Surveillance Report

Merrill Lynch Financial Assets Inc., Series 2006-Canada 18

MARCH 2010

CONTACT INFORMATION FOR
MERRILL LYNCH FINANCIAL ASSETS INC., SERIES 2006-CANADA 18

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CAPITAL STRUCTURE

Class	Original Balance	Current Balance	Interest Shortfall	Original C/E	Current C/E	Original DBRS Rating	Current DBRS Rating	Trend
A-1	$60,000,000	$11,863,786		11.64%	12.67%	AAA	AAA	Stable
A-2	$192,000,000	$192,000,000		11.64%	12.67%	AAA	AAA	Stable
A-3	$269,500,000	$269,500,000		11.64%	12.67%	AAA	AAA	Stable
B	$14,100,000	$14,100,000		9.25%	10.07%	AA	AA	Stable
C	$12,500,000	$12,500,000		7.13%	7.77%	A	A	Stable
D	$16,279,000	$16,279,000		4.38%	4.76%	BBB	BBB	Stable
E	$3,688,000	$3,688,000		3.75%	4.08%	BBB (low)	BBB (low)	Stable
F	$4,427,000	$4,427,000		3.00%	3.27%	BB (high)	BB (high)	Stable
G	$2,951,000	$2,951,000		2.50%	2.72%	BB	BB	Stable
H	$1,475,000	$1,475,000		2.25%	2.45%	BB (low)	BB (low)	Stable
J	$1,476,000	$1,476,000		2.00%	2.18%	B (high)	B (high)	Stable
K	$1,475,000	$1,475,000		1.75%	1.91%	B	B	Stable
L	$2,951,000	$2,951,000		1.25%	1.36%	B (low)	B (low)	Stable
M	$7,378,380	$7,378,380	$294	n/a	n/a	NR	NR	n/a
XC	$590,200,380	$542,064,166		n/a	n/a	AAA	AAA	Stable
XP-1	$566,999,000	$451,152,204		n/a	n/a	AAA	AAA	Stable
XP-2	$1,000	$796		n/a	n/a	AAA	AAA	Stable

DBRS RATINGS VIEWPOINT

This portfolio has exhibited stable performance, based on the 2008 financials and some loans providing 2009 rent rolls. The whole-loan WADSCR was up to 1.56x, as of December 2008, versus 1.41x, at issuance. All the loans are current through February 2010, with no delinquencies in the last 12 months. One loan, representing 10.56% of the pool, is in special servicing. DBRS does not anticipate this loan incurring significant principal losses to the trust. One of the 83 original loans has paid-off. The transaction benefits from two fully defeased loans (3.1% of current pool balance).

STRUCTURAL FEATURES

This transaction is a sequential-pay pass-through structure. Structural elements of the trust, such as servicing fees and appraisal reductions on defaulted loans, give rise to potential for interest shortfalls. One loan, TransGlobe Pooled Senior Loan (10.6% of the pool, TransGlobe) is a pari-passu senior companion loan to a $127.5 million loan with an additional subordinate B-note. The A-2 portion of the A-note has a current balance of $57.3 million and is included in this transaction. The A-1 note is in the Merrill Lynch Financial Assets Inc., Series 2005-Canada 17 transaction and has a current balance of $69.9 million. Evergreen Pooled Pari Passu Interest (3.1% of the pool, Evergreen) is a pari-passu co-ownership interest loan to a $21.0 million loan and has a companion loan in place that is held outside the trust. The A-2 note was securitized in the Merrill Lynch Financial Assets Inc., Series 2006-Canada 19 transaction and the A-1 note is included in this transaction.

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COLLATERAL SUMMARY

	Original Closing Feb-2006	Current Cut-Off Feb-2010
Trust Balance	$590,200,379	$542,064,167
Whole Loan Balance	$690,904,859	$635,484,499
Number of Loans	83	82
WAC	5.2%	5.2%
WALTV	72.1%	66.7%
WADSCR	1.41x	1.56x
DSCR % Reporting	100.0%	94.3%

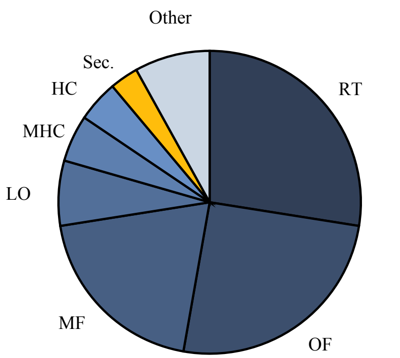
LARGE LOAN CONCENTRATIONS

	With Multifamily				Without Multifamily			
Loan Size	% of Pool	WADSCR	WALTV	% Reporting	% of Pool	WADSCR	WALTV	% Reporting
Loans 1-10	44.4%	1.60x	67.7%	100.0%	33.8%	1.73x	64.2%	100.0%
Loans 11-20	17.5%	1.50x	67.6%	100.0%	15.9%	1.49x	66.7%	100.0%
Total Pool	100.0%	1.56x	66.7%	94.3%	80.1%	1.65x	64.3%	93.4%

