, existing loans can run into a technical default, creating a double whammy for the [commercial real estate] industry: not only will coverage become more expensive and/or scarce, but financing will be hard to come by.”

A bill that proposes a five-year extension of the current back-stop program has been introduced in the House by **Rep. Michael Grimm** (R-N.Y.), and has attracted nearly 80 co-sponsors, said **Marty Schuh**, vice president of legislative and regulatory affairs at the **CRE Finance Council**. While other bills have been introduced, Schuh said, Grimm’s may have the best chance of success — but isn’t a sure thing.

“One of the main arguments against the program is from those who favor a pure, free-market approach,” Schuh said. “Opponents to TRIA are disinclined to see the government have a role in what they view as a private insurance market. They think the private market has the capacity to underwrite the risk and absorb the losses.”

Grimm’s bill was the subject of a hearing by the House Financial Services Committee last month. The chairman, **Rep. Jeb Hensarling** (R-Texas), opened the hearing by noting that the original

law, enacted in 2002, was intended to “facilitate and transition to a viable market for private terrorism risk insurance,” but has already been extended twice.

Schuh noted that **President Obama** hasn’t yet taken a public position on renewing the program. If the administration were to do so, he said, that could change the political calculus.

One insurance pro agreed. “I think that if Obama took a position to say, ‘I want this,’ it would happen,” he said. “But if he leaves it up to Congress, the outcome is much less certain. Their track record recently is to leave everything till the 11th hour, and I think that would certainly happen with this issue.” ❖

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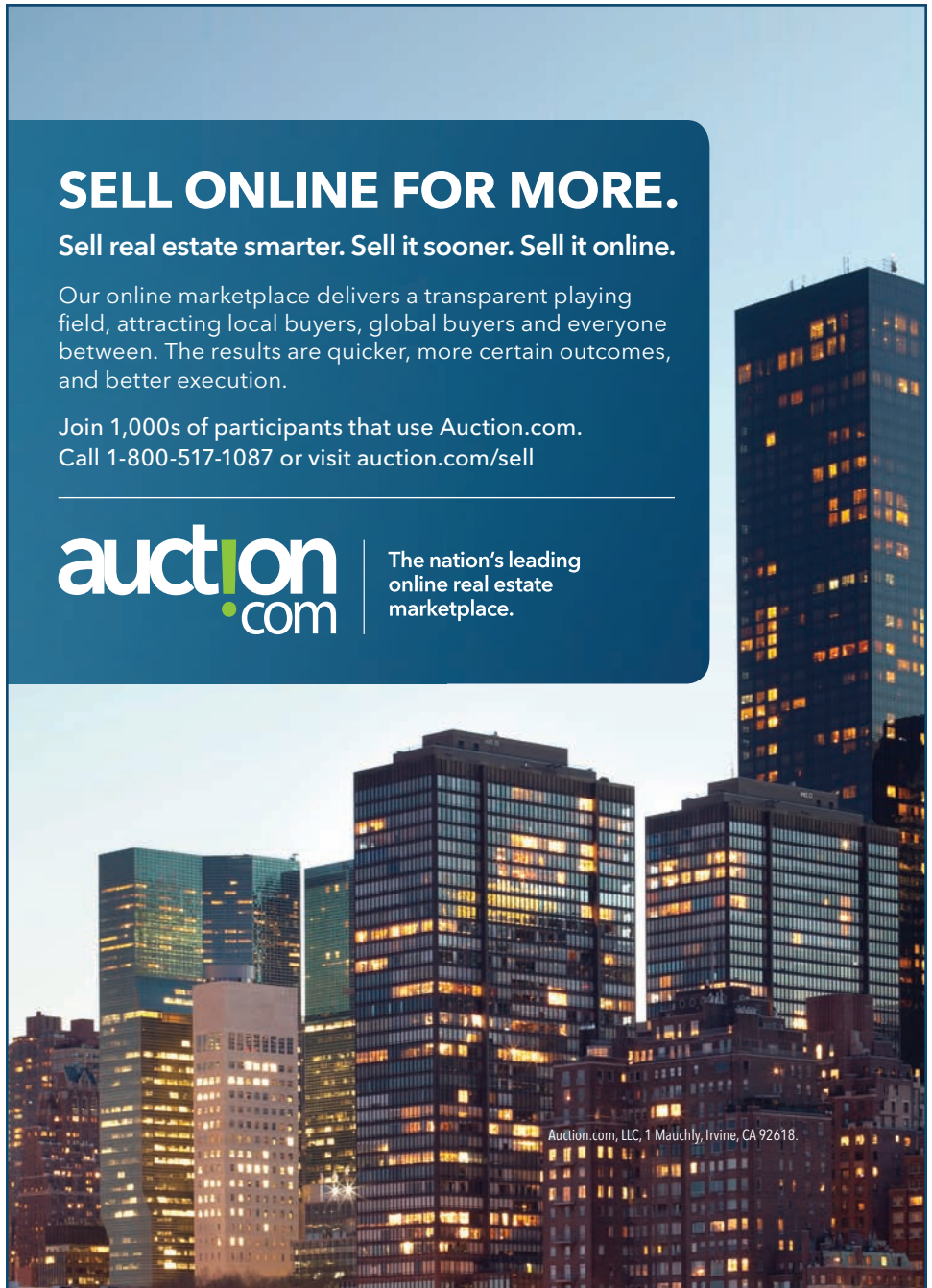
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## Rally ... From Page 1

