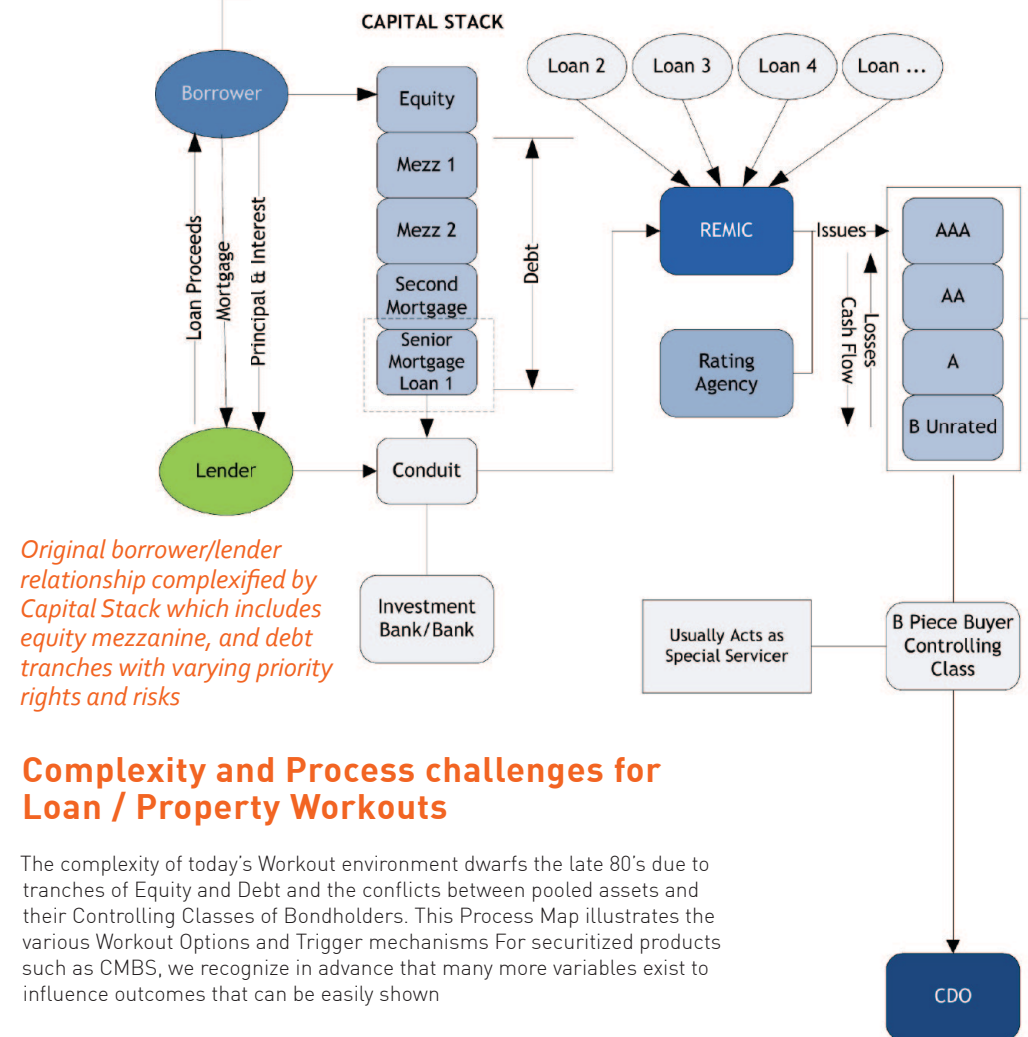


CMBS Workout Process Map

Unless noted otherwise, all charts pages 8-13 are products of the Columbia CHDD workout Senior Seminar 2009.

Loans are Pooled into a Special Purpose Vehicle, the Real Estate Mortgage Conduit



Original borrower/lender relationship complexified by Capital Stack which includes equity mezzanine, and debt tranches with varying priority rights and risks

Complexity and Process challenges for Loan / Property Workouts

The complexity of today's Workout environment dwarfs the late 80's due to tranches of Equity and Debt and the conflicts between pooled assets and their Controlling Classes of Bondholders. This Process Map illustrates the various Workout Options and Trigger mechanisms For securitized products such as CMBS, we recognize in advance that many more variables exist to influence outcomes that can be easily shown