DSCR Reporting	% of Pool
2008	86.4%
2009	5.6%

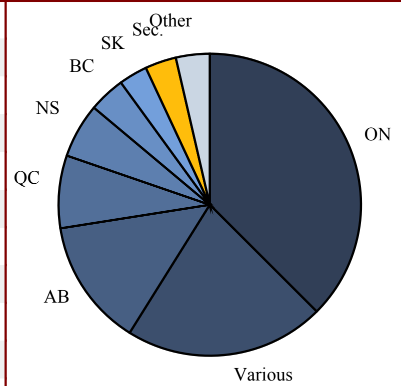
PROPERTY TYPE CONCENTRATION

Property Types	Issuance	Current
Retail (RT)	29.3%	27.7%
Office (OF)	27.0%	25.1%
Multifamily (MF)	19.6%	19.9%
Lodging (LO)	6.9%	6.9%
Mobile Home Park (MHC)	4.9%	5.0%
Health Care (HC)	4.5%	4.5%
Industrial (IN)	2.9%	2.9%
Self Storage (SS)	2.7%	2.7%
HealthCare (HealthCare)	2.2%	2.3%
Securities (Sec.)	0.0%	3.1%



GEOGRAPHIC CONCENTRATION

State/Province	Issuance	Current
ON	38.2%	37.7%
Various (Portfolio)	21.0%	21.4%
AB	16.7%	13.6%
QC	7.6%	7.7%
NS	5.8%	5.8%
BC	4.1%	4.0%
SK	3.2%	3.1%
NF	1.6%	1.7%
NB	1.1%	1.1%
MB	0.8%	0.8%
Securities	0.0%	3.1%



CONCENTRATION COMMENTARY

The top ten loan concentration is high, representing 44.4% of the current pool balance. However, this is partially mitigated by three top ten loans being secured by multiple properties. Further, the top ten's strong WADSCR of 1.60x, one shadow-rated loan (2.5% of the portfolio), and overall stable performance, serve as mitigants to loan balance concentration. Geographically, the pool is diverse, with properties located across nine provinces in Canada. Ontario (37.7% of the current pool balance) represents the largest geographic concentration, as do retail properties, which represent 27.7% of the transaction.

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LARGE LOAN PERFORMANCE SUMMARY

Loan Name	Property Type	Balance	% of Pool	Whole-Loan/Unit	% Change from Underwriting NCF	Revenue	Expenses	Original/Current Shadow Rating	Pari Passu
TransGlobe Pooled Senior Loan	Multifamily	$57,259,675	10.6%	$56,129	2.1%	n.a.	n.a.	n/a	Y
Anchored Retail Portfolio	Retail	$39,656,123	7.3%	$107	0.2%	n.a.	n.a.	n/a	N
Halifax Marriott	Lodging	$27,412,807	5.1%	$77,877	48.0%	n.a.	n.a.	n/a	N
3300 Rutherford Road	Retail	$23,786,740	4.4%	$168	-1.9%	n.a.	n.a.	n/a	N
ICI Portfolio	Retail	$18,868,258	3.5%	$94	20.4%	n.a.	n.a.	n/a	N
Entrust Tower	Office	$17,754,875	3.3%	$121	27.5%	n.a.	n.a.	n/a	N
Evergreen Pooled Pari Passu Interest	Mobile Home Park	$16,878,484	3.1%	$30,208	20.8%	n.a.	n.a.	n/a	Y
Preston Crossing - Phase II	Retail	$13,350,328	2.5%	$78	-14.3%	n.a.	n.a.	AA/AA	N
Dominion Place	Office	$13,223,655	2.4%	$103	100.8%	n.a.	n.a.	n/a	N
White Rock U Lock	Self Storage	$12,438,966	2.3%	$88	24.5%	n.a.	n.a.	n/a	N
Regency Retirement Residence	Health Care	$12,076,524	2.2%	$147,275	-7.8%	n.a.	n.a.	BBB/NR	N
Simcoe and Adelaide	Office	$8,209,631	1.5%	$148	1.9%	n.a.	n.a.	BB (low)/BB (low)	N
Bolton Country Shopping Centre	Retail	$7,452,557	1.4%	$86	-1.4%	n.a.	n.a.	BBB/BBB	N
602-604 & 606 King West	Office	$7,248,605	1.3%	$114	30.3%	n.a.	n.a.	BB (low)/BB (low)	N
Richmond and Bathurst	Office	$5,929,177	1.1%	$150	15.3%	n.a.	n.a.	BB (low)/BB (low)	N
Brant Plains Plaza	Retail	$5,664,813	1.1%	$103	20.0%	n.a.	n.a.	BBB (high)/BBB (high)	N

TOP TEN & SHADOW-RATED LOANS

Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
1	**TransGlobe Pooled Senior Loan**	**Multifamily**	**n/a**	**10.6%**	**$56,129**	**Sep-2015**	**97.0%**	**Dec-2008**	**1.17x**	**1.20x**

