Commercial Mortgage
Special Report

U.S. CMBS Loss Study: 2009

Analysts

Richard Carlson
+1 312 606-2373
richard.carlson@fitchratings.com

Mary MacNeill
+1 212 908-0785
mary.macneill@fitchratings.com

Michael VanderVelde
+1 312 606-2326
michael.vandervelde@fitchratings.com

Related Research

- *U.S. CMBS 2009 Default Study: Cumulative Defaults Doubled in 2009, April 21, 2010*

Summary

The average loss severity rate for U.S. commercial mortgaged-backed securities (CMBS) loans resolved with losses in 2009 was 57%, an increase of 33%, compared to the 43% rate in 2008. The higher losses can be attributed to declines in property values, adverse selection of loans resolved, and the tremendous number of loans in special servicing as of year-end 2009. Although more loans were resolved in 2009 than in previous years, the volume of specially serviced loans at year-end 2009 was at an all-time high, with 4,435 loans totaling $74 billion.

Fitch Ratings expects loss severities to continue to outpace the cumulative historical average of 37.2% through 2011. For the next couple of years, loans liquidated with losses will be those assets with the highest perceived significant value declines or those with borrowers unwilling to put additional equity into their properties to effectuate a modification. The amount of defaulted loans resolved with losses will continue to be deferred by modifications.

This report summarizes Fitch's annual U.S. CMBS data on losses for loans resolved in 2009, including losses by resolution type, property type, and vintage. Key observations include the following:

- CMBS special servicers resolved 516 loans totaling $3.6 billion in 2009, an increase of $1.4 billion when compared with the 358 loans resolved in 2008.
- Of these loans, 202 were resolved with a loss and had an average loss severity of 57%.
- The balance, 314 loans, was resolved with no immediate losses to the trust. These loans were either returned to the master servicer or disposed with no losses. Many loans were returned to the master servicer as modified loans and may incur losses in the future.
- Real estate owned (REO), discounted payoff (DPO), and note sale dispositions were the most common resolution methods.
- Except for office loans, all property types experienced higher loss severities in 2009, with hotel and multifamily leading in loss severities at 81.9% and 58.0%, respectively. This high loss severity for hotel loans reflects only seven dispositions with losses, although they currently lead in outstanding delinquencies.

2009 Loss Severity Observations

Bulk Sales Being Employed

While the number of defaulted loans exceeding $25 million grew considerably, the balances of the loans resolved with losses actually decreased in 2009. The average loan size for loans resolved with losses in 2009 was $5.27 million versus $5.81 million in 2008. In 2009, servicers began pooling loans with smaller balances into bulk note sales. Servicers employ this strategy to manage the expense of resolutions, reduce the ratio of assets to each asset manager, and reduce the time of resolution. As bulk sales are a relatively new strategy, their success will be seen in future loss studies. Generally, the assets special servicers are

pooling for these bulk sales are smaller balance loans, and may be in tertiary markets; therefore, loss severities are likely to be above average.

Resolutions Accelerated in the Second Half

Loan resolutions for losses in 2009 were heavily weighted toward the second half of the year. The numbers of loans resolved in the first two quarters were nearly identical, with each quarter accounting for approximately 14% of the total. Total resolutions in the third quarter matched the total of the first half of the year (28%). Resolutions further accelerated in the fourth quarter to reach 44% of all resolutions.

Average Disposition Time Remained Flat

The average disposition time in 2009 remained flat at 19.3 months, compared with 19.4 months in 2008, and was near the historical average of 21 months.

Fitch expects the average disposition time in 2010 to rise above the historical average due to the number of assets in special servicing, the increased volume of loans with special servicers, and the challenges of selling commercial real estate in a declining market with limited capital available for financing.

