

Presale: ML-CFC Commercial Mortgage Trust 2007-7

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\$2.786 Billion Commercial Mortgage Pass-Through Certificates Series 2007-7

This presale report is based on information as of May 23, 2007. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings.

Preliminary Ratings As Of May 23,2007

Class	Preliminary rating*	Preliminary amount (\$)	Recommended credit support (%)
A-1	AAA	53,249,000	30.0000
A-2	AAA	140,798,000	30.0000
A-3	AAA	204,236,000	30.0000
A-SB	AAA	102,788,000	30.0000
A-4	AAA	842,917,000	30.0000
A-1A	AAA	605,863,000	30.0000
AM	AAA	278,551,000	20.0000
AJ	AAA	219,358,000	12.1250
B	AA	55,710,000	10.1250
C	AA-	27,855,000	9.1250
D	A	45,264,000	7.5000
A-2FL¶	AAA	—	30.0000
A-3FL¶	AAA	—	30.0000
A-4FL¶	AAA	—	30.0000
AM-FL¶	AAA	—	20.0000
AJ-FL¶	AAA	—	12.1250
E	A-	27,856,000	6.5000
F	BBB+	34,818,000	5.2500
G	BBB	27,855,000	4.2500

H	BBB-	24,373,000	3.3750
J	BB+	10,446,000	3.0000
K	BB	10,446,000	2.6250
L	BB-	10,445,000	2.2500
M	B+	6,964,000	2.0000
N	B	6,964,000	1.7500
P	B-	6,964,000	1.5000
Q	NR	41,782,676	0.0000
X§	AAA	2,785,502,676**	N/A

*The rating of each class of securities is preliminary and subject to change at any time. ¶Floating-rate class. Ongoing ratings of floating-rate classes will be partially dependent upon the rating of the swap counterparty. §Interest-only class. **Notional amount. NR—Not rated. N/A—Not applicable.

Profile

Expected closing date June 21, 2007.

Collateral	323 loans secured by 420 properties.
Underwriters	Merrill Lynch, Pierce, Fenner & Smith Inc., Countrywide Securities Corp., PNC Capital Markets LLC, Goldman Sachs & Co., and Morgan Stanley & Co. Inc.
Mortgage loan sellers	Merrill Lynch Mortgage Lending Inc., Countrywide Commercial Real Estate Finance Inc., Artesia Mortgage Capital Corp., and PNC Bank N.A.
Depositor	Merrill Lynch Mortgage Investors Inc.
Master servicers	Midland Loan Services Inc. and Wachovia Bank N.A.
Special servicer	Midland Loan Services Inc.
Trustee	LaSalle Bank N.A.

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Rationale

The preliminary ratings assigned to ML-CFC Commercial Mortgage Trust 2007-7's \$2.786 billion commercial mortgage pass-through certificates series 2007-7 reflect the credit support provided by the subordinate classes of certificates, the liquidity provided by the trustee, the economics of the underlying loans, and the geographic and property type diversity of the loans. Class A-1, A-2, A-3, A-SB, A-4, A-1A, AM, AJ, B, C, and D are currently being offered publicly. The remaining classes will be offered privately. Standard & Poor's Ratings Services' analysis determined that, on a weighted average basis, the pool has a debt service coverage (DSC) of 1.24, a beginning LTV of 111.7%, and an ending LTV of 104.1%. Unless otherwise indicated, all calculations in this presale report, including weighted averages, do not include the subordinate nontrust B notes relating to the Georgia-Alabama Retail Portfolio, Morehouse Portfolio, Town & Country Shopping Center, Hillwood Apartments, Ashton Lake Apartments, New Sunshine Tech Center, Super Center Plaza, Quail Creek Plaza, and Somerset Meadows loans (3.2% of the pool balance).

In addition, unless otherwise indicated, all calculations in this presale report, including weighted averages, do not consider the nontrust pari passu component of the Commons at Calabasas (3.6%) and the Georgia-Alabama Retail Portfolio (1.2%) loans. For the purpose of calculating the number of loans, Standard & Poor's considers each group of cross-collateralized and cross-defaulted loans as one loan.

Strengths

The transaction exhibits the following strengths:

- Of the 323 loans, 318, representing 95.5% of the pool, have borrowing entities that are structured as special-purpose entities (SPEs). In addition, 25 of these loans (20.3% of the

pool) have borrowers that are structured as bankruptcy-remote SPEs with a nonconsolidation opinion and an independent director, including eight of the top 10 loans (16.6%);

- The pool lacks concentration, with the top 10 loans accounting for 19.4% of the pool balance;
- Fifteen loans, representing 7.7% of the pool, are secured by multiple cross-collateralized and/or cross-defaulted assets;
- Two loans representing 0.7% of the pool balance have a pooled trust balance with credit characteristics consistent with obligations rated investment grade: One Turnberry Place ('AAA') and Old Glory ('AAA'); and
- The average quality score for the properties securing the mortgages in the trust is 2.88, an above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest); and

Concerns and mitigating factors

This transaction exhibits the following concerns and mitigating factors:

- The pool has asset concentrations in relatively less stable asset classes (45.2% of the pool balance), including office properties (23.5%; 19.4% traditional office, and 4.1% medical office), unanchored and single-tenant retail (12.3%), hotel (7.9%), and self-storage (1.5%). The underwriting assumptions and capital structures for these loans take into account the property type, and the credit support levels for the trust pool take into account asset class concentrations;
- The pool exhibits geographic concentration, with 52.8% of the pool balance secured by properties in four states. The largest concentrations are in California (29.2%, with 22.6% in Southern California and 6.6% in Northern California), Texas (10.3%), Florida (6.8%), and Nevada (6.5%). The remaining assets are dispersed throughout 38 states and the District of Columbia, with no other state concentration exceeding 5.0% of the pool balance; and
- The pool has a relatively large portion of interest-only (IO) loans. Of the loans in the pool, 40.2% provide for IO payments through their respective maturity or anticipated repayment dates. In addition, 34.7% have a partial IO period during the loan term. However, Standard & Poor's considered the lack of amortization when determining credit support levels for this transaction.

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Pool Characteristics

Collateral description

The pool contains 323 conventional, fixed-rate loans secured by liens on 420 properties. By property type, the pool has the following composition: retail (29.8%), multifamily (21.2%), office (23.5%), hotel (7.9%), mixed-use (6.7%), industrial/warehouse (7.7%), self-storage (1.5%), mobile home park (1.2%), and ground lease (0.5%).

