

'IQ' Team Recruits 3 New Players

Union Central Life of Cincinnati will make its commercial MBS debut in an upcoming seven-player conduit deal led by Morgan Stanley.

The \$1 billion transaction, scheduled to come to market next month, will be the third offering by a rotating group of insurance companies and other institutions. The group uses the brand name "IQ," which stands for "institutional quality" — playing on the fact that its loans have low leverage.

Union Central will contribute about \$200 million of seasoned loans, most relatively small. The firm plans to begin a program in which it will produce new loans for securitization. The collateral contributed by Union Central represents the only seasoned loans in the pool.

Two other lenders are also making their first appearance in an IQ deal — **National Consumer Cooperative Bank** and **Prudential Mortgage Capital**. **Nationwide Life** is making its second appearance — it supplied loans to a \$713 million offering that priced last October. Rounding out the issuing group will be three lenders that are regular participants — **Morgan Stanley**, **Principal Life** and **Teachers Insurance**.

Washington-based **National Cooperative**, which specializes in loans on co-op apartment properties, has regularly teamed up with **Credit Suisse First Boston** on securitizations.

Pru Mortgage has participated in transactions with a variety of players. Just this week, it floated a deal with **Bear Stearns** and **Wells Fargo** (see Initial Pricing below). Pru also conducted separate offerings with **Bank of America** and **Merrill Lynch** over the past year. ♦

INITIAL PRICINGS

Morgan Stanley Dean Witter Capital I Trust, 2002-IQ3

Pricing date:	Dec. 5
Closing date:	Dec. 17
Dollar amount:	\$909.6 million
Seller/borrowers:	Morgan Stanley, Union Central Life, Prudential Mortgage Capital, National Consumer Cooperative Bank, Principal Life, Teachers Insurance and Nationwide Life
Lead manager:	Morgan Stanley
Co-managers:	Merrill Lynch, Lehman Brothers
Master servicer:	GMAC Commercial Mortgage
Special servicer:	GMAC Commercial Mortgage
Trustee:	LaSalle Bank
Offering type:	SEC-registered

Property types: Office (34.2%), retail (23.7%), industrial (18.8%), multi-family (11.4%), cooperative (9.7%), hotel (0.9%), mixed-use (0.7%) and self-storage (0.6%).

Concentrations: New York (21.3%) and California (14.6%).

Loan contributors: Morgan Stanley (22%), Union Central Life (20.5%), Prudential (18.9%), National Consumer Cooperative (14.1%), Principal (12.9%), Teachers (6.5%) and Nationwide Life (5.1%).

Largest loans: A \$67 million mortgage to Douglas Jamal and Joseph Cayre on the 342,000-sf office building at 77 P Street in Washington and a \$65 million interest in a \$190 million mortgage to Jack Resnick & Sons on the 1.1 million-sf office building at One Seaport Plaza in Manhattan.

B-Plese buyer: Allied Capital.

Notes: Seven lenders teamed up to securitize conduit and seasoned mortgages that they had originated. CMA code: 20020155.

Class	Amount (\$M)	Rating (Moody's)	Rating (S&P)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	81.000	Aaa	AAA	14.38	3.480	100.031	3.452	9/1/37	3.41	S+37	Fixed
A-2	125.000	Aaa	AAA	14.38	4.390	100.530	4.286	9/1/37	5.70	S+46	Fixed
A-3	90.019	Aaa	AAA	14.38	4.800	100.529	4.736	9/1/37	7.76	S+46	Fixed
A-4	482.862	Aaa	AAA	14.38	5.080	100.503	5.041	9/1/37	9.65	S+49	Fixed
B	26.152	Aa2	AA	11.50	5.240	100.491	5.207	9/1/37	9.99	S+51	Fixed
C	27.289	A2	A	8.50	5.410	100.498	5.379	9/1/37	10.17	S+76	Fixed
D	2.274	A3	A-	8.25	5.550	100.535	5.520	9/1/37	10.73	S+83	Fixed
E	13.645	Baa1	BBB+	6.75	5.980	100.526	5.958	9/1/37	10.87	S+125	Fixed
F	10.233	Baa2	BBB	5.63	6.078	100.513	6.142	9/1/37	11.63	S+135	Fixed
G	6.823	Baa3	BBB-	4.88	6.508	100.490	6.597	9/1/37	12.14	S+175	Fixed
H	10.233	Ba1	BB+	3.75				9/1/37	13.00		Fixed
J	9.097	Ba2	BB	2.75				9/1/37	14.00		Fixed
K	4.548	Ba3	BB-	2.25				9/1/37	14.81		Fixed
L	6.822	B1	B+	1.50				9/1/37	15.57		Fixed
M	2.274	B2	B	1.25				9/1/37	16.18		Fixed
N	2.274	B3	B-	1.00				9/1/37	16.54		Fixed
O	9.097	NR	NR	0.00				9/1/37	17.87		Fixed
X-1(IQ)	909.642*	Aaa	AAA					9/1/37	8.40		Fixed
X-2(IQ)	824.706*	Aaa	AAA		1.712	9.062	4.843	9/1/37	6.34	T+140	Fixed
X-Y(IQ)	87.982*	Aaa	AAA					9/1/37	8.63		Fixed

*Notional amount

CIBC Slates First CMBS Floater

CIBC World Markets is preparing to securitize a batch of floating-rate commercial mortgages for the first time.

The Canadian bank is talking to potential partners about teaming up on a pooled deal to which it would contribute \$250 million to \$300 million of floaters.

CIBC has actively securitized fixed-rate loans since setting up a conduit program a few years ago under managing director Michael Higgins. During the past two years, it has contributed about \$1 billion of loans a year to conduit deals.

The bank has also originated about \$1.5 billion of floaters a year — mostly construction and bridge loans. But it has tended to either syndicate those loans or park them in its portfolio.


The loans being prepped for the upcoming deal were originated with the intent of securitization. They differ from CIBC's traditional floating-rate product in that they are medium-sized, too small for syndication and collateralized

by stabilized — rather than transitional — properties.

Some owners of stabilized properties either want to take advantage of the extraordinarily low prevailing coupons on floaters or don't want to be locked into long-term debt. Prepayment penalties and defeasance clauses associated with fixed-rate loans make it difficult for borrowers to sell properties or take out additional cash by refinancing at higher dollar amounts. CIBC is targeting these borrowers and expects to originate \$500 million to \$750 million of such loans this year.