2009 Loan Dispositions

Disposition Type	Loss Severity (%)[a]	Resolution Time (Mos.)[a]	Loan Count	Original Securitized Balance ($ Mil.)	Balance % of Total	Losses ($ Mil.)
REO Liquidation	71.0	29	85	489.2	46.0	347.4
Note Sale	52.2	8	22	142.0	13.3	74.1
Discounted Payoff	43.1	13	87	390.9	36.7	168.6
Sold at Foreclosure	50.6	6	3	10.5	1.0	5.3
Returned to Master	35.3	16	2	18.6	1.8	6.6
Loan Paid in Full	39.5	11	3	13.4	1.3	5.3
Average/Total	**57.0**	**19**	**202**	**1,064.5**	**100.0**	**607.2**

[a]Weighted average by original securitized balance. REO – Real estate owned. Note: Numbers may not add due to rounding.

Average Loss Severity Increases with Time to Resolve

As part of its analysis, Fitch puts loan dispositions into 12-month buckets based on time to resolution. *(See table, page 9.)* In 2009, the average loss severity increased with the length of time to resolution. For instance, the average loss severity for loans resolved in less than 12 months was 43.9% but increased to 65.3% for the 12–24 month bucket. The largest average loss severity in 2009 occurred in the 49+ bucket, with an 87.2% severity. While various factors can influence the average loss severities of individual buckets, 2009 data support Fitch's opinion that the sooner a loan is resolved, the better the recovery.

More Modifications Affected Overall Loss Severity

As in the past three years, the percentage of loans resolved without losses was greater than 50%. In 2009, servicers resolved 314 loans, totaling $2.5 billion, with no losses. If a loss severity was calculated for all loan resolutions (loans with and without losses), the 2009 severity would decrease to 17.1%. Even though the loss severity for loans resolved with losses is much higher than in 2007 (57% versus 41.5%), the overall severity for 2009 is lower than the 2007 severity of 19.0%, mainly due to an increased number of modifications. While the 2009 average is much greater than the 2008 severity of 9.3%, 2008 was a year with very few resolutions.

In 2009, of the loans disposed that did not take a loss, approximately 60% were returned to the master servicer and about 40% were paid in full. This is the inverse of

the trend of the prior few years, when, generally, 40% were returned to the master. The significant number of borrowers seeking modifications and the increased willingness of the special servicer to allow competent borrowers to stay in place are trends that will continue throughout 2010. It is important to note that a substantial percentage of the loans returned to the master was of modified loans, many of which may incur losses in the future.

Losses by Disposition Type

Loans with losses are typically resolved through the following methods: REO liquidations; note sales; discounted payoffs; and foreclosure sales. Special servicers often pursue more than one asset strategy to resolve a loan. Market conditions and a borrower's cooperation in the workout process have an impact on the ultimate disposition strategy.

REO Liquidations

REO Average Loss Severity: 71.0%

In 2009, REO liquidations represented the highest percentage of strategies pursued for loans resolved with losses. There were 85 REO resolutions totaling $489.2 million, accounting for 46% of resolutions with losses. The average loss severity ballooned to 71.0% in 2009, compared with 44.8% in 2008, as real estate values decreased further and constrained capital limited potential buyers. The 2009 loss severity rate eclipses the previous high of 64.7% in 2002 and is nearly 1.5x the cumulative average REO loss severity of 48.3%. Across all the major property types, REO liquidations experienced the highest loss severities.

Typically, resolution times of REO assets take longer than other disposition types. For 2009, the average disposition time was 28.6 months, equal to the 28.8-month average for the 43 REO liquidations in 2008. REO liquidations occur when a special servicer forecloses and sells an asset. The special servicer takes full control and ownership of the property and may stabilize and improve performance before liquidation.

As a result, loss severities are often higher given additional expenses for legal fees, principal, and interest advances, as well as carrying costs and property protection advances.

Fitch expects that special servicers will continue to be challenged in 2010 regarding REO liquidations due to difficult commercial real estate market conditions and limited liquidity. In 2009, to improve their recovery prospects by finding a buyer to assume the loan, some special servicers installed property receivers with the ability to market the property with the debt remaining in place. However, it remains to be seen how successful this strategy is, and, in recent months, Fitch has observed an increased willingness of special servicers to foreclose as capital returns to the market.

