

# Global CMBS Newsletter

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## 2007 DBRS CMBS SURVEILLANCE RECAP

Of the 68 rated transactions, 16 received upgrades – five U.S. CMBS transactions and 11 Canadian CMBS transactions – with one being upgraded twice. While no rating downgrade occurred on any DBRS-rated CMBS transaction in 2007, in January 2008 DBRS did downgrade one Canadian CMBS transaction, [MLFAI 2001-Canada 5](#). Coming into 2007, there were a total of four classes with a Negative trend. In 2007, two trends were changed to Stable from Negative and two with Negative trend remain.

All ratings and rating actions are determined on a case-by-case basis and are not meant to indicate an opinion about the industry or market as a whole. While that is said, we would like to summarize some of the credit changes that have impacted rating actions in 2007. Negative credit changes (Negative trend) have primarily been because of concerns with the individual performance of either specially serviced or DBRS HotList loans. The same can be said for the downgrade in Q1 2008. The positive credit changes that have resulted in upgrades have been primarily due to defeasance, amortization, and improved performance. The table below summarizes the positive credit changes for the 17 upgrades on the 16 transactions listed below in chronological order by date.

Transaction	Classes Upgraded	Date of Rating Action	% Pay-down*	% Defeased*
<a href="#">BS 2004-PWR5</a>	B, C, D, E, F	1/5/2007	2.6%	9.6%
<a href="#">MLFAI 2001-Canada 6</a>	C, D, E, F, G, H	1/25/2007	18.7%	5.6%
<a href="#">N-45° 2000-2</a>	C, D, E	1/31/2007	59.9%	0.0%
<a href="#">Mansfield Trust 2001-1</a>	C, D, E, F	2/1/2007	39.4%	11.1%
<a href="#">MLFAI 1998-Canada 1</a>	C, D	2/5/2007	62.8%	0.0%
<a href="#">MLFAI 2003-Canada 10</a>	C, D-1, D-2, E-1, E-2, F, G, H	2/5/2007	10.6%	15.0%
<a href="#">Schooner Trust 2004-CF2</a>	B, C	2/12/2007	4.1%	7.3%
<a href="#">MLFAI 2002-Canada 8</a>	B, C, D, E, F, G, H, J, K	2/13/2007	11.2%	7.0%
<a href="#">GECCMC 2004-C2</a>	B, C, D, E, F, G	4/19/2007	3.8%	9.4%
<a href="#">Column Canada 2002-CCL1</a>	C, D, E, F, G	5/14/2007	16.3%	10.2%
<a href="#">BS 2004-ESA</a>	F, G, H, J	6/19/2007	65.9%	100.0%
<a href="#">MLFAI 2003-Canada 9</a>	C, D-1, D-2, E, F, G, H	6/25/2007	18.6%	19.5%
<a href="#">MLFAI 2004-Canada 12</a>	B, C, D-1, D-2, E, F, G, H	7/6/2007	6.4%	9.1%
<a href="#">COMM 2004 - LNB2</a>	B, C, D	7/9/2007	6.2%	19.4%
<a href="#">N-45° 2000-2</a>	D, E, F	8/20/2007	59.9%	0.0%
<a href="#">N-45° 2003-1</a>	C, D	8/22/2007	27.1%	2.4%
<a href="#">COMM 2004-LNB3</a>	B, C, D, E, F, G	10/17/2007	4.6%	21.0%

\* as of Rating Action

The above-noted rating actions are a result of DBRS's continual evaluation process. DBRS evaluates transactions on a monthly basis for credit changes. DBRS reviews the transaction distribution reports for prepayments, repayments, defeasance, delinquencies and specially serviced loan details. DBRS also reviews the transactions' watchlist. Transactions with credit migrations are prioritized for performance update reports and rating actions. Performance update reports are not solely driven by rating action. In 2007, DBRS published performance update reports for 26 of the 68 DBRS-rated CMBS transactions, the remaining 42 transactions are primarily newer vintages where credit changes are limited.

Performance update reports include a deal overview, HotList loan commentary, updated loss estimates and commentary on specially serviced assets, along with detailed loan and property level information on large assets.

DBRS expects defeasance propensity to drop in 2008 in Canadian and U.S. transactions due to the tighter lending market and increasing cap rates corresponding with decreased real estate values.

For more information on any DBRS CMBS performance update report, please see our website [www.dbrs.com](http://www.dbrs.com) or contact us at [cmbs.surveillance@dbrs.com](mailto:cmbs.surveillance@dbrs.com).

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