Commentary

This loan was transferred to special servicing in September 2009 after the borrower was unable to discharge an unapproved $18 million second mortgage (the unapproved note). The unapproved note triggered a technical default and was discovered in 2008 when the B-note was being transferred. Originally IO, the unapproved note was scheduled to mature in June 2009 but was extended to June 2011 after the borrower was unable to pay it off. Payments for the first six months of the extension were IO, however beginning in January 2010, fixed principal payments were required with steady increases in required principal through October 2010. Per the co-lender agreement, the B-note holder was issued a purchase option notice upon default to purchase the loan at par but this option was not exercised. The A-note leverage is reasonable at $51,081 per unit and the special servicer is currently evaluating resolution strategies for the loan. The collateral consists of 28 multifamily, with 2,491 apartment units, located throughout Ontario (80.1% of the portfolio) and Nova Scotia (19.9% of the portfolio). The portfolio reported a whole-loan DSCR of 1.20x, at YE2008, and was 96.2% occupied, as of November 2009. The TransGlobe Pooled Senior Loan is divided into two pari-passu pieces totaling $127.2 million with an additional subordinate B-note (current balance of $12.8 million) . The A-1 note is securitized in the MLFAI 2005 Canada-17 transaction and has a current balance of $70.0 million while the A-2 note has a current balance of $57.3 million and is included in this transaction. In addition, a recent appraisal estimated the portfolio's value at $195 million, versus $177 million at Q2 2005. Recourse for the loan is limited to $25 million and despite the technical default, DBRS does not expect the trust to incur any losses from this loan given the A-note leverage, stable performance of the collateral and the loan-specific credit enhancement provided by the subordinate B-note.

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TOP TEN & SHADOW-RATED LOANS

Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
2	**Anchored Retail Portfolio**	**Retail**	**n/a**	**7.3%**	**$107**	**Dec-2015**	**96.0%**	**Dec-2008**	**1.41x**	**1.41x**

Commentary

This loan is secured by 14 retail properties, of which 13 are located in the province of Québec and one is in Ontario. The portfolio's financial performance has decreased due to lower occupancy, but remains strong with a DSCR of 1.41x, as of December 2008. Occupancy decreased to 96% in 2008, as compared to 100%, in 2007. The primary concern for this loan is that approximately 50% of the properties are located in rural and tertiary markets. However, the portfolio is largely occupied by a national tenant, Jean Coutu Pharmacies (34.2% of gross leasable area), with lease terms that do not expire until at least five years after loan maturity. In addition to Jean Coutu Pharmacies, the portfolio has a diversified tenant base, which includes Metro-Richelieu and IGA grocery chains, SAQ (provincially run liquor store), and National Bank. Furthermore, the loan benefits from strong management, Cogir Management Corporation, a Québec based real estate management company with approximately 9 million square feet of commercial, industrial and office property under management. This loan is non-recourse.

Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
3	**Halifax Marriott**	**Lodging**	**n/a**	**5.1%**	**$77,877**	**Dec-2015**	**72.0%**	**Dec-2008**	**1.69x**	**2.51x**

Commentary

This loan reported a strong 2.51x DSCR, as of YE2008, up from 2.12x, in 2007. The increase is primarily attributed to increases in both RevPar and ADR. The loan is collateralized by a leasehold interest in a 352-room, six-storey, full-service hotel, located in Halifax. The hotel was built in 1985, and is connected to the Casino Nova Scotia via an enclosed walkway. Between 2001 and 2004, the previous owner, Caesars Entertainment Inc., invested more than $11 million in capital improvements in the property. Upon transfer, Marriot required the sponsor, Westerkirk Harbourfront Inc., a private equity firm, to reserve $4.5 million to finance flagging costs along with upgrades to the rooms and the lobby. The property is well located with direct access to the waterfront, via the Halifax Harbour, as well as Purdy’s Wharf office complex.

Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
4	**3300 Rutherford Road**	**Retail**	**n/a**	**4.4%**	**$168**	**Mar-2016**	**100.0%**	**Aug-2008**	**1.35x**	**1.32x**

Commentary

Built in 2005, the subject is a 141,842 sf, food-anchored retail centre, located in Vaughan, Ontario, known as the Highland Centre. The property is anchored by Highland Farms supermarket (Highland), which represents 72.8% of the NRA and 65.1% of the base rents. Highland’s lease runs through 2020, and includes one two-year and three five-year renewal options. The remaining tenants are comprised of local retailers and a pad site restaurant, occupied by The Keg (6.2% of the NRA and 11.3% of the base rents), whose lease runs through 2021. The property reports an 85% occupancy rate and a 1.32x DSCR, as of December 2008. The remaining 15% of the space is currently under a head lease with Highland at a rental rate of $25 psf. However, Highland will be released from the lease obligation upon leasing up the space to a satisfactory tenant at a minimum net rental rate of $22 psf. The loan is partial recourse to the borrowing entities, CCIL Ltd. and LCIL Ltd., and to the guarantor companies, Charles Coppa Investments Ltd. and Louis Coppa Investments Ltd., on a joint and several basis to a total aggregate of $6.5 million. The guarantor companies own and control the operating company and tenant, Highland Farms Inc.

Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
5	**ICI Portfolio**	**Retail**	**n/a**	**3.5%**	**$94**	**Jan-2016**	**81.0%**	**Dec-2008**	**1.28x**	**1.55x**

Commentary

This loan is performing well with a 1.55x DSCR, as of December 2008, up from 1.28x, in 2007. Occupancy stands at 80.9% as of March 2009, down from 92.4%, as of December 2007. Rollover risk is of significant concern at the property. Leases representing, 40.2% of the NRA and 48.8% of the base rents, have or will expire by 2011. ICI Paints (Canada), the major tenancy in the portfolio, represents 42.4% of these lease expiries. However, thes expiries are spread accross several properties, which should help mitigate rollover risk. In total, ICI Paints represents 17% of the NRA, and 25.8% of the base rents. The collateral for this loan consists of 25 individual unanchored retail properties (13 single-tenant and 12 mult-tenant) located in various markets across five provinces with a total NRA of 244,709 sf. There are two properties in Ontario, both of which are currently vacant and represent 8.6% of the NRA, that received a rating of Poor on their latest servicer site inspection reports, both in July 2009, due to significant deferred maintenance. Both properties have since addressed some of the deferred maintenance issues. All other deferred maintenance has been contracted, or will be completed as weather permits. This loan is on the servicer watchlist due to these maintenance issues. Leverage on the property is low at $94 psf. The other properties in the portfolio were all rated Fair according to their most recent servicer site inspection reports. This loan is non-recourse. DBRS will continue to monitor the leasing and maintenance situation in this portfolio closely.

Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
6	**Entrust Tower**	**Office**	**n/a**	**3.3%**	**$121**	**Jan-2016**	**100.0%**	**Dec-2008**	**1.27x**	**1.62x**

Commentary

This loan reported a strong annualized DSCR of 1.66x, for the nine months ended September 2009, up from 1.62x, as of YE2008. The collateral consists of a 146,710 sf, Class A office building, and is 100% occupied by Entrust, Inc. (Entrust). The structure was built in 2000 and is located in the Kanata North Business Park, considered to be the heart of Ottawa's technology centre. The property sits on a 14.2 acre site, located approximately 20 km from Ottawa's CBD, and has excellent access to the arterial system via the Trans Canada Highway (Highway 417). Entrust’s lease runs through 2015, one month prior to loan maturity. Entrust currently pays $15.40, which is above the average market rate of $12.5 psf for Class A office space in the property’s submarket, according to Colliers Q3 2009 Research Report. In addition to Entrust’s two, five-year extension options, the property’s location in a technology centre should help mitigate the single tenant rollover risk. The borrower is Dundeal Canada LP with limited partner Dundee REIT forming Dundee Properties Limited Partnership, which also provides full recourse for the loan. At closing, the partnership had a combined net worth of over $450 million, and holdings valued over $1 billion that include office, industrial, and retail properties. Dundee REIT currently has an ownership interest in 77 office and industrial Canadian properties, totaling approximately 7.7 million square feet.

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TOP TEN & SHADOW-RATED LOANS										
Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
7	**Evergreen Pooled Pari Passu Interest**	**Mobile Home Park**	**n/a**	**3.1%**	**$30,208**	**Jan-2016**	**100.0%**	**Sep-2008**	**1.56x**	**1.88x**

Commentary

This loan is divided into two pari-passu pieces totaling $21.0 million. The A-1 note is the controlling portion and is included in this transaction. The A-2 note is held in the MLFAI Serioes 2006-Canada 19 transaction. The subject is a 696-pad mobile home community located in Edmonton. The property is fully serviced with paved roadways, street lighting and a children's recreation area. The property also has common buildings including a management office/community centre and a maintenance building. The whole loan exposure of $30,300 per pad is considered high for this asset type. However, financial performance is very strong, with a DSCR of 2.12x for the 12 months ended June 2009, and a 100% occupancy rate, as of August 2009. Historically, the property has maintained high occupancy levels and has exhibited stable financial performance. The borrower for the loan is a bare trustee for WCP Holdings Ltd., a wholly-owned subsidiary of Parkbridge Lifestyle Communities Inc. (Parkbridge). Parkbridge is a publicly-traded company (TSX: PRK) that specializes in four business sectors: lifestyle communities, seniors communities, destination R.V. resorts, and marinas. Parkbridge indicates shareholder's equity of $203.4 million on assets of $523.1 million, as of September 30, 2009.