Discounted Payoffs

Discounted Payoff Loss Severity: 43.1%

The second most employed resolution strategy in 2009 was discounted payoffs. There were 87 discounted payoffs totaling $390.9 million in 2009. The 2009 average disposition time and loss severity were 12.7 months and 43.1%, respectively, with one asset disposed at a greater than 100% loss severity. While there were more discounted payoffs in 2009 than Fitch expected, the loss severity increased significantly when compared with 2008 (30.7%) and 2007 (30.5%). This is due to steep value declines without near-term expectations for recovery to these assets.

Discounted payoffs occur when the special servicer allows the borrower to pay off the loan at an amount lower than the total outstanding debt. This method avoids often protracted foreclosures or other loan workouts if a borrower has access to capital and can provide a payoff amount based on a current valuation of a property. In addition to avoiding time-consuming workouts, discounted payoffs also avoid the fees and advances associated with other types of workouts.

Note Sale Average Loss Severity: 52.2%

Note Sales

The third most popular resolution type in 2009 was a note sale. In 2009, there were 22 note sales for loans totaling $142.0 million. The average disposition time was eight months, and the average loss severity was 52.2%, following a trend of increasing loss severity experienced over the past few years, with 30.6% in 2007 and 48.3% in 2008.

A note sale occurs when a special servicer sells the mortgage on an asset to a third party. Resolution times are often short, as the servicer does not have to take control of a property or participate in long negotiations with a borrower before taking action.

Remaining Dispositions

The remaining seven loans were resolved though foreclosure sales, returns to the master servicer, and loans categorized as paid in full. Three loans were disposed via foreclosure sale for an average loss severity of 50.6%, nearly identical to the 2008 severity of 50.7% (for five loans). Three loans were categorized as paid in full but incurred an average of 2.4% in losses due to special servicing and other fees associated with the payoff of the loan. Finally, two loans that were returned to the master servicer incurred an average loss severity of 35.3%. One loan was a modification with a principal writedown, the other was the reduction of principal balance as part of a loan assumption.

Annual Loss Severities by Property Type:
- Multifamily: 58.0%
- Retail: 48.2%
- Office: 56.9%
- Industrial: 48.8%
- Hotel: 81.9%

Losses by Property Type

Loss severities in 2009 increased for every property type except office. Fitch expects loss severities for all property types to remain higher than their respective historical averages in 2010.

In addition, although there were more resolutions for each property type in 2009 than in 2008, annual loss severities can be skewed by large losses on a few assets in the economic environment in which they are disposed. Therefore, cumulative realized loss severities, not annual, are a better reflection of CMBS performance by property type, as they reflect a larger sample of loans over a longer period of time.

Cumulative Loss Severities by Property Types:
- Multifamily: 33.1%
- Retail: 36.7%
- Office: 35.5%
- Industrial: 44.3%
- Hotel: 41.1%

2009 Loss Severity by Property Type

Property Type	Loss Severity (%)[a]	Resolution Time (Mos.)[a]	Loan Count	Original Securitized Balance ($ Mil.)	Balance % of Total	Losses ($ Mil.)
Multifamily	58.0	18	78	401.7	37.7	233.0
Retail	48.2	18	61	291.4	27.4	140.4
Office	56.9	19	30	150.4	14.1	85.6
Industrial	48.8	10	17	77.4	7.3	37.8
Hotel	81.9	41	7	76.0	7.1	62.3
Other	75.3	24	7	61.2	5.7	46.1
Healthcare	32.6	11	2	6.4	0.6	2.1
Average/Total	**57.0**	**19**	**202**	**1,064.5**	**100.0**	**607.2**

[a]Weighted by original securitized balance. Note: Numbers may not add due to rounding.