backed by loans from **Jefferies LoanCore**, **Rialto**, **Goldman Sachs**, **MC-Five Mile** and **Citigroup**. Price talk still wasn't released yesterday. The offering is expected to price next week.

The new-issue benchmark spread sank to a post-crash low of 72 bp in January before spiking out to 128 bp on July 1 and then gradually declining again.

The latest contraction partly reflects easing buy-side concerns about financial-market conditions in the wake of a recent move by lawmakers to ratchet down the budget battle in Washington for a while. The **Federal Reserve** has also helped, by making clear that it won't cut back soon on its ongoing purchases of Treasury bonds, which are keeping a lid on interest rates.

"Investors are more comfortable now about the Fed's tapering program being pushed off," said one CMBS trader. "A lot of them had taken chips off the table, and now they're saying it's time to put money back to work again."

The rally has also caused a flattening of the price curve for new issues. Word has it that RBS and Wells had already lined up enough buyers for all of the triple-B-minus bonds in their conduit offering as of yesterday morning, at price talk of 375-bp area. Comparable bonds in the previous deal went out the door at 395 bp.

Meanwhile, **Blackstone** is tapping the bond market to raise

financing for its REO-to-rental investment strategy, under which it buys single-family homes from distressed sellers and then rents them out. Blackstone and other high-yield investors pursuing the play have for months been exploring the feasibility of floating mortgage-backed bonds. Now Blackstone is the first out of the gate.

The \$479.1 million transaction, Invitation Homes 2013-SFR1 Trust, is backed by a mortgage to Blackstone on 3,207 single-family homes that are fully rented. The loan, with a two-year term and three one-year extension options, will be funded with the proceeds of the offering. **Deutsche Bank** is the structuring agent, as well as co-bookrunner along with **Credit Suisse** and **J.P. Morgan**. The transaction, rated by **Moody's**, **Kroll** and **Morningstar**, consists of five investment-grade classes, plus a first-loss class rated "BB" by Kroll.

Elsewhere in the new-issue market, **Bank of America** was shopping an offering backed by a \$385 million floating-rate loan on leasehold interests in the Swan and Dolphin Hotels at the Disney World complex near Orlando. The triple-A class could be marketed with a spread of 120-bp area over one-month Libor, according to early "whisper talk" from the dealers. The whispers were 175-bp area on the double-A-minus bonds, 275-bp area on the triple-B-minus paper and 375-bp area on the double-B-minus class.

BofA recently originated the mortgage for a partnership between **Tishman Hotels** and **MetLife**, both of New York. BofA also arranged two mezzanine loans totaling \$40 million. The \$425 million debt package has a two-year term, with three one-year extension options.

Several Wall Street banks, led by J.P. Morgan, are on the verge of rolling out a \$3.5 billion CMBS offering backed by a loan to Blackstone as part of its massive \$13 billion refinancing of the HiltonWorldwide chain. The offering will consist of \$2.6 billion of fixed-rate bonds and \$875 million of floaters.