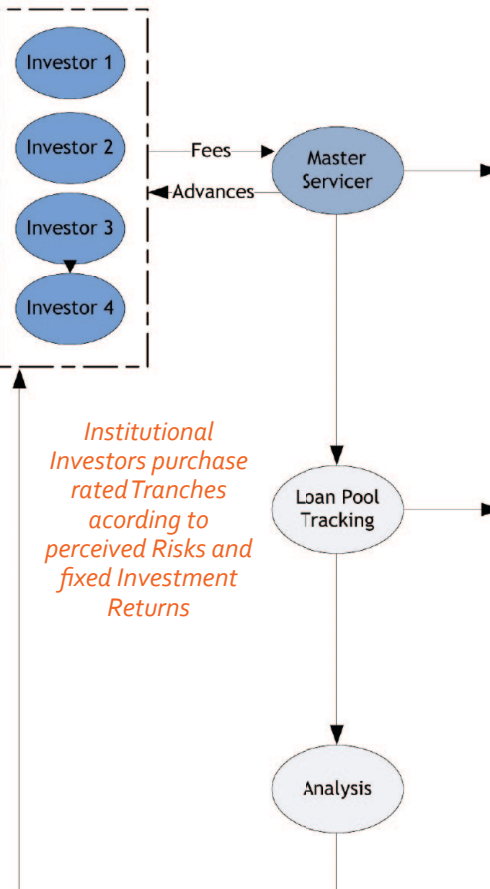
For whole Loans, also known as Portfolio Loans, the Workout process is more defined with modifications, foreclosure and bankruptcy proceedings as real limitations. The Asset is very visible as a recoverable. However Complexity in the Equity stack with Mezzanine Lenders and their Cure Rights is an extra layer of potential problems.

For Securitized Loans which have been pooled and sold in Rated Tranches to institutional Investors, the Asset itself isn't as visible, and the rights of various Bondholders and are heavily limited by Servicing Standards and inter-Creditor agreements.

Default Trigger Events are carefully proscribed and Legal recourse may be sought wherever a breach in Servicing Standards or Bondholder interests is perceived. Collision between vested interests -from Mezzanine Debt to Highest Rated Bondholders will produce "Tranche Warfare" where legal proceedings are likely the only resolution. Valuation approaches are under scrutiny as Loss of Value is a Trigger Event and the lack of comparable transactions will cause methodologies to be challenged

For Non-Performing loans or for Maturity events, alternatives to foreclosure such as Term Extensions of Term and Loan Modifications may prove the best way to preserve Value depending on Asset Type, local Market Support, Operational and Leasing skills of the Borrower/Owner and patience of Institutional Investors.

Individual Loans are Pooled, and sold in Rated Investment Tranches

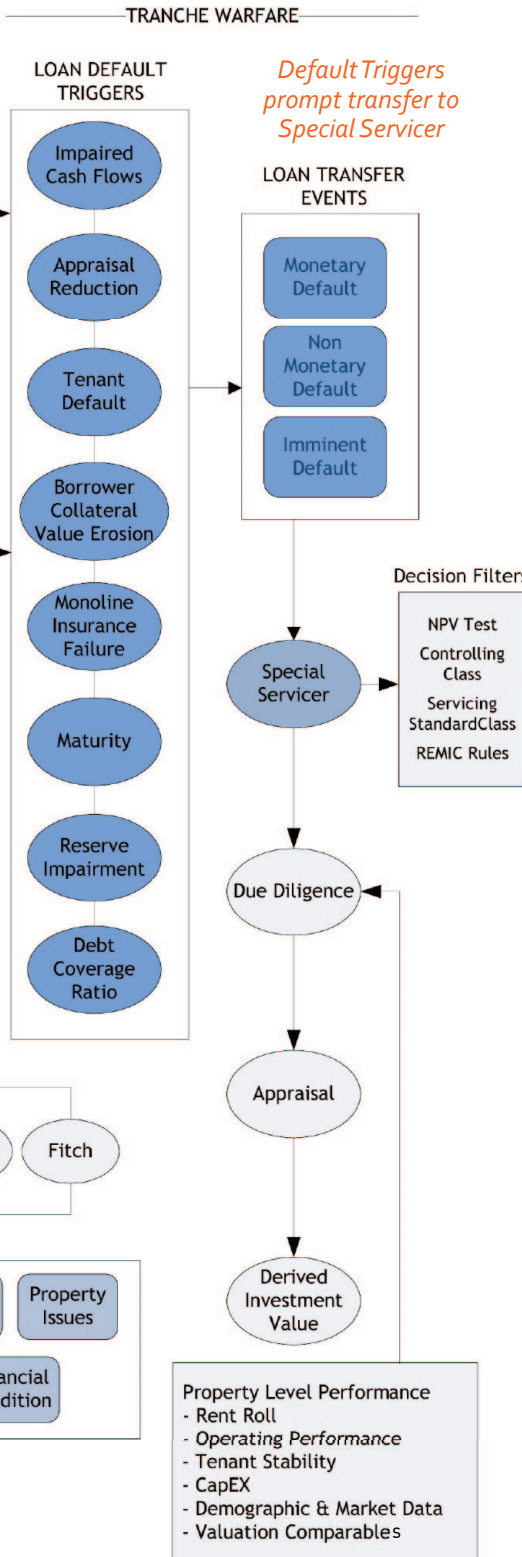


Institutional Investors purchase rated Tranches according to perceived Risks and fixed Investment Returns