Multifamily

In 2009, 78 multifamily properties totaling $401.7 million were resolved for losses. Nearly one-half (38) of the multifamily dispositions were REO liquidations. The high number of dispositions for multifamily assets reflects financing by Fannie Mae and Freddie Mac, which remained relatively strong in 2009. However, a CMBS multifamily loan that refinances with agency debt may still incur a loss due to current stringent underwriting standards. In fact, multifamily loss severity was particularly high in 2009 at 58%, which was approximately 1.75x the cumulative historical average and 50% higher than the 2008

loss severity rate of 38.6%. Loss severities ranged from a low of 3.7% to a high of 102.5%. There were 10 multifamily resolutions in 2009 that experienced greater than 90% loss severity, the highest of which was a property in Michigan. This property saw a sharp occupancy decline, leading to a much lower value for the property relative to the outstanding debt.

The 2006 multifamily vintage fared particularly poorly, as the four multifamily loans with the highest loss severities were all REO dispositions from that vintage. In 2009 and early 2010, Fitch saw several defaults of large 2006 and 2007 vintage multifamily loans. Because these loans were underwritten at the height of the market, these loans are likely to experience higher than average loss severities when they are resolved. As such, Fitch expects the average cumulative multifamily loss severity rate to continue to increase over the next few years.

Retail

Retail properties represented the second largest share of dispositions in 2009, with 61 assets totaling $291.4 million. The cumulative average retail loss severity from 2002–2008 was 34.8%. The loss severity for retail in 2009 ranged from a low of 1.7% to a high of 101%, resulting in an average loss severity rate of 48.2%. The 2009 average retail loss severity rate is 31% higher than the cumulative average of 36.7%, yet lower than the 2009 average of the other major CMBS property types.

The top five loss severities for retail loans were all from the 2000 vintage. Many of the loans in this vintage saw declines in occupancy due to store closings, bankruptcies, and retail consolidation. Four of the resolutions were REO liquidations and one was a discounted payoff, and each resolution experienced a loss of greater than 85%. The asset with the highest loss severity was a property in Cincinnati, OH, which lost a major tenant in 2004, bringing its occupancy below 40%; occupancy for this property has yet to recover.

Fitch expects defaults on retail loans to continue to rise in 2010. While retail sales are expected to improve slightly in 2010, retail properties have experienced declining levels of sales, occupancy, and revenues since reaching their peak in mid-2007. As retail properties have not fully realized their revenue declines, Fitch expects retail loss severities to continue to be greater than their historical cumulative average.

Office

In 2009, office property dispositions accounted for the third largest share of all dispositions, comprising 30 loans totaling $150.4 million. Office property resolutions experienced loss severities ranging from 16.9%–94.0%, with an average loss severity of 56.9%. This is significantly higher than the cumulative average loss severity of 35.5% for office properties but less than the 2008 severity of 67.1%.

The six office loan resolutions with the highest severities were all REO dispositions. Loss severities for these resolutions were all greater than 87% and were of loans secured by properties in secondary or tertiary office markets, such as Syracuse, NY, St. Louis, MO, and Tulsa, OK.

Office property performance lags economic recovery because of the long-term nature of their leases. Fitch expects further rental and net operating income declines in the office sector through 2011 before a potential rebound. Therefore, higher than average loss severities are expected for office property resolutions over the next two years.

Industrial

Industrial properties represented the next largest share of dispositions in 2009, with 17 assets totaling $77.4 million. Loss severities ranged from 13.4%–107.1%, with an

average loss severity of 48.8% for industrial assets in 2009. While this is slightly higher than the cumulative average of 44.3%, the 2009 losses are somewhat skewed by one asset in particular, a $7.8 million asset in San Leandro, CA that was disposed of for a 107.1% loss. Without this loan, the average severity would be 42.4%, slightly less than the cumulative average loss severity for industrial properties.

The resolutions of the five industrial properties with the highest loss severities consisted of four discounted payoffs and one note sale. Each experienced a loss severity of at least 50%. Of the major property types, industrial loan resolutions were least likely to be REO liquidations. Discounted payoffs (11) and note sales (four) were much more prevalent than REO liquidations (two).