Loans representing 95.5% of the pool balance are made to borrowers structured as SPEs. Of these, loans representing 20.3% of the pool balance also have a nonconsolidation opinion and at least one independent director.

Lockboxes are in place for loans representing 34.3% of the pool balance. Of the loans in the pool, 18.8% have hard lockboxes, 15.0% have springing lockboxes that are triggered after certain conditions are met, and 0.5% have soft lockboxes.

Loans representing 84.2% of the pool balance require borrowers to fund ongoing real estate tax reserves. Ongoing insurance premium reserves are required for loans representing 72.3% of the pool balance, and ongoing capital expenditure reserves are required for loans representing 70.6% of the pool balance.

Loans representing 18.2% of the pool balance require borrowers to fund up-front deferred maintenance reserves for remediation of existing deferred maintenance items.

Up-front and/or ongoing tenant improvement and leasing commission (TI/LC) reserves are required for loans representing 67.5% of the balance of the retail, office, and industrial loans in the pool.

Forty-eight properties representing 12.0% of the pool balance are secured by properties leased to single tenants. Thirty-nine of these properties (67.4% of the single-tenant component) have leases that expire after the loan maturity. In addition, 12 of these properties (32.5% of the single tenant component) are occupied by tenants rated investment grade by Standard & Poor's.

Geographic diversity

The pool consists of properties located in 42 states and the District of Columbia. The largest concentrations are in California (29.2%, with 22.6% in Southern California and 6.6% in Northern California), Texas (10.3%), Florida (6.8%), and Nevada (6.5%). The remaining assets are dispersed throughout 38 states and the District of Columbia, with no other state concentration exceeding 5% of the pool balance.

Loan sellers

Countrywide Commercial Real Estate Finance Inc. contributed 147 loans (42.4% of the pool balance), Merrill Lynch Mortgage Lending Inc. contributed 61 loans (26.8%), PNC Bank N.A. contributed 62 loans (17.9%), and Artesia Mortgage Capital Corp. contributed 53 loans (12.9%).

Loan origination dates

Loans representing 100.0% of the pool balance were originated in the past 12 months.

Agreed-upon procedures

Agreed-upon procedures were performed for 68 loans representing 19.9% of the pool balance.

Hyperamortizing loans

Four loans (0.76% of the pool balance) were structured as hyperamortizing loans. Three of these loans (0.73%) have in-place hard or springing lockboxes.

Interest-only loans

Of the loans in the pool, 40.2% provide for IO payments through their respective maturity or anticipated repayment dates. In addition, 34.7% have a partial IO period during the loan term.

Collateral quality

Based on Standard & Poor's analysis, the portfolio has a DSC of 1.24x on a weighted average coupon of 5.78%. Standard & Poor's DSC reflects adjustments made to the net cash flow (NCF) of the properties based on the bankers' underwriting, historical, and projected operating statements, and the assets' competitive positions in their respective markets.

On a weighted average basis, Standard & Poor's adjusted the NCF of the portfolio downward by 6.2%. This decrease reflects adjustments to rental rates, occupancy levels, operating expenses, capital expenditure reserves, and TI/LC assumptions.

For the pool, Standard & Poor's weighted average beginning LTV is 111.7%, and the ending LTV is 104.1%. The weighted average capitalization rate applied to Standard & Poor's NCF is 9.15%. Capitalization rates are a function of asset type, quality, tenancy, position in the competitive set, and current and future market conditions.

Properties

Standard & Poor's inspected assets representing 42.3% of the total pool and re-underwrote cash flows and derived asset values for 61.6% of the total pool. The weighted average quality score for the inspected properties was 2.88, an above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest).

Borrower/loan concentrations

The largest sponsor is a joint venture between DJM Capital and Capmark Investments as tenants-in-common, the sponsors of the One Pacific Plaza loan (3.8 % of the pool). The five-largest sponsors represent 13.0% of the total pool balance, and the 10-largest sponsors represent 20.9% of the pool balance.

The largest loan in the pool is the One Pacific Plaza loan, representing 3.8% of the pool balance. The top five loans represent 12.8% of the pool balance, and the top 10 loans account for 19.4% of the overall pool balance. Eight of the top 10 loans (16.6% of the pool balance) have borrowers that are bankruptcy-remote SPEs with independent directors and nonconsolidation opinions.

Bankruptcy issues

Two loans, representing 0.5% of the pool balance, have sponsors that were involved in prior bankruptcies. In all three of these cases, the bankruptcy was resolved more than five years ago. All of these loans have been made to borrowers that have been structured as SPEs.

Leasehold interests

Sixteen loans (5.0% of the pool balance) are secured by a full or partial leasehold interest in the underlying property or properties. Fourteen of these loans' ground lease terms, including extension options, extend more than 20 years past the stated maturities. One property, Couer d' Alene, within the S8 Portfolio loan (0.4%), has a ground lease that expires six years beyond loan maturity. One loan, Radisson Indianapolis Airport (0.2%), has a ground lease that expires 17 years beyond loan maturity. However, both loans with ground lease terms under 20 years fully amortize by loan maturity. All of the ground leases afford the lender notice and cure rights.

Tenants-in-common

Thirty loans, representing 14.3% of the pool balance, are owned by individuals or entities as tenants-in-common. These generally conform to Standard & Poor's criteria regarding tenants-in-common.

Pari passu and A/B loans

The second-largest loan in the pool, the Commons at Calabasas loan, has a trust balance of \$101.5 million (3.6% of the pooled trust). The loan is structured with a future funding component allowing the borrower to draw up to \$16.0 million in additional loan proceeds which will be advanced on a pari passu basis. When funded, the pari passu A note will be contributed to a future transaction. This loan will be serviced pursuant to the pooling and servicing agreement for this transaction.

The 11th-largest loan in the pool, the Georgia-Alabama Retail Portfolio loan, has a trust balance of \$33.0 million (1.2% of the pooled trust) and a whole-loan balance of \$80.0 million. The loan consists of a \$33.0 million pari passu A-1 piece that will be contributed to the trust, a \$33.0 million A-2 piece that will be contributed to a future transaction, and a \$14.0 subordinate B note that will be held outside of the trust. This loan is currently serviced and administered pursuant to the

pooling and service agreement of this transaction. However, servicing rights can be transferred to the servicer of the future transaction containing the A-2 piece.