CIBC has regularly partnered with J.P. Morgan Chase in its conduit deals, although its most-recent securitization was conducted with Prudential Mortgage Capital, Wells Fargo and Bear Stearns. CIBC also plans to contribute loans to the next "IQ" conduit offering led by Morgan Stanley. The bank is attracted by the high-quality reputation of the institutions that participate in the deals. Other contributors in the next deal, which is scheduled for May, include Teachers Insurance, John Hancock Life, Nationwide Life and Union Central Life. ♦

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March 28, 2003

COMMERCIAL MORTGAGE ALERT

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THE GRAPEVINE

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ago and has bought the junior classes of a handful of new issues.

Looking to expand, **Carlton Group** is on the prowl for mortgage brokers, loan originators, whole-loan traders and loan-sale advisors. Carlton will add staff at its New York headquarters and its offices in Palm Beach, Fla., and Los Angeles. Carlton is headed by president **Howard Michaels**.

Morgan Stanley and a team of insurance companies are planning their next conduit securitization under the "IQ" brand. The \$800 million deal, scheduled for May, will include collateral contributions from **Teachers Insurance, John Hancock Life, Nationwide Life** and **Union Central Life**. It is likely that the offering will also involve loans from one or more of the other insurance companies and pension funds that securitize loans through Morgan Stanley.

Ramius Capital has hired **Richard Gorsky** to perform due diligence and credit analysis for its two real estate investment funds. Gorsky, a vice president,

spent the past three years at **Belvedere Capital Management**, where he was involved in underwriting, due diligence and asset management. He previously was the controller at **Cove Capital Management** and a senior auditor with **Ernst & Young**. One of Ramius' funds, **RCG Endeavor**, buys commercial MBS B-pieces and other high-yield securities backed by real estate. The other vehicle, **RCG Longview**, buys properties and invests in mezzanine loans.

Meanwhile, **RCG Endeavor** and **GMAC Commercial Mortgage** are splitting the junior classes of an upcoming \$1 billion conduit deal by **GMAC, Deutsche Bank, Goldman Sachs** and **Morgan Stanley**. It marks GMAC's first B-piece purchase in the U.S. this year. **Ramius Capital**, a New York money-management firm, set up a B-piece acquisition team last fall. Ramius and GMAC co-invested in the junior classes of two conduit deals last year.

Ashley Reed, who was head CMBS analyst at **S&P's** Sydney office, has transferred to London, where he will focus on CMBS deals in Europe. Reed, a director, was replaced in Australia by **Peter Eastham**, who was promoted to director from associate director. The 12-member London unit is co-headed

by directors **Michelle Weston** and **Ronan Fox**.

Seeking to bolster its image, **Highwoods Properties** last week gave rating-agency officials and research analysts a tour of one of its biggest properties — an 800,000-square-foot campus just outside Tampa. A **WorldCom** affiliate had agreed to occupy the newly developed property, but broke the lease last summer when **Worldcom** filed for bankruptcy. The action prompted **Fitch** to reduce its rating of the Raleigh, N.C., office REIT by one notch, to "BBB-," matching the levels of **Moody's** and **S&P**. **Highwoods** evidently hoped the tour, arranged to coincide with a nearby conference that the analysts were attending, would demonstrate the quality of the campus, which it is trying to lease.

CALENDAR

Sept. 28-30: Boston is the venue for Pension Real Estate Association's "Plan Sponsor Real Estate Conference."

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COMMERCIAL MORTGAGE ALERT

The Weekly Update on Real Estate Finance and Securitization

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THE GRAPEVINE

Westbrook Partners has hired **Secured Capital** to arrange up to \$425 million of debt on a portfolio of office and retail properties. Westbrook began shopping for the loan last fall, but stopped when lenders balked at the amount of leverage being sought. Now, it has returned to the market with the Los Angeles firm as its representative. The collateral encompasses most of a 95-property portfolio that Westbrook, a New York opportunistic investor, bought from **Allstate** in 1998. **Merrill Lynch** financed the transaction through a securitized \$439 million senior loan and \$211 million of mezzanine debt.

GE Capital has created a North American debt unit as part of a broad
See **GRAPEVINE** on Back Page

Servicer Cracking Down on Terror Insurance

Servicing giant **GMAC Commercial Mortgage** is taking a hard line with borrowers that can't find — or refuse to pay for — terrorism insurance on their properties.

While other servicers have adopted a go-slow approach, GMAC is gearing up to transfer loans with inadequate coverage into special servicing or force borrowers to accept coverage chosen by GMAC. The servicer has refused to comment on its policy. But analysts, rival servicers and investors say the firm has made clear that it intends to review the wording on all loans it services and take action if the documents require the coverage.

GMAC has already taken action in one high-profile case — involving the massive **Mall of America** in suburban Minneapolis. GMAC is trying to force the owner, a **Simon Property** partnership, to pay for terrorism coverage that GMAC

See **TERROR** on Page 9

State Farm Eyes Debut in CMBS Market

In what would be its first trip to the commercial MBS market, **State Farm Insurance** is expected to contribute about \$300 million of seasoned loans to a pooled transaction with other insurers.

The participants in the deal have not been finalized because the insurers — including **State Farm** — are still awaiting approval from their in-house investment committees. But it looks like four players will team up on a transaction of roughly \$750 million. **Morgan Stanley** would lead the offering, which could come to market in two or three months.

The transaction would enable **State Farm**, which is based in Bloomington, Ill., to fine-tune its \$3.8 billion mortgage portfolio by achieving better geographic and property-type balance and by reducing its exposure to certain property owners.

State Farm's interest in securitization was fueled by the warm reception

See **DEBUT** on Page 7

First Boston Wins Big Loan on CBL Malls

Credit Suisse First Boston has won a hard-fought battle to originate a \$500 million mortgage on a portfolio of regional malls owned by **CBL & Associates**.

The 10-year loan — the largest awarded in several months — was pursued aggressively by a number of securitization programs. In the end, **First Boston** beat out runner-up **Goldman Sachs**.

Wachovia initially made the most aggressive offer, but its terms were matched by **First Boston** and **Goldman**, both of which also have strong investment-banking relationships with the **Chattanooga, Tenn., REIT**.

First Boston will securitize the fixed-rate loan in a stand-alone offering that is expected to be rated investment grade. The properties will be cross-collateralized, something that **CBL** executives tried to avoid when they first shopped the deal. **First Boston** will fund the loan in about two months and

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Debut ... From Page 1

bondholders have given to seasoned life-company product in recent years. Such deals generally have achieved low subordination levels, and investors are willing to pay up because they feel insurance-company loans are generally better underwritten than typical conduit fare. As a result, insurers can make a tidy profit by packaging seasoned loans. What's more, with conduit issuance expected to be slow in upcoming months, demand could be heightened.

State Farm expects to periodically securitize seasoned loans that were originated for its portfolio, in order to fine-tune allocations. However, unlike some other insurers, it has no intention to originate loans for securitization.