Hotel

With only seven assets totaling $76 million disposed, hotel properties represented the fifth largest amount of resolutions with losses. All seven of the hotel dispositions were from early vintages (2000 and prior). Losses ranged from 29.9%–126.5%, with an average loss severity of 81.9%, approximately double the cumulative average of 41.1%. However, the 2009 loss severity was skewed by the disposition of an REO asset in Kissimmee, FL. This disposition took 87 months, and the REO asset experienced a 126.5% loss severity.

The five hotel resolutions with the highest loss severities were all REO liquidations, and each suffered a loss severity of at least 70%. The other two resolutions were discounted payoffs that suffered loss severities of 49.6% and 29.9%, respectively.

Hotel properties across the board have experienced revenue declines of approximately 20%. In addition to declining operating performance, capitalization rates have increased, leading to property value decreases of as much as 50%, compared with the peak values in 2007. Although performance is expected to stabilize in 2010, Fitch expects that year-over-year revenue per available room growth will not resume until 2011.

Due to the declining performance in the hotel sector over the past few years and the limited number of interested buyers or available financings, servicers have viewed modifications as an attractive workout option. Hotels currently lead in outstanding delinquencies, thus, servicers will be challenged to resolve at lower loss severities. Fitch continues to predict that loss severities for hotel properties will continue to outpace the historical average over the near term.

Historical REO Loss Severity by Property Type and Resolution Year

(%)

	2009	2008	2007	2006	2005	2004	2003	2002	Cumulative (2002–2009)[a]	Cumulative Loan Count (2002–2009)
Multifamily	67.3	33.8	57.4	35.5	30.4	35.7	45.9	37.8	41.9	222
Hotel	110.1	89.2	61.9	17.6	52.5	55.9	74.6	74.4	54.8	144
Retail	60.0	46.6	50.4	26.5	39.1	59.3	38.9	71.3	46.0	162
Office	73.0	83.2	42.5	48.2	34.5	34.2	53.2	29.4	45.9	109
Healthcare	—	—	—	77.8	62.3	62.0	98.7	105.9	68.1	28
Industrial	41.6	51.8	56.8	45.3	46.3	60.8	67.8	40.5	45.8	48
Other	81.4	46.6	26.7	62.6	22.7	60.8	72.8	22.1	56.4	25
Average/Total	**71.0**	**44.8**	**50.9**	**35.1**	**40.2**	**52.9**	**53.9**	**64.7**	**48.3**	**738**

[a]Weighted by original securitized balance.

Other

Assets classified as other, including mobile home parks, a parking garage, and healthcare, represent the remaining dispositions with losses, consisting of nine assets totaling

$67.6 million. The loans were disposed using various methods, predominantly REO sales and discounted payoffs, and resulted in an average loss severity of 71.25%. The largest loan, a parking garage in Detroit, MI totaling $26.4 million, was disposed of through an REO sale, resulting in a 79.8% loss.

Vintage

In 2009, the largest share of dispositions were from the 1998 vintage, of which 33 loans totaling $160.2 million accounted for 15.1% of all dispositions. The average loss severity for these loans was 60%, and the average resolution time was high at 28.2 months. The loss severity and time to disposition for the 1999 vintage are skewed by a large hotel loan in Kissimmee, FL as mentioned above.