Nine loans (3.2%) have subordinate B notes that will be held outside of the subject trust: the Georgia-Alabama Retail Portfolio (1.2%), Morehouse Portfolio (0.6%), Town & Country Shopping Center (0.3%), Hillwood Apartments (0.3%), Ashton Lake Apartments (0.2%), New Sunshine Tech Center (0.2%), Super Center Plaza (0.1%), Quail Creek Plaza (0.1%), and Somerset Meadows (0.1%) loans. It should be noted that Standard & Poor's believes the relative rights in a bankruptcy are more favorable when an A/B loan is structured as a participation, rather than with separate notes. The existence of distinct multiple creditors has been factored into the capital structure and subordination levels for all loans that have B notes.

Additional indebtedness

Ten loans (3.0% of the pool balance) have existing mezzanine debt that is secured by a pledge of equity interest in the related mezzanine borrower.

Thirty-three loans (14.3%) permit the related borrower to incur future mezzanine debt. The additional debt is subject to lender consent, certain DSC and LTV tests, and/or an intercreditor agreement.

Twelve loans (4.2%) permit the related borrower to incur future unsecured debt from its affiliates.

Four loans (2.5%) permit future secured debt.

All existing and potential future additional debt has been factored into the subordination levels. In addition, all future debt is conditional upon meeting specific DSC and LTV hurdles, requires lender consent, and/or is subject to subordination and standstill agreements.

Terrorism insurance coverage

Properties representing 99.2% of the pool balance have insurance coverage for acts of terrorism, contain express requirements that terrorism coverage be in place, or have coverage that does not specifically exclude acts of terrorism. The loan documents generally require the related borrower to maintain insurance against damage from terrorism and other acts of sabotage. However, the requirements may contain certain qualifications, such as the availability of insurance at commercially reasonable rates and the possibility of the expiration of the Terrorism Risk Insurance Act of 2002, which could prevent terrorism-related coverage from being obtained by the applicable borrower.

Appraisal reports

Appraisal reports, in conformance with USPAP and FIRREA, were prepared for all of the loans in the pool. All of the appraisal reports were completed within 12 months of the cutoff date.

Environmental review

Phase I environmental site assessments were prepared for all properties in the pool. All of these reports were prepared in the past 12 months.

Phase II assessments were recommended and performed for properties securing nine loans (2.4% of the pool balance). These reports recommended no further action or actions to cure minor environmental concerns.

Structural review

Independent, licensed engineers prepared engineering reports for all of the pool balance with the exception of the Rite Aid groundlease loan (0.1%). These reports identified both deferred maintenance items to be corrected immediately and long-term capital expenditure needs. Up-front

reserves of \$4.3 million have been established for loans representing 18.2% of the pool balance to complete minor structural repairs. In general, the loan sellers' requirements for up-front, deferred maintenance reserves are 100%-125% of the recommended amount indicated in the reports.

Engineering reports for all of the properties, with the exception of one, were prepared within the 12-month period before the cutoff date. The remaining engineering report for the UCLA Medical Office (0.1%) loan was completed within 16 months of the cutoff date.

Seismic review

Eighty-three properties, securing loans representing 32.1% of the total pool balance, are located in seismic zones 3 or 4. Seismic studies were performed for all of these properties. One of the properties (0.2%) was found to have a probable maximum loss greater than or equal to 20%. Earthquake insurance was obtained for this property.

Hurricane and flood review

Of the loans, 58 (17.7% of the pool balance) have wind damage insurance. Flood insurance has been provided for 37 loans, which represent 24.6% of the pool balance.

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Top Seven Loans

One Pacific Plaza

The largest loan in the pool, the One Pacific Plaza loan, has a trust and whole-loan balance of \$105.0 million (3.8% of the pool balance). The six-year, fixed-rate, IO loan bears interest at 5.689% and matures in April 2013.

The loan is secured by a first mortgage encumbering One Pacific Plaza, a 428,244-sq.-ft., class A, multitenant office complex located in the West Orange County submarket of Huntington Beach, Calif. The subject consists of one 193,081-sq.-ft. office tower, two six-story mid-rise office buildings totaling 189,165 sq. ft., a 36,000-sq.-ft. fitness facility still being built out, a 9,998-sq.-ft. restaurant, and a six-level parking garage containing 1,463 spaces. The subject is located within the One Pacific Plaza campus, which also contains noncollateral properties, including a 224-room hotel, a 11,368-sq.-ft. medical office building, and another restaurant. One Pacific Plaza is located immediately adjacent to the 405 Freeway at Beach Boulevard, the gateway to Huntington Beach. The subject's office properties were built from 1984 through 1988, the restaurant was built in 2003, and the fitness facility leased by 24-Hour Fitness is currently under construction with completion expected by mid-2007.

As of April 2007, the subject was 95.2% leased by approximately 50 tenants (including 24-Hour Fitness) paying a weighted average in-place net rent of \$25.86 per sq. ft. The major tenants at the subject are listed in table 1.

Table 1

One Pacific Plaza Major Tenants

Tenant	S&P rating	Occupied sq. ft.	% of NRA	Rent per sq. ft. (\$)	Lease expiration
Triad Financial Corp.	B	62,885	14.68	26.40	February 2008
24-Hour Fitness	NR	36,000	8.41	24.30	March 2022
Platt College	NR	35,272	8.24	25.69	October 2013
Managed Health Network	NR	34,201	7.99	24.60	January 2011
Northrop Space	NR	32,096	7.49	27.38	December 2009

BJs Restaurants NR 27,326 6.38 27.00 September 2012
NRA—Net rentable area. NR—Not rated.

Triad Financial Corp.'s lease expires in February 2008, and there has been no indication of whether the tenant will renew. A \$1.257 million (\$19.98 per sq. ft. of affected space) TI/LC holdback is in place to cover related expenses having to do with Triad's renewal or departure.

The sponsor of the bankruptcy-remote SPE borrower is a joint venture between DJM Capital Partners and Capmark Investments. DJM was formed in 1992 and acquires and owns retail, office, industrial, hotel, and residential properties throughout California and the West Coast. DJM's portfolio is valued at approximately \$750 million. Capmark Investments manages equity real estate and mortgage-related investments in the public and private markets, with approximately \$13.7 billion in investments under management and supervision. The property is managed by DJM. The loan is structured with a springing lockbox for cash management.