Also, a unit of private equity firm **TPG Capital** is set to market a roughly \$200 million unrated securitization of distressed debt. Wells is co-bookrunner with Credit Suisse, which structured the liquidating-trust transaction. It's backed by a mix of performing and nonperforming assets. ❖

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## CALENDAR

## Main Events

Dates	Event	Location	Sponsor	Information
Nov. 13-14	CRE Finance Council Europe Autumn Conference 2013	London	CRE Finance Council	<a href="http://www.crefc.org">www.crefc.org</a>
Jan. 13-15, 2014	CRE Finance Council January Conference 2014	Miami	CRE Finance Council	<a href="http://www.crefc.org">www.crefc.org</a>
Feb. 2-5	CREF/Multifamily Housing Convention & Expo.	Orlando	MBA	<a href="http://www.mortgagebankers.org">www.mortgagebankers.org</a>
May 4-7	Commercial/Multifamily Servicing & Technology Conf.	New Orleans	MBA	<a href="http://www.mortgagebankers.org">www.mortgagebankers.org</a>
June 9-11	CRE Finance Council June Conference 2014	New York	CRE Finance Council	<a href="http://www.crefc.org">www.crefc.org</a>

## Events in US

Dates	Event	Location	Sponsor	Information
Nov. 4-5	Commercial Real Estate Institute	San Francisco	PLI	<a href="http://www.pli.edu">www.pli.edu</a>
Nov. 5	Real Estate Fundamentals in Commercial Lending	Dallas	RMA	<a href="http://www.rmahq.org">www.rmahq.org</a>
Nov. 5	Breakfast Meeting	New York	RELA	<a href="http://www.rela.org">www.rela.org</a>
Nov. 6	After Work Seminar: Servicers Forum	Dallas	CRE Finance Council	<a href="http://www.crefc.org">www.crefc.org</a>
Nov. 7	Real Estate Fundamentals in Commercial Lending	Evansville, Ill.	RMA	<a href="http://www.rmahq.org">www.rmahq.org</a>
Nov. 12	Networking Event	Roseland, N.J.	RELA	<a href="http://www.rela.org">www.rela.org</a>
Nov. 13	Boutique Hotel Investment Conference	New York	BLLA	<a href="http://www.blla.org">www.blla.org</a>
Nov. 14	Networking Event	San Ramon, Calif.	CMBA	<a href="http://www.cmba.com">www.cmba.com</a>
Nov. 18	Real Estate Mezzanine Financing & Subordinated Debt	New York	IMN	<a href="http://www.imn.org">www.imn.org</a>
Nov. 14-15	CMBS: Credit Risk Workshop	New York	Fitch	<a href="http://www.fitchlearning.com">www.fitchlearning.com</a>
Nov. 19	After Work Seminar: Club Lending & Syndication	New York	CRE Finance Council	<a href="http://www.crefc.org">www.crefc.org</a>
Nov. 20	Urban Redevelopment Panel	Chicago	RELA	<a href="http://www.rela.org">www.rela.org</a>
Nov. 21-22	Commercial Real Estate Institute	New York	PLI	<a href="http://www.pli.edu">www.pli.edu</a>
Dec. 2	Legal Issues Conference 2013	Costa Mesa, Calif.	CMBA	<a href="http://www.cmba.com">www.cmba.com</a>
Dec. 3	Breakfast Meeting	New York	RELA	<a href="http://www.rela.org">www.rela.org</a>
Dec. 4-6	Single Family Aggregation: REO-to-Rental Forum	Phoenix	IMN	<a href="http://www.imn.org">www.imn.org</a>
Dec. 5	Networking Event	Sacramento, Calif.	CMBA	<a href="http://www.cmba.com">www.cmba.com</a>
Dec. 5-6	Western Non-Traded REIT Industry Symposium	Dana Point, Calif.	IMN	<a href="http://www.imn.org">www.imn.org</a>
Jan. 14-15, 2014	Risk Management for CRE	Orlando	Marcus Evans	<a href="http://www.marcusevans.com">www.marcusevans.com</a>
Jan. 15	New Year's Networking Event	New York	RELA	<a href="http://www.rela.org">www.rela.org</a>
Jan. 21-24	ABS Vegas 2014	Las Vegas	SFIG & IMN	<a href="http://www.imn.org">www.imn.org</a>
Jan. 22-24	Winter Forum on Real Estate Opp. & Private Fund Inv.	Laguna Beach, Calif.	IMN	<a href="http://www.imn.org">www.imn.org</a>
Jan. 26-29	ASF 2014	Las Vegas	ASF	<a href="http://www.americansecuritization.com">www.americansecuritization.com</a>
Feb. 11	Breakfast Meeting	New York	RELA	<a href="http://www.rela.org">www.rela.org</a>
Feb. 13-14	Bank Special Asset Conf. on Real Estate Workouts	Fort Lauderdale, Fla.	IMN	<a href="http://www.imn.org">www.imn.org</a>
Feb. 20	Real Estate Fundamentals in Commercial Lending	Boston	RMA	<a href="http://www.rmahq.org">www.rmahq.org</a>
Feb. 27	Sustainable Real Estate	New York	NYU Schack	<a href="http://www.scps.nyu.edu">www.scps.nyu.edu</a>
March 10-11	Bank Special Asset Conference on Real Estate Workouts	New York	IMN	<a href="http://www.imn.org">www.imn.org</a>
March 11	Breakfast Meeting	New York	RELA	<a href="http://www.rela.org">www.rela.org</a>
March 17	Real Estate Fundamentals in Commercial Lending	San Francisco	RMA	<a href="http://www.rmahq.org">www.rmahq.org</a>
April 6-8	ABA Real Estate Lending Conference	Charleston, S.C.	ABA	<a href="http://www.aba.com">www.aba.com</a>
April 8	REIT Symposium	New York	NYU Schack	<a href="http://www.scps.nyu.edu">www.scps.nyu.edu</a>