2009 Loss Severity by Vintage

Vintage	Loss Severity (%)[a]	Resolution Time (Mos.)[a]	Loan Count	Original Securitized Balance ($ Mil.)	Balance % of Total	Losses ($ Mil.)
1996	29.9	4.0	1	22.6	2.1	6.8
1997	54.2	14.4	6	21.4	2.0	11.6
1998	60.0	28.2	33	160.2	15.1	96.2
1999	42.3	8.0	35	114.3	10.7	48.4
2000	69.6	27.9	22	86.2	8.1	60.0
2001	57.3	31.1	19	142.4	13.4	81.5
2002	54.2	19.3	10	63.4	6.0	34.4
2003	57.9	21.6	9	47.0	4.4	27.2
2004	46.6	14.5	14	78.8	7.4	36.7
2005	74.1	19.2	14	89.9	8.4	66.6
2006	62.1	13.8	24	155.1	14.6	96.3
2007	49.8	7.4	14	81.4	7.6	40.5
2008	61.5	9.0	1	1.7	0.2	1.0
Average/Total	**57.0**	**19.3**	**202**	**1,064.5**	**100.0**	**607.2**

[a]Weighted by original securitized balance. Note: Numbers may not add due to rounding.

Loans from earlier vintages are expected to continue to be transferred to special servicing as they approach maturity dates and are unable to refinance. Eventual losses on well-seasoned loans may vary greatly, depending on the loans' amortization terms, interest rate, and performance.

The second highest proportion of dispositions came from the 2006 vintage, where 24 loans totaling $155.1 million made up 14.6% of all 2009 dispositions for losses. These loans had a loss severity of 62.1%, higher than the cumulative average. This is indicative of the relaxed underwriting standards in place at that time. Fitch expects that many highly leveraged loans from more recent vintages will continue to have higher than average loss severities. This may be somewhat mitigated by subordinate debt, which is expected to see little to no recoveries. High leverage and complicated loan structures are likely to extend disposition time and contribute to higher losses. Fitch's prospective review of the collateral performance in its rated transactions reflects its overall negative outlook of the sector and resulting default probabilities and loss severities for the loans.

Historical Loss Severity by Property Type and Resolution Year

(%)

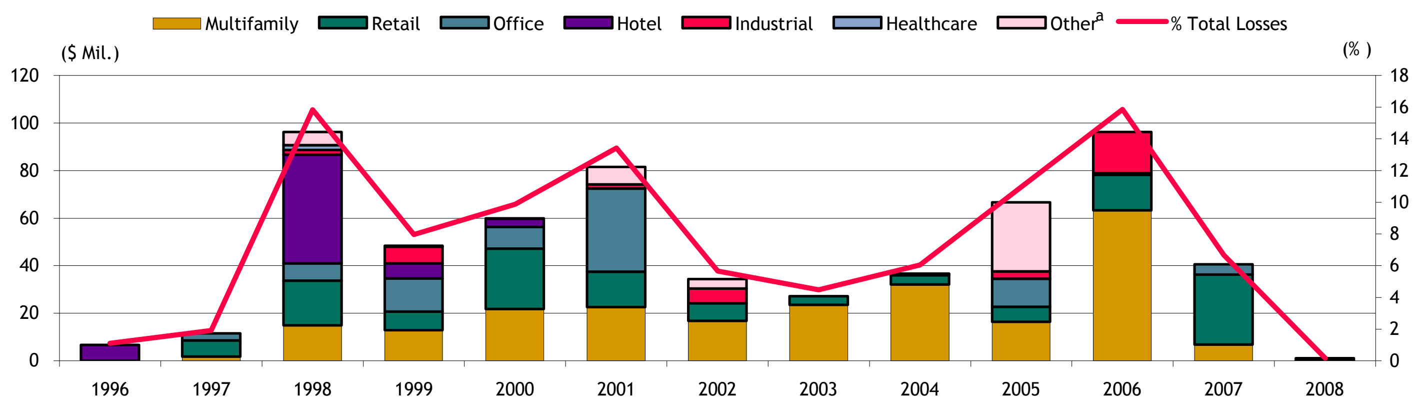
	2009	2008	2007	2006	2005	2004	2003	2002	Cumulative (2002–2009)[a]
Multifamily	58.0	38.6	45.4	26.9	22.5	20.0	37.2	31.3	33.1
Hotel	81.9	67.8	32.0	49.8	44.1	33.9	35.2	44.9	41.1
Retail	48.2	38.4	48.0	25.9	22.6	32.4	40.1	54.7	36.7
Office	56.9	67.1	37.5	35.8	30.3	28.6	28.2	22.0	35.5
Industrial	48.8	15.9	54.2	49.9	40.7	37.1	38.1	73.8	44.3
Healthcare	32.6	N.A.	38.5	17.5	17.6	54.4	86.4	28.5	41.1
Other	75.3	50.7	32.1	40.8	22.2	31.5	73.3	2.9	41.4
Average	**57.0**	**42.9**	**41.5**	**31.8**	**29.6**	**32.5**	**40.1**	**44.1**	**37.2**