8	**Preston Crossing - Phase II**	**Retail**	**AA/AA**	**2.5%**	**$78**	**Dec-2010**	**100.0%**	**Dec-2009**	**1.49x**	**1.28x**

Commentary

This property has exhibited stable performance, reporting a DSCR of 1.28x, as of December 2009, compared with 1.32x, in 2008. However, the DSCR is down versus the issuer UW DSCR of 1.49x. The decrease is attributabed to an increase in expenses, primarily due to higher real estate taxes. Occupancy stands at 100%, as of September 2009. The loan is non-recourse and matures in December 2010. The property benefits from a long-term lease to Wal-Mart, representing 77.3% of the NRA and 70.4% of the base rents, which runs through 2025, or 15 years after maturity. Old Navy and PetSmart occupy the remaining two tenants. PetSmart's lease runs through 2015. Old Navy's lease, representing 8.7% of the NRA, expired in November 2009, according the rent roll. However, the rent roll indicated an option to renew through 2014, and DBRS has independently confirmed that Old Navy still occupies the space. These leases should serve as strong mitigants to refinance risk. The collateral is the second phase in a five-phase development in the northeast portion of Saskatoon, Saskatchewan. Phase II was built in 2005 and is comprised of two single-tenant pads and a 15,000 sf space in a multi-tenant building. A third single-tenant, 6,000 sf unit is planned for future development. There is currently $1.06 million in escrow to be held until the pad site is built out and a tenant has taken occupancy. The property is subject to a leasehold interest granted by the University of Saskatchewan for a term of 50 years, ending December 31, 2052. The groundlease is structured such that payment of the land rent is subordinate to mortgage debt-service payments. Payment on the groundlease is $444,600 per year and escalates 10% every ten years starting in 2013. The lease is also renewable for a further 25 years in 2052. The beneficial owner for this loan is Harvard Developments Inc. (Harvard). Harvard is a part of the Hill Companies, an operating entity of the Hill Family. The Hill Family portfolio includes commercial and residential properties across Canada and the U.S. At issuance, DBRS rated this loan AA, based on its strong DSCR and long term lease to Wal-Mart, which extents 15 years beyond maturity. Based on the property's adequate DSCR and long-term lease to Wal-Mart, DBRS maintains its AA shadow-rating on the loan.

9	**Dominion Place**	**Office**	**n/a**	**2.4%**	**$103**	**Mar-2011**	**89.0%**	**Dec-2008**	**1.27x**	**2.55x**

Commentary

This property has performed very well, reporting a 2.55x DSCR, as of December 2009, and an 88.8% occupancy rate, as of March 2009. The loan has experienced a 100% increase in DSCR from issuance due to a 65% increase in average per square foot rents. This nine-storey, Class B office building is located in the Beltline node, just southwest of Calgary's downtown core. The property was constructed in 1980 and contains 204 underground parking spaces. The Calgary school board is building a new headquarters building on what was once the parking lot, incorporating the existing school into the building. This new structure is seperate from the collateral. Rollover risk at the property is of concern, with 45.9% of the NRA and 49.2% of the base rents, expired or scheduled to expire in the next two years. Of this amount, 17.9% of the NRA and 17.1% of the base rents, are scheduled to expire in 2010. The challenging office market in Calgary adds to rollover risk concerns. According to CB Richard Ellis (CBRE), the Calgary office market has seen vacancies increase to 15.6%, as of Q4 2009, from 6.3% at Q4 2008. It should be noted that the lease expirations at the property consist of ten individual tenants. The relatively large number of leases associated with the lease expiries serves as a mitigant to rollover risk. This loan matures in March 2011, raising concerns over refinance risk, given the leasing situation at the property and market conditions in Calgary. This risk is partially mitigated by the loans low leverage point of $103 psf, in addition to an expected increase in office demand due to lower rents, and an increase in natural gas prices. This loan is non-recourse.

10	**White Rock U Lock**	**Self Storage**	**n/a**	**2.3%**	**$88**	**Nov-2012**	**93.0%**	**Dec-2008**	**1.34x**	**1.67x**

Commentary

This property reported a 1.67x DSCR, as of December 2008, up from 1.51x, at YE2007. Occupancy also increased, from 87.5% to 92.7%, over the same period. Located in South Surrey, British Columbia, the subject is a self-storage facility that was built in three phases. Phase I was built in 1999 as a two-storey facility. Phase II was built in 2002 as a three storey facility, and Phase III, also three storeys, was completed in 2005. An additional 4,168 sf was added in 2006. The subject contains 1,503 units, ranging in size from 20 sf, up to 450 sf, as well as an office/reception area. John Madsen, the main principal behind the transaction, has almost 30 years experience in the self-storage industry, developing 20 storage facilities in that time period. This loan is non-recourse.

11	**Regency Retirement Residence**	**Health Care**	**BBB/NR**	**2.2%**	**$147,275**	**Oct-2012**	**98.0%**	**Dec-2008**	**2.19x**	**2.02x**

Commentary

Built in 2003, the subject is an 82-unit, independent living centre in the Port Credit area of Mississauga, Ontario. Located in an affluent neighbourhood, the immediate area is mainly residential in nature with commercial properties located within a short distance. The property reports a strong DSC of 2.02x, as of YE2008. Occupancy has decreased from 97.6% in July 2008, to 79.3%, based on an October 2009 inspection report. However, The borrowing entity for the loan is CSH Regency Inc. Guarantors to the loan are CSH Trust and Chartwell Master Care LP. Chartwell REIT, Canada's second-largest seniors' housing provider, owns 100% of CSH Trust, and CSH Trust owns 100% of Chartwell Master Care LP. This loan is full recourse against each of the guarantors and the borrower. Chartwell invested approximately $7 million in equity into the property. Leverage on the loan is above average at $147,300. Given the recourse, management expertise, quality of the asset, and the loan's credit characteristics, DBRS shadow-rated this loan BBB at issuance. However, given the decrease in occupancy and resulting deterioration in credit characteristics, DBRS has removed its shadow-rating on this loan.