The company's commercial-mortgage portfolio has ballooned over the past few years. The insurer was an active lender in the late 1980s, but its originations slowed dramatically when delinquencies increased in the early 1990s. The firm originated less than \$100 million of mortgages annually for several years in the mid-1990s.

But State Farm recommitted to the business in 1997, when it originated more than \$500 million of loans. Since then it has averaged about \$600 million of annual originations. This year, the insurer is projecting that it will write \$600 million to \$700 million of commercial mortgages. State Farm's mortgage portfolio has grown to \$3.8 billion, from \$1.4 billion at yearend 1997.

State Farm's inaugural deal still has to be approved by the firm's senior management, but that seems to be a formality at this point. The names of the other contributors to the deal could not be learned.

Morgan Stanley has already underwritten a series of pooled securitizations for life companies. The last such deal, which priced in October, was backed by loans originated by Teachers Insurance, Aegon USA, Mutual of New York, Nationwide Life and Allmerica. ♦

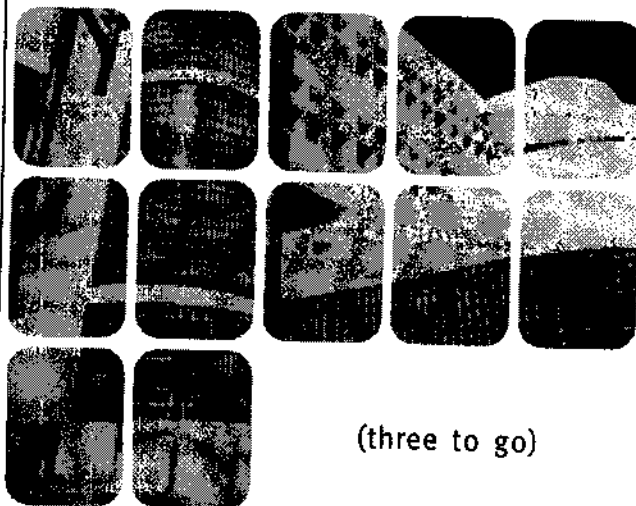
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INITIAL PRICINGS

Morgan Stanley Capital I Trust, 2003-IQ5

Pricing date:	Sept. 17
Closing date:	Sept. 30
Dollar amount:	\$808.8 million
Seller/borrowers:	Morgan Stanley, Prudential Mortgage, Lincoln Realty, Cigna, Teachers Insurance, Union Central
Lead manager:	Morgan Stanley
Co-manager:	Merrill Lynch
Master servicer:	GMAC Commercial Mortgage
Special servicer:	Midland Loan Services
Trustee:	LaSalle Bank
Offering type:	SEC-registered

Property types: Office (50.9%), retail (28.8%), industrial (9.8%), multi-family (9.6%) and hotel (0.9%).

Concentrations: Pennsylvania (11%).

Loan contributors: Morgan Stanley (32.9%), Prudential (27%), Lincoln Realty Capital (21.6%), Cigna (7.5%), Teachers Insurance (6.3%) and Union Central Mortgage Funding (4.7%).

Largest loans: A \$65.8 million portion of a \$132 million mortgage to Thomas Development Partners on the 953,00-sf office building at Two Commerce Square in Philadelphia; and a \$58.5 million senior interest in a \$147 million mortgage to Tishman Speyer and Travelers Real Estate on the 1.6 million-sf office building at 55 East Monroe in Chicago.

B-Piece buyer: Insignia Opportunity Partners.

Notes: Six securitization programs teamed up to securitize large loans and conduit mortgages that they had originated. The BNB classes are backed by the \$30 million B-note of a \$180 million mortgage to Beacon Capital on two Boston office buildings: the 709,000-sf building at 200 Berkeley Street and the 428,000-sf Stephen L. Brown Building. **CMA code:** 20030135.

Class	Amount (\$Mil)	Rating (Moody's)	Rating (Fitch)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	117.000	Aaa	AAA	13.88	3.020	100.528	2.820	4/15/38	3.15	S+22	Fixed
A-2	120.000	Aaa	AAA	13.88	4.090	100.525	3.986	4/15/38	5.59	S+30	Fixed
A-3	60.000	Aaa	AAA	13.88	4.710	100.494	4.650	4/15/38	7.75	S+39	Fixed
A-4	373.733	Aaa	AAA	13.88	5.010	100.499	4.969	4/15/38	9.52	S+39	Fixed
B	22.391	Aa2	AA	11.00	5.063	100.523	5.126	4/15/38	9.88	S+49	Fixed
C	30.178	A2	A	7.13	5.203	100.473	5.290	4/15/38	10.19	S+59	Fixed
D	7.788	A3	A-	6.13	5.413	100.526	5.531	4/15/38	10.80	S+68	Fixed
E	5.841	Baa1	BBB+	5.38	5.713	100.501	5.851	4/15/38	11.04	S+95	Fixed
F	6.814	Baa2	BBB	4.50	5.813	100.509	5.951	4/15/38	11.04	S+105	Fixed
G	7.788	Baa3	BBB-	3.50	5.853	96.655	6.498	4/15/38	11.63	S+160	Fixed
H	5.841	Ba1	BB+	2.75				4/15/38	13.07		Fixed
J	2.920	Ba2	BB	2.38				4/15/38	13.98		Fixed
K	4.868	Ba3	BB-	1.75				4/15/38	14.78		Fixed
L	2.920	B1	B+	1.38				4/15/38	15.73		Fixed
M	1.947	B2	B	1.13				4/15/38	16.34		Fixed
N	0.974	B3	B-	1.00				4/15/38	16.70		Fixed
O	7.788	NR	NR	0.00				4/15/38	17.87		Fixed
BNB-A	4.900	A3	NR					4/15/38			Fixed
BNB-B	6.000	Baa1	NR					4/15/38			Fixed
BNB-C	9.600	Baa2	NR					4/15/38			Fixed
BNB-D	9.500	Baa3	NR					4/15/38			Fixed
X-1(10)	778.791*	Aaa	AAA		0.233	1.929	8.497	4/15/38	7.93	T+475	Fixed
X-2(10)	710.760*	Aaa	AAA		1.131	5.502	4.022	4/15/38	5.99	T+70	Fixed

*Notional amount.

Floating ... From Page 1

wary of writing fixed-rate loans on risky property types, such as hotels, so some sectors are being financed almost exclusively with floaters.