[a]Weighted by original securitized balance. N.A. – Not applicable.

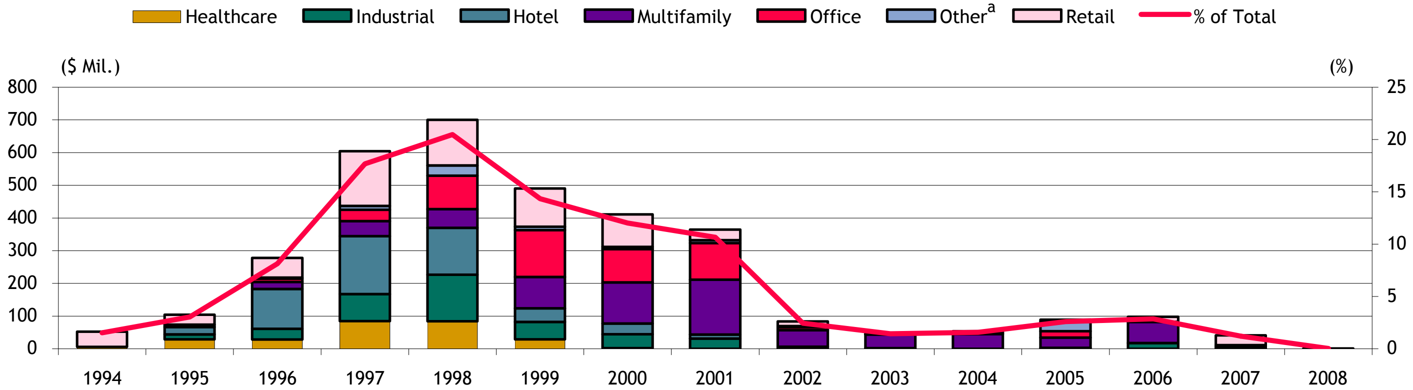
Loss Matrix — Vintage and Seasoning

Vintage	1	2	3	4	5	6	7	8	Total
2002	0.00	0.00	0.03	0.13	0.03	0.12	0.08	0.23	0.63
2003	0.00	0.00	0.02	0.02	0.03	0.09	0.10	—	0.25
2004	0.00	0.00	0.01	0.03	0.07	0.11	—	—	0.22
2005	0.00	0.00	0.03	0.03	0.09	—	—	—	0.14
2006	0.00	0.00	0.02	0.11	—	—	—	—	0.12
2007	0.00	0.00	0.03	—	—	—	—	—	0.04
2008	0.00	0.02	—	—	—	—	—	—	0.02
Total	**0.00**	**0.00**	**0.02**	**0.06**	**0.06**	**0.11**	**0.09**	**0.23**	**0.57**

2009 Losses by Property Type and Vintage



[a]Includes manufactured housing communities, self-storage, and other.



[a]Includes manufactured housing communities, self-storage, and other.