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TOP TEN & SHADOW-RATED LOANS

Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
19	**Simcoe and Adelaide**	**Office**	**BB (low)/BB (low)**	**1.5%**	**$148**	**Feb-2016**	**98.0%**	**Dec-2008**	**1.30x**	**1.32x**

Commentary

Three low-rise office buildings totaling 55,461 sf, all within close proximity to each other, secure this loan. Surrounded by a mix of office and condominium developments, the properties are located just west of the downtown Toronto core office market. Total occupancy for the three properties was 97% as of January 2009. The DSCR was stable at 1.32x, as of December 2008. Leases at the properties tend to be shorter term leases, but are well-staggered. At issuance, the loan was rated BB (low) based upon the rating of the sponsor, Allied REIT (Allied), that provides full-recourse. Allied has a portfolio of more than 30 million square feet, comprised predominantly of Class I brick-and-beam office space located in Toronto, Montréal, Winnipeg and Québec City. Based on the loan's stable performance and investment grade sponsor, DBRS maintains its BB (low) shadow-rating.

Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
21	**Bolton Country Shopping Centre**	**Retail**	**BBB/BBB**	**1.4%**	**$86**	**Mar-2016**	**87.0%**	**Dec-2008**	**1.59x**	**1.57x**

Commentary

This loan is secured by a three building strip mall and gas bar located in Bolton, Ontario. The DSCR at the property decreased to 1.57x, as of YE2008, compared with a DSCR of 1.77x, as of YE2007. The decrease is primarily due to one lease expiration (8.7% of the NRA and 10.2% of the base rents). Occupancy was 87.5%, as of September 2009, down from 91.8% at YE2007. While the DSCR has decreased since 2007, financials for the six months ended June 2009 show that the property is stable with a 1.55x DSCR. Further, the DSCR remains in line with the issuer UW DSCR of 1.59x. Lease expiries at the property are well staggered and the leverage on this loan is low at $86 psf. DBRS rated this loan BBB based on its investment-grade sponsor, RioCan REIT (RioCan), that provides full-recourse. RioCan is one of the largest real estate investment trusts (REITs) in Canada, with a portfolio containing 33.9 million square feet of retail and office space. The portfolio consists primarily of unenclosed community shopping centres located mainly in Ontario, Québec and Alberta. DBRS maintains it BBB shadow-rating based on the investment-grade sponsor and low leverage of $86 psf.

Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
22	**602-604 & 606 King West**	**Office**	**BB (low)/BB (low)**	**1.3%**	**$114**	**Nov-2015**	**100.0%**	**Dec-2008**	**1.36x**	**1.78x**

Commentary

This loan reported a strong 1.78x DSCR, as of YE2008, up from 1.68x, in 2007. Occupancy at the property was 100%, as of October 2009. The property is occupied by 11 tenants, ten of which have leases with expiries of 2015 or later. The collateral consists of two adjacent mixed-use buildings totaling 63,850 sf, located 2 km west of downtown Toronto. At issuance, the loan was rated BB (low) based upon the rating of the sponsor, Allied REIT (Allied), that provides full-recourse. Allied has a portfolio of more than 30 million square feet, comprised predominantly of Class I brick-and-beam office space located in Toronto, Montréal, Winnipeg and Québec City. Based on the loan's stable performance and investment grade sponsor, DBRS maintains its BB (low) shadow-rating. Leverage on the loan is moderate at $114 psf.

Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
30	**Richmond and Bathurst**	**Office**	**BB (low)/BB (low)**	**1.1%**	**$150**	**Feb-2016**	**87.0%**	**Dec-2008**	**1.31x**	**1.51x**

Commentary

The collateral consists of two adjacent office buildings, totaling 39,564 sf., located approximately 2 km west of downtown Toronto. The area consists of office and multifamily buildings, with some condominium projects under construction. The properties reported an 87% occupancy rate, as of October 2009, and a combined DSCR of 1.51x, as of December 2008, up from 1.47x, in 2007. Rollover risk is significant over the next two years, with leases representing 41.8% and 11.6% of the NRA expired or expiring in 2010 and 2011, respectively. DBRS has confirmed that the one expired lease, representing 4.5% of the NRA remains at the property. The vacancy rate in the downtown west Toronto submarket was 7.9%, as of Q4 2009, according to Altus InSite. There has been a significant amount of construction in the downtown district. However, according to CBRE's Q4 2009 research report, the majority of new construction (69.0%) has already been delivered to the market. This should help mitigate rollover risk at the subject property. At issuance, the loan was rated BB (low) based upon the rating of the sponsor, Allied REIT (Allied), that provides full-recourse. Allied has a portfolio of more than 30 million square feet, comprised predominantly of Class I brick-and-beam office space located in Toronto, Montréal, Winnipeg and Québec City. Based on the loan's stable performance and investment grade sponsor, DBRS maintains is BB (low) shadow-rating. Leverage on the loan is moderate at $150 psf.