The following points summarize Standard & Poor's underwriting assumptions for this loan:

- The underwritten revenues were based on in-place leases as of April 2007, with vacant space grossed up at weighted average in-place rents;
- Expense reimbursements were based on the terms of the leases in place and the property's historical reimbursement income;
- Parking income and other income were based on historical performance and in-place rents;
- A 6% vacancy was applied;
- Operating expenses were based on historical levels;
- A management fee of 4.0% of effective gross income (EGI) was assumed;
- TI allowances for office tenants were estimated at \$14.00 per sq. ft. for new leases and \$7.50 per sq. ft. for renewals;
- LC expenses were estimated at 4.0% for new space and 2.0% for renewal space;
- TI/LC assumptions were based on the in-place weighted average lease terms of 6.6 years;
- A 65% renewal probability was assumed;
- Replacement reserves were underwritten at \$0.30 per sq. ft.;
- Based on these assumptions, Standard & Poor's NCF variance for the property was 8.36%;
- Standard & Poor's applied a capitalization rate of 9.00% to NCF, and gave credit for Triad's \$1.257 million TI/LC holdback, yielding a value of \$81.13 million, or \$189 per sq. ft.; and
- The quality score for this asset was 2.75, an above-average score.

This loan exhibits the following strengths:

- The property benefits from a diverse tenant mix of approximately 50 tenants; and
- The property is well located in the West Orange County submarket and is in close proximity to major transportation routes.

This loan exhibits the following concern and mitigating factor:

- The build-out for 24-Hour Fitness is not yet complete, and the tenant has not taken occupancy. However, construction is nearly complete, and 24-Hour Fitness is scheduled to take occupancy no later than the end of June 2007. In addition, a TI/LC holdback of \$3.28 million (\$91.12 per sq. ft. of affected space) is in place to cover the remaining obligations for this tenant.

Commons at Calabasas

The second-largest loan in the pool, the Commons at Calabasas loan, has a trust balance of \$101.5 million (3.6% of the pool) and whole-loan balance of \$117.5 million. The whole loan consists of a \$101.5 million A note that is included in the trust and a \$16.0 million future funding pari passu piece that will be held outside of the trust. The 10-year, fixed-rate, IO loan bears interest at 5.540% and matures in June 2017.

The loan is secured by a first mortgage encumbering The Commons at Calabasas, a 213,872-sq.-ft., class A, open-air lifestyle center located 25 miles northwest of Los Angeles in the affluent community of Calabasas, Calif. Opened in 1999, The Commons at Calabasas is a Mediterranean-themed, park-like center with mature trees, lakes, waterfalls, and a Rolex clock tower. The subject includes a Ralph's Grocery ('BBB-', 52,223 sq. ft.), Edwards Grand Palace Theatre ('B', 33,475 sq. ft.), and Barnes & Noble (not rated, 29,141 sq. ft.) that serve as the center's anchors and 99,033 sq. ft. of in-line retail space, which includes 23,243 sq. ft. of restaurant space. Table 2 details the property's anchor tenants.

Table 2

Commons at Calabasas Anchor Tenants

Tenant	S&P rating	Sq. ft.	Property NRA (%)	Base rent per sq. ft.	Lease expiration
Ralph's Grocery Co.	BBB-	52,223	24.4	29.74	November 2023
Edwards Grand Palace Theatre	NR	33,475	15.7	16.31	December 2023
Barnes & Noble	NR	29,141	13.6	16.80	January 2009

NRA—Net rentable area. NR—Not rated.

The property is occupied by 34 tenants and has an overall occupancy of 100.0%. The anchor tenants are paying an average rent of \$24.89 per sq. ft., and the in-line tenants are paying an average rent of \$49.78 per sq. ft. Table 3 lists some of the in-line tenants at the subject.

Table 3

Commons at Calabasas In-Line Tenants

Tenant	S&P rating	Occupied sq. ft.	% of total property NRA	Base rent per sq. ft. (\$)	Lease expiration
Rite Aid	B	16,848	7.9	23.83	January 2019
King's Seafood Co.	NR	9,300	4.3	18.06	November 2018
Williams Sonoma	NR	5,352	2.5	47.96	August 2014
M. Frederic	NR	5,169	2.4	51.30	March 2018
Marmalade Café	NR	4,926	2.3	55.33	November 2008
Mi Piacce Restaurant	NR	4,414	2.3	59.00	April 2009
CBC Restaurant	NR	4,048	1.9	34.89	November 2008

NRA—Net rentable area. NR—Not rated.

The sponsor of the bankruptcy-remote SPE borrower is Caruso Affiliated. Caruso is a Los Angeles-based real estate development firm that focuses on high-end neighborhood retail centers. The company owns or has interests in more than 37 commercial properties, including six lifestyle centers totaling 1.7 million sq. ft. located in the greater Los Angeles area. The property is managed by an affiliate of the borrower. The loan has a springing lockbox in place for cash management.

The following points summarize Standard & Poor's underwriting assumptions for this loan:

- Gross potential rent (GPR) was based on leases in place as of the March 2007 rent roll;
- Expense reimbursements were based on the leases in place and historical levels;
- A 5% vacancy was assumed;
- Percentage rent, parking income, and other income were based on historical levels;
- A management fee of 4% of EGI was assumed;
- Operating expenses were based on historical levels and the borrower's budget;
- TI allowances for the anchor tenants were estimated at \$12.00 per sq. ft. for new leases and \$6.00 per sq. ft. for renewals;
- TI allowances for in-line tenants were estimated at \$15.00 per sq. ft. for new leases and \$7.50 per sq. ft. for renewals;
- LCs were underwritten at 4.0% for new leases and 2.0% for renewals;
- TI/LC assumptions were based on the in-place weighted average lease term of 19.8 years for the anchor tenants and 9.9 years for the in-line tenants, with LCs capped at 10 years for the anchor tenants;
- A 65.0% renewal probability was assumed for all tenants;
- Replacement reserves were estimated at \$0.25 per sq. ft. of net rentable area (NRA);
- Based on these assumptions, Standard & Poor's NCF variance for the property was 10.26%;
- Standard & Poor's applied a capitalization rate of 8.75% to NCF, which yielded a value of \$73.7 million, or \$349 per sq. ft.; and
- The quality score for this asset is 2.50, an above-average score.

