



**Commercial Real Estate Finance/Multifamily Housing
Asset Administration & Technology Conference
May 12 – 14, 2004
Sheraton Music City Hotel
Nashville, Tennessee**

Asset Administration and Technology Conference Wrap Up

MBA hosted the very successful Asset Administration and Technology Conference on May 12-14, in Nashville, Tennessee. The conference, which is the largest industry event of its kind dedicated to servicing and technology for the commercial real estate finance industry, had near record attendance with over 500 participants.

This year the closing session of the conference was a panel conducted by the Asset Administration Committee and the Technology Initiatives Committee. The chairs and vice chairs of the respective committees engaged the audience in an interactive discussion summarizing the top ten challenges and opportunities for the servicing community that arose during the conference.

Those top ten issues are:

1. Business Structure
 - Changes in how the servicing community does business in order to maintain profits, customer service and efficiency.
 - Outsourcing: the use of contract companies to perform segments of the servicing process or technology support raises questions about offshore practices, due diligence and training.
 - Mergers/Consolidation: the number of companies that have merged and new initiatives, like the formation of Q10 (a group of smaller mortgage banking companies working together to maximize their resources to ultimately maintain their independence and continue to offer competitive pricing/resources to their potential customer base).
2. Relationships
 - Juggling and maintaining effective communication amongst the various roles and relationships: mortgage banker – lender – servicer – default manager/special servicer – rating agencies

3. Return to Soft Skills

- Customer service: importance of continuing to maintain profitability and a standard of quality in the final product for your customer, while having to adapt to additional reporting and disclosure requirements.
- The expanding definition of “customer” – outside customers, as well as internal customers in your department or other product departments.
- Leadership: importance of strength and vision for company leaders. Their ability to relate and communicate (“emotional intelligence”) becomes increasingly important.
- Companies looking for diversity, training and adaptability in their staff.

4. Regulatory Environment

- Heightened scrutiny from outside the industry: Congress, SEC, FASB, Treasury and many others
- REMIC – industry is looking for changes in the REMIC laws in order to allow servicers in CMBS to work more closely with the borrower and offer greater solutions to borrower requests.
- Patriot Act – changes the process for lenders and servicers to complete real estate transactions – loan closings, assumptions, changes in ownership
- Sarbanes-Oxley Act – heightened the importance, increased due diligence and amount of information required on public deals to investors. Increased penalties (including the threat of jail time) have caused organizations to complete revamp the way they treat and disseminate information.

5. Loan Structures

- New products continue to enter the market to allow lenders to keep borrowers satisfied and offer maximum profits.
- Small loans: thought to lead to less negotiation in the loan documents and simplicity of terms, reducing the costs to service, therefore allowing for the smaller balance – this has not always been the case.
- Complex loans – increased shifting of risk on a loan: pari passu, A/B note, mezzanine financing, portions interest only.

6. Education and Training

- Training and retaining staff continues to be important.
- MBA offered training on some of the hottest issues in the industry: the availability and options for environmental insurance; the automation of inspections and financials; importance of staff diversity; current state of insurance, including the use of ACORD 28; loan default tracking and reporting; and what external training opportunities are available.

7. Automated Process and Standardization

- MISMO (Mortgage Industry Standards Maintenance Organization) – provides seamless transactions and will reduce the cost of manual processes through the use of data standardization (including a data dictionary) and XML (the “language” of e-commerce over the internet).
- Paperless environment – use of document imaging and storage of information.
- Wireless environment – increased reliability and use of devices that do not require land lines to properly transmit information and communication.

8. State of the Market

- Influence of politics, terrorism, war, unemployment, interest rates, outsourcing/offshoring on commercial real estate.
- Outside factors do influence our business practice.

9. Sharing Information – Roundtables

- More peer-to-peer interaction by servicers: working together to find solutions and discuss problems.
- Understanding each other's business and the need to be collaborative.

10. Technology, Technology, Technology

- Continual evolution and change, which impacts business practices

MBA will continue to address these topics at their regional forums and conference. Next confirmed scheduled events are:

Regional Servicing Forum – July 30, 2004, Columbus OH (*change in date)

CREF Convention – February 6-9, 2005

Asset Administration and Technology Conference – May 4-6, 2005, Chicago, IL