The upcoming deals include:

- A \$1.4 billion offering by **Credit Suisse First Boston** and **Wachovia** — the first time they are teaming up on a floater. The collateral pool will include some giant credits, including the senior pieces of loans on **Carousel Mall** in Syracuse, **EAB Plaza** in Uniondale, N.Y., and **14 Wall Street** and **40 Wall Street** in Manhattan.
- A \$1 billion offering by **Deutsche Bank** and **Societe**

Generale. The deal will be SocGen's second CMBS offering in recent years. The bank also contributed loans to a \$688 million deal led by Deutsche in May 2002.

- A \$1 billion offering by **Banc of America**, **Bear Stearns** and **CDC Mortgage Capital**.
- A \$600 million deal from **Morgan Stanley**.
- A \$550 million issue by **J.P. Morgan Chase** and **CIBC World Markets**.
- A \$450 million transaction backed by a loan that Credit Suisse First Boston originated on hotels owned by Hong Kong investment group **CTF Hospitality**.
- A \$250 million offering by Deutsche backed by loans on New York City parking garages owned by **Icon Parking**. ♦

CMBS Deals in the Works in the US

SEPTEMBER	Underwriter	Deal Type	Rate Type	Amount (\$Mil.)
Banc of America	Banc of America	Fusion	Fixed	1,700
JP Morgan Chase, LaSalle, Nomura	J.P. Morgan, ABN Amro	Conduit	Fixed	1,400
Lehman Brothers, UBS Warburg	Lehman Brothers	Fusion	Fixed	1,400
Wachovia	Wachovia	Conduit	Fixed	1,200
"IQ" Issuers (Pru, Cigna, Teachers, others)	Morgan Stanley	Conduit	Fixed	779
GE Financial Assurance	J.P. Morgan, Morgan Stanley	Seasoned loans	Fixed	715
CTF Hospitality (hotel portfolio)	Credit Suisse First Boston	Single borrower	Floating	450
Icon Parking (garage portfolio)	Deutsche Bank	Single borrower	Floating	250
OCTOBER	Underwriter	Deal Type	Rate Type	Amount (\$Mil.)
Credit Suisse First Boston, Wachovia	Credit Suisse First Boston	Large loan	Floating	1,400
Banc of America, Bear, CDC	Banc of America	Pooled	Floating	1,200
Bear, Wells, Morgan Stanley, Principal, Hancock	Bear, Morgan Stanley	Conduit	Fixed	1,200
Deutsche Bank, Societe Generale	Deutsche Bank	Large loan	Floating	1,000
Morgan Stanley	Morgan Stanley	Pooled	Floating	600
J.P. Morgan Chase, CIBC	J.P. Morgan	Pooled	Floating	550
GMAC Commercial Mortgage	(Unknown)	Large loan	Floating	162
NOVEMBER	Underwriter	Deal Type	Rate Type	Amount (\$Mil.)
Lehman Brothers, UBS	Lehman Brothers	Fusion	Fixed	1,400
GMAC, Deutsche, Goldman, Morgan Stanley	Deutsche, Goldman, Morgan Stanley	Conduit	Fixed	1,300
J.P. Morgan Chase, CIBC	J.P. Morgan Chase	Conduit	Fixed	1,000
DECEMBER	Underwriter	Deal Type	Rate Type	Amount (\$Mil.)
RBS Greenwich Capital	RBS Greenwich	Fusion	Fixed	1,500
Credit Suisse First Boston, KeyBank, PNC Bank	Credit Suisse First Boston	Conduit	Fixed	1,300
"IQ" Issuers (Morgan Stanley, CIBC, others)	Morgan Stanley	Conduit	Fixed	900
UNDETERMINED	Underwriter	Deal Type	Rate Type	Amount (\$Mil.)
Madison Square Partners	Credit Suisse First Boston	Seasoned loans	Mixed	1,600
Hometown America (manufactured-housing loans)	J.P. Morgan Chase	Single borrower	Mixed	1,100
Macklowe Properties (GM Building)	Wachovia	Single borrower	Floating	575

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wary of writing fixed-rate loans on risky property types, such as hotels, so some sectors are being financed almost exclusively with floaters.

The upcoming deals include:

- A \$1.4 billion offering by **Credit Suisse First Boston** and **Wachovia** — the first time they are teaming up on a floater. The collateral pool will include some giant credits, including the senior pieces of loans on Carousel Mall in Syracuse, EAB Plaza in Uniondale, N.Y., and 14 Wall Street and 40 Wall Street in Manhattan.
- A \$1 billion offering by **Deutsche Bank** and **Societe**

Generale. The deal will be SocGen's second CMBS offering in recent years. The bank also contributed loans to a \$688 million deal led by Deutsche in May 2002.

- A \$1 billion offering by **Banc of America**, **Bear Stearns** and **CDC Mortgage Capital**.
- A \$600 million deal from **Morgan Stanley**.
- A \$550 million issue by **J.P. Morgan Chase** and **CIBC World Markets**.
- A \$450 million transaction backed by a loan that Credit Suisse First Boston originated on hotels owned by Hong Kong investment group **CTF Hospitality**.
- A \$250 million offering by Deutsche backed by loans on New York City parking garages owned by **Icon Parking**. ♦

CMBS Deals in the Works in the US

SEPTEMBER	Underwriter	Deal Type	Rate Type	Amount (\$Mil.)
Banc of America	Banc of America	Fusion	Fixed	1,700
JP Morgan Chase, LaSalle, Nomura	J.P. Morgan, ABN Amro	Conduit	Fixed	1,400
Lehman Brothers, UBS Warburg	Lehman Brothers	Fusion	Fixed	1,400
Wachovia	Wachovia	Conduit	Fixed	1,200
"IQ" Issuers (Pru, Cigna, Teachers, others)	Morgan Stanley	Conduit	Fixed	779
GE Financial Assurance	J.P. Morgan, Morgan Stanley	Seasoned loans	Fixed	715
CTF Hospitality (hotel portfolio)	Credit Suisse First Boston	Single borrower	Floating	450
Icon Parking (garage portfolio)	Deutsche Bank	Single borrower	Floating	250

OCTOBER	Underwriter	Deal Type	Rate Type	Amount (\$Mil.)
Credit Suisse First Boston, Wachovia	Credit Suisse First Boston	Large loan	Floating	1,400
Banc of America, Bear, CDC	Banc of America	Pooled	Floating	1,200
Bear, Wells, Morgan Stanley, Principal, Hancock	Bear, Morgan Stanley	Conduit	Fixed	1,200
Deutsche Bank, Societe Generale	Deutsche Bank	Large loan	Floating	1,000
Morgan Stanley	Morgan Stanley	Pooled	Floating	600
J.P. Morgan Chase, CIBC	J.P. Morgan	Pooled	Floating	550
GMAC Commercial Mortgage	(Unknown)	Large loan	Floating	162