This loan exhibits the following strengths:

- The subject benefits from a strong location in a well-established, affluent San Fernando Valley submarket. In addition, the subject was developed in a desirable area with high barriers to entry; and
- The subject is well-maintained and in excellent condition.

This loan exhibits the following concern and mitigating factor:

- The borrower has the ability to incur pari passu future funding secured by the first mortgage. The future funding will be held by Countrywide ('A') and is subject to DSC and LTV tests. Standard & Poor's took the loan structure and all future permitted debt into consideration when sizing the loan's capital structure and deriving subordination levels for the deal.

10 Milk Street

The third-largest loan in the pool, the 10 Milk Street loan, has a trust and whole-loan balance of \$58.0 million (2.1% of the pool). The 10-year, fixed-rate, IO loan bears interest at 6.125% and matures in May 2017.

The loan is secured by a first mortgage encumbering a 227,025-sq.-ft., class B office building located in the central business district (CBD) of Boston. The subject is next to the Old Meeting House and four blocks away from Faneuil Hall. The subject was built in 1903 and renovated in 2002. The 11-story building has first-floor retail space (6.2% NRA), and the remaining floors 2-11 are occupied by office tenants (95.8% NRA). There are three building entrances into a central lobby and direct subway access. Table 4 lists the major tenants at the property.

Table 4

10 Milk Street Major Tenants

Tenant	S&P rating	Sq. ft.	Property NRA (%)	Base rent per sq. ft. (\$)	Lease expiration
Color Kinetics	NR	56,885	25.1	35.88	August 2007
Reed Elsevier	NR	32,555	14.3	46.00	November 2009
Organic	NR	20,480	9.00	30.00	February 2008
Mass General	NR	9,220	4.1	30.00	August 2008
Smart Bargains	NR	7,625*	3.5	25.00	August 2007

NRA—Net rentable area. NR—Not rated.*Sublease

The property is currently 91.6% leased; however, one major tenant, Color Kinetics (not rated; 25.1% NRA, lease expires August 2007) will be vacating their space in August 2007. Another major tenant, Smart Bargains (not rated; 3.5%; sublease expires August 2007) will be moving out of their sublease space in August 2007, and at that time, will convert to a permanent lease. With both of these tenants assumed vacant, the occupancy is reduced to 63.2%. An up-front reserve of \$2 million (\$31.00 per sq. ft. of expiring space) was escrowed at closing to pay for leasing costs associated with these spaces.

The sponsor of the bankruptcy-remote SPE borrower is Raymond Lee, the chairman and president of Oasis Development Enterprises and chairman and CEO of East-West Enterprises, a real estate holding company headquartered in Boston. Both firms have been active in the Boston real estate market since the 1990s and currently own more than 2 million sq. ft. of office space. The property is managed by Wright & Co., a third-party manager. Wright & Co. has 1 million commercial sq. ft. across 25 properties under management in Boston. The loan is structured with a soft lockbox for cash management.

The following points summarize Standard & Poor's underwriting assumptions for this loan:

- Standard & Poor's bifurcated the underwriting analysis because of the amount of vacant and soon-to-be-vacant space. Cash flow was underwritten and DSC was derived following an as-is approach. However, Standard & Poor's used a stabilized approach to derive the ultimate value of the property;
- Revenues were based on the property's March 2007 rent roll;
- For cash flow and DSC purposes, the in-place vacancy of 36.8% (this includes both Color Kinetics and Smart Bargains as vacant space) was assumed under an as-is approach. However, a blended 10.6% average submarket vacancy rate, comprised of 11.3% for the office and 5.0% for the retail space, was assumed for valuation purposes;
- Expense reimbursements were underwritten based on historical performance;
- Operating expenses were based on historical levels;
- Real estate taxes and insurance premiums were based on actual expenses;
- A management fee of 4.0% of EGI was assumed;
- TI expenses for the office space in the as-is analysis were assumed to be \$18.00 per sq. ft. for new leases and \$9.00 per sq. ft. for renewal leases;
- TI expenses for the office space, for valuation purposes, were assumed to be \$16.00 per sq. ft. for new leases and \$8.00 per sq. ft. for renewal leases;
- TI expenses for the retail space, for both analyses were assumed to be \$15.00 per sq. ft. for new leases and \$7.50 per sq. ft. for renewal leases;
- LC expenses were assumed to be 4.0% for new leases and 2.0% for renewal leases;
- TI/LC assumptions were based on the weighted average lease term of 6.6 years for the office space and 8.9 years for the retail space;
- A renewal probability of 65.0% was assumed;

- Replacement reserves were estimated at a blended rate of \$0.34 per sq. ft., comprised of \$0.35 for the office space and \$0.25 for the retail space;
- Based on these assumptions, Standard & Poor's overall NCF variance was 44.4% relative to the underwritten banker as-is NCF;
- Standard & Poor's applied a blended capitalization rate of 8.96%, comprised of 9.00% for the office and 8.75% for the retail, to the as-is NCF and a capitalization rate of 9.21% to the incremental stabilized NCF. From this resulting value, six months of downtime net operating income associated with leasing the vacant space and new TI/LC costs were subtracted, and credit was given for the up-front TI/LC reserve, yielding a final value of \$44.1 million (\$194 per sq. ft.); and
- The quality score for this asset was 3.00 an average score.

This loan exhibits the following strength:

- The property is well located in the CBD of Boston and in close proximity to public transportation.

This loan exhibits the following concern and mitigating factors:

- One major tenant, Color Kinetics (not rated; 25.1% NRA; lease expires August 2007) will be vacating their space in August 2007. Another major tenant, Smart Bargains (not rated; 3.5%; sublease lease expires August 2007) will be moving out of their sublease space in August 2007, and at that time, will convert to a permanent lease. With both of these tenants assumed vacant, the occupancy is reduced to 63.2%; however, there are several leases out for signature, including a new lease with Smart Bargains and new leases with several other new tenants. There is also a \$2.0 million (\$31.00 per sq. ft. of expiring space) up-front TI/LC reserve that was escrowed at closing.

Residence Inn Bethesda

The fourth-largest loan in the pool, the Residence Inn Bethesda loan, has a trust and whole-loan balance of \$46.25 million (1.7% of the pool). The five-year, fixed-rate, IO loan bears interest at 5.94% and matures in May 2012.