## Events Outside US

Dates	Event	Location	Sponsor	Information
Nov. 5-6	Brazil GRI 2013	Sao Paulo	GRI	<a href="http://www.globalrealestate.org">www.globalrealestate.org</a>
Nov. 27	After Work Seminar: NPL's in Europe	London	CRE Finance Council	<a href="http://www.crefc.org">www.crefc.org</a>
Nov. 27	Mezzanine Finance & Subordinated Debt Market	London	Infoline	<a href="http://www.infoline.org">www.infoline.org</a>
Nov. 28-29	European CMBS Forum	Berlin	Euromoney Seminars	<a href="http://www.euromoneyseminars.com">www.euromoneyseminars.com</a>

To view the complete conference calendar, visit [The Marketplace](http://TheMarketplace.com) section of [CMAAlert.com](http://CMAAlert.com)

## SCORECARD FOR CMBS SPREADS

## Spreads to swaps

Deal	Size (\$Mil.)	Date	Ratings	Jr. AAA Sub. %	AAA (5 yr)	AAA (10 yr)	Jr. AAA (10 yr)	AA	A	BBB-
COMM 2012-CCRE3	1,251.4	10/3/12	MD/FI	20.50	+50	+88	+145	+195	+260	+490
MSBAM 2012-C6	1,123.5	10/3/12	MD/FI	21.25	+50	+85	+145	+190	+250	+500
WFRBS 2012-C9	1,052.8	10/16/12	MD/FI/MR	21.13	+50	+85	+135	+180	+250	+485
COMM 2012-CCRE4	1,111.0	11/2/12	MD/SP/FI	20.00	+45	+83	+122	+167	+240	+485
GSMS 2012-GCJ9	1,388.9	11/16/12	MD/FI/KR	22.00	+50	+90	+123	+185	+255	+520
WFRBS 2012-C10	1,305.6	11/30/12	MD/DB/KR	20.25	+50	+95	+130	+180	+250	+500
COMM 2012-CCRE5	1,133.7	12/6/12	MD/FI	19.13	+43	+88				+470
UBSBB 2012-C4	1,456.1	12/6/12	SP/FI/DB	20.00	+47	+95	+140	+180	+250	+475
JPMCC 2012-LC9	1,071.9	12/12/12	MD/SP	22.00	+40	+85	+135	+180	+245	+475
MSBAM 2013-C7	1,394.0	1/9/13	MD/DB	21.13	+36	+72	+100	+155	+200	+325
COMM 2013-LC6	1,492.3	1/24/13	MD/SP	21.00	+38	+72	+105	+150	+200	+350
GSMS 2013-GC10	859.4	1/24/13	SP/FI/DB	23.63	+33	+72	+105	+145	+205	
WFRBS 2013-C11	1,436.3	1/28/13	SP/FI/KR	20.63	+39	+72	+95	+135	+185	+300
MSBAM 2013-C8	1,137.9	2/5/13	SP/FI/KR	20.50	+45	+72	+95	+125	+175	+305
UBSBB 2013-C5	1,485.0	2/15/13	MD/FI/KR	21.88	+50	+80	+95	+125	+175	+365
COMM 2013-CCRE6	1,494.1	2/26/13	MD/DB/KR	20.38	+56	+85	+100	+125	+175	+370
JPMCC 2013-C10	1,278.3	3/1/13	SP/FI/KR	21.63	+55	+88	+110	+140	+225	+390
WFRBS 2013-C12	1,231.5	3/6/13	SP/FI/KR	20.25	+50	+85	+120	+150	+200	+375
UBSBB 2013-C6	1,295.5	4/11/13	MD/FI/KR	21.38	+55	+98	+120	+160	+220	+375
COMM 2013-CCRE7	936.2	4/11/13	MD/MR/KR	21.50	+53	+93	+120	+150	+200	+360
MSBAM 2013-C9	1,276.9	4/15/13	MD/DB/KR	22.00	+50	+90	+125	+150	+190	+325
CGCMT 2013-GCJ11	1,206.8	4/16/13	MD/FI/KR	21.38	+50	+88	+120	+150	+190	+320
WFRBS 2013-C13	876.7	4/17/13	MD/FI	19.63	+48	+81	+115	+135	+170	
JPMCC 2013-LC11	1,316.0	5/2/13	MD/SP	21.88	+42	+82	+107	+135	+180	+310