NOVEMBER	Underwriter	Deal Type	Rate Type	Amount (\$Mil.)
Lehman Brothers, UBS	Lehman Brothers	Fusion	Fixed	1,400
GMAC, Deutsche, Goldman, Morgan Stanley	Deutsche, Goldman, Morgan Stanley	Conduit	Fixed	1,300
J.P. Morgan Chase, CIBC	J.P. Morgan Chase	Conduit	Fixed	1,000

DECEMBER	Underwriter	Deal Type	Rate Type	Amount (\$Mil.)
RBS Greenwich Capital	RBS Greenwich	Fusion	Fixed	1,500
Credit Suisse First Boston, KeyBank, PNC Bank	Credit Suisse First Boston	Conduit	Fixed	1,300
"IQ" Issuers (Morgan Stanley, CIBC, others)	Morgan Stanley	Conduit	Fixed	900

UNDETERMINED	Underwriter	Deal Type	Rate Type	Amount (\$Mil.)
Madison Square Partners	Credit Suisse First Boston	Seasoned loans	Mixed	1,600
Hometown America (manufactured-housing loans)	J.P. Morgan Chase	Single borrower	Mixed	1,100
Macklowe Properties (GM Building)	Wachovia	Single borrower	Floating	575

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action to market this month. The issue will be one of the largest fixed-rate CMBS deals in the past several years, rivaling a \$1.7 billion offering by a **Credit Suisse First Boston** team in June and a \$1.7 billion solo offering by **BofA** itself in August 2002.

J.P. Morgan Chase and **CIBC World Markets** are planning a \$550 million floating-rate transaction next month that will mark **CIBC's** first securitization of floaters. Each player will contribute about half of the collateral, which will be a mix of large and smaller loans. Most of the loans are backed by stable properties, although some transitional assets will be mixed in.

Meanwhile, **CIBC** is expected to contribute collateral to two conduit deals before yearend: A \$1 billion offering in November with regular partner **J.P. Morgan Chase** and \$900 million issue by the "IQ" issuers, led by **Morgan**

Stanley. **CIBC** will chip in about \$500 million of loans to the **J.P. Morgan** deal and about \$400 million to the "IQ" deal. **CIBC** participated in one previous deal by the "IQ" team, which involves a revolving group of participants, mostly insurance companies.

Clarion Partners' fledgling B-piece unit has agreed to buy the junior portion of the upcoming \$1.3 billion fusion deal by **Lehman Brothers** and **UBS**. Separately, **Banc One** has circled the B-piece of the upcoming \$1.4 billion conduit deal by **J.P. Morgan Chase**, **LaSalle Bank** and **Nomura Securities**. The Chicago bank also purchased the junior classes of a conduit deal led by **J.P. Morgan** that priced last month.

Dominion Bond Rating Service, the Canadian rating agency, is looking for senior executives to staff up a planned New York office that will rate CMBS and asset-backed securitizations. **Dominion** hopes to launch the outpost early next year. The U.S. division will report to the Toronto securitization unit, headed by executive vice president **Greg Nelson**. **Dominion**,

Canada's only domestic rating agency, is moving to expand into the much bigger U.S. market. Last month, **Dominion** opened an office in Chicago, headed by former **Duff** analyst **John M. "Jack" Tolliver**, that will analyze CMBS transactions. Applicants should call **Nelson** at 416-593-5577, Ext. 2224.

Veteran securitization attorney **Geoffrey Hurlley** has jumped to **Dechert** to help spearhead the law firm's bid to increase its presence in the CMBS market. He was named a partner in **Dechert's** New York-based finance and real estate group. He was previously a partner in the structured finance department of **Latham & Watkins**.

L.J. Melody has hired **Timothy Koletic** to broker loans and equity on apartment properties in Florida and the Southeast. **Koletic**, a director based in Tampa, previously ran his own firm, which lined up equity and development debt. Before that, he worked at **Euro American Advisors** and **Citicorp Real Estate's** investment banking group.

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November 28, 2003

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WaMu Joins Roster of 'IQ' Deal

Washington Mutual's securitization group is ready to contribute its first batch of mortgages to a conduit deal.

The Seattle thrift will kick in about \$100 million of low-leverage loans to a \$1 billion offering next month by the "IQ" group, a revolving set of institutions that securitize loans via underwriter Morgan Stanley.

In addition to WaMu and Morgan Stanley, six other lenders will supply loans to the deal: CIBC World Markets, Prudential Mortgage Capital, National Consumer Cooperative Bank, Nationwide Life, Teachers Insurance and Union Central Life. The brand IQ is an acronym for "institutional quality."

While this will be WaMu's first conduit deal, the thrift has securitized seasoned loans twice — in a \$419 million deal in 2001 and a \$572 million issue in June. Goldman Sachs was lead manager of both deals, while Morgan Stanley served as co-manager of the June offering.

Goldman advised WaMu in setting up its CMBS program last year and was widely expected to lead the thrift's securitizations. But the program has not produced enough volume for solo deals, and WaMu concluded that the IQ platform was more suitable for a relatively small amount of high-quality loans. Going forward, Goldman, Morgan Stanley and WaMu are expected to regularly securitize loans in joint deals.

WaMu hired former Principal Life executive Rob East in July 2002 to run its securitization program. ♦

CSFB to Repackage Stone-Age Bonds

Credit Suisse First Boston is moving ahead with a long-awaited \$600 million resecuritization of below-investment-grade commercial MBS held by a partnership it controls.

The formation of the partnership, called Madison Square Partners, effectively allowed First Boston to reduce its stake in a \$2.7 billion high-yield-debt portfolio amassed during the late 1990s under the reign of Andy Stone, the investment bank's former real estate chief.

First Boston retained a 40% stake in the portfolio and sold separate 26% interests to Lennar Partners of Miami and Best Property, a New York firm controlled by investor Peter Bron. The remaining 8% stake went to SunAmerica Life of Los Angeles. As part of the March 1999 transaction, First Boston provided \$1.8 billion of seller financing to the partnership.

Following the maturity or liquidation of some holdings, the partnership now owns about \$1.1 billion of CMBS, as well as some mortgages and properties. First Boston's loan has been reduced to about \$600 million. The partnership now plans to resecuritize the CMBS, effectively replacing First Boston's short-term financing with long-term debt. The CMBS have an average remaining life of about seven years.

The transaction, which will further reduce First Boston's exposure to the portfolio, will be similar to resecuritizations now routinely conducted by many B-piece players to better match the maturities of their loans and assets. First Boston has been planning the deal for well over a year, but it was

delayed because of its complicated nature.