The loan is secured by a first mortgage encumbering a 187-room hotel on Wisconsin Avenue in the CBD of Bethesda, Md. Constructed in 1987, the property has easy access to all public transportation and major roadways, and is six miles from the mall in Washington, D.C. Amenities include a fitness center, an outdoor pool, and approximately 6,000 sq. ft. of meeting space. The primary demand generator is business travelers.

Table 5 details the historical operating performance of the subject.

Table 5

Residence Inn Bethesda

	TTM ended December 2005	TTM ended December 2006	TTM ended February 2007
Avg. occupancy (%)	83.9	80.9	80.1
ADR (\$)	157.11	176.80	177.00
RevPAR (\$)	131.89	143.01	141.76

TTM—Trailing 12 months. ADR—Average daily rate. RevPAR—Revenue per available room.

The sponsor of the bankruptcy-remote SPE borrower is Thayer Lodging Group (Thayer). Based in Annapolis, Md., Thayer is a privately-held real estate investment company with a portfolio of 14 hotels containing more than 2,800 guest rooms. The hotels are concentrated in the eastern part of the U.S., with investments located from Massachusetts to Florida. Thayer has also sponsored five hotel investment funds for a small group of institutional investors. The firm's strategy seeks to drive operating results through a combination of repositioning assets, rebranding, strengthening management, and making capital improvements in owned hotels. The property is managed by Marriott. The loan is structured with a springing lockbox for credit card receipts.

The following points summarize Standard & Poor's underwriting assumptions for this loan:

- Standard & Poor's underwritten rooms revenue was based on actual, historical, and projected occupancies and average daily rates, the penetration yields, and the subject's general market position relative to the competitive set;
- Departmental revenues were underwritten based on historical levels, appraisal estimates, and borrower's budget, on a per-occupied-room basis;
- Departmental expenses were underwritten based on the historical levels, appraisal estimates, and borrower's budget, based on a departmental profit margin level;
- Undistributed and fixed expenses are in line with historical expenses on an absolute basis;
- A furniture, fixtures, and equipment reserve was underwritten at 5.0% of total revenue;
- Based on these assumptions, Standard & Poor's NCF variance for the property was 0%;
- Standard & Poor's applied a capitalization rate of 11.50% to NCF, yielding a value of \$37.7 million, or \$201,498 per room.; and
- The overall quality score for this loan is 2.75, an above-average score.

This loan exhibits the following strengths:

- The subject is well-located in the Bethesda CBD, with good access to major transportation hubs; and
- The property is well flagged and benefits from strong management.

This loan exhibits the following concern and mitigating factor:

- Hotels are volatile asset types compared with other property types. However, Standard & Poor's underwriting and subordination levels reflect these concerns.

Mervyn's Corporate HQ

The fifth-largest loan in the pool, the Mervyn's Corporate HQ loan, has a trust and whole-loan balance of \$45.0 million (1.6% of the pooled trust balance). The 10-year, fixed-rate loan bears interest at 5.87%, amortizes on a 30-year schedule, and matures in April 2017.

The loan is secured by a first mortgage encumbering Mervyn's Corporate HQ, a 336,000-sq.-ft., class B office property and a four-level parking structure located in the North Hayward/Castro Valley submarket, 15 miles south of Oakland, Calif., and 25 miles southeast of San Francisco. The property has served as Mervyn's corporate headquarters since 1984 and is served by an extensive network of freeways, bus lines, two Bay Area Rapid Transit (BART) stops, an Amtrak station, and the Hayward Executive Airport, in addition to San Francisco and Oakland airports. The subject is served by three passenger elevators and escalators and also includes a 10,000-sq.-ft. employee cafeteria.

As of January 2007, the property was 100.0% occupied by Mervyn's at a triple net rent of \$13.08 on a newly executed 20-year lease.

The sponsor of the bankruptcy-remote SPE borrower is Capmark Capital Inc. Capmark is an independent real estate financial company with three core businesses: lending and mortgage banking, investments and funds management, and services. As of March 31, 2006, Capmark had approximately \$4.2 billion in real estate related investments under management and supervision. Capmark invests in all major property types, including, office, apartment, industrial, and retail. The property is managed by an affiliate of the sponsor. The loan is structured with a hard lockbox for cash management.

The following section summarizes Standard & Poor's underwriting assumptions for this loan:

- GPR was based on leases in place as of the January 2007 rent roll;
- Expense reimbursements were based on the tenant's contractual obligation and historical collection rate;
- A vacancy rate of 5.0% was assumed, which is greater than the actual in-place vacancy and the submarket;
- Operating expenses, including property taxes and insurance premiums, were based on the property's historical performance;
- A management fee of 3% of EGI was assumed;
- TI allowances were estimated at \$7.00 per sq. ft. for new leases and \$3.50 per sq. ft. for renewal leases;
- LCs were estimated at 4.0% for new leases and 2.0% for renewal leases;
- TI/LC assumptions were based on the in-place weighted average lease term of 20.0 years, with LCs capped at 10 years;
- A 65% renewal probability was assumed for all tenants;
- Replacement reserves were underwritten at \$0.25 per sq. ft.;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 8.1%;
- Standard & Poor's applied a capitalization rate of 9.25% to the in-place NCF, yielding a final value of \$42.7 million, or \$127 per sq. ft., and
- The quality score for this asset was 3.00, an average score.

This loan exhibits the following strengths:

- The subject is well located in the heart of Hayward, 15 miles south of Oakland and 25 miles southeast of San Francisco, with access to Interstate 580, Interstate 238, and Interstate 880 within a two-mile radius; and
- The subject benefits from strong sponsorship and experienced management.

This loan exhibits the following concern and mitigating factors:

- The subject property is 100% leased to a single tenant. This risk is mitigated by the fact that the subject has served as Mervyn's corporate headquarters since 1984 and is easily convertible to a multitenant office building. In addition, Mervyn's has recently executed a new 20-year lease through 2026, and the North Hayward/Castro Valley submarket enjoys 98.0% occupancy.