GSMS 2013-GCJ12	1,197.5	5/16/13	SP/FI	23.25	+47	+82	+105	+145	+185	+310
WFRBS 2013-C14	1,469.5	5/22/13	MD/FI/KR	22.63	+45	+85	+100	+135	+165	+315
COMM 2013-CCRE8	1,384.6	6/4/13	MD/DB/KR	18.63	+50	+94	+120	+140	+185	+320
JPMBB 2013-C12	1,341.2	6/14/13	MD/SP/KR	20.63	+58	+103	+145	+190	+235	+410
MSBAM 2013-C10	1,485.8	6/24/13	MD/FI/KR	22.50	+70	+120	+150	+200	+245	+410
JPMCC 2013-C13	961.2	6/28/13	MD/SP	22.63	+85	+122	+165	+220	+275	+450
COMM 2013-CCRE9	1,293.7	7/1/13	SP/FI/KR	20.13	+87	+128	+170	+220	+265	+450
GSMS 2013-GC13	1,333.9	7/17/13	MD/FI/KR	22.63	+75	+115	+150		+290	+450
WFCM 2013-LC12	1,409.2	7/17/13	MD/FI/KR	21.75		+120	+160	+215	+285	+450
COMM 2013-CCRE10	1,010.4	8/1/13	MD/DB/KR	20.13	+70	+100	+130	+190	+260	+400
MSBAM 2013-C11	856.3	8/1/13	MD/FI/MR	24.25	+80	+105	+135	+200	+260	+390
JPMBB 2013-C14	1,148.20	8/2/13	MD/FI	23.00	+80	+103	+130	+200	+270	+390
WFRBS 2013-C15	1,107.00	8/5/13	MD/FI/KR	22.75	+70	+100	+120	+175	+250	+390
GSMS 2013-GCJ14	1,242.70	8/14/13	MD/DB/KR	22.00	+75	+105	+130	+180	+265	+415
WFRBS 2013-C16	1,045.90	9/16/13	MD/FI/KR	20.38	+80	+105	+130	+180	+265	+425
CGCMT 2013-GC15	1,115.20	9/18/13	MD/FI/DB	21.50	+73	+103	+130	+190	+260	+425
COMM 2013-LC13	1,077.80	9/20/13	MD/SP/KR	21.38	+75	+101	+135	+180	+250	+410
COMM 2013-CCRE11	1,269.80	10/2/13	MD/FI/DB	21.00	+80	+115	+160	+210	+285	+450
MSBAM 2013-C12	1,276.30	10/10/13	MD/FI/KR	21.75	+77	+109	+130	+180	+240	+420
JPMBB 2013-C15	1,192.9	10/18/12	MD/FI/KR	22.13	+85	+107	+135	+185	+245	+425
COMM 2013-CCRE12	1,196.6	10/24/13	MD/FI/KR	23.63	+83	+105	+130	+175	+235	+395

## INITIAL PRICINGS

## Freddie Mac Structured Pass-Through Certificates, K-F02 FREMIF Mortgage Trust, 2013-KF02

<b>Pricing date:</b>	Oct. 29
<b>Closing date:</b>	Nov. 13
<b>Amount:</b>	\$1,540.3 million
<b>Seller/borrower:</b>	Freddie Mac
<b>Lead managers:</b>	Wells Fargo, J.P. Morgan
<b>Co-managers:</b>	Barclays, Credit Suisse, Jefferies, Mischler Financial
<b>Master servicer:</b>	Midland Loan Services
<b>Special servicer:</b>	KeyBank
<b>Trustee:</b>	U.S. Bank
<b>Certificate administrator:</b>	Wells Fargo
<b>Offering type:</b>	Fannie/Freddie/Ginnie

**Property types:** Multi-family (100%).

**Concentrations:** Florida (23.9%) and Texas (21.8%).

**Loan originators:** Jones Lang LaSalle (20.5%), Walker & Dunlop (19.4%), Berkadia (17.9%), CBRE (16%), Prudential (7.1%), HFF (6.5%), Berkeley Point Capital (3.9%), Oak Grove Commercial Mortgage (2.9%), Wells Fargo (1.7%), KeyCorp (1.3%), PNC (0.7%), NorthMarq (0.5%), Bellwether Enterprise Real Estate (0.5%), Centerline (0.5%), Community Preservation Corp. (0.4%) and Greystone Servicing (0.3%).