Madison's CMBS portfolio includes the B-piece of several non-First Boston deals. The investment bank bought the B-pieces both for diversification and because Stone for a time envisioned Madison as an ongoing concern, before the idea was quashed by senior bank executives.

First Boston initially took a hit because it wrote down the value of the assets to sell them to Madison. But the venture has fared well, producing an annual internal rate of return of about 27% — enabling First Boston to recoup some of its losses, according to people familiar with Madison. ♦

CMBS Veteran Joins New REIT

Veteran commercial MBS executive Robert Corry has joined Gladstone Commercial, a newly formed REIT that will invest in single-tenant properties.

Corry, a principal, will help scout out investments for Gladstone, working out of a field office in Morristown, N.J.

The public REIT, which is based in McLean, Va., will focus its purchases on office and industrial properties leased to companies that either are not rated or carry below-investment-grade ratings. It will also arrange sale-leasebacks and originate long-term mortgages on single-tenant properties. It will target properties throughout the country that are valued at \$2 million to \$15 million.

Gladstone raised \$105 million of equity in September. By using leverage, the firm expects to invest in up to \$320 million of properties. A sister company, Gladstone Capital, which went public in 2001, lends to small and medium-size companies that are substantially owned by leveraged-buyout or venture-capital funds.

Corry reports to David Gladstone, the REIT's founder, who also is chief executive of Gladstone Capital. The duo once worked together at Allied Capital of Washington. David Gladstone was Allied's chief executive for 25 years before he retired in 1996. Corry spent nine years in Allied's real estate group, buying high-yield CMBS, before leaving in 2000 to join Allegiance Capital Partners. In December of that year, Corry left to join newly formed Mezz Cap, a group set up by Marty Lanigan to originate mezzanine loans on properties financed by securitization programs. Corry was the Short Hills, N.J., firm's senior vice president of loan production.

Corry is the second senior Mezz Cap executive to leave recently. Last month, Barry Schumacher quit to join J.P. Morgan Chase's large-loan group. Replacements for both executives are expected to be hired soon. ♦

Researching a Deal? Use Commercial Mortgage Alert's CMBS Database to zero in on any issue backed by commercial and multi-family properties. This powerful research tool — complete with pricing details on hundreds of issues — is FREE at CMAAlert.com if you're a subscriber to Commercial Mortgage Alert.

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director **Brian Harris**. Dubrinsky, a senior originator, spent just over a year at Citigroup. Before that, he had a short stint at J.P. Morgan Chase and spent five years at Credit Suisse First Boston. **Gabriel Boyar**, a lawyer who started this week, will work on loan closings, equity deals and special situations. He reports to **Jeff Goldberger**. Boyar most recently worked at **Brickman Associates** of New York. He previously helped **Nomura Securities** wind down its CMBS portfolio in the wake of the 1998 bond-market downturn.

Continuing to beef up its CMBS operation, **Merrill Lynch** this week added **Gary Romaniello** as a senior originator, focusing on conduit loans. Romaniello, who is based in New York, reports to senior originator **Ernest Rosato**. He spent the past four years at J.P. Morgan Chase, working as a loan producer. He previously served at **Lehman Brothers**. Merrill, which has added about a dozen real estate professionals to its conduit group in recent months, is still looking to hire

several more loan originators and underwriters.

Real estate veteran **Mike Greco** has moved from cyberspace to wide open space. Greco, formerly chief executive of Internet loan venture **MortgageRamp**, is now president and chief operating officer of **Leisure Industries**, a timeshare and resort developer based in Las Vegas. He joined the company earlier this year to help restructure its \$100 million portfolio of loans to buyers of timeshare units. Greco previously held senior lending posts at **WMF Capital**, **First Union** and **Donaldson, Lufkin & Jenrette**.

Another **MortgageRamp** alumnus, **James M. Martone**, has signed on as senior account manager for **IVI International** of White Plains, N.Y. Martone will oversee the consulting company's client relationships in the Southeast. He was previously senior sales manager for **MortgageRamp**.

GMAC Commercial Mortgage has circled the B-piece of a \$1.4 billion fusion deal that **Lehman Brothers** and **UBS Warburg** are expected to market next week. That marked the first time in

three years that **Lehman** and **UBS** have placed a B-piece with **GMAC**. The primary buyer has been **Lennar Partners**. They have also struck deals with **Allied Capital** and the team of **Insignia Opportunity Partners** and **Lend Lease Hyperion Capital Advisors**.

J.P. Morgan Chase and **CIBC World Markets** are teaming up on another conduit deal, which is slated for July. Each will contribute roughly half of the collateral for the \$1 billion offering. J.P. Morgan will be the lead underwriter. CIBC has regularly joined forces with J.P. Morgan. This month, it will contribute about \$170 million of collateral to a \$750 million deal that **Morgan Stanley** will lead under the brand "IQ" (which stands for "institutional quality"). That will mark CIBC's debut with the IQ team, which is dominated by a group of insurance companies.

Daniel Kolter, a **Moody's** vice president and senior analyst based in London, has moved over to the CMBS side of the fence. He previously rated asset-backed commercial paper conduits. Kolter reports to **Adam Toff**, senior vice president of structured finance.

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Lennar to Liquidate CSFB Assets

Lennar Partners is in the process of foreclosing on several more office properties that were financed in the 1990s via private securitizations by Credit Suisse First Boston.

The properties were part of a massive portfolio of real estate assets amassed during the reign of Andy Stone, First Boston's former real estate chief. The mortgages on the properties have defaulted, and Lennar, as special servicer of the securitizations, has the obligation to work out the loans.

Late last year, the Miami firm gained the keys to the 1 million-square-foot Penobscot Building and the 800,000-sf First National Bank Building, both in Detroit. Now, sources say, Lennar is going to gain possession of more properties, including the Bank of America Building in St. Louis and North Lake Office Park in Atlanta. The firm's plan is to lease up the buildings and then sell them.

Under Stone, First Boston-controlled partnerships aggressively invested in transitional properties. First Boston not only provided the bulk of the equity needed to buy the buildings, but also provided debt financing — sometimes equal to 95% of the properties' value.

First Boston securitized many of the high-leverage loans in private, unrated transactions, retaining the junior portions in the process. After the bond market collapsed in 1998, the investment bank moved to curb its exposure to Stone's portfolio of loans and subordinate CMBS. The following year, it reduced its stake in \$2.7 billion of illiquid assets by selling a 60% interest to a joint venture between Lennar, a Peter Bren entity and SunAmerica Life. That venture, called Madison Square Partners, now controls the remaining \$1.5 billion of assets.