Millbridge Apartments

The sixth-largest loan in the pool, the Millbridge Apartments loan, has a trust and whole-loan balance of \$40.0 million (1.4% of the pool balance). In addition to the first mortgage, the borrower

is permitted to incur future mezzanine debt secured by a pledge of partnership interests in the borrowing entity, subject to DSC and LTV tests, intercreditor agreements, and rating agency confirmation. The 10-year, fixed-rate, IO loan bears interest at 5.442% and matures in April 2013.

The loan is secured by a first mortgage encumbering an 848-unit garden-style multifamily complex in Clementon, N.J., 12 miles southwest of Philadelphia. It is served by both the SEPTA and PATCO commuter rail lines. The property was built between 1970 and 1978, was renovated in 2005, and has good access to public transportation and major roadways. The complex is comprised of 62 two-story buildings, containing 648 one-bedroom units and 200 two-bedroom units. Unit amenities include gas range/ovens, dishwashers, washer/dryers, and patio/balconies. The complexes feature two outdoor pools and four outdoor tennis courts. From 2004-2006, the previous owner spent approximately \$2 million (\$2,358 per unit) on new roofs, new siding, carpeting, and paving. The sponsor intends to spend approximately \$1.5 million immediately (\$1,769 per unit) on new roofs, carpeting, and paving, as well as to upgrade units as they become vacant. The upgrades will include new kitchens, bathrooms, and HVAC units, at an approximate cost of \$4,000-\$5,000 per unit. As of February 2007, the subject was 91.1% occupied. The unit mix is described in table 6.

Table 6

Millbridge Apartments Unit Mix

	No. of units	Sq. ft.	NRA (sq. ft.)
One bedroom	648	850	550,908
Two bedroom	200	1,000	200,000
Total	848	886	750,908

NRA—Net rentable area.

The sponsors of the SPE borrower are Dinesh and Savita Khosla. Mr. Dinesh Khosla currently owns a portfolio of 737 apartments in six properties and has ownership interests in four medical office buildings totaling approximately 65,000 sq.ft. He has 20 years of experience managing real estate. The property is managed by an affiliate of the sponsor. The loan is not structured with cash management.

The following points summarize Standard & Poor's underwriting assumptions for this loan:

- Underwritten revenues were based on the in-place leases as of February 2007;
- No additional vacancy was assumed as the current occupancy is consistent with market levels;
- Operating expenses, including property taxes and insurance premiums, were based on historical levels and the appraiser's estimates;
- A management fee of 3.5% of EGI was assumed;
- Capital reserves for the apartment units were assumed at \$300 per unit;
- Based on these assumptions, Standard & Poor's NCF variance for the property was 4.6%;
- A capitalization rate of 8.25% was applied to as-is NCF, yielding a final value of \$32.1 million, or \$37,854 per unit; and
- The quality score for this asset was 3.25, a below-average score.

This loan exhibits the following strength:

- The property is well-located. It is 12 miles southwest of Philadelphia and is served by both the SEPTA and PATCO commuter rail lines.

This loan exhibits the following concern and mitigating factors:

- The borrower is permitted to incur future mezzanine debt secured by a pledge of partnership interests in the borrowing entity. However, this would be subject to DSC and LTV tests, a subordination agreement, and rating agency confirmation. Further, Standard & Poor's took the loan structure and the additional debt into consideration when sizing the loan's capital structure.

Renaissance III Retail

The seventh-largest loan in the pool, the Renaissance III Retail loan, has a trust and whole-loan balance of \$40.0 million (1.4% of the pooled trust balance). The 10-year, fixed-rate loan is IO, bears interest at 5.80%, and matures in May 2017.

The loan is secured by a first mortgage encumbering a 225,973-sq.-ft. class B+, grocery-anchored retail center located in Las Vegas, approximately four miles west of The Strip and five miles southeast of the CBD. The subject was constructed in 1987 and is anchored by Food 4 Less ('BBB-'). As of the April 2007 rent roll, the property was 92.8% occupied by 38 tenants, with the in-line tenants paying weighted average rents of \$18.17 per sq. ft. The largest tenants at the subject are listed in table 7.

Table 7

Renaissance III Retail Major Tenants

Tenant	S&P rating	Occupied sq. ft.	% of total property NRA	Base rent per sq. ft. (\$)	Lease expiration
Food 4 Less	BBB-	60,560	26.8	9.00	December 2018
The State of Nevada Welfare	AA+	38,151	16.9	15.60	November 2013
Hollywood Video	B-	14,669	6.5	18.72	March 2011
The Ritz	NR	12,159	5.4	14.55	September 2008
Las Vegas Ace Hardware	NR	11,043	4.9	12.00	December 2015
Professional Fitness	NR	10,483	4.6	17.05	December 2008

NRA-Net rentable area. NR-Not rated.

The sponsors of the bankruptcy-remote SPE borrower are Sam Siam and Behzad Bandari. Together Mr. Siam and Mr. Bandari own retail centers totaling of 560,000 sq. ft. and have 15 years of experience owning and managing various property types. The property is managed by The Vista Group, a locally based firm that offers development, asset management, leasing, and property management services and has been in operation for 25 years. In aggregate, The Vista Group manages 15 properties totaling 1.1 million sq.-ft. of retail and office space, all of which is located in Las Vegas. In addition, the Vista Group originally developed the subject and has managed the property since its inception. The loan is structured without cash management.

The following points summarize Standard & Poor's underwriting assumptions for this loan:

- GPR was based on leases in place as of the April 2007 rent roll;
- Expense reimbursements were based on historical levels;
- Other income was based on historical performance;
- A management fee of 4% of EGI was assumed;
- TI expenses for the anchor tenants were assumed to be \$3.00 per sq. ft. for new leases and \$1.00 per sq. ft. for renewal leases;

- TI expenses for the in-line tenants were assumed to be \$6.00 per sq. ft. for new leases and \$3.00 per sq. ft. for renewal leases;
- LC expenses were assumed to be 4.0% for new leases and 2.0% for renewals;
- TI assumptions were based on weighted average lease terms of 30.0 years for anchor tenants and 10.0 years for in-line tenants. LCs were capped at 10 years;
- A 65.0% renewal probability was assumed for all tenants;
- Replacement reserves were estimated at \$0.15 per sq. ft. of collateral net rentable area NRA;
- Based on these assumptions, Standard & Poor's NCF variance for the property was 2.7%;
- A capitalization rate of 9.00% was applied to as-is NCF, yielding a total value of \$31.5 million, or \$140 per sq. ft.; and
- The quality score for this asset is 3.00, an average score.