**Largest loans:** A \$68.8 million loan on the 235-unit apartment complex at 597 Westport Avenue in Norwalk, Conn.; a \$53 million loan on the 524-unit Northcreek Apartments in Bothell, Wash.; a \$43.9 million loan on the 447-unit Key Isle at Windermere apartment complex in Ocoee, Fla.; a \$35 million loan on the 504-unit Fulton's Crossing apartment complex in Everett, Wash.; and a \$34.9 million loan on the 246-unit Hawthorne at Gillette Ridge apartment complex in Bloomfield, Conn.

**B-Piece buyer:** Torchlight Investors.

**Notes:** Freddie Mac securitized 87 floating-rate multi-family mortgages. The transaction was the agency's second pooled multi-family deal backed by floating-rate loans. The mortgages were sourced and written by 16 Freddie-approved lenders, which sold them to the agency. The bonds were issued via two shelf entities. Classes A-1, A-2, A-3 and X, which are guaranteed by Freddie, were issued via Freddie Mac Structured Pass-Through Certificates, Series K-F02. Classes B-D, which are not guaranteed, were privately placed via FREMIF Mortgage Trust, 2013-KF02. **CMA code:** 20130221 and 20130222.

Class	Amount (\$Mil.)	Rating (Moody's)	Rating (Kroll)	Subord. (%)	Coupon (%)	Dollar Price	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	1,105.174	Aaa	AAA	28.25	L+38	100.000	12/25/45	5.42	L+38	Floating
A-2	107.822	Aa2	AAA	21.25	L+55	100.000	12/25/45	5.44	L+55	Floating
A-3	96.270	A2	AA-	15.00	L+63	100.000	12/25/45	5.44	L+63	Floating
B	77.016	Baa3	BBB+	10.00			12/25/45	5.44		Floating
C	38.507	NR	BBB-	7.50			12/25/45	5.44		Floating
D	115.524	NR	NR	0.00			12/25/45	5.44		Floating
X(IO)	1,540.313*	Ba3	AAA				12/25/45	5.43		Floating

\*Notional amount

## INITIAL PRICINGS

## A10 Term Asset Financing, 2013-2

<b>Pricing date:</b>	Oct. 30
<b>Closing date:</b>	Nov. 6
<b>Amount:</b>	\$156.7 million
<b>Seller/borrower:</b>	A10 Capital
<b>Lead manager:</b>	Deutsche Bank
<b>Master servicer:</b>	A10 Capital
<b>Special servicer:</b>	A10 Capital
<b>Trustee:</b>	Wells Fargo
<b>Certificate administrator:</b>	Wells Fargo
<b>Offering type:</b>	Rule 144A

**Property types:** Office (46.9%), retail (42.2%), industrial (8.7%) and multi-family (2.2%).

**Concentrations:** Florida (21%) and Georgia (11.7%).

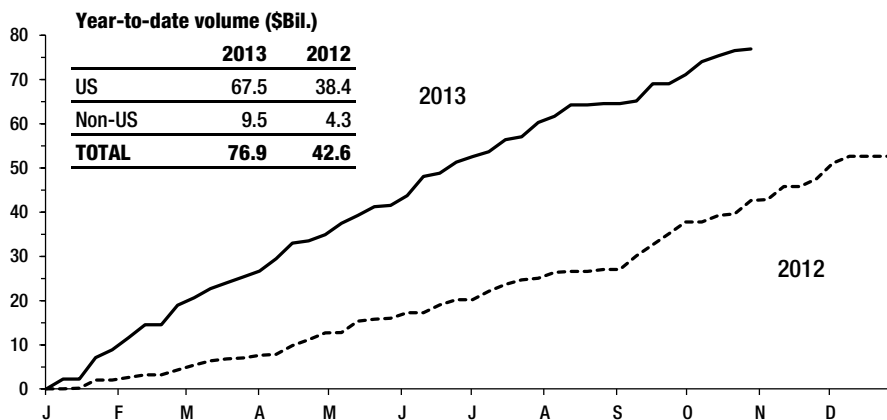
**Largest loans:** A \$33.8 million loan on 12 retail, two office and two multi-family properties in eight states; a \$15.6 million loan on the 399,000-sf Osceola Square Mall in Kissimmee, Fla.; a \$13.6 million loan on five retail and two industrial properties in seven states; a \$13.5 million loan on the 245,000-sf Lake Emma Corporate Center in Lake Mary, Fla.; and a \$12.7 million loan on three retail properties, encompassing 212,000 sf, in Georgia and Alabama.