First Boston maintains a 40% equity stake in the venture, plus it provided a credit facility with a balance of about \$750 million that financed Madison Square's acquisition. First Boston late last year made plans to securitize the credit facility. The deal was originally planned for the first half of this year, but it now appears that the time schedule will not be met.

Last year First Boston tried to sell the 700,000-square-foot Bank of America Tower and the 906,000-sf North Lake complex as part of a larger portfolio, but those buildings ended up being dropped from the deal. ♦

Citigroup Circles 'IQ' B-Piece

Citigroup has circled its first B-piece from a new commercial MBS issue since its recent move into the market.

The firm has agreed to buy the junior classes of an \$800 million offering under the brand "IQ" — which stands for "institutional quality." The deal, led by Morgan Stanley, will be backed by loans from a half-dozen or so players, including CIBC World Markets, Teachers Insurance, John Hancock Life, Nationwide Life and Union Central Life.

Citigroup has long bought subordinate CMBS through its Alternative Investments subsidiary, which is led by vice president Al Nickerson. While the group had targeted purchases in the secondary market, it recently decided to start bidding on the B-pieces of new issues. Some market players said that with its financial muscle and special-servicing expertise, Citigroup has the potential to be a dominant player in the market. ♦

Servicing Exec Leaves Wachovia

Wachovia, which is preparing to expand its commercial-mortgage servicing operation, has shuffled positions following the departure of a senior executive.

Dennis McCloskey, who managed Wachovia's \$70.8 billion portfolio of master- and primary-servicing contracts, stepped down this month after 12 years with the Charlotte bank.

He was succeeded by director Steven Johnson, a 10-year Wachovia veteran. Johnson's former duties as director of strategic planning in the servicing operation were assumed by Alan Kronovet, who spent the past five years as a loan officer with Wachovia's commercial real estate finance group. Johnson and Kronovet report to senior vice president John Church, managing director of structured-products servicing.

Wachovia plans to add up to 15 senior-level staff by the end of the year, boosting its total servicing staff to 185. The hirings are aimed at helping the company cope with the increasingly complex demands of commercial MBS servicing.

McCloskey, formerly director of business development, was named director of special servicing in June 2001. A year later, he was named to a new director post, overseeing the portfolio management and surveillance of primary and master servicing. Management of the special-servicing portfolio was assumed by director James Gray of Wachovia's real estate capital markets group.

A colleague said McCloskey planned to remain active in the commercial mortgage industry as an independent consultant. McCloskey could not be reached for comment.

Wachovia's servicing portfolio has expanded rapidly over the past few years. The company snared the master-servicer assignments on 26 CMBS issues totaling \$18.4 billion last year. Its whopping 36% share of the new-issue market was more than twice that of its nearest rival.

Wachovia last year also won special-servicer contracts on four deals totaling \$2.9 billion — a 5.7% market share.

So far this year, Wachovia has landed master-servicing assignments on eight deals totaling \$6.5 billion, and special-servicing assignments on three deals totaling \$1.3 billion.

S&P rates Wachovia "strong" as a master and primary servicer and "above average" as a special servicer. Fitch rates it "2" in all three categories, on a "1-4" scale, with "1" being the highest grade. ♦

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RBS Greenwich Capital has hired former Column Financial executive Tom Aschmeyer to build an origination team in Atlanta. Aschmeyer, a managing director, will eventually oversee three lenders in the office, which will originate conduit and large loans in the Southeast. He reports to managing director Chuck Rosenzweig, who is in charge of East Coast lending. Aschmeyer spent nine years at Column, the conduit arm of Credit Suisse First Boston. Most recently, he was regional director in the Southeast.

UBS Warburg has hired two real estate pros for its lending operation. CMBS veteran Mark Dubrinsky, who starts Monday, will originate large and conduit loans, reporting to managing

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CW Capital Forms Conduit Link With Nomura

CW Capital has formed an alliance with Nomura Securities as part of a plan to expand its role in the conduit market.

The Boston mortgage bank has lined up an open-end credit line from Nomura. It will tap the line to originate conduit loans and will later sell the mortgages to Nomura, which will amass them for securitization.

The longtime conduit player, formerly known as Continental Wingate, hopes to double its originations this year, to \$1 billion. To pave the way for the expansion, CW hired eight specialists for its conduit unit since late last year, increasing the staffing to 20 originators, underwriters and analysts.

As previously reported, CW also plans to start investing in mezzanine loans, bridge loans and commercial MBS B-pieces. That expansion is being capitalized by GDP Real Estate Advisory, which bought a majority stake in CW last

See CONDUIT on Page 11

Baek Leaves Deutsche After Short Stint

Veteran commercial MBS trader HaeJin Baek has left Deutsche Bank only five months after being hired.

The circumstances surrounding her departure could not be learned. There was talk that Baek's hard-charging style ruffled some feathers in Deutsche's CMBS operation. But some sources played down the speculation, describing her departure as amicable. Those sources believe she wants to do something different and may wind up with a job on the buy side.

Baek, who previously worked on the CMBS desks of Nomura Securities and Lehman Brothers, could not be reached for comment. Deutsche executives declined to discuss her departure.

Baek was hired in December to spearhead an effort to create and underwrite

See BAEK on Page 12

CSFB Deal Carves Out 'Super Senior' Class

Credit Suisse First Boston rejiggered the triple-A classes of a floating-rate securitization, creating a "super senior" tranche in order to accommodate a buyer interested in taking down a big chunk of bonds.

As a result, the deal features the oddity of two triple-A classes that have different seniority levels. Bond traders said the structure has rarely — if ever — been used before in the commercial MBS market.

First Boston originally marketed the \$882 million deal with twin \$328 million classes of equal seniority that were rated Aaa/AAA by Moody's and S&P. First Boston was then approached by an unidentified investor eager to buy a large chunk of triple-A bonds on the condition that they be structured as senior to the remaining triple-A bonds.