This loan exhibits the following strength:

- Of the total NRA, 43.7% is occupied by two investment-grade tenants, Food 4 Less ('BBB-', lease expires December 2018) and The State of Nevada Welfare ('AA+', lease expires November 2013).

This loan exhibits the following concern and mitigating factor:

- Non-retail uses by The State of Nevada Welfare, Clark County Juvenile, and Planned Parenthood account for 20.6% of the total NRA. As indicated by the 90% or better occupancy levels enjoyed currently and historically, the property's nonretail uses have not negatively impacted leasing operations. In addition, The State of Nevada (16.9% of the NRA) is rated 'AA+' by Standard & Poor's.

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Credit Evaluation

The following tables provide further analysis of the cash flow and valuation of the various property types, the top 10 loan characteristics, and Standard & Poor's DSC ratio and LTV stratification ranges.

Table 8

Cash Flow Analysis And Valuation

Property type	% of pool	DSC (x)	% NCF diff.*	Cap rate (%)	Beg. LTV (%)	End. LTV (%)	Value per unit/sq. ft. (\$)
Multifamily	21.2	1.21	4.7	8.30	103.2	96.1	68,198
Retail/anchored	17.5	1.20	4.5	9.02	119.6	116.0	203
Office	19.4	1.20	11.4	9.10	115.7	109.8	163
Industrial	2.2	1.23	1.1	9.18	109.5	97.0	59
Mobile home park	1.2	1.27	0.0	8.50	101.9	93.7	34,596
Self-storage	1.5	1.28	3.9	9.92	109.6	96.5	1,855
Hotel	7.9	1.50	0.7	11.57	105.2	84.2	115,499
Mixed-use	6.7	1.18	7.4	9.05	117.2	112.5	159
Warehouse	5.5	1.24	6.6	9.16	114.1	107.2	65
Medical office	4.1	1.40	4.2	9.38	107.5	103.1	160
Retail/unanchored	11.5	1.18	8.6	9.23	111.5	101.8	219
Retail/single tenant	0.8	1.20	3.6	9.25	107.9	91.6	191

Other/ground lease	0.5	1.38	0.0	10.90	137.1	135.7	76
Total	100.0	1.24	6.2	9.15	111.7	104.1	-

*Difference between Standard & Poor's estimated NCF and underwriter's estimated NCF as a percentage of underwriter's estimated NCF. DSC—Debt service coverage. NCF—Net cash flow.

Table 9

Top 10 Loans

Property name	Property type	% of pool	DSC (x)	% NCF diff.*	Cap rate (%)	Beg. LTV (%)	End. LTV (%)	Value per unit/sq. ft. (\$)
One Pacific Plaza	Office/CBD	3.8	1.20	8.36	9.00	129.42	129.42	189
The Commons at Calabasas	Retail/anchored	3.6	1.08	10.26	8.75	137.65	137.65	349
10 Milk Street	Office/CBD	2.1	0.72	44.43	8.96	131.56	131.56	194
Residence Inn Bethesda	Hospitality/limited service	1.7	1.54	0.00	11.50	122.74	122.74	201,498
Mervyn's Corporate Headquarters	Office/single tenant office	1.6	1.24	8.13	9.25	105.29	96.68	127
Millbridge Apartments	Multifamily/garden	1.4	1.20	4.57	8.25	124.64	124.64	37,843
Renaissance III Retail	Retail/anchored	1.4	1.20	2.69	9.00	127.28	127.28	140
Scottsdale Center	Retail/anchored	1.4	1.04	0.00	9.00	123.36	123.36	153
Orlando Airport Industrial	Industrial warehouse	1.3	1.27	7.44	9.00	124.09	124.09	57
Broadstone Vista Ridge	Multifamily/garden	1.2	1.37	0.58	8.25	103.08	103.08	86,842
Total	-	19.5	1.16	10.02	9.08	125.72	125.01	-

*Difference between Standard & Poor's estimated NCF and underwriter's estimated NCF as a percentage of underwriter's estimated NCF only. DSC—Debt service coverage ratio. NCF—Net cash flow.

Table 10

Standard & Poor's DSC Range

DSC range (x)	No. of loans	Loan balance (\$)	% of pool
>1.65	21	122,494,454	4.4
1.55 to 1.65	8	70,162,843	2.5
1.50 to 1.54	7	81,679,000	2.9
1.45 to 1.49	5	25,953,926	0.9
1.40 to 1.44	14	76,236,916	2.7
1.35 to 1.39	20	186,856,432	6.7
1.30 to 1.34	16	133,587,067	4.8
1.25 to 1.29	42	326,618,860	11.7
1.20 to 1.24	56	502,161,514	18.0
1.15 to 1.19	62	462,941,813	16.6
1.10 to 1.14	52	374,275,788	13.4
1.05 to 1.09	9	169,191,843	6.1
1.00 to 1.04	4	86,100,000	3.1
<1.00	7	167,157,210	6.0
Total	323	2,785,417,666	100.0

DSC- Debt service coverage ratio.

Table 11

Standard & Poor's Beginning LTV Ratios

Beginning LTV range (%)	No. of loans	Loan balance (\$)	% of pool
<50	1	1,997,274	0.1
51 to 60	4	11,175,169	0.4
61 to 70	4	32,976,977	1.2
71 to 75	7	25,363,130	0.9
76 to 80	10	52,065,468	1.9
81 to 85	9	58,653,419	2.1
86 to 90	13	88,722,481	3.2
91 to 95	17	123,208,433	4.4
96 to 100	31	175,831,325	6.3
>100	227	2,215,423,990	79.5
Total	323	2,785,417,666	100.0

Table 12

Standard & Poor's Ending LTV Ratios

Ending LTV range (%)	No. of loans	Loan balance (\$)	% of pool
Fully amortizing	5	12,268,922	0.4
0 to 50	7	23,670,116	0.8
51 to 60	8	47,116,878	1.7
61 to 70	14	121,213,782	4.4
71 to 75	10	41,342,131	1.5
76 to 80	17	105,739,678	3.8
81 to 85	16	75,816,647	2.7
86 to 90	30	183,789,983	6.6
91 to 95	36	235,151,442	8.4
96 to 100	43	264,996,932	9.5
>100	137	1,674,311,156	60.1
Total	323	2,785,417,666	100.0