**Notes:** A10 Capital, a lender in Boise, Idaho, securitized 25 mortgages it had originated on transitional properties. The mini-perm loans typically have three- to five-year terms, with extension options subject to A10's approval. Seventeen loans have floating rates, and the other eight have fixed coupons. The 10 largest loans account for 74.7% of the collateral-pool balance. A10 has given future funding commitments, subject to prescribed performance hurdles, for most of the loans. A10 has already funded \$156.7 million and could provide another \$30.9 million. The loans have a 7.23% initial weighted average coupon. A10 retained Classes E and F. **CMA code:** 20130223.

Class	Amount (\$Mil.)	Rating (DBRS)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A	125.693	AAA	24.00	2.620	99.982	2.641	11/15/27	2.87	S+200	Fixed
B	11.577	A	17.00	4.380	99.969	4.428	11/15/27	4.41	S+325	Fixed
C	7.442	BBB	12.50	5.120	99.955	5.185	11/15/27	5.13	S+375	Fixed
D	2.481	BBB (low)	11.00	6.230	99.970	6.318	11/15/27	5.53	S+475	Fixed
E	5.375	BB	7.75	6.230			11/15/27	5.53		Fixed
F	4.135	B	5.25	6.230			11/15/27	5.53		Fixed

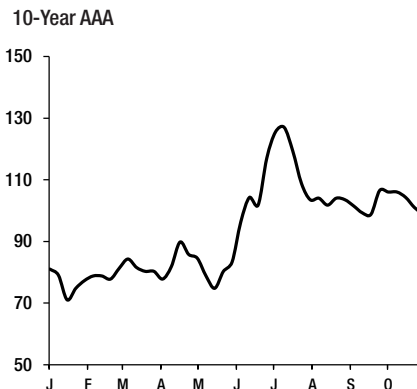
**MARKET MONITOR**

**WORLDWIDE CMBS**



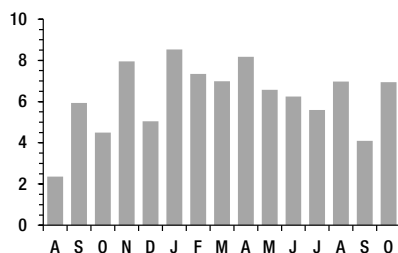
**CMBS SPREADS**

**NEW-ISSUE SPREAD OVER SWAPS**



**US CMBS**

**MONTHLY ISSUANCE (\$Bil.)**



**CMBS TOTAL RETURNS**

**CMBS INDEX**

As of 10/30	Avg. Life	Total Return (%)		
		Month to Date	Year to Date	Since 1/1/97
Inv.-grade	3.8	0.9	0.5	194.8
AAA	4.0	0.7	-0.2	180.0
AA	3.5	0.8	0.4	82.0
A	3.6	1.1	1.0	66.9
BBB	3.7	1.3	3.5	73.8

Source: Barclays

New Issue Fixed Rate (Conduit)	Avg. Life	Spread (bp)		
		10/30	Week Earlier	52-wk Avg.
AAA	5.0	S+68	S+71	55
	10.0	S+99	S+101	93
AA	10.0	S+160	S+168	168
A	10.0	S+221	S+236	220
BBB	10.0	S+324	S+342	339

Legacy Fixed Rate (Conduit)	Avg. Life	Spread (bp)		
		10/30	Week Earlier	52-wk Avg.
AAA	5.0	S+91	S+96	+82
	10.0	S+131	S+136	+118
AA	10.0	S+1,237	S+1,243	+1,388
A	10.0	S+1,833	S+1,840	+1,990
BBB	10.0	S+3,367	S+3,375	+3,573

**LOAN SPREADS**

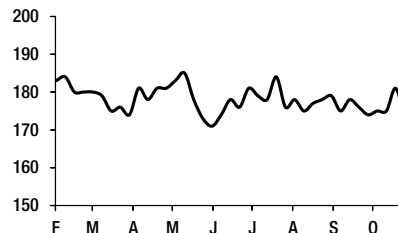
**ASKING SPREADS OVER TREASURYS**

10-year loans with 50-59% LTV

	10/25	Month Earlier
Office	173	174
Retail	168	162
Multi-family	159	158
Industrial	162	161