The investment bank agreed and created a \$500 million Class A-1 that is

See CSFB on Page 9

INITIAL PRICINGS

Morgan Stanley Capital I Trust, 2003-IQ4

Prising date:	May 29
Closing date:	June 5
Dollar amount:	\$727.8 million
Seller/borrowers:	CIBC, Morgan Stanley, John Hancock, Nationwide Life, Union Central, MONY, Teachers Insurance, Cigna
Lead managers:	Morgan Stanley
Co-managers:	CIBC World Markets, Merrill Lynch
Master servicer:	GMAC Commercial Mortgage
Special servicer:	Midland Loan Services
Trustee:	Wells Fargo
Offering type:	SEC-registered

Property types: Retail (44.8%), office (26.8%), multi-family (12.7%), industrial (9.8%), mixed-use (4.9%), hotel (0.5%) and self-storage (0.5%).
Concentrations: Florida (18.8%), Illinois (11.8%) and Texas (11.2%).
Loan contributors: CIBC (22.4%), Morgan Stanley (19.3%), John Hancock (12.7%), Nationwide Life (12.2%), Union Central (8.8%), MONY (8.4%), Teachers (8.2%) and Cigna (8%).
Largest loans: A \$70 million senior portion of a \$210 million loan to a Forbes Co. and Taubman Realty partnership on 518,000 sq ft at the 1.1 million-sq Mall at Millenia, in Orlando; a \$67.5 million portion of a \$185 million mortgage to Donohoe Cos. on the 722,00-sq Federal Center Plaza in Washington; a \$58.5 million senior portion of a \$147 million loan to a Tishman Speyer and Travelers partnership on the 1.6 million-sq office building at 56 East Monroe Street in Chicago; and a \$55 million interest in a \$148 million mortgage to a Mills Corp. and Kan Am partnership on the 1.2 million-sq Katy Mills retail center in Katy, Texas.
Notes: CIBC, Morgan Stanley, John Hancock, Nationwide Life, Union Central, MONY, Teachers and Cigna teamed up to securitize large and conduit mortgages that they had originated. CMA Code: 20030089.

Class	Amount (\$M)	Rating (Moody's)	Rating (Fitch)	Subord. (%)	Coupon (%)	Dollar Price	Yield (%)	Maturity (Date)	Avg. Life (Years)	Spread (bp)	Note Type
A-1	178.9	Aaa	AAA	13.63	3.27	100.512	3.166	5/15/40	5.70	S+34	Fixed
A-2	449.7	Aaa	AAA	13.63	4.07	100.531	4.017	5/15/40	9.89	S+35	Fixed
B	18.2	Aa2	AA	11.13	4.18	100.473	4.137	5/15/40	9.94	S+43	Fixed
C	23.7	A2	A	7.88	4.27	100.511	4.224	5/15/40	9.98	S+51	Fixed
D	4.5	A3	A-	7.25	4.84	100.550	4.290	5/15/40	10.03	S+57	Fixed
E	7.3	Baa1	BBB+	6.25	4.71	100.499	4.670	5/15/40	10.03	S+95	Fixed
F	7.3	Baa2	BBB	5.25	4.82	100.500	4.781	5/15/40	10.11	S+105	Fixed
G	8.2	Baa3	BBB-	4.13	5.49	100.538	5.461	5/15/40	11.08	S+160	Fixed
H	8.2	Ba1	BB+	3.00				5/15/40			Fixed
J	3.6	Ba2	BB	2.50				5/15/40			Fixed
K	2.7	Ba3	BB-	2.13				5/15/40			Fixed
L	5.5	B1	B+	1.98				5/15/40			Fixed
M	1.8	B2	B	1.13				5/15/40			Fixed
N	0.9	B3	B-	1.00				5/15/40			Fixed
O	7.3	NR	NR	0.00				5/15/40			Fixed
X-1(10)	727.8*	Aaa	AAA					5/15/40			Fixed
X-2(10)	667.2*	Aaa	AAA					5/15/40			Fixed

*Notional amount

6/18/03

(VIA FAX 212-757-5002)

ALAN / ADAM -

HERE IS IQ4 DEAL PRICING ANNOUNCEMENT THAT HIT TRADE PUBLICATIONS. THE DELIVERY OF THE DRAFT NASD COMPLAINT BETWEEN PRICING AND CLOSING WAS PROPITIOUS TO OUR CAUSE AND LIKELY MAXIMIZED THE IMPACT AT MORGAN STANLEY. NICE WORK, AND THANK YOU VERY MUCH.

(PS. IQ5 IS SCHEDULED FOR AUG/SEPT & IQ6 FOR NOV/DEC) *Spencer*

June 27, 2003

COMMERCIAL MORTGAGE ALERT

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THE GRAPEVINE

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partnership. The loans — one for \$54.4 million, the other for \$50.6 million — would be junior to two loans totaling \$460 million that Goldman Sachs securitized earlier this month. The collateral consists of 195 properties owned by CalWest Industrial Properties, a partnership between Calpers, the giant pension fund based in Sacramento, and RREEF Funds of San Francisco.

Loan originator George Gnad is jumping ship for Westdeutsche Immobilienbank after spending 14 years at HypoVereinsbank. Gnad starts Monday as a director, reporting to manager Andrew Cooper. WestImmo's New York operation now has five loan officers originating mortgages for a national clientele. While at Hypo, Gnad reported to managing director Robert Dowling. There is no word yet on Hypo's plans for replacing Gnad.

Morgan Stanley and Lehman Brothers will split their \$600 million mortgage on Boston's John Hancock headquarters complex into a few pieces and

sprinkle them among several securitizations. The first piece could wind up in a \$1.5 billion fusion offering by Lehman and UBS that will hit the market next month. With investors wary of the risk involved in single-asset transactions, Morgan Stanley and Lehman decided the best execution would result from dividing up the loan, which helped a Beacon Capital partnership finance its purchase of the 2.6 million-square-foot complex from John Hancock.

Meanwhile, Lennar Partners has circled the B-piece of the upcoming \$1.5 billion fusion transaction conducted by Lehman Brothers and UBS Warburg. The deal should hit the market next month. Allied Capital and GMAC Commercial Mortgage bought the junior portion of this year's previous deals by Lehman and UBS.

J.P. Morgan Chase and LaSalle Bank are teaming up on a \$1 billion conduit deal that is scheduled for September. J.P. Morgan will contribute roughly two-thirds of the collateral. LaSalle is pursuing a multiple-partner strategy. It just completed a conduit offering with Deutsche Bank, and it teamed up with

Wachovia, Nomura Securities and Artesia Mortgage Capital earlier this year.

ARCcap has circled the junior classes of two conduit deals that are expected to come to market next month: a \$1.4 billion offering by the TOP partnership and a \$1 billion issue by J.P. Morgan Chase and CIBC World Markets. The issuers of the TOP deal are Bear Stearns, Wells Fargo, Morgan Stanley, Principal Life and John Hancock.

Credit Suisse First Boston plans to securitize an \$800 million pool of large floaters in August or September. First Boston's most recent floating-rate deal was in May, when it securitized \$882 million of loans with CDC Mortgage Capital.

Morgan Stanley will be involved in two conduit deals slated for August. One is a \$1 billion offering with GMAC Commercial Mortgage, Deutsche Bank and Goldman Sachs. The other is a \$1 billion transaction backed by mortgages contributed by some of the investment bank's "IQ" clients — a group that includes more than a dozen insurance companies, pension funds and commercial banks.

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