Prospectus ID	Property Name	Property Type	Shadow-Rating	Current % of Pool	Whole-Loan/Unit	Maturity Date	Occupancy	Recent FY Date	Whole-Loan Issuer DSCR	Recent FY DSCR
32	**Brant Plains Plaza**	**Retail**	**BBB (high)/BBB (high)**	**1.1%**	**$103**	**Dec-2015**	**100.0%**	**Apr-2009**	**1.87x**	**2.24x**

Commentary

This property reported a strong DSCR of 2.24x, for the 12 months ended April 2009. The property is 100% occupied, as of August 2009, by two office tenants (48.4% of the NRA and 48.3% of the base rents), and 15 retail tenants. The two office tenants include the Provincial Court House and the Municipal Court House, and have leases running through June 2012 and February 2016, respectively. The retail tenants consist of a mix of national and local retailers, including Tim Hortons and Subway. The largest retail tenant, Smitty's Family Restaurant, represents 11.7% of the NRA and 13.9% of the base rents, and has a lease expiry of August 2010. No other single retail tenant represents more than 6% of the NRA. According to CBRE, office vacancy rates in the sub-market dropped 20bp(s) to 11.6%, as of Q4 2009, the first decline in 12 months. Net rental rates increased to $14.60, as of Q4 2009, from $14.17 in Q3 2009. The collateral is a 54,899 sf mixed-use property, located in Burlington, Ontario. The city of Burlington is situated in southern Ontario, approximately 50 km west of Toronto. The sponsors of the borrowing entity are four real estate investors, each holding 25% of the interest in the properties. Two of the sponsors have been actively involved in real estate development and management for 20 years through the Torgan Group (Torgan). Torgan has been involved in the development, ownership and management of over 70 commercial projects totaling over 3.5 million square feet. At issuance, DBRS shadow-rated this loan BBB (high) because of the strong cash flow fundamentals and credit characteristics. Given the loan's stable performance, DBRS maintains its BBB shadow-rating on this loan.

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DBRS HOTLIST FINDINGS

Number of Loans on DBRS HotList	1	**Number of Loans on Servicer Watchlist**	15
Percent of Pool	0.5%	**Percent of Pool**	10.7%

HOTLIST LOANS

Loan Name	Property Type	City	State/Province	Balance	Percent of Pool	Recent FY DSCR	Performance Challenges
10,500 Cote de Liesse	Office	Montreal	QC	$2,750,970	0.5%	0.77x	DSCR below 1.0x; Low occupancy

Prospectus ID	51	**Percent of Pool**	0.5%
Property Name	10,500 Cote de Liesse	**Whole-Loan/Unit**	$50
Property Type	Office	**Location**	Montreal, QC
Trust Loan Balance	$2,750,970	**HotList Performance Challenge(s)**	DSCR below 1.0x; Low occupancy

Description & Performance

This loan was placed on the servicer watchlist in November 2009 due to an estimated DSCR of 0.77x, based on a May 2009 rent roll. According to the rent roll, occupancy at the property stands at 59.2%. This includes vacanccies associated with the property's largest tenant, OEC Group (27.7% of the NRA and 29.9% of the base rents), which vacated its space in August 2009. The vacant space is being marketed, but the borrower does not have any prospective tenants at this time. The subject property is a 55,000 sf, 2-storey office building in the West Island section of Montreal. The property sits in an industrial park in the West End node of West Island where according to Altus InSite, the vacancy rate was 13.1%. The property's largest remaining tenant, Tim Horton's (14.5% of the NRA and 17.4% of the base rents), has a lease running through February 2028. This loan has a partial guarantee of $600,000. Leverage is $50 psf.

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DELINQUENT/SPECIALLY SERVICED LOANS

Number of Defaulted/Delinquent/Matured Performing Loans	1
Percent of Pool	10.6%

Loan Name	Property Type	City	State/Province	Balance	Percent of Pool	Recent FY DSCR
TransGlobe Pooled Senior Loan	Multifamily	Various (N)	Various	$57,259,675	10.6%	1.20x

Prospectus ID	1	**Percent of Pool**	10.6%
Property Name	TransGlobe Pooled Senior Loan	**Whole-Loan/Unit**	$56,129
Property Type	Multifamily	**Location**	Various (N), Various
Trust Loan Balance	$57,259,675		