Weighted Average Loss Severity by Resolution Time and Resolution Year

No. of Months	2004	2005	2006	2007	2008	2009
0–12	25.72	27.10	21.07	27.99	43.53	43.92
13–24	38.10	34.24	29.66	36.34	58.56	65.26
25–36	57.20	50.60	36.57	46.13	43.00	74.98
37–48	53.79	52.37	28.84	70.26	23.04	73.06
49+	50.26	62.66	51.19	57.79	69.89	87.22

Appendix

Largest Dispositions

In 2009, there were six resolutions with losses on loans greater than $25 million. The properties were in Florida (two), Michigan (two), Utah (one), and New York (one) and consisted of two multifamily, two retail properties, a hotel, and a parking garage. Both of the largest dispositions were Florida properties. The largest was a $32.2 million multifamily property in Fort Myers from the 2004 vintage. The loan was disposed in December 2009 via a discounted payoff and experienced a loss of 54.9%. The second largest was the hotel property in Kissimmee from the 1998 vintage, as previously mentioned.

Largest Loan Resolutions

Property Type	State	Vintage	Default Date	Original Balance ($)	Resolution Date	Loss ($)	Resolution Method
Multifamily	FL	2004	3/20/09	32,150,000	12/1/09	17,650,326	DPO
Hotel	FL	1998	11/27/01	29,350,000	2/5/09	37,143,045	REO Liquidation
Multifamily	MI	2006	2/7/09	28,090,907	10/22/09	12,648,570	Note Sale
Retail	UT	2001	6/18/03	26,500,000	9/24/09	12,731,565	DPO
Other	MI	2005	3/15/07	26,425,720	9/11/09	21,088,242	REO Liquidation
Retail	NY	2007	9/11/09	25,280,000	12/29/09	11,272,714	Note Sale
Hotel	Various	1996	11/7/08	22,646,211	3/13/09	6,778,264	DPO
Industrial	TX	2006	12/17/08	19,012,500	12/16/09	8,180,679	REO Liquidation
Office	OK	2001	11/1/05	18,446,195	9/18/09	16,819,112	REO Liquidation
Multifamily	FL	2002	10/10/06	16,500,000	12/29/09	11,132,226	REO Liquidation

Methodology

Fitch's U.S. CMBS fixed-rate loss study expands on the "U.S. CMBS 2009 Default Study: Cumulative Default Rate Doubled in 2009" report, dated April 21, 2010 and available on Fitch's Web site at www.fitchratings.com. The study population includes 57,167 loans securitized in conduits, large loan transactions, and fusion deals with an aggregate securitized balance of $540 billion *(see table below)*. The table on page 11 provides a summary of issuance balances by property type. The U.S. transactions were rated by Fitch and issued between January 1993 and December 2008.

Fitch-Rated CMBS Issuance

	2008	2007	2006	2005	2004	2003	2002
Total Balance ($ Bil.)	539.8	535.6	406.2	316.2	237.9	205.2	176.7
Loan Count	57,167	56,852	48,788	42,032	36,184	32,812	29,378

CMBS – Commercial mortgage-backed securities.

For this study, Fitch compiled loss information from special servicers by using a standardized questionnaire. Realized losses were calculated by each special servicer and included any applicable advances and fees. In some cases, servicer-provided realized losses were updated by Fitch using other data sources, such as trustee reports and Trepp, LLC. Fitch calculated loss severity as the net realized loss amount divided by the original securitized loan balance.

Fitch-reported loss severities may be lower than those reported in other CMBS loss studies due to the inclusion of all loans disposed with a loss (even those classified as paid in full with losses greater than 1.5%), as well as the use of the original securitized loan balance, which is higher than the liquidated loan balance in most cases.

Cumulative Issuance by Property Type

	Loan Count	Issuance Balance ($ Bil.)	Balance % of Total
Retail	17,489	164.683	30.5
Office	9,653	158.926	29.4
Multifamily	15,086	99.790	18.5
Hotel	3,446	45.437	8.4
Industrial	4,489	31.238	5.8
Other	6,128	33.950	6.3
Healthcare	876	5.785	1.1
Total	**57,167**	**539.811**	**100.0**

All weighted average calculations in this study were weighted by original securitized balance unless otherwise noted. Fitch calculated the loan resolution or disposition time as the number of months from first default until the loan or asset was cured, liquidated, or paid off. For loans secured by more than one property type, the most predominant property type was used to categorize the loan.

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