Source: Trepp

**ASKING OFFICE SPREADS**

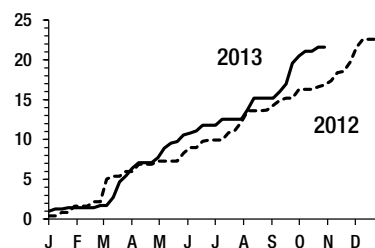


Markit CMXB 6	Dollar Price		
	10/30	Week Earlier	26-wk Avg.
AAA	96.4	96.4	96.1
AS	97.5	97.7	97.1
AA	98.3	98.5	97.7
A	98.2	98.2	97.5
BBB-	94.5	94.5	93.3
BB	92.4	91.6	92.4

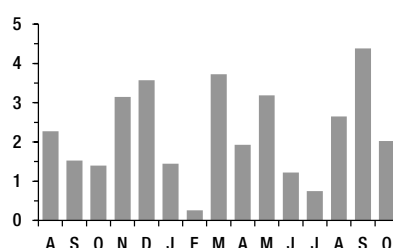
Sources: Trepp, Markit

**REIT BOND ISSUANCE**

**UNSECURED NOTES, MTNs, (\$Bil.)**



**MONTHLY ISSUANCE (\$Bil.)**



**AGENCY CMBS SPREADS**

**FREDDIE K SERIES**

	Avg. Life	Spread (bp)		
		10/30	Week Earlier	52-wk Avg.
A1	5.5	57	59	39
A2	10.0	60	62	54
B	10.0	245	240	210
C	10.0	360	355	319
X1	9.0	190	190	
X3	10.0	385	385	

**FANNIE DUS**

	10/30	Week Earlier	52-wk Avg.
10/9.5 TBA (60-day settle)	70	70	65

Source: J.P. Morgan

Data points for all charts can be found in The Marketplace section of CMAAlert.com

## THE GRAPEVINE

... From Page 1

**Kelley Drye** on Oct. 14 as an associate in the real estate finance practice led by partners **Stephen Hauck** and **Paul Keenan**. Green works in the firm's New York headquarters and its office in Parsippany, N.J. He's the first addition to the group since associate **Carrin Stratford** rejoined the firm in July. After two and a half years at Kelley Drye, Stratford left in 2005 to become an associate at **Greenberg Traurig**, and later worked at **GMAC Commercial Mortgage** and **RCG Longview**. Green and Stratford represent conduit, balance-sheet and mezzanine lenders.

**Paul Ragusin** has left his post as an executive with **SunTrust Bank** in its New York office. Ragusin was one of a pair of originators who joined the bank last December as it began building out its platform there. He was hired along with **Daniel Reddy**. Both had been directors

in the New York outpost of French bank **Credit Agricole**. Ragusin also had stints at **Bayerische Landesbank** and **J.P. Morgan**. There's no word on his plans.

Lenders have been closely watching the \$1 billion loan request on 1095 Avenue of the Americas, and the word is that balance-sheet lenders have a leg up and could put together a club deal in the coming weeks. **Blackstone** owns the collateral: a 1.1 million-square-foot office condominium that it acquired through its 2007 takeover of **Equity Office Properties**. It began seeking a five-year floater backed by the property about a month ago.

**Patrick Frame** joined **Massey Knakal** last month as a director in the broker's capital services group. His focus is lining up debt for clients on properties in Northern Manhattan, especially the Washington Heights and Inwood neighborhoods. Frame was formerly a portfolio manager at New York-based **E1 Asset Management**. He's the third

addition in recent weeks to the capital services group. The others were **Kevin Osowiecki** and **Jiawei Wu**.

**Spencer Del Prete** joined **Guggenheim Commercial Real Estate Finance** of New York last month as a vice president. He's an underwriter for the loan-origination arm of Chicago-based Guggenheim Partners. He reports to senior managing director **Rob Lawrence**. Del Prete was previously at **CapitalSource** for six years. Before that, he was an analyst at **UBS**.

**Moody's** is looking to add two associate analysts to its commercial MBS surveillance team in New York. They would report to **Annelise Osborne**, who co-heads the unit with fellow vice president **Keith Banhazl**. Candidates should have 2-4 years of experience in the commercial real estate industry. The extra staff is needed to help monitor the growing number of outstanding CMBS deals rated by Moody's. To apply online, go to [moody.com](http://moody.com) and click on "Careers."

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