DBRS Update

This loan was transferred to special servicing in September 2009 after the borrower was unable to discharge an unapproved $18 million second mortgage (the unapproved note). The unapproved note triggered a technical default and was discovered in 2008 when the B-note was being transferred. Originally IO, the unapproved note was scheduled to mature in June 2009 but was extended to June 2011 after the borrower was unable to pay it off. Payments for the first six months of the extension were IO, however beginning in January 2010, fixed principal payments were required with steady increases in required principal through October 2010. Per the co-lender agreement, the B-note holder was issued a purchase option notice upon default to purchase the loan at par but this option was not exercised. The A-note leverage is reasonable at $51,081 per unit and the special servicer is currently evaluating resolution strategies for the loan. The collateral consists of 28 multifamily, with 2,491 apartment units, located throughout Ontario (80.1% of the portfolio) and Nova Scotia (19.9% of the portfolio). The portfolio reported a whole-loan DSCR of 1.20x, at YE2008, and was 96.2% occupied, as of November 2009. The TransGlobe Pooled Senior Loan is divided into two pari-passu pieces totaling $12 7.2 million with an additional subordinate B-note (current balance of $12.8 million) . The A-1 note is securitized in the MLFAI 2005 Canada-17 transaction and has a current balance of $70.0 million while the A-2 note has a current balance of $57.3 million and is included in this transaction. In addition, a recent appraisal estimated the portfolio's value at $195 million, versus $177 million at Q2 2005. Recourse for the loan is limited to $25 million and despite the technical default, DBRS does not expect the trust to incur any losses from this loan given the A-note leverage, stable performance of the collateral and the loan-specific credit enhancement provided by the subordinate B-note.

INTEREST SHORTFALLS

Cumulative Interest Shortfall $294

Shortfall Description

The $294 in interest shortfalls is related to interest on advances for several loans. These advances date back to 2007 and are still due to the servicer. DBRS does not anticipate any loss to the trust.

Notes & Glossary

ADR = average daily rate
Avg. HH = 2000 average annual household income
BR = bedroom
capex = capital expenditures
CBD = central business district
CMBS = commercial mortgage-backed securities
DSCR = debt service coverage ratio
EGI = effective gross income
ERV = estimated rental value
F&B = food & beverage
FF&E = furniture fixtures & equipment
G&A = general and administrative
GPR = gross potential rent
ICR = interest coverage ratio
IPD = interest payment date, generally quarterly
IO = interest only
LC = leasing commission
LTV = loan-to-value
MHC = mobile home community
MTM = month to month
MSA = metropolitan statistical area
n.a. = not available
NCF = net cash flow
NNN = triple net
NOI = net operating income
NRA = net rentable area
NRI = net rentable income
NR PIF = not rated paid in full
OSAR = operating statement analysis report
P&B = payroll and benefits
P&I = principal and interest
PPL = pari passu loan
psf = per square foot
R&M = repairs & maintenance
REIT = real estate investment trust
RevPAR = revenue per available room
sf = square foot/square feet
SPE = special purpose entity
TI = tenant improvement
TIC = tenants in common
T-12 = trailing 12 months
UW = underwriting
WA = weighted average
WAC = weighted-average coupon
WH = warehouse
x = times
YE = year-end
YTD = year-to-date

capital expenditure (capex) Costs incurred in the improvement of a property that will have a life of more than one year.

debt service coverage ratio (DSCR) A measure of a mortgaged propertys ability to cover monthly debt service payments, defined as the ratio of net operating income (NOI) or net cash flow (NCF) to the debt service payments.

effective gross income (EGI) Rental revenue minus vacancies plus miscellaneous income.

issuer UW Issuer underwritten from Annex A or servicer reports.

loan-to-value (LTV) The ratio between the principal amount of the mortgage balance, at origination or thereafter, and the most recent appraised value of the underlying real estate collateral, generally from origination.

maximum debt service The maximum actual annual debt service obligations of the borrower throughout the term of the loan.

net cash flow (NCF) The revenues earned by a propertys ongoing operations less the expenses associated with such operations and the capital costs of tenant improvements, leasing commissions and capital expenditures (or reserves). Moreover, NCF is net operating income (NOI) less tenant improvements, leasing commissions and capital expenditures.

NNN (triple net) A lease that requires the tenant to pay operating expenses such as property taxes, insurance and maintenance, in addition to the rent.

net operating income (NOI) The revenues earned by a propertys ongoing operations less the expenses associated with such operations but before mortgage payments, tenant improvements, replacement reserves and leasing commissions.

net rentable area (NRA) The area (sf) for which rent can be charged. NRA includes the tenants premises plus an allocation of the common area directly benefiting the tenant, such as common corridors and restrooms.

revenue per available room (RevPAR) A measure that divides revenue by the number of available rooms, not the number of occupied rooms. It is a measure of how well the hotel has been able to fill rooms in the off-season, when demand is low even if rates are also low, and how well it fills the rooms and maximizes the rate in the high season, when there is high demand for hotel rooms.

tenant improvements (TIs) The expense to physically improve the property or space, such as new improvements or remodelling, paid by the borrower.

weighted average (WA) Calculation is weighted by the size of each mortgage in the pool.

weighted-average coupon (WAC) The average coupon or interest payment on a set of mortgages, weighted by the size of each mortgage in the pool.

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