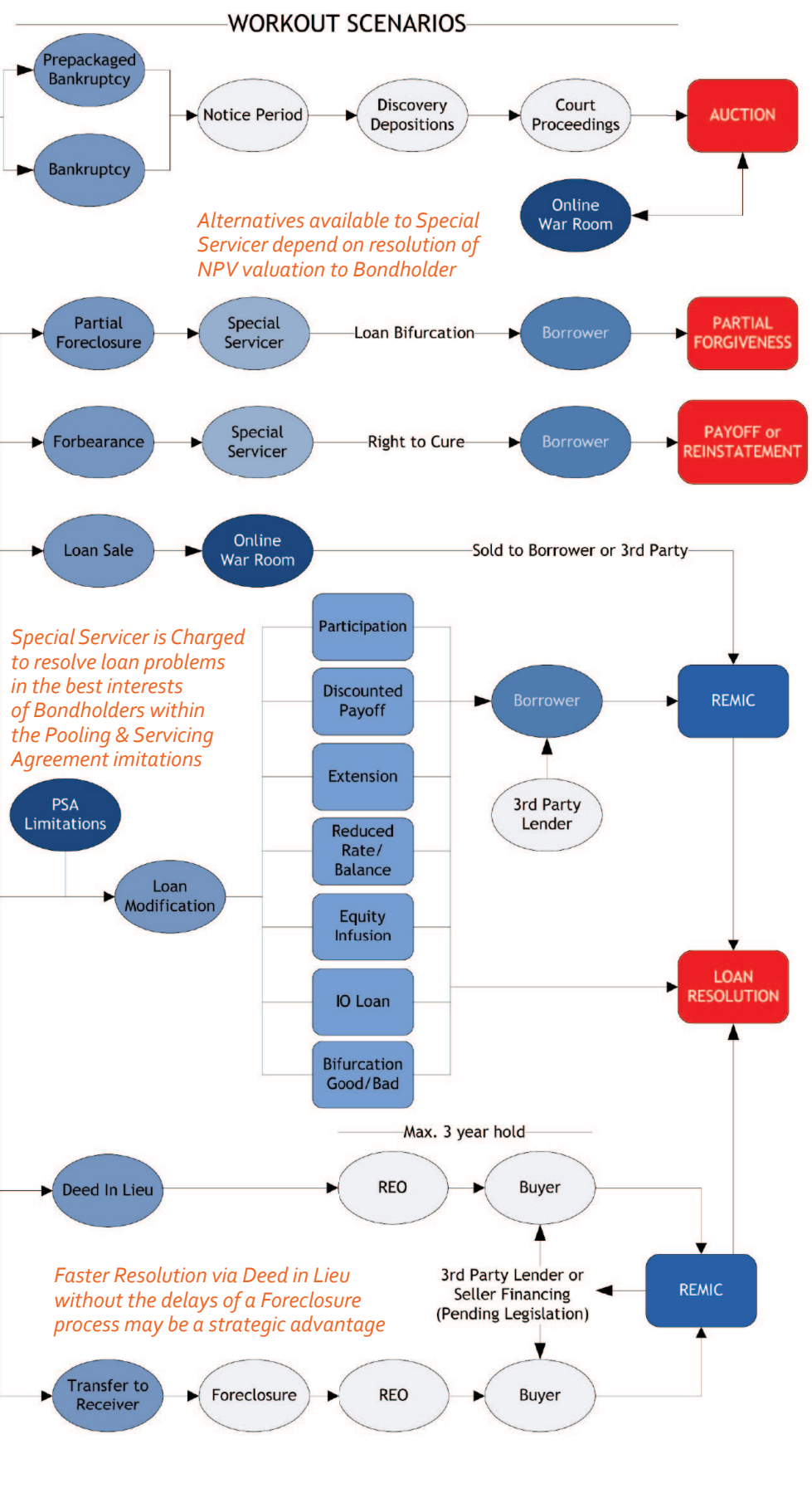
Private Data Services track Loan Pools and CMBS issuances

Loan Portfolio Monitoring establishes Watch List of under performing Loans

*INITIATED BY THE BORROWER
Certain Triggers are recognized factors for Default which will transfer the Loan to Special Servicer for Workout*



Default Triggers prompt transfer to Special Servicer



Alternatives available to Special Servicer depend on resolution of NPV valuation to Bondholder

Special Servicer is Charged to resolve loan problems in the best interests of Bondholders within the Pooling & Servicing Agreement imitations

Faster Resolution via Deed in Lieu without the delays of a Foreclosure process may be a strategic advantage